

Chapter Nine

► HOUSEHOLDS, WORK AND FLEXIBILITY Critical Review of Literature

ROMANIA

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INTRODUCTION

Work flexibility in Romania needs to be understood in the larger context of social and economic transformations, which have taken place since 1989. How the society has changed after the turning point of 1989 and how it should be changed to better enable the development of democracy and a market economy represent the main concerns of social scientists. 'Flexibility' and 'flexible' are mentioned fairly frequently both in academic papers and political discourses, but most often as something desirable, something that institutions and individuals need to achieve.

No 'Romanian' theory related to flexibility or flexibilization has been developed by the Romanian social scientists. Neither political debates nor employment policies focus on flexibilization as a path to development to be pursued. On the contrary, the forms of spontaneous flexibilization that emerged after 1989 are seen as 'problematic' since

they mainly relate to poverty, massive layoffs, labour force precariousness, the informal economy and other phenomenon hindering both social cohesion and economic development.

The next pages present in a synthetic form the main body of literature related to flexibility on few dimensions:

- discourse on flexibility and available data (2.1. to 2.3.)
- work flexibility as atypical forms of work: time flexibility (3.1. to 3.3.), institutional conditions of work (3.5. to 3.7.), place flexibility (3.9. to 3.11.)
- work flexibility as career flexibility and high occupational mobility (3.4.)
- economic household strategies and the work-family relations (3.8.)
- employment and family related policies (4.1. to 4.3.).

1. DISCOURSE ON FLEXIBILITY: THE CASE OF ROMANIA

1.1. Main economic transformations in transitional Romania

Various UNDP (National Human Development Reports and Early Warning Reports), World Bank, UNICEF (Social Trends) reports and an abundance of academic descriptive studies have pointed to the main changes in the economic environment during the twelve years of transition, which we present below.

As Dăianu (2001) showed, Romania has experienced a boom and bust dynamic during the last decade. The first transformation recession

(1990 – 1992) was followed by fluctuating and unsustainable growth during 1993 – 1996. The second transformation recession took place between 1997 and 1999 when a cleaning up of banking sector was undertaken and the balance of payment was adjusted. Recovery started in 2000, when the GDP rose by 1.6 percent, and it speeded up in 2001 (4.9 percent). Compared to other countries in the region, Romania is not one of the most successful in its economic performance (see Table 1).

Table 1. Annual GDP growth rates in some CEECs, % on previous year

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Bulgaria	-9.10	-8.40	-7.25	-1.48	1.82	2.86	-10.14	-6.94	3.50	2.51	5.80	5.00
Czech	-1.22	-11.49	-3.29	0.57	3.21	6.36	3.91	0.98	-2.50	-0.21	3.10	3.50
Hungary	-3.50	-11.90	-3.06	-0.58	2.95	1.5	1.34	4.57	5.07	4.27	5.20	3.80
Romania	-5.58	-12.92	-8.77	1.53	3.93	7.14	3.95	-6.07	-5.43	-3.19	1.60	4.90
Slovenia	N.A.	-9.00	-5.00	2.80	5.30	4.10	3.50	4.50	4.00	4.80	4.60	3.00

Source: Dăianu (2001); Estimations based on Economic Survey of Europe, 2000, vol.2, UN-ECE, Geneva; WIIW Research Report 283/2002.

In the unbalanced structure of the economical environment with a zigzagging evolution, employment had a continuously descending tendency. The number of inactive and unemployed people for every 1,000 employed increased from 1,140 in 1990 to 1,408 in 1996, and 1,552 in 1998.

The structure of employment experienced two main shifts, one from industry to agriculture, and the second from the state to the private sector. Employment in industry has substantially declined (from about 40 percent in 1990 to 23 percent in 2000), while the share of the population working in agriculture massively increased from 29 percent in 1990 to over 40 percent in 2000. However, there are great disparities between urban and rural areas – while in cities 47.8 percent of the population work in services and the other 45.7 percent in industry, in rural areas 70 percent of the population work in agriculture and only 14 percent in services (Chirca and Teşliuc, 1999).

The state sector continuously diminished during transition, especially since 1996, losing its prevalent position at the macroeconomic level. Higher contributions to GDP have been recorded for agricultural production, construction and trade, sectors which have the highest percentage of privatised enterprises (over 70 percent). In 2000, the Romanian Labour Force Survey (RLFS) shows that of the total urban employment 39 per-

cent was in the state sector, while in the rural areas, only 13 percent of employment was found in state-owned enterprises. The private sector provides for the balance of jobs and in the rural areas, the private sector refers almost exclusively to subsistence farming.

In addition, the demographic ageing of workforce is ongoing, more accentuated in rural areas and in the primary sector. The share of the young population decreased (mainly due to increased participation in higher education) while the share of older people increased (mainly due to their work in agriculture).

Registered unemployment in Romania is lower than in other countries in transition (e.g. Hungary, Poland, Slovenia). Nevertheless, long-term unemployment as well as the youth unemployment is substantial. The average duration of unemployment has increased in the last four years from 16.3 months in 1995 to 18 months in 2000. Women of the age group 35-49 have the longest duration of unemployment (23.3 months in 2000). Young people (15-24 year olds) are discouraged from entering the labour market and youth unemployment rate is constantly higher than the total unemployment rate. Youth hold the largest share in the total unemployment.

1.2. Poverty

The Romanian transition is associated with an evolving process of impoverishment that affects the society on all its levels, a process that is not a 'new' one – it started in the 1980s – but during the process of economic reform it has developed, both

in extent and intensity. International comparisons based on purchasing power parity equivalents, show that Romania has one of the highest poverty rates in the region, only surpassed by Moldova, Albania and Russia (Teşliuc, Pop, Teşliuc, 2001).

Table 2. Poverty Rate in Romania, 1995 – 2000

	1995	1996	1997	1998	1999	2000
Persons in severe poverty (%)	8.0	5.1	9.5	11.7	16.6	
Persons in poverty (%)	25.3	19.9	30.8	33.8	41.2	44.0

Sources: National Institute for Statistics, UNDP (1999), for 1995 – 1997; .Chirca and Teşliuc (1999), for 1998; Teşliuc, Pop, Teşliuc (2001), for 1999 – 2000

Until 1994, poverty was a politically 'taboo' issue in Romania. Nevertheless, several research institutes developed research programs to define and assess poverty in Romania (e.g. the Institute for the Study of the Quality of Life, the National Institute for Economic Research, the National Institute for Statistics, etc.). Since 1994, when the first book on poverty was published (IQL, edited by Zamfir, *Dimensions of Poverty*, 1994) a large literature has been developed. The World Bank and the UNDP financed various poverty alleviation programs that included research both at the household and community level. Various methods of poverty assessment have been applied (normative method, relative and relative-country-adjusted method, 'fuzzy' method, the World Bank structural method, the subjective method) and a number of studies were published: Wagner et al 1998, Sandu 1999, UNDP 1999, Chirca and Teşliuc 1999, Teşliuc and Pop 1999, Sandu 2000, Teşliuc, Pop, Teşliuc 2001. Large debates and polemics have been carried out in the Romanian academic community over the most appropriate methodology and the 'true' incidence of poverty. However, these later studies (1998 – 2001) used a similar methodology for poverty measurement and helped to build a 'national expert consensus'.

Among the Romanian scientists involved in poverty assessments there is a consensus that the

transition to the market economy lead to a process of impoverishment – a general deterioration of living standards, with more and more people exposed to the risk of poverty. The poverty 'produced' by the Romanian transition has a high elasticity to macro-economic evolutions. The increase of GDP by 3.9 percent in 1996, rescued 1.2 million people from poverty, and reduced the poverty rate from 25.3 percent in 1995 to 19.9 percent in 1996. Subsequently, the decrease in GDP by 6.6 percent in 1997 pushed 2.5 million persons into poverty, and increased the poverty rate to 30.8 percent in 1997. During the course of transition, poverty turned from being what was at first a marginal phenomenon into a social problem – from less than 900 thousands poor persons in 1989 to over 7.5 million poor persons (33.8 percent of the overall population) in 1998, of which 2.6 million living in severe poverty and 420 thousands being malnourished (below the threshold of US\$ 1 PPC). (Chirca and Teşliuc, 1999)

The increase in poverty has been further aggravated by decreasing state support for the poor. The severe decline of resources available for social protection (due to the decline in the number of employees, who are the main tax-payers) has been accompanied by an increase in the demand for social benefits (for example, from pensioners, unemployed, poor people, etc.)

Table 3. Trends in social transfers (1989 = 100), Romania 1989 – 2000

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Child allowance	100.0	97.8	59.1	38.4	29.0	25.0	28.6	28.6	42.2	36.7	25.2	18.7
Social insurance pensions (excluding farmers)	100.0	107.3	83.2	70.0	60.8	58.2	63.1	65.5	51.6	*	*	*
Social insurance pensions for farmers	100.0	180.7	74.4	40.2	48.0	64.2	65.2	74.2	77.4	*	*	*
Unemployment benefits			100.0	60.0	47.3	60.7	57.6	61.8	63.5	*	*	*

* Not estimated

Source: Zamfir (coord), (2001) *Poverty in Romania*, Institute for the Study of the Quality of Life and UNDP

An analysis of poverty dynamics from 1995 to 1997 (Teşliuc and Pop, 1999) revealed the nature of poverty in Romania: 60.7 percent is temporary poverty, that is poor families who managed to get out of poverty when the economy went well (1996), becoming again poor in 1997, when the economy functioned poorly. Permanent poverty represents 17.9 percent and comprises households who remained captive in a state of poverty irrespective of the state of economy, most of them being farmers, self-employed and unemployed persons. Furthermore, the authors showed that

poverty in Romania is shallow since most of the poor are clustered not far below the poverty line. These data support the hypothesis that in Romania, poverty is better described as impoverishment, since most types of household swing between poverty and non-poverty according to the performance of economy. However, the data also suggest that the stabilization of poverty is already in progress. Those most exposed to this process are mainly the social categories in an unfavourable position in terms of access to goods and services that require monetary spending.

Table 4. Poverty profile in Romania, 1998

Poverty rate by occupation of the head of household		Poverty rate by number of children	
Employee	29.7	No children	23.5
Retired	25.6	1 child	35.0
Farmer	57.4	2 children	43.6
Entrepreneur	10.1	3 children	64.6
Self-employed	53.9	4 children or more	83.6
Unemployed	59.8		

Poverty rate by educational level of the head of household		Poverty rate by age	
No schooling/ primary school	42.0	Under 7 years	37.7
Secondary school	41.0	7 – 15 years	48.7
Vocational training	40.0	16 – 25 years	45.5
High school	22.0	26 – 35 years	31.0
College	19.0	36 – 45 years	36.1
University	6.0	46 – 55 years	32.3
		56 – 65 years	21.0
		Over 65 years	11.4

Source: Teşliuc, Pop, Teşliuc (2001), based on Household Integrated Survey

Even social groups with a lower risk of poverty are well represented among those living in poverty. In 1998, members of households headed by employees and pensioners represented altogether 65 percent of the poor in Romania.

Unemployed persons, the self-employed and farmers have been the social groups with the highest risk of poverty; 60 percent of unemployed, 57 percent of farmers and 54 percent of self-employed in non-agricultural activities live in poverty. Unemployed persons no longer eligible for the unemployment benefit and those who neither find a job on the black market nor have land to work are in the worst situation.

Over 50 percent of the households with more than four members, and over 80 percent of those with four children or more live in poverty. Most of the Romanian children live in households headed by unemployed or self-employed people in non-agricultural activities, and also in large households. While these represent the households with the lowest income, most of the children under 15 grow up in a poverty situation. For instance, according to RIQL estimations, in 1993, 72.9 percent of the children belonged to households in poverty compared with 56.5 percent of the adults (Zamfir, 1994)

Other studies focus on the social definition of poverty. Subjective evaluations and definitions provided by Romanians are consistent with the results of sociological assessments.

"How would you characterize in one word the present situation of the country?" In June 1998, 12 percent of the Romanian population answered "poor", and another 56 percent used negative labels such as: disaster, chaos, instability, corruption, inefficiency or wickedness. Poverty is

perceived as a product of the Romanian transition. Answering to the question "Why are there poor people in our society?", in May 1999, more than a half of the population selected "because of the society we live in", while in 1993, only 35 percent blamed society and 33.5 percent chose "because they are lazy and lack the will to do something about it". (Sources: Public Opinion Barometer of the Open Society Foundation, 1998, 1999, and Basic Democratic Values, 1993, coordinator Zamfir, RIQL)

"When would you say that a person is poor?" was an open question used in eight community studies (Stănculescu and Berevoescu, UNDP 1999) carried out in four villages and four urban workers' neighbourhoods. There are two main categories of poverty markers used by 86.5 percent of the subjects. The first group of indicators used to identify a "poor person" refer to the non-satisfaction of basic human needs. Altogether, 65.5 percent of the subjects felt that the poor lack clothes, "do not have bread in the house", do not meet a subsistence minimum, are homeless or have a house which is very poorly endowed. For another 21 percent of the people, the poor are those without money or with money that is only enough to live from one day to the next.

However, one study (Stănculescu, 1998) showed that there are discrepancies between poverty definitions based on thresholds, be they normative or relative, and self-identification as poor. Only about 36 percent of people that the experts assessed as poor identify themselves as such. At the same time, 30 percent of non-poor, according to the experts' threshold, define themselves as poor.

1.3. The Discourse on flexibility and available data

The sociological studies have been focused on poverty, development and social structure while economists were interested mainly in the macro-economic evolution of the economy in transition. They explained the unemployment and its dy-

namic, or studied the labour market at the aggregate level related to the trends in job destruction and job creation with little interest in non-standard forms of employment. Although there are available data regarding non-standard forms

of employment, none of these were analysed from the flexibility perspective. The main data source is the Romanian Labour Force Survey (AMIGO) carried out since March 1994 by the Romanian National Institute for Statistics (NIS).

Between 1991 and 1994 the economists from the Economy of Human Resources department with the National Institute for Economic Research published a series of four volumes on labour markets in transition. The most elaborated one is the book *Labour Market in Romania: Employment, Flexibility, Human Development* (Perț et al, 1994), which represents the analysis of flexibility and flexibilization in Romania in the first years of transition.

The authors distinguished four main types of flexibility:

1. **Numeric or quantitative** flexibility refers to adjustment of the quantity of work force according to the demand on the labour market. Numeric flexibility has two sub-types, **external** and **internal**, according to the manner in which the adjustment takes place. External numeric flexibility mainly refers to lay-offs while the internal sub-type comprises various modalities of adjusting the time of work (flexi-year, part time, temporary work, etc.), and the volume of work without modifying the number of work places.
2. **Externalization** of a part of the firm activity (e.g. subcontracting).
3. **Functional flexibility** represents a qualitative form of flexibility, which responds also to the workers' needs and aspirations. In relation to this topic, investment in human capital and training/retraining programs are also discussed.
4. **Wage flexibility** represents a modality through which the conjuncture of developments in the market and the costs are transferred to the wages.

Taking into consideration these four types of flexibility, some authors (Perț et al 1994) show that Romanian situation (between 1989 and 1994)

falls under the 'East-European model', characterized by:

- 'forced' / artificial protection of employment,
- legislative and institutional legacy from the planned economy,
- strong attachment to traditional long-life jobs
- lack of wage flexibility,
- low functional flexibility,
- low internal numeric flexibility
- a growing trend towards external numeric flexibility.

Each type of flexibility is treated separately analysing the trends on the labour market as well as the policies in Romania. As Perț (1994, 1995) shows, in Romania the labour market is rigid and characterized by sharp decline in employment, chronic unemployment and increasing work insecurity. Most of the atypical forms of employment that emerged in Romania during the 90s are expressions of the distortions and blockages present on the labour market and not of the newly emerged market institutions and structures. Thus, the work becomes more and more precarious through various channels:

- employees of many enterprises, by turn, take unpaid leave of absence lasting a few months during which they are still employed with zero work hours and no salary, usually ending in unemployment.
- replacement of a work contract with temporary civil contracts
- informal casual work without a work contract

In accordance with Guy Standing (1991), the same author emphasizes that in the Romanian context the atypical forms of employment represent an alternative to unemployment and not a choice, a continuously growing number of people being entrapped in unemployment, poverty or under-employment.

As in all the other Central and Eastern European countries, marketisation resulted in greater diversity of work and income sources. New occupational categories emerged: employers, self-employed, and unpaid family workers. The author pointed out three trends relevant for the nature of flexibilization in Romania in 1993, continued after 1993:

- An increase of employers' number and share in the total employment; after 1993, the trend reversed and employers' share decreased from about 6 percent to 1.1 percent in 2000.
- An increase in self-employment, a trend that has continued after 1993. In 2000, the self-employment represented about a quarter of the employment and included mainly people doing subsistence agriculture on their own plot.
- A sharp increase in the share and number of unpaid family workers, mostly women working in subsistence agriculture. Between 1993 and 2000, it has increased significantly from 5.6 percent to 20.5 percent of employment.

Thus, the development of new occupational categories is reflected in the sharp increase of atypical forms of precarious work. Two other facts should be taken into account. First, the unemployment although not very high is mainly long term and it is concentrated among young people. Secondly, the Romanian labour market is segmented and distorted (monopolists and highly unionised branches are advantaged in terms of salaries and work conditions and highly protected irrespective of their profitability) (see also Ciupagea, 2000). Under these circumstances, the authors conclude that 'Romanian flexibilization' increases the risk of social exclusion.

Professional training /retraining is considered by this team of authors to be the most effective mechanism of flexibilization in the East-European context. However, based on a survey in six enterprises located in Buzau County, comprising a quarter of the county employment, and an

analysis of the labour market policies, the authors concluded that the professional training mechanism was not really functional in Romania, at least not in 1993:

- at the national level, there were neither strategies nor active labour market policies encouraging functional flexibility;
- at the firm level, the employers applied short term strategies, firing people and hiring trained unemployed;
- the trade unions opposed the introduction of the requirements of participation in training/retraining courses in the collective work contracts, being afraid that this clause would justify new lay-offs;
- at the individual level, attending training courses represented a matter of personal choice, which was better utilised by those already highly qualified and in management positions.

According to an analysis done in 2001 by a different team of authors (co-ordinated by Zamfir, RIQL) the situation regarding functional flexibility has not changed after 1993. Although, theoretically, the importance of job creation policies was recognized from the beginning, they were minimally financed and ineffective during the entire period of transition. The support for the unemployed was mainly done through cash benefits (passive protection), which accounted for between 60 percent and 90 percent of the expenditures from the Unemployment Fund compared to the active measures (training/retraining courses and credits for the creation of income-generating activities), which never exceeded 3 percent.

Undoubtedly, flexibilization represents an imperative transformation of the employment system in Romania in view of globalisation, rising international competition as well as sustainable economic and human development. The real question concerns the types of flexibility to be developed and how to accomplish it. In this respect, authors consider functional flexibility and internal

quantitative flexibility the major changes that need to be accomplished and these require focus on training and on the legal and institutional framework favouring new flexible work and work time arrangements. Flexibility is not a panacea. "Although important, flexibility is only an element among other elements of the management mechanism of the labour market. Unless it meets

the social consensus and it is integrated within a coherent policy flexibilization does not manifest its good sides. Flexibility is a sine qua non condition for efficient employment as long as it is not achieved by sacrificing the labour force." (Peț, 1994: 37)

2. DIMENSIONS OF FLEXIBILITY IN ROMANIA

2.1. Working time

According to the Romanian legislation the standard working week includes 40 hours. The atypical forms of employment are not yet well regulated in Romania.

After 1990, the time of work related legislation has been modified, mainly as result of trade unions pressure, including:

- The number of working hours per week diminished from about 46 to 40 hours
- The average number of days of paid leave increased from 15 to 21 days per year
- The number of paid holidays increased
- The retirement age was reduced both for women and for men (early retirement has been an alternative to the lay-offs).

Overall, the number of working days per year diminished from 276 in 1998 to about 230 days and the fund of maximum available working time became one of the lowest in Europe. In addition, the effective working time has shown a negative trend (one of the most accentuated in Europe; from over 44 hours per week in 1989 to some 36 hours in the last years), while the practice of overtime keeps a value close to that of the year 1989. Remarkably, as Vasile (1993) showed, the reduction of working time is associated neither with increase of newly created jobs nor with the rise in productivity. Neither is it correlated with a reduction of corresponding payment. Therefore, al-

though it indicates an increase in internal flexibility, its effects over the functioning of the labour market are equivocal. The same author identified two main effects of the reduction of working time (both legislative and effective), namely a decline of the productive capacity of private firms and competitiveness losses determined by the fact that the reduction in working time has been fully compensated through wages. (Vasile, in Peț et al, 1993)

Răboacă (2000) showed that two opposite tendencies concerning time of work have characterized the Romanian labour market: underemployment as work less than 40 hours (33.2 percent of employment in 1998) and overemployment as work over 40 hours (17.2 percent of employment in 1998). The underemployed are mainly women, part-time employed and people from the rural areas, while the over-employed are mainly men, self-employed and employers. The female under-employment relates to women's efforts to harmonise work and family since they are the main people responsible for domestic work and childcare. However, most underemployed took up the option for this type of employment due to the fact that they were not offered any other alternative. Consequently, the large share of underemployment and its increasing trend are seen by this author as a tendency towards greater precariousness in employment (and not flexible).

2.2. Part-time work

The RLFS data indicate that the share of part-time employed persons has slightly but constantly increased from 13 percent in 1994 to 16.3 percent in 2000. As in the European pattern, more than half of the part-timers are women. Nearly all are rural residents, self-employed or unpaid family workers, and looking for a permanent job. Thus, part-time work represents in Romania an alternative to unemployment and is not a choice. As the economist Mihăescu (2001: 197) put it, "this atypical form of employment (part-time work) does not represent in Romania a sign of maturity of the labour force, but a result of market dysfunctions".

Based on a comparative analysis, Răboacă (2000) presented some distinctive characteristics of the part-time work in Romania in 1997:

- The total number (men and women) in part-time work was considerably higher compared to the other Central and Eastern countries in transition.
- Men in part-time work represented 12.2 percent of total employment, a share substantially higher than in the OECD countries.
- Female part-time work was 17.6 percent of total employment, which is significantly higher than in the CEE countries (e.g. 0.5 percent in Bulgaria) but much lower than in the Western countries.
- The female share in part-time employment has had a slightly diminishing tendency between 1990 and 1997 (from 60.1 to 54.7 percent) unlike in the other CEE countries (except for Bulgaria).

2.3. Underemployment

The Romanian Labour Force Survey provides information on the 'under-employed population' considered in the literature partly as 'hidden unemployed' ('technical unemployed', those on unpaid holidays, compulsory holidays, etc.) and partly as potential unemployment (under hard budget constraints imposed on companies). The 'under-employed' include three categories: a) part-time employees looking for full-time employment or for a second job; b) part-time employees, not looking for a new job, but available for a supplementary one; c) full-time employees who involuntarily worked less than normal working-hours, and who are looking for a new job or are available for a supplementary one.

Out of the total employment, the share of underemployed persons increased from 2 percent in 1994 to 3,5 percent in 1998 and subsequently

decreased to 0.5 percent in 2000. The number of underemployed has diminished from some 262 thousands in 1998 to 54 thousands in 2000. Most of the underemployed are men, either 15 - 34 years old in rural areas (which predominate) or 35-49 years old urban dwellers.

Oprescu (1999) described the sharp changes in underemployment that took place between 1995 and 1998. While in 1995, the underemployed were mainly full-time employees (consistent with massive overstaffing) and people over 50 years old, in 1998, younger rural people and part-time employees that were not looking for a new job were dominant. In addition, the ratio underemployed to unemployed changed from 1 in 1995 to 1/2 in 1998, which shows a significant fall in hidden (potential) unemployment.

2.4. Career Flexibility / Occupational mobility

Studies from the 70s and 80s stressed the stability of the labour force, consistent with the ideology

and the policy promoted by the communist regime. Life-long jobs as well as life-long residency

or life-long dwellings were state control mechanisms disguised as social desirability. However, younger people, with less experience, those not satisfied with the schedule of work, particularly women who did not get enough help with household work, or commuters, were more likely to change either the place of work or the work itself (Mărginean, 1975).

Some occupational mobility existed already in Romania, despite the rigidity of the planned economy, but it was lower than in developed countries. After 1990, in the context of economic transformation the labour mobility in Romania considerably increased. In fact, the dynamic of employment by sectors (a marked decline in industry and a marked increase in agriculture) indicates that a process of massive re-allocation of labour has taken place.

After 1989, firms inherited from the central planning system in Romania were usually over-staffed as compared to similar companies even from the other former socialist countries. The pressure to restructure firms led to a lowering of labour costs. Layoffs and the voluntary early retirement have been most frequently used for controlling the labour costs. From 1989 and 1992 the employment in state industries declined by 23.6 percent. Large labour adjustments occurred in textiles, machinery, equipment, instrument and furniture manufacturing while industries receiving subsidies and those in which *regii autonome* (such as coal mining, petroleum, natural gas, and utilities) are more present were less likely to adjust (Negulescu, 1999). The former Agricultural Cooperatives were closed down already in 1990, and the land restitution was ratified by law in 1991. Consequently, from the first years of the transition a large part of the work force had to change their occupation, or their former work places.

Abraham's (2000) analysis focused on changes in the occupational structure and the emerging social structure of Romania. In the first ten years of transition (1989 - 1999) over 40 percent of those in employment changed either the

place of work (20 percent once and 8 percent at least twice) or their occupation (22 percent once and 5 percent at least twice) or both. Out of those employed in 1990, one in every four experienced a situation of unemployment at least once, one in every ten were made redundant and further eleven percent chose early retirement, especially those willing to change their residency (most often from urban to rural areas), one in every hundred persons faced all three forms of 'marginalized' experiences. Occupational mobility as well as the 'marginalization' process has been considerably more accentuated (almost double) in the urban areas.

The same author emphasises the fact that compared to the long period of communist social homogenisation, employment changed dramatically in a very short period. Between 1989 and 1999, about 90 percent of the employees changed occupation, were "social marginalized" or "adapted to the market economy" in the following ways:

- For about 40 percent the changes meant vertical or horizontal mobility.
- For another 40 percent, particularly industrial workers, the changes brought unemployment or uncertain positions on the labour market closely linked to poverty.
- Only ten percent of the employment adapted to the market economy either by starting up their own businesses or by improving their qualifications.

According to another analysis (Stănculescu, 2000), the population over 18 years old is divided in four categories: 1) persons who were employed with an official work contract since before 1989 (55 percent); 2) persons retired before 1989 (16 percent); 3) persons who entered the labour market after 1990 (11 percent), and 4) persons who never worked with an official work contract (17 percent). In each of the four mentioned categories, 25 to 35 percent of the total group accumulated between 2 and 4 occupational statuses at the time of the survey.

Table 5. The occupational situation of Romanian population over 18 years old, May 2000

Persons ...	Farmer	Permanent work contract	Temporary work contract	Casual worker	Employer	Self-employed	Unemployed	Household worker
retired before 1989	25%	-	-	4%	0.4%	0.4%	-	5.3%
never officially employed	24%	-	6%	10%	-	6%	10%	33%
entered the official labour market after 1990	17.9%	62%	11%	8.5%	1.5%	3%	3.5%	9.5%

Source: Stănculescu (2000). Data: Romanian Public Opinion Barometer OSF, May 2000. Occupational status such as retired, pupil, student and other were not included. The sum of the percentages on each row may exceed 100%. Out of all those in employment in 1989, 27.5 percent lost their job due to enterprise reorganization, due to closure of the enterprise or due to the abolition of the former agricultural cooperatives. Only a third of them subsequently found a new job with an official work contract, half in the state sector, half in the private sector. The rest, which did not manage to re-enter official labour market, perform agricultural activities in their own households (29 percent), work occasionally (11 percent), are temporary workers (8 percent), retired when became of age (16 percent), are self-employed (5.5 percent), only three of them (1 percent) successfully started a business and 20 percent are unemployed.

2.5. Self-employment in agriculture

Agriculture is a far more important sector in Romania than in neighbouring countries. The 35 percent of the active labour force employed in agriculture is significantly higher than in Poland (26 percent), in Bulgaria (24 percent) or in Hungary (8 percent) (Nash and Csaki, 1998, cited by Teşliuc, 1999).

Romania's rural sector is dominated by agriculture to a much greater extent as well. Over 70 percent of rural Romanians are employed in agriculture compared to only 33 percent in Poland and Hungary. The concentration of economic activities from the rural areas in agriculture is associated with an employment structure in which 35 percent are self-employed, and 32 percent are unpaid family workers, in contrast to urban employment where 90 percent are employees (WB and NCS, 1999).

Teşliuc (1999) pointed out that the large portion of non-marketed agricultural output, mirrored by the large share of self-consumption in household consumption is specific to Romania. The average family consumes a half of its food from its own production. For the farmer-headed households, this figure reaches 80 percent.

The considerable small-scale subsistence farm sector accounts for about 60 percent of the total agriculture land and country's livestock, as well. This sector is almost totally disconnected from markets. However, the private small-scale farm sector has been the main rural sector in terms of land ownership, employment, income-generation and contribution to the gross domestic product. Small-scale farming has an important role in alleviating rural poverty but it is not a source of prosperity, nor does it serve as an engine of economic growth. Private, small household agriculture has to cope with four major problems, according to Teşliuc (1999):

1. Excessive land fragmentation: Most of the agricultural land was restored to its former owners who were forced to join the socialist agricultural cooperatives between 1948 and 1962, or to their heirs. Thus, by design, the land reform (ratified by law in 1991) transferred two thirds of the land to elderly farmers, and only one third to the rural youth. Since most of the former landowners who had died had several children who claimed

ownership rights, at the end of the reform the land ownership structure was more fragmented than before the start of forced socialist collectivisation.

In 1992, more than four million landowners with holdings averaging two hectares divided in several plots had taken the place of the five thousand or so socialist agricultural cooperatives.

Table 6. Land Fragmentation in Romania, 1948 - 1998

Share of farms (%)	1948	1998
Under 1 hectare	36	45
1-2 hectares	27	24
Over 2 hectares	36	31
Total	100	100

Source: Chirca and Teşliuc (1999)

3. The shortage of agricultural machinery and equipment: Most rural households have little or no productive farm equipment. Hence, the overwhelming majority of rural households have no choice but to turn to animal-drawn equipment and a small number hires mechanical services.
4. The vicious circle of subsistence farming: The poorly developed input and output marketing system adds to the problems already mentioned. Thus, the new class of farmers, poorly equipped with physical agricultural resources, lacking modern agronomic knowledge and cash-constrained have 'chosen' a low-risk / low-return production strategy, switched their production mix away from modern toward traditional crop / technologies, and reduced their transactions to a minimum in favour of an autarchic production system.

2. The mismatch between access to land and access to labour: Most of the land was reinstated to an elderly class of people, lacking adequate labour resources.

Table 7. Land and Labour Resources in Rural Romania, 1997

Type of household	% of population	% of land owned	% of land worked	Hectares/ Adult
Pensioner households	41.2	65.3	62.9	0.93
Employee households	30.8	15.8	14.7	0.12
Farmer households	18.9	16.8	18.6	0.63
The rest of rural households	9.1	2.2	3.8	0.31

Source: Chirca and Teşliuc (1999)

During transition, agriculture and farming became an occupational buffer. It absorbed partly the rural unemployed or returning migrants. It also absorbed those that did not otherwise find formal employment. As a consequence, farming absorbed too much labour, which led to severe under-employment. Teşliuc (1999) empirically tested the hypothesis of underemployment in agriculture and showed that a reduction of labour force in agriculture would not result in a decline in levels of production.

The same author discussed the agricultural reforms and policies implemented in Romania. He argues that Romania's rural areas still bear the burden of industrialization policies of the socialist regime. The adjustments that took place in agriculture are incomplete and highly vulnerable. Agricultural reforms both before 1997 ('heavy hand of the state' type of policies) and after 1997 ('hesitant' type of policies) gave little attention to the small farms' sector. This sector was isolated from the commercial one. Its production patterns help owners to escape extreme poverty, but fail to trigger adequate income or output growth.

The rise in the number of entrepreneurs in Central and Eastern Europe is often interpreted as a temporary response to the transformational recession: during the hard times many people started a business temporarily and 'unwillingly' because it was difficult to find waged work. In 1999, the hypothesis that entrepreneurs are really 'disguised unemployed' has been refuted for the Hungarian case but proved true for the Romanian self-employment in agriculture. Romanian agriculture absorbed a substantial proportion of the potential unemployed. Research on Romania by Kollo and Vincze (1999) for the period 1993 - 1996 and Ciupagea (2000) for 1993 and 1998 revealed larger flows into self-employment, subsistence farming and the black market in regions hit hardest by the transition shock. At the same time, no net flows from self-employment back to paid

work have been observed in the few Romanian regions where the demand for labour was rising. The agricultural self-employed did not behave like a pool of unemployed workers normally does, probably because the 'transformational recession' is not over in Romania. Subsistence farming ensures only minimum living standards but, on the positive side, it erodes one's 'employability' less than does unemployment. "The experience of CEE countries modernizing their economies faster than Romania suggests no or a very slow rise in paid employment during the recovery. If the millions who now make their living from cultivating small pieces of land have to go on for years, or decades, then the social burden from 'disguised unemployment' may finally prove heavier than it appears today." (Kollo and Vincze 1999: 37)

2.6. Entrepreneurs

The Romanian economists have studied the economic reform based on the dichotomy between top-down, government driven reform centred on privatisation of the 'dinosaurs' inherited from socialism, versus a bottom-up approach based on genuine entrepreneurs that perform the reform and carry out their own transition. Romania is not among the most successful transition countries but "more important is the fact that the current share of the private sector is not the outcome of the privatisation process, but the result of the activity of hundred of thousands of new firms, most of them small and medium-sized. And this is a remarkable achievement, considering that Romanian authorities have focused on privatisation and the starting conditions were not very favourable." (Dochia, 1999). Thus, in the case of entrepreneurship, flexibilization is by individual choice and it is usually spontaneous.

Regarding the entrepreneurs running large business, shaping the functioning of the economic system and influencing its evolution, early studies (Costariol, 1993) noticed the basic differences between Romanian entrepreneurs and typical West European entrepreneurs. "The typical private en-

trepreneur in Romania is a first-generation person, middle aged, mainly with previous experience in a managerial position with large scale state-owned companies or, if he is young, usually with a University education. (...) Information concerning strategic factors like the market, clients, suppliers of raw materials, financial tools, and asset availability, accompanied by low salaries in their declining companies, give former managers a better chance to start their own private and often profitable business. This is especially true in a rapidly changing and very troubled system, where a good rapport with a client is of greater use than any technical ability." (Costariol, 1993: 24)

The consequences deriving from the structural features of the entrepreneurial class in Romania (only the influential ones running large business) have been listed by Dochia (1999):

- On the whole, the Romanian entrepreneurs have a higher educational level when compared to the other European countries, but their experience in real industrial work, and their manual and technical abilities are rather poor.
- Because of their higher social class origins, Romanian entrepreneurs are somewhat insensitive to the issue of mutual solidarity and reluctant to associate with one another.
- Most private businessmen perceive their business environment as absolute competition and act as though every other enterprise was a dangerous adversary, rather than a potential partner.
- Due to their managerial origins, Romanian entrepreneurs have 'special relations' with the state and state companies. Many private firms were from the start conceived to gravitate around a state company. The relation is not limited to state companies but is spilling over to all state institutions - "Romanian capitalists are a product of the Romanian State and, as such, they are an annex of the state." (Boari, 1999) When the political dimension is added to the lists of 'special relations' between the private sector and the state, the resulting picture is of so-called 'crony capitalism', deeply related to 'kinship socialism' (Palade, 1999). In addition, Romanian entrepreneurs have an ambiguous attitude towards the state and state companies. "The state is to be blamed for almost all bad things that happen to the business, but it is the state they turn to when looking for solutions. And the solutions demanded are not of liberal type as one might expect from private entrepreneurs (the 'minimal state perspective'), but are strongly interventionist." (Dochia, 1999) "Against a background of absence of an anti-state spirit, we do find an activism dedicated to promoting and concluding

'deals' with the state to reap privileges, favours, protectionism and rents." (Munteanu, 1999)

Therefore, concludes the author, in Romania the 'state capitalism' system dominates the economic life, which makes it very hard for many other entrepreneurs (smaller and less influential) and self-employed who are not 'part of the system' to survive and prosper and for free markets to function properly.

Although small entrepreneurs are less influential at the national level, those shaping the local economies appear to share the structural features described above, as Keil and Andreescu (1998: 16) in their study on 'family enterprise' argued: "We know little about who first entrepreneurs were and how they managed to create their business. It, however, is very likely that many of these early business people, including those that started enterprises, were closely connected to the old nomenklatura, were themselves former nomenklatura who lost their positions when the communist regime collapsed, were persons who continued to play key roles in one or more of the various state organs, and/or, in some cases were individuals or families who had accumulated sufficient capital through the secondary economy to open a business."

Taking into consideration the discouraging environment, the entrepreneurial orientation of the population should be seen from a larger perspective. The propensity to adopt the entrepreneurial strategy becomes more visible when 'soft' or 'invisible' types of entrepreneurs are also considered: entrepreneurs 'by intention' (that intend to open a firm in the near future) or 'desire' (desire to have their own business) (Sandu, 1999) as well as the 'informal entrepreneurs' that run an unrecorded business (Stănculescu in Dăianu, 2001).

Table 8. Entrepreneurship by type of residence in Romania, 2000

Entrepreneurial orientation	Urban	Rural	Total
The respondent or another member of the household runs a private business officially recorded (official entrepreneurs)	8.6%	4.5%	6.7%
The household agricultural assets exceed the national rural average either regarding land or livestock and are market oriented selling at least a quarter of their production. These agricultural businesses are not officially recorded (informal rural entrepreneurs)	2.2%	15.7%	8.4%
The respondent intends to open a business and do not have one either official or informal (entrepreneurs "by intention")	14.4%	8.0%	11.5%
The respondent would open a business if getting a large amount of money and does not have or does not intend to have one (entrepreneurs "by desire")	8.7%	4.8%	6.9%
No entrepreneurial behaviour, intention or desire	66.1%	67.0%	66.5%
Total %	100.0%	100.0%	100.0%
N	1936	1635	3571

Source: Stănculescu (in Dăianu, 2001). Data: OSF Public Opinion Barometer, *Social Structure and Ways of Life* 2000.

In Romania, rural entrepreneurship appears to be strongly linked with individual and community social capital. Lăzăroiu (1999) defined social capital as social networks and came up with the hypothesis that rural entrepreneurs have "strong, double checked, social contacts" because they try to cover a trust deficit.

Using a more complex definition of social capital (diffuse trust and cooperation, trust in institutions, network capital) Sandu (1999) conceives entrepreneurship and social capital as life strategies that support each other. The key explanatory blocks of variables for entrepreneurship are personal and community human capital, material resources, and urban accessibility. Entrepreneurial orientations are favoured more by network capital of the person or of the household than by pro-social values (trust, tolerance and cooperation) or by community social capital. In transitional societies, uncertainty is a key characteristic of the business environment so being cautious in relations with the others is rather the "normal life strategy". Consequently, the rural entrepreneurs are "without trust but with connections".

In Romanian rural areas Lăzăroiu (1999) identified four dominant types of entrepreneurs: 1. "The new and old entrepreneur" whose business originated before 1989, such as shepherds; 2. "The network entrepreneur" who used to hold a

leading position in a state-owned enterprise and started a business immediately after 1989, in the same area of activity he had been in until then; 3. "The merchant" is a trader running a small-scale business, with a small margin for profit, but the easiest to start (it requires low initial capital); 4. "The agricultural entrepreneur". Other authors (Sandu et al, 1999) also mentioned the "craftsmen" type, the owner of little workshops (small furniture workshops, carpentry, mechanical services, miller, tailor, etc.). In remote and poorer villages a few traders and one/two craftsmen represent the norm due to poor infrastructure and low demand.

In the rural social environment based on traditional values, even in communities in which local entrepreneurs are active and supportive for community actions, the public image of the entrepreneur persists as mainly a negative one. Keil and Andreescu (1998: 19) pointed out that "while families in Eastern and Central Europe, including Romania, have the structural solidarity and the moral integration that would facilitate widespread development of family enterprises in the region, at the same time, (...) few families have a history or culture of entrepreneurship that has been passed on from one generation to generation. Indeed, family cultures steer members away from business, believing it to be a marginal, if not completely unsavoury activity".

Welsch and Pistrui (1996) studied women entrepreneurs. Female-owned business had a strong relationship with the family. They used more family members as part time employees. They relied more on family savings and the spouse for financing. Overall, female entrepreneurs' activity was based on the desire for family security, greater

freedom and a personal sense of accomplishment. Women were not merely driven by the desire to earn more. They worked "in order to better provide for the immediate family". With a "do whatever it takes" attitude they were intensely committed but they were also less willing than men to give up quality time particularly with the family.

2.7. Informal work

Literature on the informal economy in Romania is extensive and many studies have addressed issues relate to work flexibility and flexibilization. The first study on the informal economy (PHARE-financed) was carried out in 1995 by an international team together with the National Institute for Statistics (coordinated by Gerard Duchene and Philip Adaire). The target of the study was the elaboration of a methodology to be used in adjusting the Romanian National Accounts. Other economists (e.g. Ivan-Ungureanu in 1996, Dobrescu in 1997, Albu et al in 1998, Ciupagea in 2000, Dăianu et al in 2001) have evaluated the size of the informal sector using various methodologies at the aggregate level. From a sociological perspective, a project (VW-financed) focused on the social determinants and effects of the informal economy, has been carried out by a team (coordinated by Rainer Neef) formed of social scientists from the University of Goettingen (Germany) and the Institute for the Study of the Quality of Life (Bucharest, Romania) between 1998 and 2001.

According to the NIS definition, 'grey economy' includes legal productive activities, which are not recorded in the National Accounts. The NIS and National Bank of Romania estimated that the weight of the gross product added overall of the 'grey' activities increased from 6.7 percent in 1992 to 19 percent in 1997. Informal activities are more extensive in fields such as trade, construction, transportation, car repairing, household repairs, hotels and restaurants, real estate transactions, education, health, and cottage industry (HDR 1998: 21). In addition, all sorts of illegal activities, such as contraband, drug trafficking, corruption or tax evasion, raise the size of the infor-

mal economy to about 40 percent of the GDP, according to the Romanian Service of Information - SRI, evaluation close to the one of US Treasury issued to the Romanian press in 1999.

Based on the series formed of experts' estimations and official statistics Ciupagea (2002) proved that the level and growth rate of GDP, inflation, the burden of social duties, the share of non-wage labour and, to some extent, the rate of long-term unemployment are the main driving forces of the informal economy in Romania.

The inverse correlation between informal economy and formal economy is described by Wallace and Haerpfer, based on 1991 to 1998 panel data in eleven CEEC and CIS countries, among which Romania. In the 're-institutionalising' countries (e.g. Czech Republic, Hungary, Slovenia) in which more and more aspects of welfare and economic activity have been incorporated into the formal economy, the good performances of the formal economy have been accompanied by decline in the informal economy. In contrast, the 'de-institutionalising countries' in which the institutional forms of welfare and economic activity have been declining the poor performances of the formal economy have been mirrored in growing poverty and informal economy. Such countries are Ukraine, Romania and Bulgaria.

Various authors (Neef, Wallace and Haerpfer, Stănculescu, and Ilie) have argued that informal sector in Romania is closely related both to poverty and entrepreneurial dynamism. Based on 1998 data, Stănculescu (2002) showed to what extent informality is synonymous with each of the two, in Romania. For half of all Romanian households, informality equals poverty, buffering the

social costs of transformation by compensating for continuously falling wages and low social transfers. For these households, which are in a dependent or precarious economic situation, atypical forms of work without an official contract (e.g. casual work, day labour, and black work) are a must, because they enable households to survive. For a third of the households, the informal activities provide improvements that the underdevelopment of the market cannot produce. Thus, households in fortified economic situations increase their monetary incomes and consolidate an insecure portfolio through informal activities. In Romania, informality is similar to entrepreneurial

dynamism for less than a fifth of the households, namely those in a stable or improving situation. Only within households in a stable economic situation do people perform informal activities for pleasure and as part of personal development projects.

The informal sector in Romania is as discriminatory as the formal economy towards the unskilled and poor lacking basic assets (e.g. land, qualifications, work seniority, social networks). Furthermore, informal income deepens the income inequality. In the informal sector: the rich become richer, while the poor manage only to survive. (Stănculescu and Ilie, 2001)

Table 9. Share of households active in informal economies, by economic standard of the household in Romania, 1998

Households	Informal cash income	Subsistence farming	Informal cash + agriculture	Without informal income	Total
In severe poverty	10.5	31.6	13.2	44.7	100
In poverty	6.6	45.0	11.3	37.1	100
Non-poor	5.0	47.6	15.3	32.1	100
The richest 20%	7.0	44.8	23.9	24.3	100
Sample	6.2	45.1	16.3	32.4	100

Source: Stănculescu (2000). Data: Social Problems, Living Standard and Informal Economy, Institute for the Study of the Quality of Life, 1998. N=1,150 cases and 27 missing.

In estimating poverty, the National Institute for Statistics methodology based on Integrated Household Survey Data (UNDP, 1999) was followed.

Severe Poverty = total income of the household per capita is below the 40% poverty threshold per capita, established at the national level and updated in October 1998. Its value is about US\$ 25.

Poverty = total income of the household per capita is below the 60% poverty threshold per capita, established at the national level and updated in October 1998. Its value is about US\$ 40.

Informal cash income = income from properties (rents, dividends, etc.) + trade with agricultural products + self-employed + activities 'on the side' + casual incomes.

The informal sector contains a large diversity of activities, which have been classified in various ways by different authors. For Romania, Neef (2002) proposed four types of informal economies according to the working forms and situations: (1) Unofficial small entrepreneurs and formal small entrepreneurs practicing fiscal fraud. (2) 'Unofficial employees' including highly flexible subgroups. On the one hand, there are the agricultural day-labourers, construction workers and traders, found in a precarious situation. At the

other extreme, are those providing administrative and specialist services to firms or carrying out managerial tasks according to their professional skills and qualifications. (3) 'Firm-related activities' are embedded in and use resources from the official work place. Employees of state plants, partly outside their enterprises, develop most of these. (4) 'Autonomous' activities are secondary jobs, independently performed besides a formal job or receiving a pension. Through the combination of informal and formal income levels, three

groups are identified. The first group, considered with great autonomy and potential, has good informal and median formal incomes. Informal 'sidelines' characterise the second group which has moderate both informal and formal incomes. The third one, with 'restricted autonomy', has low formal and low informal incomes.

Using the 'household strategy'/'household income portfolio' approach, Wallace and Haerpfer (2002) in their international comparison identified the household economy (mostly agrarian self-producing), the social economy (informal exchange and voluntary work within social networks), and the black economy (non-regulated cash incomes). Following a similar logic, Stănculescu (2002) distinguished between the household economy (subsistence production and food/products received through social networks) and the cash informal economy (non-regulated atypical forms of work).

Mungiu Pippidi, Ioniță and Mândruță (2000) studied the informal economy as an alternative 'survival strategy' for the urban unemployed, based on a sample of registered and assisted unemployed selected from the richest (Bucharest) and the poorest (Moldavia) regions of the country. The authors showed that about a half of the urban unemployed performed at least one informal activity, such as domestic services of all kind, day labour, small trade and craft-work. They overwhelmingly work without contract, on a less-

than-permanent basis. Gender, the occupational background and the nature of income are predictors of work in the informal sector.

1. Unemployed men are more likely than unemployed women to work in the informal economy. On the one hand, private employers are less willing to hire women due to the more physical nature of occasional jobs. On the other hand, women are more occupied in the household.
2. The more flexible the unemployed (those who changed jobs more often) the more likely they are to work without contract in the informal sector.
3. Unemployed people who rely on some fixed income, such as a pension or a wage of some family member in the household, are less likely to work in the informal sector.
4. The longer the history on the dole, the greater the chances are that the individual will become engaged in informal economy.

The majority of unemployed that work without contract actually prefer to work with contract, even for less money, when they are given the choice. Thus, the authors define the present situation of unemployed as 'a model of individual choice when there is no choice'.

2.8. Household strategies

A combinatory economic strategy is the individuals' response to the erosion of all types of incomes. Empirical studies (Rose 1996, UNDP 1999, Stănculescu 2000/2002, Wallace and Haerpfer 2002 and others) made evident that Romanian people combine the non-monetary income from agriculture with the wage, various social transfers and informal sources and build an economic "portfolio" within the household. This strategy was identified among Romanian households either rich, medium or poor, from both villages and urban neighbourhoods, situated all over country.

However, the household responses to Romania's economic crisis differ from one community to another, and from one occupational group to another, as Kideckel and colleagues (2000) demonstrates. These authors compare two groups that have many similarities including a mono-industrial profile, high unemployment, and extensive labour activism, namely the miners from Jiu Valley and the chemical workers from Fagaras region. Nevertheless, the study shows that the specific way by which the workers are incorporated into regional labour systems and the par-

ticularities of regional production result in highly variable responses to crisis both at the professional community and the household level.

- In the Jiu Valley, mining is the sole livelihood. The mine dominates the regional mentalities so it shapes polarized relations between miners and superiors, between active and unemployed miners, and also household relations. Translated to household level the work crisis has produced an increase in the incidence of divorce, intra-familial conflict, particularly violence and abuse. Some families have begun to dissolve while others wilt under health problems. "Work shaped the essential male identity. This was where a man expressed his true self. As a man's powers waned over time miners often engaged in dangerous and difficult feats, often requiring hard physical labour, to show their younger colleagues their ardour and skill. Drinking too is articulated with essential male group identities. Unlike their husbands, miners' wives were consumers. They valorised themselves by maintaining family standards of consumption, encouraging children's schooling, and representing the family appearance in public spheres, instead of through their external labour. Miners brought in income and their wives budgeted and spent it." (Kideckel et al 2000: 151) These role expectations are rocked by the changing economic context. Neither husband nor wives are able to live up to these former standards. Therefore, the images of themselves and each others are challenged and their relationships put under stress.
- In the Fagaras region, the chemical plant was the chief regional employer but people have also had greater access to village occupations and resources and other alternatives, including emigration. This contributes to more stable domestic relationships (at least on the surface) but greater interpersonal jealousy.

Hard times make people stick together, at the household level, since the household remains the institution most capable of organizing individuals in their access labour and income resources. "Women, in particular, are pressured in the current economic conditions and many in the regions suggest problems of domestic abuse, mental and physical illness, and the entire range of social problems that comes with never-ending stress. Women who continue to work in the factories also now often speak of how they are criticised by men for retaining their jobs." (Kideckel et al 2000: 157)

Regarding the same mining areas that were severely affected by redundancies, Jiu Valley, Boboc (2000) showed that mass unemployment (45 percents registered unemployed in 1998 and 40 in 1999) correlates with poverty and results in increasing juvenile delinquency and the rise in crime in all categories. In mono-industrial mining areas, the lack of policies encouraging vocational retraining or geographical mobility, and more generally, the incoherent restructuring reform of the mining sector have not provided solutions but stressed the poverty trap (Dobrescu, Rughiniş, and Zamfir, 2000). Conversely, unemployed miners developed "coping strategies" including searching for another job and informal work (64 percent), working abroad (9.5 percent), work in agriculture (17 percent) and moving to other towns in search of a new job (5.5 percent) (Larionescu, Rughiniş and Rădulescu, 1999).

The strategic choices of peasants confronted with their retrieved status of landowners had been studied by Mihăilescu (1996) for four years (1992-1995) in two socially and ecologically different villages in Romania. Two dominant strategic types, developed by the two communities, are contrasted along a dimension similar in many points to the classical *Gemeinschaft-Gesellschaft* distinction.

Table 10. Household strategies in two Romanian villages

	Crăsani	Voinești
Demographic ageing and feminisation of the population	High	Low
Community economic resources related to agriculture (land, modern machines etc.)	Low	High
Community cultural resources (agronomic skills and professional knowledge)	Low	High
Values	Collectivism Dependence Egalitarianism Low social cohesion	Individualism Independence Equity High social cohesion
Dominant household strategy	'Diffuse mixed household'	'Individual household'

Source: Mihăilescu, 1996

Households respond in different ways according to the community environment in which they operate. In the poor and collectivist community, households handled the difficulties of the transition by adopting a rather egalitarian, conformist attitudes, avoiding responsibility but expending itself to include the relatives sprawled all over the country. Thus, the 'diffuse mixed family' is a network-household with no clear boundaries and has the redistribution of resources as the main function. In contrast, in a more developed and friendly environment, households adopt individualist-type strategies. 'Individual households' are more autonomous, have entrepreneurial spirit and tend to limit their actions to the nuclear family.

Whereas nearly all households pursue economic strategies in adjusting their assets (property, qualifications, working experience) to market conditions about half of them master the turbulence of social and economic transformations either by adopting a deliberate strategy of cohabitation or by taking up traditional forms of living together (Stănculescu, 2002). A study focused on young people (Ghebrea, 1996), carried out in 1994, revealed that only about a third of them afforded

to leave the parents' household. Less than a fifth of unmarried young and only two thirds of the married young set up their own households. The share of young people living with their parents and/or other relatives has continuously increased over the last years. Thus, the new Romanian model of the family differs from the West European one but also from the former socialist model when young people that graduated from school were given a job and a dwelling (especially after marriage). As the author showed, most young people consider family as the most important value and conceive the 'ideal family' as a nuclear one that is a couple plus two children. Nevertheless, during the social and economic transformations young people have adjusted their behaviour. They still marry young compared to people in the Western countries, but there is a tendency to postpone marriage and the second (not the first) child. The reasons mentioned by the majority include lack of separate dwelling (particularly young men, unemployed, belonging to poor households, and urban residents), small incomes and job insecurity (mainly by those who are poorly educated).

2.9. Migration

Most of the studies (Stahl et al 1970, Trebici et al 1977, Sandu 1984,) published before 1990 refer to internal migration in relationship with urbanization and communist policy for territorial "systematisation" of localities and "rational" territo-

rial planning. The theoretical framework is mainly based on "push-pull" theory. People are pushed by the lower offer of jobs and poorer life conditions in their origin localities (mainly rural areas) and they are attracted to cities and better devel-

oped areas because of job offers and services provided. The same logic is applied for migration among the regions of Romania: people move from less developed to better developed areas in the country. Culture is mentioned – but not frequently – as a factor restricting migration inside the same historical regions. Studies published after 1990 have not brought any significant change in the theoretical framework. However, two new research areas have captured interest: the change of migration structure by flows and external migration.

Ianoş (1999) shows that internal flows and intensity of migration after 1990 relate to the economic policies promoted. For instance, in 1990, when the large towns were ‘open’ (abrogation of the restrictive communist law) and the economic policy favoured the increase of employment in big

industrial units, an influx of people to the large towns was recorded. In contrast, the period 1991 to 1993, witnessed a reverse trend, namely from town to village, as the process of privatisation in agriculture gained momentum and the number of jobs in the industry was reduced.

Other authors (Hirschhausen, 1997, cited by Rey and al., 1999) pointed out that the new trend in migration from urban to rural is not comparable to people moving from urban areas to sprawling suburban areas, which post-industrial countries have experienced. Nor is it a return to the ‘ruralism’ of the 1930s in Romania. In fact, it is a phenomenon which appears as the repercussion from the previous period, during which the whole Romanian society had withdrawn to a hidden system based on village life in order to resist all forms of difficulty and hardship.

2.10. Temporary work abroad and international migration

The studies on definitive international migration are mainly descriptive, focusing on the numbers and characteristics of the emigrants (sex, age, nationality). Their main concern is the brain-drain phenomenon. Temporary international migration captured the interest of researchers only after 1995 and the few studies that have been done, at the locality level, have been based mainly on qualitative methods. The exception is the micro-census done by Organization for International Migration, Ministry of Public Information and Ministry of Internal Affairs in 2001.

As the general situation worsens, the propensity to go abroad to work temporarily has increased, particularly young and medium to highly educated people. While in 1995 one third of the young under 30 years were willing to work abroad on a temporarily basis, the share exceeded 50 percent in 1999 (Political Poll, 1999). Sociological studies as well as newspaper articles offer insight into the process from various regions of the country (Diminescu, 1996; Sandu and Stănculescu, 2000; Şerban and Grigoras, 2000).

Rey and colleagues (1999) differentiate between two types of migrants: city dwellers elites

and unskilled workers. The departure of city dwellers, generally young executives, probably does weaken towns and cities, although close links are maintained, from which the whole country benefits indirectly. Moreover, there are other forms of temporary medium-length migration undertaken for the purpose of acquiring work-training, which already gives some benefit to the country. The second type of migrants is to a certain extent of rural origin, and certain regions provide more of them than others, according not only to the surplus of local workers but also to regional traditions of work mobility. These migrants leave home to earn some money and bring it “back home”, without any intention of settling down elsewhere. For the moment, the money brought back home has no net effect on the local economy. People set up a small business, shop or invest in building something ostentatious of their own. So, things remain the same in what seems to be a model of traditional society.

Diminescu (1996) provided a vivid illustration of an extreme case, a Romanian rural community where 60-75 percent of population seasonally migrates either inside Romania or abroad,

especially to France. Most of the migrants are men (16-60 years). If in the first waves of migrants women and teenagers were poorly represented, in the last years their share increased. Money earned is used for building houses (usually), buying cars, furniture or carpets, sometimes for agricultural work (but people use the money less and less for that). Only a few people buy land in zones with more fertile land or buy forestry land. Conversely, more and more people put the money into bank accounts – mainly for the future of their children. When the money runs out, people migrate again. Every four or six weeks, the approximately 800 migrants send to their village overall remittances of 150,000-200,000 DM. The average amount of money per person per season in France (usually not more than 8 months) is 10,000 DM.

Sandu analysed the above mentioned micro-census data (November-December 2001) on temporary external migration in Romania. In 12,300 out of the 12,700 villages and in the towns with less than 20 thousand inhabitants, local experts filled in a questionnaire. The main findings are presented below:

- 194,114 temporary migrants outside Romania and 116,167 migrants who came back were counted. The rural temporary migration rate was 19%, and in small towns it was estimated as 25 %. Seven percent of the rural households were estimated to have temporary international migrants. The author considers that these are relatively underestimated values.
- Temporary migration has a high level of community concentration. Almost 60 percent in the total return migration, and less than 20 percent of temporary departures are concentrated in around 530 villages. Those villages have an average size of over 2000 inhabitants (compared to the national average of 800 inhabitants per village).
- Almost 59 percent of rural temporary migrants abroad came back at least once, 37 percent at least twice, and only 18 percent of migrants did not yet come back. External migration is associated with young men (less than 30 years). Temporary migrants over 30 years are rather residents of small towns than villagers.

2.11. Commuting

Figures about commuting from villages to towns in the years 1990 and 2001 were collected in the same micro-census coordinated by Sandu (2001).

The results show that rural-urban commuting decreased two thirds between 1990 and 2001, with a larger decline for villages to nearby small towns.

Table 11. Rural-urban commuting by size of the nearest town

	Size of the nearest town			Total
	Under 50 thousand	51-99 thousand	Over 100 thousand	
Rural-urban commuters in 1990	257,090	311,173	615,998	1,184,261 (123.0 ‰)
Rural-urban commuters in 2001	71,848	100,469	242,925	415,24 (43.1 ‰)

Source: D.Sandu (2001). Note: For both 1990 and 2001 students and pupils were included.

3. FLEXIBILIZATION POLICIES

3.1. Policies related to work

The Wage Law (14/1991), joined by the laws regarding the collective labour contract (13/1991), the settlement of the collective labour contracts (15/1991), the trades unions (54/1991) as well as by other government decrees aiming to different aspects of the wage policy (minimum wage per economy, compensation-indexation of wages depending on the evolution of the general consumption prices index, the wage negotiations, the tempering of the wage increase, the support concerning the employment of youth graduates, the setting up of some tripartite institutions, etc.) establish the global coordinates of the wage reform, the general framework of the relations between social partners and bring forth new institutions of the labour market (Vasile 1997).

The wage law passed in 1991 formally decentralized the wage determination. Firms irrespective of their ownership could determine their wage structure autonomously through collective and individual negotiations. The Government has imposed wage regulations and wage control only over state owned companies, *regies autonomes*, and budgetary institutions. In addition, the Government was empowered to pass indexation and compensation regulations for avoiding substantial decline in real wages. In the specific economic environment of the beginning of transition dominated by state ownership and lax financial constraints wage control represented a key element of the stabilization programs in Romania as in other CEEs countries. However, wage controls have determined various distortions in employment.

Analysing the specific type of wage controls applied in Romania, Oprescu (1999) emphasised that "almost all the existing systems have been applied" and he identified several corresponding stages (see Table 12):

Based on the analysis synthetically presented above, the author concluded that the many changes of the wage policy in Romania represent evidence of a lack of efficiency of wage controls due to the environment characterized by a poor

financial discipline and uncertainty about future ownership.

The same author (1999) elaborated a comparative analysis of the employment policies promoted during transition in the CEEs countries, presented below. He argues that policies for flexibilization have been little used and they were not particularly efficient in Romania.

1. Policies to diminish the labour supply: Initially, such policies target elderly employees, whose participation rate, however remains higher in transition countries than in developed ones. Romania passed a couple of early retirement regulations during 1990 - 1991. Another regulation allowing the early retirement of women was passed by the Government in 1997. Additionally, part-time employment, shortening of the working week, measures discouraging people from accumulating two or more jobs, all led to a decline in the labour supply.
2. Services for the unemployed: In Romania, as in the entire region of Eastern Europe, the ratio of number of Labour Offices to 10,000 employees is between 1 and 2 compared with values of 7 to 14 in the developed countries.
3. Training and retraining: Due to the restructuring, people lose not only jobs, but also skills since there is no demand for their current skills. Data for Romania indicate poor efficiency in training and re-training programmes. Although the financing of such programs increased spectacularly in 1997 (from ROL 1.5 billion in 1995 to ROL 2.9 billion in 1996 and ROL 14 billion in 1997) less than 7 percent of the unemployed participated and only 9 - 15 percent of those involved (which represent about 1 percent of the total unemployed) succeeded subsequently in finding a job.

4. Subsidies for employment: There are several types, but in Romania only two have been provided. The first refers to wage subsidies for new graduates – companies hiring new graduates receive a subsidy covering 60 to 70 percent of the minimum wage for a period of 9 months. Ten-to-fifteen percent of the total number of new graduates benefited from this programme. The second type comprises subsidized credits, financed from the Unemployment Fund, for SMEs hiring unemployed persons.

Table 12. Wage policies in Romania, 1990-1999

Period	Wage policy	Target	Changes in employment
First half of 1990s	No wage control. Many characteristics of the communist wage system have been abolished. Thus, promotion has been allowed, working hours per week have been reduced without any change in the monthly wage, and the link with the economic performance of the firm (the so-called 'global accord') has vanished.	-	Employment increased, many promotions, less working hours
Second half of 1990s	Wage freeze	State owned companies, including <i>regies autonomes</i> , and budgetary institutions	-
1991	Specific ceilings for individual wages	State owned companies, including <i>regies autonomes</i> , and budgetary institutions	Promotions and reclassifying workers as means to avoid the wage control
1992	Wage bill ceilings (also used in Czech R. and Hungary)	State owned companies, including <i>regies autonomes</i> , and budgetary institutions	Substantial decline in employment in industry, rise in unemployment and increased flexibility in the relative wages
1993-1995	Average wage ceilings	State owned companies, including <i>regies autonomes</i> , and budgetary institutions	Relative stability in unemployment, companies with profitable opportunities hired more labour, but mainly unskilled workers, whose wages were under the admitted average level.
1996	No official wage policy (election year)		
1997-1998	Average wage ceilings	<i>Regies autonomes</i> , state companies registering losses	
1999	Total wage bill, which is limited to 4 times the wage bill registered in the fourth quarter of the previous year.	<i>Regies autonomes</i> , budgetary institutions, national companies, 24 of the largest loss-making firms	

Source: Gh. Oprescu, 1999

3.2. Policies related to family and child

The welfare state approached in Romania both under the socialist regime and in transition received attention from a large number of sociologists (e.g. C. Zamfir et al 1992 / 1994 / 1995 / 1997 / 1999 / 2001, Mărgineanu 1994, E. Zamfir et al 1995 / 2000, C. Zamfir 1997 / 1998, Pop 1998 / 2000, Teşliuc et al 2001, UNICEF Reports 1995 /

2001, UNICEF Regional Monitoring Reports 1993/ 1995 / 1999). Many studies are simply descriptive, but comprehensive comparative analysis either between different periods or between Romania and other countries have been developed. Consequently, the body of literature on the topic is quite extensive.

Socialist policy fostered a mixture of a work-force and a welfare state, argued Zamfir (1997). This meant that, while work was considered a right and a duty, social welfare measures were either universal, or work related. During the socialist regime all citizens of working age were guaranteed a job, draconian laws against people who did not have a job being in place. Initially, the reasons behind such policy was to provide the labour necessary for extensive industrialisation accompanied by the political intention to integrate the whole population into the socialist economy and to discourage self-employment. When the demand for labour was exhausted, the socialist regime artificially preserved full employment and did not officially recognize unemployment. At the beginning of transition, most of the former communist / socialist countries faced hidden unemployment (overstaffing in enterprises, sometimes underpaid or forced to go on unpaid vacations) and real unemployment, but unrecognised and without any state support.

Socialist states had comprehensive social insurance systems: the vast majority of elderly received pension either directly or indirectly (as widows of pensioners); social insurance covered numerous risk situations, including accidents, sickness, parental death and childbirth. High state support to families with children was also promoted: child allowance, free pre-school childcare institutions, scholarships for many students, free or heavily subsidized holiday camps, free textbooks, free cultural and sport facilities, generous maternity leaves. A special policy of housing provided by the state, dependent on the family size, at a highly subsidized rent was added. On the whole, most of social benefits were work-related, enterprises having an important role in providing support from dwellings to childcare facilities, and various cash or in-kind benefits. Consequently, in the beginning of transition, 'exaggerated dependence on social protection' characterized the population all over Central and Eastern Europe as well as the former Soviet Union (Zamfir, 1997).

After 1989 when the socialist system collapsed, the 'hidden' social problems combined with the 'new' ones (e.g. unemployment and poverty). Thus, the emerging welfare system has had to counteract the social costs of the economic transformations. As Zamfir (1997) pointed out, each former socialist country tried to accommodate in a specific manner the Western model of the welfare state with two main functions: support of the transition process and minimizing the associated social costs. However, the author highlighted large differences between the ways CEEC and the CIS countries reacted to the transition. Based on an analysis of the first years of the transition (1989-1993), Zamfir identified four main patterns of economic performance and social protection:

- 'The richer are becoming richer and better' - includes countries with a good initial standard of living, with a relatively good economy, with a lower economic decline during the first years of transition, therefore with lower social problems, but, however, they increased their social expenditures which were already high. Such countries are Poland, Hungary, Slovenia, and the Czech Republic.
- 'The imprudently ambitious could die heroically, but some of them could succeed' - include countries such as Albania, Ukraine, and Estonia.
- 'The too prudent ones could loose much more than they gained'. In this category Romania and Bulgaria are found, characterized by a low starting point, considerable economic problems, and sharp economic decline in the first years of transition, therefore with high social problems. However, they had a prudent attitude, namely they promoted slow economic reforms and only slightly increased their social expenditures.
- 'Those who lost hope and will probably be hopeless' - include countries with poor economic performance and low social expendi-

tures, and with huge social problems, such as Belarus.

After 1993, the divergence process has accentuated. In countries such as Czech Republic, Hungary and Slovenia the economic recovery has been accompanied by substantial social protection. At the opposite extreme, the economic fall combined with low social protection, which compensated in a very small extent the social costs of the transition. According to this author, the political will, the initial situation and the pace of the economic reforms have been the main factors of the divergence process.

For the whole transition period, Romania was an exception to the general pattern, since it did not choose to make an enhanced effort for social protection, but allowed protection to stagnate or decline in the face of increased need, failing thus to make the efforts visible in other countries. If in the first two years of social transformation Romania had a reparatory-type of social policy, and later a "stingy" social policy, which has entailed a continuous lowering of the social protection transfers has accompanied the economic decline. Starting from 1998, the share of public expenditures in GDP increased, but this slight increase for social programmes was in fact nullified by the decline of social policy funding in real terms (Zamfir, 2001).

The state support for families with children significantly dropped in Romania as in all CEEC and CIS countries. The generous socialist subsidies and services as well as gratuities addressed to families with children were abolished. The lifetime benefit for mothers with 3 and more children was frozen at its 1989 level: 450 lei a month. Most social expenditure is accounted for by the employment related contributory benefits, the most important being healthcare, pensions, and the unemployment benefit. Education is provided free by the state. Regarding non-contributory benefits, there has been a shift from universal to means-testing. The only large universal benefit, which is

still in place, is child allowance. The means-tested income support was introduced in 1995.

Recently, the guaranteed minimum income was introduced in 2002. This system is designed to bridge the gap between the guaranteed minimum and the actual income of the family, other social benefits included. To this end, the minimum income integrates income support, burial support and emergency relief, funded from the local budgets and child allowance, and allowance for the wives of conscripts, funded from the central budget. Additionally, there is a supplementary heating allowance for income support beneficiaries and other goods and services may be included. Thus, it combines cash benefits with in-kind benefits and special measures for high-risk social groups (e.g. Roma). Also, due to the high poverty rate of children, the Government considerably increased the child allowance. On this topic, there are debates regarding the replacement of the universal benefit with a means-tested aid.

This provisioning includes safeguards against the disincentives to work. Able bodied recipients are required to perform up to 72 hours of community work per month, and those legally employed receive a 15 percent higher income support. The Ministry of Labour and Social Solidarity estimates the number of those who should benefit from the guaranteed minimum income at 600,000 – 750,000 families. The Government expects the income support to amount 0.4 percent of GDP, which represents an eightfold increase compared to 1997.

The social policy choices to be undertaken in the future by Romania are a matter of public and political controversy. Authors like Zamfir consider "an active maximalist welfare strongly work related as opposed to a passive minimalist help for poor welfare" as "the real alternative" for Romania. An accentuated social protection is vital for future development and for overcoming the present economic crisis. His approach emphasized the need to combine the individual initiative and responsibility in a more globalized market

economy with social solidarity that provides supplementary mechanisms to face risks and needs.

Other authors, mainly economists, discuss the social policy choices in relation to economic policy. In their case, “the pathological gradualism” of the Romanian economic reforms shaped by an “exaggerated populism in favour of the industrial working class” is a disguised social policy which results in mismanagement of the allocation and redistribution of national resources. From this perspective, Șerbanescu (1999) reviews the overwhelming atypical problems present in Romania. “Economically speaking, Romania is generally confronted with the problems of the underdeveloped countries, while demographically it must face the problems of the industrial developed countries. The almost irreconcilable typology of these problems, and the opposite nature of the measures needed to fight against them, can lead to major economic or social schisms, for which there are almost no preventative strategies. Objectively, due to its underdeveloped economy, Romania does not have the financial resources to simultaneously ensure the stimulation of the birth

rate, the economic protection of mother and child and the protection of elderly population” (Șerbanescu, 1999: 578). The budget constraints, caught in a vicious cycle of low income and high needs/expectations, add to the atypical problems of the Romanian economy. While the Government enjoys only the resources that an underdeveloped economy can offer, the Romanian political actors wish to practice the social protection of a developed country. The effect is that insufficient resources are left to be allocated for development, which tightens the vicious circle. Consequently, in the author’s opinion Romania should renounce the social protection model practiced by developed countries and should limit its social protection “to meet its real capabilities, by focusing exclusively on the most affected members of the society” (Șerbanescu, 1999: 581).

Anyway, taking into account the Amsterdam Treaty and other EU documents, it is expected Romania will be ‘forced’ to increase its social expenditures considerably as it moves toward EU accession.

3.3. Policies towards flexibilization

From the four pillars of the European Employment Strategy, employability, entrepreneurship, adaptability, and equal opportunity, regarding the latest an assessment of the main differences between the Romanian legal framework and the European one has been elaborated with the *National Report on Equal Opportunities for Women and Men in the European Union Accession Process* (Network Women’s Program of the Open Society Institute and Women’s Program of the Open Society Foundation Romania, 2001). Similar reports have been elaborated also for Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia.

The preoccupation for the principle of equal opportunities and treatment – as this principle is approached, conceptually and in legislation, within the European Union – has represented an objective for Romania since 1995, the year when

the Agreement for the Partnership of Romania to the European Communities entered into force and the Platform for Action and the Beijing Statement were concluded by the Romanian Government (4th World Conference on The Situation of Women, September 1995, Beijing).

The Romanian Governance Program for the period 2001 – 2004 places the issue of equal opportunity and treatment under the Chapter V, *The improvement of the state of health of population, child protection*, sub-chapter on *Family Policies*. The institutional arrangement in place functions with the Ministry of Labour and Social Solidarity. Through the opening of the negotiation chapter 13, on *Employment and Social Affaires*, including subchapter 03, *Equality of Treatment for Women and Men*, the process on harmonization with the *acquis communautaire* has been accelerated.

Text box 1. Screening of the national legislation from the perspective of European Directives on Equal Opportunities

1. Council Directive 75/117/EEC of 10 February 1975: Principle of equal pay for men and women

The principle 'equal pay for equal work' for women and men in Romania is stipulated by Constitution, the Code of Labour, the Wage Law, and the National Collective Work Contract. Additionally, Romanian authorities ratified several international instruments including the ILO convention No. 100/1951. Thus, from the legal point of view, the principle is fully regulated. The observance of this principle is compulsory, from the legal point of view, both for the public and for the private sector.

Inspection of Labour upholds the law in this field. Representatives of trade unions should also control the application of this principle.

The minimum wage per economy is established through Government Decision and the National Collective Work Agreement and it is obligatory both for the public and private sector, without any gender discrimination.

In the anthologies of judicial practice 1990 – 1999, there is not quoted any case of violation of this principle. So, either the principle is fully observed in practice or the difficulties of a process in the matter are discouraging.

2. Council Directive 76/207/EEC of 9 February 1976: Equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions

The national legislation includes general provisions regarding the principle of equality of rights among citizens. The Labour Code stipulates the principle of equal treatment for men and women as regards to employment, vocational training, promotion and working conditions. These provisions apply both to the public and private sector.

The concept of discrimination based on sex is not defined within a special law, but it is explicitly defined in a more general context, with the exception of 'indirect discrimination'.

National Council for the Prevention of Discrimination, specialized institution of the central public administration system, has recently been set up. The Work Inspection Authority upholds the regulations related to the work security and work relations. The National Agency for Employment is the body of the central public administration is also in place.

Provisions forbidding night work in industrial enterprises, with some exceptions (women in managerial positions or working in jobs with technical character, in sanitary and social assistance services, etc.). However, the night-work for pregnant women starting only the sixth (Labour Code) / fifth (Collective Work Agreement) month of pregnancy as well as for breastfeeding women is forbidden.

Regarding working conditions, the Labour Code provides that the employees must be ensured proper working conditions, with the mention that women and young people are entitled to special protection measures, among which opportunities for flexible work arrangements. However, the implementation of these measures depends on the interaction of several decisive factors, including economic development, women's attitude, taxation, etc. For instance, the Collective Work Agreement regulates the possibility of using flexible hours that would allow the parents to divide the time used to care for their children. Although this option has been in force since 1992, it has not been accompanied by an increase in the number of women/mothers employed, mainly due to the rigidities of the labour market in Romania. On the other hand, the resources allotted to system of childcare facilities and kindergartens are limited: the tax-free related regulation do not encourage employers to participate to the Social Fund (from which the childcare facilities are financed); the upper limit that an employer can set up tax-free cannot exceed 2.5% of the profit.

3. Council Directive 92/85/EEC of 19 October 1992: Measures to encourage improvements in the health and safety at work of pregnant workers, those who have recently given birth or those breastfeeding

The Romanian legislation does not define the concepts of 'pregnant worker', 'worker who has given birth' and 'breastfeeding workers'. Nevertheless, there is a legal assumption that mothers breastfeed their babies until they reach 9 months (Labour Code), so that once giving birth was proved through a medical certificate, there is no need to produce further evidence until the child reaches the age of nine months. Extension of the breastfeeding period after 9 months is allowed on the basis of a medical certificate and only in the case of babies with special needs.

"Pregnant and breastfeeding women cannot work in workplaces with harmful, hard or dangerous conditions that are forbidden by the medical doctor so they will be transferred to other workplaces, without any decrease in their pay." (Labour Code) However, there is no obligation of the employer to improve the working conditions or the working hours for pregnant

and breastfeeding women. Neither there is stipulated legal obligation of the employer to evaluate the working conditions and to inform the pregnant and breastfeeding worker and the worker who has recently given birth. If the adjustment of working conditions and/or hours is not feasible, the law does not provide for the possibility of a leave other than the maternity leave, during the entire period considered necessary to ensure the protection of the worker's health and safety.

The maternity leave is regulated by law and it is of 126 calendar days (18 weeks in all), that is 63 days before delivery and 63 after delivery of the child. The two periods can be compensated between them. Make use of the maternity leave is a woman's right and not an obligation. The maternity leave is paid from the state social security budget and it represents 85 percent of the average of the monthly incomes during the last six months before the leave, provided that social contributions were paid for at least six months during the last 12 months prior to the leave. However, this average may not exceed three times the national average gross monthly income.

If the mother with child under two years returns to work she may reduce her normal hours to six instead of eight and she would receive the wage corresponding to the full time norm.

The employer has the obligation to pay the mother at birth an allowance equal to a regular wage. If the mother does not work this allowance is paid to the father.

After the end of the maternity leave, any of the parents can be granted a pay leave for childcare until the age of two. The law provides as well the right to a paid medical leave for the care of the sick child until the age of seven (or 18 for the disabled children) of maximum 14 days a year. The payment of this leave observes the same rules as the payment for the maternity leave. In addition, the collective work agreement stipulates that the mother can be granted an unpaid leave in order to care for her children aged 2 and 3.

There is no provision stipulating the proportional increase according to the inflation rate of the payment during the maternity leave and the leave for childcare until two years.

The Labour Code provides that the work agreement cannot be cancelled at the employer's initiative during a medical leave, pregnancy, maternity leave, and during breastfeeding, while caring for a sick child until the age of three, as well as while the husband is performing his compulsory military service. If the institutions are reorganized, which entails cut back of personnel, the Collective Work Agreement stipulates that dismissals affect 'as a last resort women who bring up children' (art.79, par.2).

4. Council Directive 97/81/EEC of 15 December 1997: Framework agreement on part-time work

In the national legislation, there is no legal or contractual definition *in terminis* of the concept of part-time worker, but the National Collective Work Agreement for 2000 – 2001 provides "for certain activities, positions and categories of personnel, provided in the collective work contracts for the units, part-time programs may be established, corresponding to fractions of the norm, with a duration of working time of 6, 4 or 2 hours per day." (art. 11, par. 1) In addition, "part-time workers shall be employed with a full-time norm, if there are vacant positions and if they meet the conditions for occupying these positions." (art. 11, par. 2)

The normal working program, full-time norm, is of 170 hours per month. In case of workers whose working conditions are hard or detrimental to health, the full-time norm is smaller, their daily working time may not exceed 6 hours.

The rights of part-time workers are the same with the rights of which full-time workers benefit, but they are granted based on the principle of proportionality with the time worked (Collective Work Agreement, art. 11, par. 1) For instance, if the salary (or vacation allowance) for a position is 100 for a full-time norm, it reduces to 50 for half the norm of that position. Similarly the social insurance/allowance observes the same principle of proportionality since all allowances are reported to incomes earned.

Women having in their care children aged 0 to 6 years old may benefit of half a norm working time, if they do not benefit of a crèche or kindergarten. The period of their appointment in these working conditions is considered, at the calculation of years of service, as a full-time norm.

Source: Network Women's Program of the Open Society Institute and Women's Program of the Open Society Foundation Romania (2001) National Report on Equal Opportunities for Women and Men in the European Union Accession Process

The report concludes with a few critical points. First, there are rather critical points of technical/legal nature. There are no specific measures to ensure that provisions contrary to equal opportu-

nity principles (in collective or individual work contract and in wages grids) shall or may be declared null. There is a weak control system, a relative lack of sanctions explicitly regulated for the

violation of the various principles. Related to this topic, the law does not provide special protection for dismissal for the employee who lodges a complaint against the employer. Employers do not have the obligation to bring to the attention of the employees the legal provisions. The second group of comments refer to the poor awareness. On the one hand most of the population is not informed of the present regulation and there is little practice of exercising their rights in this field. On the other hand, there is a relative lack of expertise both with institutions (Governmental or non-Governmental) and academia. Thus, the findings of the report come close to the European Commission evaluation: "In the field of equal opportunities, the national (Romanian) legislation covers the provisions of the Community legislation relative to non-discrimination on account of gender" but it lacks the specific provisions that guarantee the observance of the principles involved (European Commission, Agenda 2000).

At present (2002), the Ministry of Labour and Social Solidarity is in course of elaboration of a new Labour Code. The draft of the new Labour Code is publicly debated in 2002. As the Romanian Academic Society (2002) showed, the draft contains a number of controversial provisions. While the trade unions have applauded it, the employers' associations have been rather critical due to the "too much social responsibility / expenditures" put on their shoulders. One hot issue relates to

flexibility and flexibilization, namely the decision to unify the tax treatment of part-time (*conventii civile*) and full-time labour contracts by levying full social contributions on both. The employers claim this measure will both increase unemployment and push jobs into the black market, since the part-time employees despite having to pay the full rate of pension contribution, the years work will not be fully counted to make them qualify for old age pension in a similar manner to full time workers.

On the other hand, part-time contracts play an important role in the plans of the government, which relate to the marked decline in the number of full-time employees correlated with the sharp increase in the number of pensioners (in 2001, there were 6,365,000 pensioners in total, as opposed to 4,505,000 full-time employees), but also with an increasing number of 'missing employees' that have resorted to less taxed part-time contracts. Thus, for now, the Romanian government conceives the flexible work contract neither as an instrument for job creation nor as an opportunity that would allow women and men to reconcile work and family or to continue their studies or to prepare for retirement. The government focuses, instead, on the enlargement of the tax basis in order to balance the Pension Fund and the Health Fund through the taxes which will be levied on part-time employees.

CONCLUSION: ROMANIAN FLEXIBILIZATION DILEMMA

We have already pointed out that the words 'flexible' and 'flexibility' are rather frequent attributes in political discourses, as they are in the Government's official documents, but most as something desirable, something that institutions and individuals need to achieve. However, flexibilization is declared as a strategic objective only as part of the regional development policy.

Thus, the Romanian National Development Plan¹ operates with the concept of "flexibilization of the territory" defined as a shift from state to community (zone/region) based actions, expected to cre-

ate new flexible economic activities capable adapting to market forces and to development. Accordingly, flexibilization of the territory is linked to work flexibility, since it aims at the development of the community innovative milieu, entrepreneurship, and the stimulation of the competitive capacities of the regions/zones.

Nevertheless, Pascariu and colleagues (2002) showed that the National Development Plan overlooks the spontaneously occurring flexibilization (self-employment in agriculture, working poor pushed to make a living in the informal sector,

atypical forms of employment), which is rather forced and not enhanced by an adequate and secure legal framework as in the Western countries. On the other hand, tourism and the export of medicinal herbs/ forest fruits have been identified as the only two flexible economic activities with real development chances in the European market. As a reaction, leaders of important trade union confederations have already argued that the flexible alternative envisaged by the Romanian Government to industrial redundancy (“highly trained people that worked in industry all their lives and for decades were called the pride of this country”) is mushroom collecting or agro-tourism for those from the countryside.

The authors concluded that in an environment shaped by the belief that “the more one claims, the more one gets”, on one hand, and on the other, the policy oriented towards social

peace, the issue of flexibilization of work and space takes on a pejorative meaning and becomes an element of social/political dispute. The risk of the Government’s approach is to compromise the flexibilization idea.

In contrast to the Government’s approach, economic and sociological studies have focused on the forms of spontaneous flexibilization that emerged after 1989, which have been seen as ‘problematic’. Most of the atypical forms of employment that emerged in Romania during the 90s are expressions of the distortions and blockages present on the labour market and not of the newly emerged market institutions and structures. The ‘Romanian flexibilization’ predominantly appears linked to industrial redundancy, the informal economy, agriculture, and poverty therefore it increases the risk of social exclusion.

NOTE

¹ National Development Plan (2000-2002 and 2002-2005) is the programming document in the accession process in the European Union. It includes the regional development policy, the main sectoral strategies in the field of infrastructure, environment, and human resources, which might be future Operational Programmes of the Cohesion and Structural Funds.

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