THE EUROPEAN UNION COHESION POLICY AND EXTERNAL MIGRATION IN ROMANIA. MULTISTAGE ANALYSIS

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Abstract

This study analyses the effect of sums allotted within the framework of EU cohesion policy on the labour market in Romania from the perspective of workers' migration. It is expected that a positive effect of the implementation of operational programmes should contribute to improving living and working conditions and to diminishing migration flows from Romania. In this study we undertake a multistage analysis. In the first stage we analyse the institutional framework in which cohesion and convergence policies are applied, and present the operational programmes and the allotted sums. The next stage in the analysis focuses on the phenomenon of migration from Romania, and it highlights the socio-economic reasons that push Romanians to migrate. The final stage makes a connection between migration and cohesion policies, and it analyses the efficiency of European fund allocations on labour market indicators. Our analysis has highlighted the fact that funds allotted to Romania via operational programmes during the period 2007-2013 did not have a major impact on leveling out development gaps and on the induction of a state of convergence.

Keywords: cohesion policy, migration, integration, special allocations, European funds, communitarian objectives.

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Literature review

The issue of cohesion among Europe's states is on the agenda of Brussels authorities and it has captured researchers' attention. Various authors have conducted studies that evaluate the outcomes of financing via Structural and Cohesion Funds (SCF). By applying different macroeconomic models, they have found that in a long term perspective, there are net positive effects on economic growth. Thus, the HERMIN evaluation for the period 2000-2006 (Bradley & Untiedt, 2009) showed that by 2020, financing with a GDP percentage via SCF will lead to a GDP growth ranging between 1.1% (Germany) and 4.2 % (Ireland), at a different growth rate for each member state. The same model applied ex-ante for the period 2007-2013, cumulative with the previous period and including the n+2 rule, showed that the multiplying effect by 2020 will range between 1.01 % in the case of South Italy and 4.75% in the case of Romania (Bradley, *et al.*, 2007). The QEUST evaluation generated more optimistic GDP growth estimations, ranging between 1.96% (Italy) and 6.13% (Latvia) (Varga & int Veld, 2011). Other models that have been applied have generated similar results (Bayar, 2007; Allard *et al.*, 2008; Brandsma *et al.*, 2013); the difference was only in the potential growth rates.

Numerous other studies have shown that SCF have a positive effect on economic growth (Mohl & Hagen, 2010; Eggert *et al.*, 2007; Bouvet, 2005; Cappelen *et al.*, 2003), while some authors have found an irrelevant (Percoco, 2005; Bussoletti & Esposti, 2004; Esposti & Bussoletti, 2008) or even non-existent connection (Dallerba & Le Gallo, 2008; de Freitas *et al.*, 2003; Garcýa-Mila & McGuire, 2001). A series of studies show that only certain financing axes have an effect on growth. For instance, Rodriguez Pose and Fratesi (2004) consider that only the financing of education and long life learning carries a medium and long term positive effect. The introduction of the spatiality effect in analyses has shown that the convergence effect is higher for the poorest EU countries (Baumont *et al.*, 2003; Fischer & Stirböck, 2005).

On the whole, specialised literature does not reach a clear conclusion on the impact of cohesion policies on economic growth. While certain studies are very optimistic and identify a close connection between cohesion and convergence funds, others are much more reserved and highlight dis-functionalities in the European project.

As far as the link between the level of development and migration is concerned, it was noted that differences in development between two geographic areas lead to migration flows (Krugman, 1990). Of course, their intensity has a historic and geospatial character, and there are major differences, for instance, between USA mobility (Martin, 2003), which is much higher, and EU mobility (Heinz & Ward-Warmedinger, 2006). Certain authors have asked themselves whether there is a

direct link between the increase of the degree of cohesion and the intensification of migration (Schmidt, 2013). The answer can be found in the neoclassical convergence theories according to which the free circulation of production factors leads to the balancing – levelling out of income and development (Barro, 2015). On the other hand, supporters of the divergence thesis argue that migration is rather an effect of regional disparities and that it aggravates development gaps (Smith & Timar, 2010). In general, the problem of migration can be tackled from four perspectives (De Haan, 1999): how migration influences the development of destination areas, how it impacts the development of origin areas, how the development of destination areas influences migration, and how the development of origin areas influences migration. The issue of cohesion matters in different ways and it supposes different measures for each of these problems.

Methods and Research Design

Method

Our research is multistage. In the first stage we aim to give an overview of the latest findings in the specialised literature that debates the issue of European cohesion policies and of their effects on migration. For this purpose we have used studies and research of a high relevance factor. In the second stage we shall critically analyse some aspects connected to the cohesion policy and how it was applied in Romania. The third stage analyses the phenomenon of migration from Romania and its effects on economic development. The basic hypothesis is that migration from Romania has economic causes and it significantly impacts growth potential. We have used data provided by Eurostat and the National Institute of Social and Economic Statistics.

The fourth stage follows and evaluates the impact of financing via operational programmes on migration and the labour market. The initial hypothesis is that this impact is minor, both due to insufficient funds and to how the operational programmes have functioned.

Data

We have used data from official sources, such as the European Commission, the Romanian Government, the National Bank of Romania and the World Bank, that were processed through SPSS 20.0 statistical software.

What is the EU's Cohesion Policy?

The issue of harmonising living and working conditions is stipulated in the preamble of the Treaty on the Functioning of the European Union (TFEU). It is the object of cohesion policies and previously, it lay at the foundation of the construction of the European Union. It was a subject of negotiation and it was mentioned in the Treaty of Rome from 1957 (Feld, 2004). Articles 158 and 160 established the EU objective to reduce economic development disparities. Judging that the problem could be solved via regional policies, the European Commission, initially, played the role of a coordinator and integrator of economic and financial measures at national level. Dissatisfied with the too slow effects and its incapacity to intervene, it proposed certain changes that were first mentioned in the Single European Act (1987) and later, in the Maastricht Treaty (1992), through which the power and the sphere of European authorities' intervention at national level was considerably enlarged. Thus, cohesion policies have become increasingly more interventionist and discretionary (Krieger-Boden, 2002).

The central objective of the EU cohesion policy is to diminish development differences between the main EU regions and countries so as to increase social and economic cohesion. It functions on the grounds of financial solidarity, which supposes that a part of the community's budget is redistributed towards poorer regions. The main structural financing instruments are the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion FUND (FC); they are used in order to reach objectives established at EU and national level through the Strategic National Reference Framework. For the period 2007-2013, these objectives were: convergence, regional competitiveness, the occupation of the work force and European territorial cooperation. Undergirding the functioning of these funds are four principles stated at the time of the reform in 1988: (1) The *principle of programming* creates the framework for the design of multi-annual development programmes; (2) The *principle of partnership* facilitates the participation of local institutions and of social partners in programming interventions, together with member states and EU institutions (3) The *principle of concentration* allows resources to be directed, by prioritising them, towards the poorest segments of the population; The *principle of additionality* stipulates that cohesion funds cannot substitute national funds but are only added to them.

All these principles are stated in the spirit or an ampler principle, mentioned in the Treaty on European Union (article 5), called the *principle of subsidiarity*. According to it, in case regional or national authorities do not adopt certain legislative measures considered to be useful for the respective communities, then authorities at a higher level (national or community) can intervene. The two general principles (cohesion and subsidiarity), act jointly for the declared goal of eliminating development discrepancies in the European Union and to support national and/or regional authorities in implementing social policies and measures.

The cohesion policy and structural funds have been subjected to a series of reforms, among which the most important are those from 1984, 1988, 1993 and 1999, and 2013. The latest, from 2013, established significant sums for the cohesion policy, namely 325 billion euros for the period 2014-2020. Romania is to access 21.8 billion euros.

Table 1. Total Eu Allocations 2014-2020 - Romania

Member State	Fund	Amount (€)
Romania	Less Developed Regions	15,058,800,000
Romania	Cohesion Fund	6,935,000,000
Romania	More Developed Regions	441,300,000
Romania	European Territorial Cooperation: Cross-Border Cooperation	364,000,000
Romania	Youth Employment Initiative (additional allocation)	106,000,000
Romania	European Territorial Cooperation: Transnational Cooperation	88,700,000

Source: Eurostat, Cohesion Policy Data

Among all financing funds in the framework of regional cohesion policies, the one that has the highest impact on human capital and implicitly on migration, is the European Social Fund, created for the purpose of investing in people and in training them, with a view to their adjustment to the requirements of the European labour market and to the improvement of the situation of vulnerable persons. For the period 2007-2013, via this fund, a series of education and training objectives were met, with the participation of more than 1.2 million persons (*Table 2*) and an infrastructure was constituted, that would contribute to the regional integration of goods and persons in national and international circuits.

Table 2. ESF funding output for Romania, 2007-2013 (reporting on November 20, 2015)

	Job created	Starts-up suported	Reconstructed roads (km)	New roads (Km)	ESF Participation (persons)
2007	0	0	0	0	0
2008	0	0	0	0	1,184
2009	0	5	0	0	49,626
2010	2,540	7	9	11	182,116
2011	4,360	42	308	11	380,536
2012	8,151	60	912	135	411,151
2013	25,193	106	1,436	162	244.07
total	40,244	220	2,665	319	1,268,720

Source: Eurostat, Cohesion Policy Data

For the period 2014-2020, ESF has established as its main objectives to improve the level of occupation and to support workers' mobility, to fight poverty and to increase the level of social inclusion, to promote investment in education and lifelong learning and to improve institutional capacity and the efficiency of public administrations. Approximately 80 billion euros have been allotted for these objectives. There is a certain priority issue, to which a minimum of 20% of the funds is allotted, to fight poverty and improve the degree of social inclusion. Through ESF alone, Romania has been allotted circa 4.7 billion euro, although in the previous period the other 4.3 billion euros that had been allotted had not been entirely spent. In total, Romania will receive 21.8 billion euros, which means a 10 % increase in comparison with the period 2007-2013. Through ESF and ERDF 14.7 billion euros could be spent, and the balance of 7.25 billion euros could be spent via the cohesion fund.

However, spending money is a great problem in Romania, as well as in other states that have not developed the institutional capacity to facilitate access to the seven operational programmes that were run in the period 2007-2013 in the framework of cohesion policies: the operational programme for the development of Human Resources (OPSHRD), the operational programme to increase economic competitiveness (OPS-EC), the operational programme for transportation (OPST), the operational programme for the environment (OPS-ENVIRONMENT), the regional operational programme (ROP), operational programme for technical assistance (OPTA) and the operational programme for the development of administrative capacity (OP-ACD). For the period 2014-2020, six such programmes have been designed: OPS large infrastructure, OPS competitiveness, regional OP, OP technical assistance, OPS Human Capital and OP Administrative Capacitate. The degree of ESF absorption for the period 2007-2013 was of only 442%, the lowest in the EU. By comparison, Latvia had a degree of absorption of 95% and Bulgaria, of 82.2%.

Table 3. Percentage and sums of available funds paid out by the Commission, 2007-2013

Member State	Year	Fund	Absorption (%)	Total Paid
Romania	2015	CF	70,9%	6,76E+08
Romania	2015	ERDF	67,1%	7,85E+08
Romania	2015	ESF	63,7%	7,18E+08
Romania	2015	TOTAL	67,7%	2,18E+09

Source: Eurostat, Cohesion Policy Data

Although, on the whole, for the period 2007-2013, Romania was allotted 19.21 billion euros for convergence and cohesion, plus 0.46 billion for European territorial cooperation, according to the latest data reported by the Romanian Government, by the 31st of December 2014, 11.42 billion euros had been spent, that is approximately 60% of the allocation (MFE, 2014) and by November 2015, the absorption rate went up to 67.7% (Eurostat).

The efficiency of allocations via cohesion policies

The priorities and objectives of the seven operational programmes that were implemented in Romania during the period 2007-2013 were more than generous. As we have stated above, the three great objectives, namely convergence, competitiveness and work force occupation and territorial cooperation, had been conceived so that, if they were to be reached, they would significantly reduce development gaps within the EU. However, leaving aside its praiseworthy intentions, the centralised bureaucratic way in which policies that would lead to the fulfilment of objectives were designed, generated a series of shortcomings and delays that not only diminished differences in development, but also wasted important resources that could have been used in the interest of a better development of more dynamic areas. Here are some of the problems that emerged, which the auditors of the European Commission also noticed (EC, 2003): (1) The too long lapse of time that was needed to design programme documents, which leads to delays in launching programmes; (2) The too ample involvement of the European Commission in the programming process; (3) Sometimes the monitoring programme is too complex, which leads to a waste of human resources, of time and money, that is disproportionate in relation to the projects' values; (4) Monitoring does not contribute sufficiently to the improvement of project management; it offers feed-back, many times after certain project stages were completed or even after the end of the project; (5) Financial flows are too complicated and long; (6) There are many lacunae or particular features in interpreting norms and methodologies, which generate errors or lead to the loss of the eligibility of certain expenses or actions; (7) Financial control mechanisms do not allow a reasonable level of risk taking/risk acceptation; (8) Advance payments are usually too low, which poses problems in what concerns project financing and the financial support of activities, thus putting too much pressure on co-financing; (9) Auditing activities are too numerous and many times they are overlapping, and a better coordination is needed between the various actors involved; (10) Rule N+2 is too restrictive and certain projects, especially innovative ones, need a longer period of time to make their results visible.

Romania has fully struggled with these deficiencies that have overlapped the chronic dis-functionality of the national administrative system, the lack of consultants that have been trained in European funds issue, and the natural immaturity of the politic and economic environment. Consequently, although more than 33.377 billion euros had been allotted during the period 2007-2013, approximately 10 billion had not been spent before the 31st of March 2014. It has been estimated that by the end of the period n+2, between 4 and 8 billion euros will be lost.

Table 4. Romania's net financial balance during 01.01. 2007-31.03.2014 (Mil. Euro)

Funds	2007	2008	2009	2010	2011	2012	2013	March 2014	2007-2013 Alloca-tions	2007-m2014
Amounts received from the EU budget (A+B)	1599.71	2642.34	2930.24	2293.63	2621.59	3442.13	5556.65	2711.95		23798.25
A. Pre-accession funds	812.26	747.68	618.74	273.17	132.61	43.9	30.84	0		2659.2
B. Post-accession funds. of wich:	787.45	1894.67	2311.5	2020.46	2488.98	3398.24	5525.81	2711.95	33377	21139.05
B1. Structural cohesion funds (FSC)	421.38	648.45	917.84	505.54	708.36	1170.92	2963.12	1427.88	19667	8763.49
B2. Rural development and fisheries funds (EARDF+EFF)	15.13	578.75	565.93	760.48	883.05	1090.05	1299.99	345.99	8124	5469.36
B3. European Agricultural Guarantee Fund (EAGF)	6.89	461.87	575.93	663.78	768.95	991.27	1174.7	933.86	5586	5577.27
B4.Another funds (post-accessions)	344.05	205.6	251.8	90.65	128.62	146	158	4.22		1328.94
II. UE Direct Payments (C+D)	1150.89	1268.93	1364.43	1158.91	1296.24	1427.77	1534.77	642.9		9844.84
C. Romania's contribution to EU budget	1129.13	1246.78	1315.49	1109.25	1234.26	1405.57	1469.8	634.16		9544.43
D. Another contributions	21.77	22.15	48.94	49.66	61.98	22.2	64.96	8.74		300.4
III. Balance flows (I-II)	448.82	1373.41	1565.81	1134.72	1325.35	2014.36	4021.89	2069.05		13953.41

Source: Ministry of Finance

The way in which this money was allotted also raises many questions, and European projects implemented in Romania have often been the object of discussions and checks by European institutions, that led to the temporary discontinuation of certain financing axes or even of certain operational programmes.

The connection between cohesion and migration

Development gaps in relation to the European average have severe repercussions on Romanians' standard of living and social security. If the European GDP/inhabitant average expressed in current prices was 27,400 euros in 2014, for Romania the value was of only 7,500 euros. Although the difference decreases for the GDP/inhabitant indicator expressed as PPS (14,600 Euros/inhabitant), it still

remains somehow at a rate of approximately 50 % in comparison with the average and approximately a fifth the GDP/inhabitant ratio in Luxemburg (73,500 Euro). Under the circumstances, it was expected that the principle of cohesion at EU level would become activated, so as to diminish these gaps. Nevertheless, at least in the short run, the effects are hardly visible. Gaps have been persistent, which has pushed a large part of the population to migrate, looking for a better paid job. In the case of Romania, in a short-term perspective, we can practically talk of a failure of cohesion policies. To a large extent, it is due both to the incompatibility of financial assistance programmes and to the inability of those interested to attract available funds. Another European principle would need to be applied, the principle of subsidiarity, through which European authorities could compensate for the lack of competence and will of the national government and of regional and local responsible officers so as to increase the absorption rate and render the allotted sums efficient.

Why should one analyse, practically, the connection between cohesion funds and migration, as long as mitigating migration is not among the priority objectives? We refer to the indirect effect that considers the reasons why persons migrate: first, poverty and social integration, the availability of jobs, living, education and health facilities. On the whole, the seven operational programmes aim to solve these problems.

There are many opinions on the effects of free market on the mobility of labour (Bostan & Grosu, 2010). Yet, if we are tackling this issue in the context of the convergence of the level of development, then we have to mention that less developed EU countries have a problem connected to the stability of the labour market and the support of growth via this factor. As long as major discrepancies persist between the revenues of the labour factor, the migration process will intensify.

Table 5. Hourly wage comparation

Country	Wage
Romania	4.4 Euro/ h
Sweden	39 Euro/ h
EU15 Average	23.4Euro/ h

Source: Eurostat database

Neoclassic theories state that, as long as there are no barriers, the labour force will move looking for the best allotment and that, in a long-term perspective, there will be a balancing-levelling out of revenues and costs. The process is evident in the case in Romania. According to unofficial statistics, approximately four million Romanians have migrated after 1990, most of them out of economic reasons. Even official statistics have registered a worrying figure, of approximately 2.6 million Romanians who have left the country after 1990, that is more

than 13% of the current population of Romania. The majority are part of the active population. In the age pyramid, the most inclined to migrate is the young population, as the graph below shows. This structure of migration contributes substantially to the aging of the population and it creates problems on the labour market. Therefore, migration leads to the aging of the population.
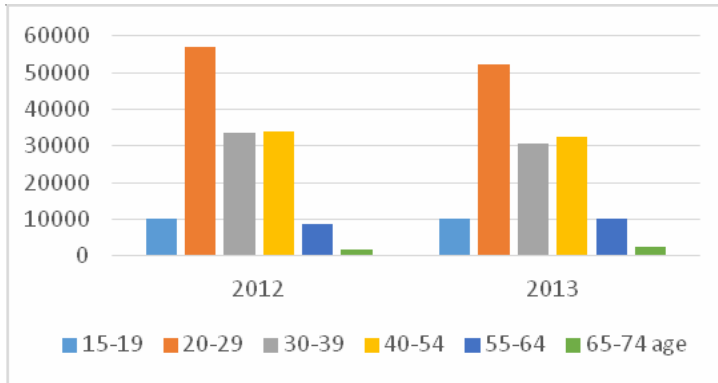

Figure 1. Emigrantion by age group with temporary change of residence

Source: INSSE database

A simple computation shows that, given an average productivity of 5,000 euros per year, the loss in the national product is approximately 13 billion euros per year. If we add to these sums other expenses for the training and education of migrants that the State incurred, the estimated loss could be of 15 billion euros per year. This potentially lost product will be found in the national accounting of destination countries, with positive multiplication effects (Ruist, 2014). The a-mounts could be multiplied, due to differences in productivity. On average, labour productivity increases from two to four times in countries such as Italy and Spain. Therefore, one can easily understand why these states are not interested in assig-ning great importance to the issue of migration. At the same time, one should not confuse the attitude of the mass-media, who are interested in highlighting the negative aspects connected to Romanian migrants, and the attitude of officials, who are aware of the great gain brought by these migrants to their own economies.

To return to the issue of cohesion, there are studies (Vlase, 2011) that highlight the fact that many migrants would return to Romanian if the standard of living improved, by increasing revenues and reviving the socio-economic environment. The cohesion policy targets precisely this, i.e. eliminating development disparities among European regions.

Therefore, under conditions of substantial positive effects following the imple-mentation of cohesion programmes, the phenomenon of migration would be mitigated. The ability of cohesion policies to generate a catch-up effect that would diminish migration or, at least, lend it another shape than the one motivated

by poverty, is debatable. But as an established goal, it is praiseworthy. If we perform a brief evaluation of the link between the evolution of GDP in Romania and permanent migration, we can argue, with a 95% probability, that there is a Kendall reverse correlation coefficient of -0,435.

How the EU envisages the phenomenon of internal migration

Theoretically, the term migration is inappropriate when we talk about EU citizens. According to the 2004/38/EC directive of the European Parliament, EU citizens and their families have the right to "move and reside freely within the territory of the Member States" and this is a fundamental principle. Of course, freedom is regulated by certain amendments if movement is done for a period longer than three months. There are no restrictions for those who are employed or self-employed. On the other hand, students and people who are not hired must have sufficient resources so as not to burden the systems of social welfare in the host country. There is also the obligation to register with the authorities if one's stay exceeds three months. In exchange, there is the right to be treated just like national residents. The 2014/54/EU Directive of the European Parliament and of the Council guarantees the free circulation of workers. Thus, "the free circulation of workers offers each citizen of the Union, irrespective of his or her residence, the right to circulate freely in another member state to work and/or live there out of professional interest." Theoretically, EU citizens who relocate in order to work legally on the territory of another EU state cannot be considered migrants. On the other hand, just as the above mentioned directive admits, "the real exercise of the workers' freedom of movement is yet another major challenge" and "EU workers can still face restrictions or unjustified obstacles in the exercise of their right to free movement, such as the non-recognition of qualifications, discrimination on grounds of citizenship and exploitation when they go to another member state". As far as Romanian workers are concerned, although they have enjoyed rights after Romania joined the EU, however some countries (Austria, Belgium, Germany, the Netherlands, Luxemburg, Malta, France, Great Britain, Italy, Spain and Ireland) have maintained restrictions to their labour market even after 2010. Currently, in 2015, countries such as Great Britain still hold certain discriminations against foreign workers, especially Romanians and Bulgarians.

Data on the migration of Romanians

Official data on migration have certain limits generated by how they are registered and calculated. If we consider the changes of habitual residence, according to the NSI, at the end of 2014 there were approximately 2.6 million Romanian migrants, mostly in European Union countries.
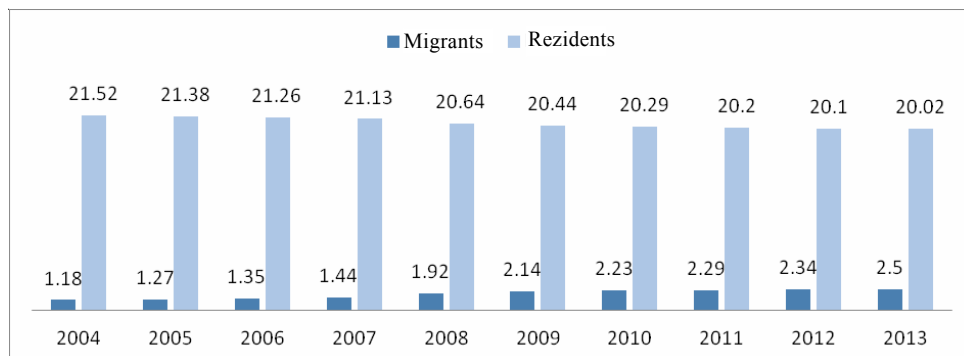

Figure 2: Romanians migrants and residents (2004-2013) (mil.)

Source: INSSE database

Most of them were in Italy and in Spain. These statistics seem to best reflect the reality, as many temporary migrants keep their initial residence registered in their IDs and other personal documents.

Table 6. *Number of Romanian immigrants temporarily settled in Italy and Spain, cumulative series, 2004-2014*

Year	Spain	Italy
2004	207,960	-
2005	317,336	270,845
2006	401,159	342,200
2007	603,889	625,278
2008	718,844	796,477
2009	751,688	887,763
2010	840,682	968,576
2011	912,526	997,000
2012	918,133	1,000,000
2013*	935,658	1,065,920
2014	953,183	1,131,839

Source: Spain-Ministero de Empleo y Seguridad Social, http://extranjeros. empleo.gob.es/ and Italy - http://www.caritas.it/, *estimation data

Other preferred destinations seem to be the United States, Hungary, Israel and Germany, and, more recently, the Nordic countries. In terms of sex distribution, before 2011 women predominantly migrated, but the trend was reversed beginning with 2012. In terms of age categories, the population aged 26-40 years old is the most dynamic, while the weight of migrants over 61 is much lower.

In terms of distribution according to development regions, one can notice that the most dynamic regions are the most developed, respectively North-West, Centre and Bucharest-Ilfov. One characteristic feature is that for the latest statistically available period, one can notice the intensification of migration flows from poorly developed regions, that is the North East, South West and South-Wallachia. This period coincides with that of maturity of the operational programmes 2007-2013. A simple correlation shows that allotted sums have not managed to create obvious effects which would contribute to capping the phenomenon of migration.

Table 7. Distribution of immigrants by region, for the period 1990 - 2011

Years	Region: North-West	Region: Center	Region: North-East	Region: South-East	Region: South-Muntenia	Region: București-Ilfov	Region: South-West Oltenia	Region: West
1990	11296	39681	1761	1648	1204	7977	827	32535
1991	6754	15907	1949	1776	2188	4032	1040	10514
1992	5593	10991	1015	873	614	4381	581	7104
1993	2752	5338	558	652	420	2523	351	5852
1994	2532	3819	711	778	540	3678	396	4692
1995	4070	5709	1241	1186	1052	5916	791	5710
1996	3311	3971	1315	1113	1087	5266	767	4696
1997	3003	4071	1596	1202	971	4045	835	4222
1998	2142	2683	1450	1005	750	6376	614	2516
1999	1657	1964	1216	857	690	4014	574	1622
2000	2271	2640	1837	1213	1039	2913	772	2068
2001	1569	1703	1667	813	668	1841	468	1192
2002	1536	1628	1140	632	360	1431	306	1121
2003	1893	2219	1495	826	538	1792	489	1421
2004	2270	2958	1853	1039	578	2057	589	1738
2005	1595	2164	1852	1160	453	1808	488	1418
2006	1876	2739	2556	1360	663	2440	617	1946
2007	1045	1570	1522	863	507	1643	451	1229
2008	1137	1504	1412	881	549	1567	419	1270
2009	1284	1689	1593	1038	644	1936	607	1420
2010	992	1163	1302	830	602	1456	449	1112
2011	1757	1921	2972	1551	1107	6106	759	2134

Source: TEMPO database and own computations

Rather, the sums that these migrants have remitted after 2007 have substantially contributed to the increase of the living standard among the family members that have stayed behind, in Romania, and they have been much more consistent than the cohesion funds attracted by Romania during this period. The impact on the GDP has been significant.
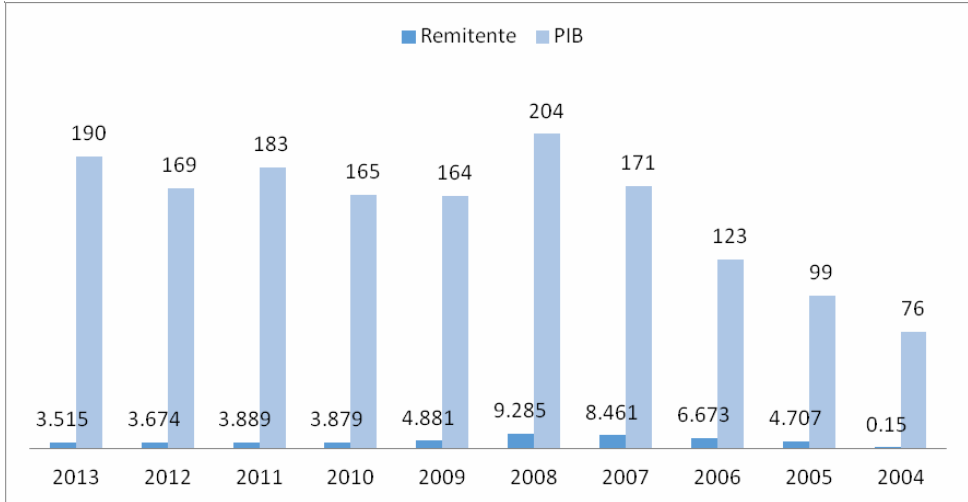

Figure 3. Evolution of remittances and GDP, 2004-2013 (bil. Euro)

Source: National Bank of Romania and World Bank

It would not be an overstatement to argue that the convergence effect is much more evident through the creation of free markets that allow the work force to migrate, looking for the best allocation rather than through centralised policies for the allocation of discretionary funds.

Evaluations of the efficiency of the allocation of cohesion funds

What are the main macroeconomic indicators during the period when operational cohesion programmes were implemented?

Table 8. Indicators to measure the effectiveness of allocations cohesion funds

Year	Post-accession funds (mil. euro)	Structural and cohesion funds (SCF) (mil. Euro)	Unemploy-ment Rate	Migrants	Gdp/capita (euro)	Net earning (euro)	Immigrants age 18-25	Immigrants age 26-40
2007	787.45	421.38	6.4	8830	6000	1824.56	1062	4979
2008	1894.67	648.45	5.6	8739	6900	2066.27	1107	4722
2009	2311.5	917.84	6.5	10211	5900	1866.09	1270	5351
2010	2020.46	505.54	7.0	7906	6300	2068.19	1074	3955
2011	2488.98	708.36	7.2	18307	6600	2203.04	3417	6155
2012	3398.24	1170.92	6.8	17034	6700	2083.82	3862	7011
2013	5525.81	2963.12	7.1	17559	7200	2158.06	4320	7592
2014	2711.95	1427.88	6.8	-	7500	2250.82	-	-

Source: Cohesion Policy Open Data and Eurostat Database

A simple qualitative analysis of the data presented in Table no. 8 above shows that there is no direct and immediate correlation between the dimension of structural funds and migration indicators. Although the sums spent between 2007 and 2014 increased steadily, the impact on the number of migrants is not relevant. What is more, in the year in which the highest amount of money was attracted, i.e. in 2013, permanent migration resumed its increasing trend. As one can notice from the age distribution, youth under 40 years old count for 65% of total migrants, despite the fact that there were priority financing axes for youth integration. The narrowing down of the age pyramid towards the basis of the active population is a serious threat for the Romanian economy's growth potential. The loss of medium and highly trained youth means a waste of human capital, although another priority of the operational programmes was to educate and train human resources with a view to their social and economic integration on the local and regional markets. The increase of GDP/inhabitant has also been too slow. It is true that the period 2009-2012 overlaps the economic crisis that has significantly affected Romanian economy. However, even so, we consider that the impact of the attracted funds on wealth is insignificant.

If we approach the comparative analysis from the point of view of unemployment rate, the impact of structural and cohesion funds is even more negligible or even negative. One can notice that the sums were much too low to counter the negative effects of the economic crisis. The too slow increase of net revenues, together with the increase of unemployment and stagnation affecting infrastructure and living conditions, have determined permanent and temporary migration flows to continue increasing during the entire period when Romania benefited from structural and cohesion funds.

Conclusion

Our analysis starts from the assumption that there is no clear link between cohesion policies and stopping the phenomenon of migration from Romania. Liberal schools clearly show that macroeconomic policies must limit themselves to creating the general framework for action, without excessive details and without resorting to interventionist instruments that would overlap or try to amend the directions set by the free market. Otherwise, blockages occur or, in the most optimistic scenario, allotted resources do not generate the expected effects.

Consequently, we have tried to evaluate the effects generated by cohesion funds allotted to Romania in the framework of the European Union's cohesion policy. Unfortunately, we have not noticed a significant improvement of the macroeconomic indicators relevant for the labour market and the level of wealth. The explanations can follow three main directions: a) the allotted sums do not totally match the needs of the Romanian economy, if we consider the enormous development gap in relation to the European average. Substantial extra funds could produce certain engagement effects; b) the efficiency of attracting these funds is reduced, both due to the inability of national actors to develop eligible projects and due to the excessive and discouraging bureaucracy that is specific to activities in the framework of European projects; c) the design of the cohesion policy has great lacunae, and it is considered to react too little to the dynamics of the needs of emergent countries, to be much too bureaucratic and too little adapted to national characteristic features.

Rethinking the entire cohesion policy could make real convergence possible, while mitigating, in parallel, the budgetary effort that it implies. Yet, as long as there are no clear regulations concerning the mobility conditions of the production factors and especially of the labour factor, and as long as developed countries will not try to compensate for the losses of human capital in developing countries, then the perspectives are not encouraging at all. Migration will have an increasingly stronger impact on countries with below the average revenues. This will deepen the development gap. Romania still has a young population that is insufficiently trained. One solution could come from investments in education and the granting of technical assistance by developed states and by European authorities to rethink the educational system and adjust it to market needs. In general, technical assistance can prove more useful than the allocation of funds from the European budget.

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