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THE UNEMPLOYMENT - MAJOR UNBALANCE OF THE LABOUR MARKET

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ABSTRACT

The objective of the writing represents the analysis of the evolution of the unemployment in Romania after 1990 and up to now, as well the drawing of a comparative study to the evolution of this phenomenon in relation to the one of the E.U. state members, during 2013 - first semester of 2015, taking into consideration the fact that the unemployment rate represents an important factor that stands on the basis of the economical politic measures, that aims the employment and the social protection of the unemployed. The theme chosen is an actual one, because the unemployment phenomenon is a complex one, with multiple implications in all the areas (economic, social, as well human), that must be decreased. This is the reason why, at the end of the writing is brought forward the politics of reducing the unemployment in Romania, whose objectives are linked to the ones in Strategy 2020.

KEYWORDS: *unemployment, unemployment rate, labour market, unemployment insurance, employment policy work*

JEL CLASSIFICATION: J20, J65, J68

1. INTRODUCTION

The structure of the writing includes four chapters in which the issue of the unemployment is approached not only in theory, but also in practice. The chapter named "Theorectical approaches regarding unemployment" makes a description of the unemployment phenomenon as well for other theoretical aspects related to it. The second chapter of the writing "The evolution of unemployment in Romania after 1990 up to now" represents an analysis of the evolution of unemployment, using relevant statistical data. The third chapter approaches "The unemployment in Romania in comparison with the one in the states of the E.U. during 2013 first semester of 2015" and it is a comparative study of the evolution of it in the E.U. countries, in the given period, that focuses on our country's place regarding the analysed phenomenon. The last chapter relates to "The policy of decrease of unemployment and the employment" that represents the solution to reduce the impact that unemployment has over the society, on more levels. This policy follows the objectives of the European 2020 Strategy that Romania assumed, as an E.U. state member. The method used is the one of comparison. Thus, in the second chapter of the writing, it is being analysed "The evolution of unemployment in Romania after 1990 up to now", comparing the evolution of the unemployment rate of our country in a period, reported to its level from a former period, which allows the drawing of some conclusions that stand on the policy of reducing the unemployment and the employment. The same method is used in the chapter "The unemployment in Romania comparativelly with the one in the states of the E.U. during 2013 - first semester of 2015", where comparisons are being made regarding the unemployment rate in the E.U. countries in 2014 on age categories, under 25 years, relative 25 and 74 years, as well the unemployment rate on a long term, to see which are the most affected by the unemployment.

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2. THEORETICAL APPROACHES REGARDING UNEMPLOYMENT

The concept of unemployment was defined at the beginning of the XXth century, being met to British, initially, under the name "out of work", and later gaining the semnification "unemployment", to French under the name of "chômage", and to Latins as "caumare", and to the Greek "cauma" that meant "great heat", reason for which any activity was ceased (Dobrotă, 1999). Later, it named the absence given to the holidays or unworking days, to the lack of orders, of the raw materials, during the economical crises. Although it doesn't exist a definition unanimously accepted, the majority of the economists and of the sociologists define unemployment as inactivity of a person who wants to work. Unemployed is the person who, in exchange of a payment, wants to give its labour force, but not finding any employer to hire him (Dobrotă, 1997). Unemployment represents a macroeconomical unballance with major implications, that it is met on the labour market, when the global job offer is bigger than the labour demand (Ciucur et al., 2001). At the basis of this phenomenon lays the decline of the economy, its reorganization on the market's principles, as well the fast evolution of technologies, in parallel with the remaining behind of the professional training system. As per the international definition taken by the International Labour Office, (I.N.S., 2015), the unemployed are the persons being between 15-74 years, who comply with the following conditions:

- don't have a working place and don't undergo any activity to get incoms;
- are looking for a working place, using in the last four weeks different active methods, to find it (enlisting with employment agencies, actions for starting an activity on their own, making adds, etc.);
- in the next two weeks, can begin work, being available if a working place should be found. According to the laws of Romania (Law no. 76/2002), the registered unemployments represent the persons who are registered at the National Employment Agency in whose jurisdiction they reside and who comply on the whole with the following conditions:
- are looking for work, being between 16 years and the retiring age;
- are able to work in point of health, as well physical, also mental;
- don't have a working place, don't make incoms or do, but these are lower than the minimum wage of the country;
- in the next following period, can begin work, being available if a working place should be found

The unemployment rate represents a factor that stands at the basis of the economical policy measures that targets the employment and the social protection of the unemployed. Nowadays, in Romania there are two calculation methods for the unemployment rate, made by two different institutions that are: the National Institute of Statistics (N.I.S.) and The National Employment Agency (N.E.A.). Pieces of information about the unemployment rate are being offered by the National Institute of Statistics (N.I.S.) given the gathered data from the inquiries made in the households, including the persons aged between 15 and 74 years that simultaneously fulfill the three conditions, mentioned in the international definition of unemployment given by the International Labour Office (I.L.O.) and by The National Employment Agency (N.E.A.) from those who come from the employment agencies to be registered as unemployed to get the unemployment insurance and who legally comply to this category. (Mihai, 2014, June 27). The same source shows that given the methodological calculation differences it results a gap between the two unemployment rates of 2 - 3% for each month (the N.E.A. rate being smaller, given to those that want to work, but don't register), which in practice means about 200.000

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300.000 "hidden" unemployed. The level of the unemployment is given in absolute sizes as number of the unemployed, and, respectivelly, relativelly, as an unemployment rate, that represents the rate between the unemployed and the economically active population, rendered in percentage (Angelescu et al., 2005). The sources that generate unemployment are represented by: a part of the employment, that loses its work; the young who turn the legal age for employment and some persons that are able to work, but inactive, who decide to get employed, who generate the growth of the job offer, this becoming bigger than the labour demand (Dobrotă, 1993).

3. THE EVOLUTION OF UNEMPLOYMENT IN ROMANIA AFTER 1990 UP TO NOW

In Romania, during the comunism, unemployment wasn't a known or admitted phenomenon, the personnel being enclosed overdimensionally and the productivity of the work reduced. After 1990 the unemployment phenomenon was admitted, the first legal framework in helping the unemployed was the Law no. 1/1991 regarding the social protection of the unemployed and their professional reintegration, with its subsequent amendments. After its abrogation, it was replaced by Law no. 76/2002 regarding the system of unemployment insurance and employment incentives, updated and completed by Law 195/2015.

Table 1. The situation of the unemployed number and of the unemployment rate in Romania during period 1991-2014

Years	The number of the unemployed registered at the end of the year (thousand of persons) The number of the Unemployed registered at the ployment rate (%) The number of the unemployed registered at the end of the year (thousand of persons)			Unem- ployment rate (%)		
1001			ļ	• • • • •	persons)	
1991	337.4	3.0		2003	658.9	7.4
1992	929.0	8.4		2004	557.9	6.3
1993	1164.7	10.2		2005	523.0	5.9
1994	1323.9	10.9		2006	460.50	5.2
1995	998.4	8.9		2007	367.8	4.0
1996	652.0	6.2		2008	403.4	4.4
1997	816.3	9.3		2009	709.4	7.8
1998	1025.0	10.4		2010	627.0	7.0
1999	1130.3	11.8		2011	461.0	5.2
2000	1007.1	10.5		2012	493.8	5.4
2001	826.9	8.8		2013	512.3	5.7
2002	760.6	8.4		2014	478.3	5.4

Source: Roumanian Statistical Yearbook (1992 - 2015). The National Institute of Statistics

After 1990, given the restructuring of the economy, the unemployment phenomenon grew (especially the structural and the term unemployment), this way, in a relatively short period of time it appeared a large number of the unemployed, reaching a high level. If in the year of 1991, the unemployment rate was of 3%, in 1992 exploded, reaching 8.4%, as it can be seen in Table 1.

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By analyzing the data within this table, we can say that during the period 1993 - 2002, the country's economy faced a high level of the unemployment rate being between 8.4% in 2002 and 11.8% in 1999, with the exception of 1996 (an election year) in which the unemployment rate was of only 6.2%, considering the registered economical growth and of the adoption of measures to fight unemployment. During 1997 - 1999, that followed immediately the election year, considering the economical restructuring and of the economical decline, the unemployment rate was kept on a high level and continously going higher. This way, in 1997, the unemployment rate was of 9.3%, in 1998 of 10.4%, in 1999 this reaching a record level of 11.8%.

During 2003 - 2007, the unemployment rate went down as years passed, registering a slight growth in 2008, yet being at a small level. This way the levels that the unemployment rate registered along this period is rendered as following: in 2003 of 7.4%, in 2004 of 6.3%, in 2005 of 5.9%, in 2006 of 5.2%, in 2007 of 4%, and in 2008 slightly growing to 4.4%. At the basis of this significant decline of unemployment were many causes, among which: the remarkable economical growth that our country registered, following the high volume of investments, not only native, but also foreign; an easier acces to employment on the markets of the Western European economies, which triggered a masive flow of the Romanian workers, etc. During the year of 2009, in Romania took place a strong economic contraction that was resented from the end of 2008, when the unemployment retook an upward trend. Thus, the unemployment rate growing to 4.4% in 2008, to 7.8% in 2009, starting to lower in 2010, when it registered, yet, a still high level of 7%. Starting 2011, the unemployment rate lowers to 5.2% then slightly growing during 2012 (5.4%) - 2013 (5.7%), then to gain a slight decline, in 2014, being at 5.4%. In the analyzed period, as per Table 1, the bigger number of unemployed was registered in 1994, this being of 1323.9 thousand people, and the smallest number being in 1991 meaning 337.4 thousand persons.

4. THE UNEMPLOYMENT IN ROMANIA IN COMPARISON WITH THE ONE IN THE STATES OF THE EUROPEAN UNION DURING 2013 - FIRST SEMESTER OF 2015

In 2014, Romania had an unemployment rate at the national level of only 6.8%, being on the 8th place among the E.U. states, after: Germany (5.0%); Austria (5.6%); Luxembourg and Malta (5.9%); The Czech Republic and United Kingdom (6.1%); Denmark (6.6%). Our country had a better place, regarding the unemployment rate in 2014, then other E.U. states, like: Italy (12.7%), France (10.3%), Sweden (7.9%), The Netherlands and Estonia (7.4%), etc.

An explanation on the level of unemployment in Romania that is lower other E.U. state members is that many Romanians (especially those from the rural area, that do seasonal work) want to have a work place, but they don't look for it actively, waiting to get job offers from employers or don't want to start working immediately, reason for which they don't appear in the statistics (Mihai, 2015, July 25). Although Romania is among the E.U. state members with the lowest unemployment rates, it occupies an unfavorable position regarding the unemployment of the young. This way, considering Table 2, the unemployment rate for the young under 25 years as in Romania, in 2014, of 24% over the European average of 22.2%.

Still, the situation in Romania regarding the unemployment of the young under 25 years is better than the other states' like: Spain (53.2%), Greece (52.4%), Croatia (45.5%), Italy

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(42.7%), Cyprus (35.9%), Portugal (34.7%), Slovakia (29.7%) and France (24.1%). In many countries like: Greece, Spain, Croatia, Italy, Cyprus, Romania, Bulgaria and Ireland there are still registered high rates of unemployment among young that are not professional enroled and don't follow any educational or training programme. As a matter of fact, Europe doesn't invests efficiently in education or competences, which affects the competitive position on a medium term and the professional enrolling capacity of its labour force. Although the mobility of the workforce within the E.U. countries is diminuished, the young, with a high level of education, being a significant part of this process, it contributes to the decrease of the unemployment. Regarding the unemployment of the persons with age between 25 and 74 years, as per Table 2.

Table 2. The situation of the unemployment rate in Romania versus the situation of the unemployment rate of the others States of the European Union in the year of 2014 (%)

	The	The unemployment rate (%)			
Country	unemploym	Under 25 years	Between 25 and 74	On a long	
	ent rate (%)		years	term	
Austria	5.6	10.3	4.9	1.5	
Belgium	8.5	23.2	7.3	4.3	
Bulgaria	11.4	23.8	10.7	6.9	
Czech Republic	6.1	15.9	5.4	2.7	
Cyprus	16.1	35.9	14.0	7.7	
Croatia	17.3	45.5	14.6	10.1	
Denmark	6.6	12.6	5.5	1.7	
Estonia	7.4	15.0	6.7	3.3	
Finland	8.7	20.5	7.0	1.9	
France	10.3	24.1	8.8	4.4	
Germany	5.0	7.7	4.7	2.2	
Greece	26.5	52.4	24.8	19.5	
Irland	11.3	23.9	10.0	6.7	
Italy	12.7	42.7	10.6	7.8	
Letonia	10.8	19.6	10.0	4.7	
Lithuania	10.7	19.3	9.9	4.8	
Luxembourg	5.9	21.2	5.0	1.6	
Malta	5.9	11.8	4.8	2.7	
The Netherlands	7.4	12.7	6.5	3.0	
Poland	9.0	23.9	7.7	3.8	
Portugal	14.1	34.7	12.5	8.4	
United Kingdom	6.1	16.9	4.4	2.2	
Romania	6.8	24.0	5.5	2.8	
Slovakia	13.2	29.7	11.8	9.3	
Slovenia	9.7	20.2	8.9	5.3	
Spain	24.5	53.2	22.3	12.9	
Sweden	7.9	22.9	5.7	1.5	
Hungary	7.7	20.4	6.7	3.7	
E. U 28 Average	10.2	22.2	9.0	5.1	

Source: Mihai (2015, July 25) apud Eurostat, The National Institute of Statistics

Romania registered in 2014 a rate of 5.5% same as Denmark, being among the E.U.'s states, after: United Kingdom (4.4%), Germany (4.7%), Malta (4.8%), Austria (4.9%), Luxembourg (5.0%), the Czech Republic (5.4%), but much under the European average of 9.0%.

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Still, the situation in Romania regarding the unemployment of the persons between 25 and 74 years is better that the other states' like: Greece (24.8%), Spain (22.3%), Croatia (14.6%), Cyprus (14.0%), Portugal (12.5%), Italy (10.6%), France (8.8%), the Netherlands (6.5%), Sweden (5.7%). Regarding the unemployment rate on a long term, as it can be seen in Table 2, in Romania this registered in 2014 a value of 2.8%, being situated under the European average of 5.1%. The smallest unemployment rates on a long term, in 2014, were registered by Austria and Sweden (1.5%), Luxembourg (1.6%), Denmark (1.7%), Finland (1.9%), Germany and United Kingdom (2.2%), etc., while Greece (19.5%), Spain (12.9%) and Croatia (10.1%), were registering the highest unemployment rates on a long term.

Considering the gradually economic recovery that began in the E.U. in 2013, as it can be seen in Table 3, in the year 2014, there was a decrease of the unemployment rate, in almost all the E.U. country members altogether with an improvement of the most labour market indicators. This way, the anual unemployment rate in the E.U. - 28, evolved from 10.9% in 2013, to 10.2% in 2014, continuing its decrease in the first semester of 2015 to 9.7%.

Table 3. The situation of the evolution of the unemployment rate in the European Union during 2013 - S1. 2015 (%)

•	Unemployment rate (%)			
Country	2013	S1.2015		
Austria	5.4	5.6	5.7	
Belgium	8.4	8.5	8.7	
Bulgaria	13.0	11.4	10.0	
The Czech Republic	7.0	6.1	5.5	
Cyprus	15.9	16.1	15.8	
Croatia	17.3	17.3	16.6	
Denmark	7.0	6.6	6.3	
Estonia	8.6	7.4	6.2	
Finland	8.2	8.7	9.3	
France	10.3	10.3	10.4	
Germany	5.2	5.0	4.8	
Greece	27.5	26.5	25.5	
Ireland	13.1	11.3	9.8	
Italy	12.1	12.7	12.4	
Letonia	11.9	10.8	9.8	
Lithuania	11.8	10.7	9.4	
Luxembourg	5.9	5.9	6.0	
Malta	6.4	5.9	5.7	
The Netherlands	7.3	7.4	7.0	
Poland	10.3	9.0	7.7	
Portugal	16.4	14.1	13.0	
United Kingdom	7.6	6.1	5.6	
Romania	7.1	6.8	6.9	
Slovakia	14.2	13.2	11.8	
Slovenia	10.1	9.7	9.4	
Spain	26.1	24.5	22.9	
Sweden	8.0	7.9	7.7	
Hungary	10.2	7.7	7.2	
E. U 28 Average	10.9	10.2	9.7	

Source: E.C. (2015), apud *Eurostat*, inquiry made over the E.U. labour force, the national accounts and E.U. - S.I.L.C. (calculations made by DG EMPL)

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Among the E.U. state members, the highest rates of unemployment, at the beginning of the first semester in 2015, is registered in Greece (25.5%), Spain (22.9%), Croatia (16.6%) and Cyprus (15.8%). At the other end there are Germany, with an unemployment rate of 4.8%, next to the Czech Republic (5.5%), United Kingdom (5.6%) and Malta, respectivelly Austria (5.7%). Romania had, at the end of the first semester of 2015 an unemployment rate of 6.9%, under the E.U.'s average of 9.7%. Considering Table 4, the unemployment rate among the young under 25 years was in Romania, in 2014, of 24%, over the European average of 22.2% and growing with 0.3% unlike the year of 2013, when it was of 23.7%. In the first semester of 2015, this rate, in our country, tended to decrease getting to 22.8%, a pretty high rate.

Table 4. The situation of the evolution of the unemployment rate among the young in the European Union during 2013 - S1. 2015 (%)

Country	The rate of unemployment among the young under 25 years (%)				
·	2013	2014	S1.2015		
Austria	9.7	10.3	10.0		
Belgium	23.7	23.2	21.7		
Bulgaria	28.4	23.8	22.3		
Czech Republic	18.9	15.9	13.6		
Cyprus	38.9	35.9	33.7		
Croatia	50.0	45.5	43.5		
Denmark	13.0	12.6	10.7		
Estonia	18.7	15.0	10.5		
Finland	19.9	20.5	22.6		
France	24.9	24.1	24.5		
Germany	7.8	7.7	7.2		
Greece	58.3	52.4	50.9		
Ireland	26.8	23.9	21.3		
Italy	40.0	42.7	42.2		
Letonia	23.2	19.6	15.5		
Lithuania	21.9	19.3	17.8		
Luxembourg	16.9	21.2	18.7		
Malta	13.0	11.8	11.8		
The Netherlands	13.2	12.7	11.1		
Poland	27.3	23.9	21.1		
Portugal	38.1	34.7	32.1		
United Kingdom	20.7	16.9	15.5		
Romania	23.7	24.0	22.8		
Slovakia	33.7	29.7	26.4		
Slovenia	21.6	20.2	17.0		
Spain	55.5	53.2	49.7		
Sweden	23.6	22.9	21.0		
Hungary	26.6	20.4	18.8		
E.U 28 Average	23.7	22.2	20.9		

Source: E.C. (2015), apud *Eurostat*, inquiry made over the E.U. labour force, the national accounts and E.U. - S.I.L.C. (calculations made by DG EMPL)

The unemployment rate among the young under 25 years, in 2014 unlike 2013, registered the highest decreases in countries, like: Hungary (-6.2%), Greece (-5.9%), Bulgaria (-4.6%), Croatia (-4.5%), Slovakia (-4%), etc. The highest growths of this rate in 2014 unlike 2013 were registered in: Luxembourg (+4.3%), Italy (+2.7%), etc.

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In the first semester on 2015, the unemployment rate among the young under 25 years registers a trend of decrease in the majority of the E.U. state members, the highest rates being in: Greece (50.9%), Spain (49.7%), Croatia (43.5%), Italy (42.2%), Cyprus (33.7%), Portugal (32.1%), Slovakia (26.4%), France (24.5%), etc. In the same period, the smallest rates of unemployment among the young under 25 years in the E.U., were registered in: Germany (7.2%), Austria (10.0%), Estonia (10.5%), Denmark (10.7%), etc.

5. THE POLICY OF DECREASE OF UNEMPLOYMENT AND THE EMPLOYMENT

Unemployment raises a number of problems that are visible not only to the level of society, affecting the economy, being able to generate social conflicts and major political changes, but also at the individual's level, leading into the decrease of income and implicitly of the living standard, de-professionalization, lose of self-confidence, familly problems, etc. (Lăcătuş & Lăcătuş, 2014). To limit the bad consequences that the unemployment has (the most affected are the unqualified workers, women and youth), action must be taken on a short term, as well on a medium and long term. This way, on a short term it is neccessary the guarantee of a minimum wage for the unemployed (as aid or unemployment insurance), and on medium and long term, there must be taken measures in order to decrease unemployment.

On the background of the deep economical crisis in 2010, the E.U. addopted the Europe 2020 Strategy, which represents a programme of coherent reforms for 10 years (2010 - 2020).

The objectives of this strategy must be rendered at a national level by each state member and set to practice through concrete actions. In accordance with the Europe 2020 Strategy (E.C., 2010), the E.U. strategy regarding employment has three main objectives, that are also found in the National Strategy for Employment 2014 - 2020, meaning:

- to assure an employment rate of 75% for the persons with age between 20 and 64 years. In this regard there must be made reforms that: aim the legal frame through which to stimulate the employment; to develop the neccessary instruments used in employment and to grow the investment in professional training. Romania continued implementing the National Strategy regarding the decrease of the incidence of undeclared work, it conducted projects meant to stimulate the unemployed on a long term (for example the National Plan regarding the stimulation of youth) and continuous professional training programmes, as well those meant for the persons from the rural area. Moreover, it allocated funds not only in the non-agricultural area in view of creating and developing micro-enterprises, but also it encouraged the agricultural activities. In the next period, our country settled to: adopt programmes through which to give grants to the economical agents that will employ certain categories of unemployed; evaluate and admit the gain competences, by the persons who left school earlier, in the informal education system; support the investments to create new enterprises and create jobs not only regionally, but also locally, so to decrease the disparity in point of employment.
- the decrease by under 10% of the dropout and the growth by at least 40% of the university graduates, whose age is between 30 and 34 years.

In Romania, to decrease the early dropout (greater in the rural area and with the Roma people), were implemented social programmes and, it was adopted, the 2015 - 2020 National Strategy to decrease the early dropout, and to grow the proportion of the university graduates, with age between 30 - 34 years, to at least 40%, there were adopted

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measures to accomodate the universitary teaching to the labour market requests, in the same time, being eased the access to tertiary education. Also, it was adopted the National Tertiary Education Strategy of Romania in 2015 - 2020, as well the National Strategy for Lifelong Learning 2015 - 2020. The National Authority for Qualifications will continue developing the qualifications system of Romania.

• the decrease of the numbers of persons afected by poverty or the risk of poverty and of social exclusion with at least 20 million persons. For this purpose, Romania views the growth of the funds for social assistance and continuing the reform in the health domain. In this branch, E.C. draw the attention that it is necessary the improvement of the communitary services for the disabled persons and the integration of Roma people, noticing, at the same time, the fact that the gross wages of the households are decreasing, and the uneven between the wages is growing (E.C., 2014).

6. CONCLUSIONS

In Romania, unemployment was officially admitted barely after beginning of 1991. Due to the economic restructuring that took place in our country, after 1989, this phenomenon grew. Up to now, it evolved marking not only increases, but also decreases, given not just to the internal context, as well to the international one. Regarding the comparative study of the unemployment rate evolution in Romania, in relation with the other E.U. state members during the period 2013 - first semester of 2015, results the fact that although Romania is among the E.U. state members with the smallest unemployment rate, it places an unfavourable position regarding the unemployment of youth under 25 years, a high and increasing percentage, many of them are not professionally enrolled and don't follow an educational or training programme.

Regarding the unemployment among persons aged between 25 and 74 years, in Romania, it registered in 2014 a rate of 5.5%, much lower to than European average of 9.0%. Regarding the unemployment rate on a long term, it registered in 2014 a value of 2.8%, being situated under the European average of 5.1%. Keeping in mind the fact that the unemployment phenomenon is one with strong implications, not only in economy, but also in the society, on a short term it is neccessary the guarantee of a minimum wage for the unemployed (as aid or unemployment insurance), and, on a medium and long term, there must be taken measures for its decrease.

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