Labor force requirement and return migration policy in Romania

Topic: Input-Output Analysis for Policy Making
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The cohesion policies promoted by the European Union aim at creating economic and social conditions that lead all member states to the euro convergence criteria.

Since 1992, as enshrined in Article 159 of the Treaty on European Union, the Structural Funds are of primary importance in order to meet this goal and constitute an important EU policy instrument to bridge the gap between areas with specific needs of intervention and development.

The study focuses on the evaluation of the structural plans and provides a tool for analyzing the direct and indirect effects of these funds with reference to the 2014-2020 Romanian Programming.

The contribution aims at assessing the employment impact for different income groups by measuring the system's capacity of creating both new investments as well as new jobs and, as a second step, to assess its ability of attracting labor force, when exogenously assuming to satisfy the domestic labor demand.

This analysis requires the construction of an accounting scheme that comprehensively includes the circular flow of income and that takes into account also the labor demand, giving a picture of the workforce. To this end, a Social Accounting Matrix (SAM) is proposed as a tool able to provide a complete framework of analysis and as a starting point for a dynamic application, able to take into account exogenous components.

The paper therefore makes use of a dynamic multisectoral extended model taking into account the exogenous shocks of the programmed policy, where the requirement of labor depends on the production changes.

An external accounting scheme, related to migratory flows and disaggregated by economic sector, will form the basis for the evaluation on the effect of an unexpected return migration policy. The short-term dynamic model will be used for assessing the labor force growth for the seven years of programming when examining two hypothetical scenarios. The first one will take into consideration the dynamics given by the domestic labor force, and the second one will propose an assessment of the impact considering back migratory flows of the labor force from abroad. Finally the two solutions of the model will provide an overall assessment of the impact of structural funds on the domestic and foreign labor force.

Keywords: Labor force growth, Return migration policy, Social Accounting Matrix, Dynamic multisectoral model.
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