

CHALLENGES OF COVID 19 PANDEMIC ON THE EMPLOYMENT MODEL. IMPLICATIONS FOR ROMANIA

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Abstract *The outbreak of the COVID 19 pandemic imposed the adoption of measures, which drastically limited the economic activities in order to reduce the risks of contamination. The respective measures induces complex effects both on the labour supply and demand. The recessionist effects are dominant, while the opportunities for new jobs occur in the domain of informational technologies and healthcare. The paper reviews the main measures for social and jobs protection adopted at the European and international level, in the context of the pandemic recession, and proposes some directions of action in order to mitigate the negative effects of COVID 19 on the employment in Romania in the short and medium run.*

Keywords: *pandemic recession, essential workers, teleworking, social protection, labour market active policies, industrial policy*

JEL Classification: *E24, J22, J23, J24, J64*

Introduction

The COVID 19 pandemic induces the premises of a deep global economic crisis. The essential cause of the above-mentioned crisis is the sharp deterioration of the health status of large categories of population on all continents. This difficult economic and social situation is not new in the history of the mankind. During the centuries, many epidemics or pandemics were registered. They caused the sensible increases of the rates of the morbidity and mortality, respectively.²

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² In Europa, the most-known epidemic of the Middle Age was the Black Death, which was manifest during the late 1340's especially in the western and north-western part of the continent and caused a large scale decrease of the active population.

The COVID 19 pandemic is the first one, which outbreaks in the context of a high degree of globalization of the economic activity and of the existence of an informational society. The absence of an effective therapy, which could be used in order to control the above-mentioned pandemic imposed the drastic limitation of the economic and social activities. Under these conditions, we deal with a **pandemic recession**¹, which causes high pressures on the employment models², on the one hand, and the conservation of the stock of fixed capital, on the other hand.

During the 1955-2019 period, at the international level, the most aggressive epidemics were: a) Asian flu (1957), b) Hong-Kong flu (1968), c) Severe Acute Respiratory Syndrome (SARS) (2002), d) bird flu (2009), e) Middle East Respiratory Syndrome (MERS) (2012) f) Ebola Virus Disease, which was manifest in several outbreaks in 1976, 2014-2016 and 2018-2019 (cf. R. Baldwin, R. Wider di Mauro (ed.), 2020a).

¹ The causes of the pandemic recession can be explained if we use the notions of infection and recession curves (P-O: Gourichas, 2020). The infection curve represents the evolution of the number of infections registered in a country during a considered period. The form of the respective curve is influenced by the intervention of the public authorities in order to control the number of the infections. One of the most important component of the above-mentioned intervention is the limitation of economic and social activities. This way, the infection curve is flattened. But the limitation of the economic and social activities favours the occurrence of a recessionist climate. Thus, we deal with a recession curve. In this context, it is important to flatten also the recession curve. Also, it is necessary to define the nature and the length of period of the intervention of the public authorities in order to limit the severity of the recession and the deterioration of the social capital. Practically, it is necessary to solve a problem of dynamic optimization concerning the development of the economy in the short run, on the one hand, and in the medium and long run, on the other hand (R. Robalino, 2020).

² The employment model represents the economic relationships and mechanisms which determine the allocation within economic activities, the remuneration, the professional status and occupational status of the employed population (F. M. Pavelescu (coord.), 2002). The most important indicators of the employment model are: the distribution of the employed population on economic activities, professional status and occupational status, length of the working-time, income differentiation. The employment model is also influenced by the both institutional and technological factors and has some features which maintains for a relatively long time period. During each decennial economic cycle, we deal with some changes of the employment model, depending on the nature of the recession and on the implementation of the technological, organizational and institutional changes adopted in order to relaunch the economic growth.

1. Constraints caused by COVID-19 pandemic on the employment at international level

The outbreak of the Covid-19 pandemic generated for each national economy an external shock both on the labour supply and demand¹. The sudden and deep worsening of the health status of the population induces large-scale destructive effects on the human capital (L.-Ph. Beland et al., 2020). A precarious health status of the workers and employees causes the diminish of both the number of working hours and the labour productivity. The higher risks are registered in case of the older workers, which theoretically possess an extended professional experience. This fact, potentially stresses the diminish of the labour productivity.

In the context of the pandemic, we assist at the segmentation of the employed population into essential and non-essential workers (L.-Ph. Beland et al., 2020). The **essential workers** are the persons employed in activities, which ensure the operation in good conditions of the public institutions, an acceptable health status of the population and also the avoidance of the chronic shortage of the basic goods and services².

Essential workers can be divided into two major groups, respectively: a) **essential workers exposed to higher risk of contamination, because they** are in the front line

¹ The labour supply is modelled by demographic factors (number and age structure of the active population), cultural factors (the general level of education, the professional skills, the propensity to work, active persons expectations concerning the life standard), economic factors (the level of the incomes), and institutional factors (the legal provisions regarding the protection of the employment, the rights of association, the participation to decision-making).

Like in case of any production factor, the labour demand is a derived one, as A. Marshall remarked, i.e., the respective demand is directly dependent on the final demand of goods and services and is inversely proportional with the labour productivity. In other words, the labour demand is influenced by the phases of the economic cycles, on the one hand, and by the technological level and the production organization, on the other hand.

The relationship established between the labour supply and labour demand plays an essential role for the labour market operation. An excedent of the labour supply in comparison to the labour demand creates the conditions for the occurrence and the persistence of the unemployment. A deficit of the labour supply reveals the situation of labour shortage, which causes the diminish of the rate of economic growth in the medium and long run.

² In USA, the notion of essential workers is, in a certain manner, associated with the critical infrastructure operation. For these reasons, the above-mentioned workers are those which are employed in: healthcare, law enforcement, armed forces, public administration management, agriculture and foods industry, the segment of the manufacturing, which is implied in the maintenance and development of the critical infrastructure. The other categories of the employed population are considered as non-essential ones.

of the actions undertaken in order to limit the destructive effects of the pandemic. The above-mentioned category of personnel firstly includes the physicians, the hospital attendants, the nurses. In case of the medical-sanitary-staff, in addition to the higher risk of contamination, another stress factor is the considerable prolongation of the working time, especially during the peak phase of the pandemic crisis. A higher risk of contamination occurs also in case of the persons employed in public order, armed forces, transportations, mail services and retail, b) **essential workers, which are exposed to a risk of contamination close to that associated to the entire population**. It is the case of the persons employed in agriculture, foods industry, medical equipments industry, medical consumables industry, financial services.

We can identify several categories of non-essential workers depending on the existence of the conditions for the transition to smaller working groups or to teleworking. The studies conducted during the first phases of the pandemic in Netherlands show that the number of the weekly work hours tended to decrease in case of the non-essential workers. The weight of the teleworking increased, while the number of the work hours, performed under the standard conditions in the companies offices, diminished. The teleworking propensity was higher in case of the staff with higher education in comparison to the employees with secondary education or the low-skilled workers (H.-M. Gaudecker et al., 2020). In other words, the extension of the teleworking is conditioned by the skill level of the active persons, the access to informational technologies and by the economic structure of the considered country.

In Germany, the possibilities to perform the teleworking differ depending on the level of development of the lands. In 2018, the teleworking represented 14.9% of the work hours performed in European Union. The lowest weights (under 1%) were estimated for Romania and Bulgaria, while the highest were registered in Netherlands (36%) and Sweden (33%). The respective indicator was lower than 10% in Estonia, Latvia, Hungary, Lithuania and Greece, and higher than 20% in Austria, Belgium, Germany, Denmark and Finland (J.-P. Alipour et al. (2020)).

It is important to consider several ways of the performance of the teleworking, i.e. usual and occasional. We can also estimate the potential degree of extension of the teleworking. In case of Germany's economy, the respective indicator is equal to 56%, and is composed by: 9% degree of extension of the usual teleworking, 16% degree of extension of the occasional teleworking and 30% unused potential teleworking. The potential degree of extension of the teleworking was estimated at 71% for real estates, 72% for educational services, 76% for scientific, technical and professional services, 85% for informations-communications and 89% for financial and insurance services. The above-mentioned proportions represent maximum levels which could be obtained from technical point of view and only in exceptional economic and social situations.

Practically, the degree of extension of the teleworking depends on the action of many factors. J. Dingel și B. Neiman (2020) appreciated that in USA, about 34% of the attributions of the jobs and 44% of the paid wages could be performed in the context of teleworking. Undoubtedly, in the context of the COVID 19 pandemic, the teleworking has acted in favour of maintenance of jobs and conservation of an important part of the human capital and for further implementation of the informational technologies.

Starting from March 2020¹, the drastic limitation of the economic activities caused negative impact also on the labour demand, through several channels, respectively: a) the disruption of the supply chains in case of the economic activities, which depend on the imported components and raw material; b) the stagnation of the investments due to the uncertainties concerning the economic evolution in the short and medium run, c) the sudden and sensible diminish of the private consumption as a consequence of the decrease of the incomes and of the blockage of the activity in tourism and personal and cultural services.

The limitation of activity and, implicitly, the decrease of the labour demand, caused by the COVID 19 pandemic, depends on the features of the economic branches. (ILO, 2020b) have estimated the size of the effects of the above-mentioned pandemic on the output of the economic branches at the international level. **Negative effects of low intensity** are manifest in the **services of social infrastructure** (education, healthcare, public administration) and **utilities**.

Negative effects of low -medium intensity occur in agriculture, forestry and fishery, but with some differentiation depending on the evolution of the pandemic in rural areas. **Negative effects of medium intensity are registered in constructions, financial and insurance activities, mining and quarrying.** **Negative effects of medium-high intensity are estimated in case of transportation, storage, communication, but with an important differentiation between the transportation and storage and the communication.**

Negative effects of high intensity are registered in case of the economic activities, which depend on the income level and the multiplication of the social contacts (wholesale, retail, business support services, cultural and personal services, real estates) or **the complex supply chains** (manufacturing).

The decrease of the demand of goods and services caused the global decline with 4,5% of the work hours (equivalent to 130 million full-time jobs with 48 week hours) during the first quarter of 2020 (ILO, 2020). The intensity of the negative impact of the pandemic

¹ On 11-th March 2020, the World Health Organization (WHO) officially declared the outbreak of the COVID 19 pandemic (cf. European Commission, 2020).

on the employment depends not only on the features of the economic branches but also on the occupational status. The studies concerning both developed and developing countries reveal that temporary workers, self-employed and contributing familial workers are sensibly more negative impacted in comparison to the employees. Also, the recessionist climate considerably worsened the economic situation of the owners of the small firms and of the persons employed in the informal economy.

2. The impact of the external shock COVID 19 on the labour market disequilibria in Romania

In Romania, in order to limit the contamination with COVID 19 virus, the public authorities established of the state of emergency at 16-th March 2020. In this context, the labour demand sensibly decreased. During the 10-th -29 th april 2020 interval, the total number of suspended¹ and terminated employment contracts exceeded 1.2 milions (table. 1).

Table 1 The number of the suspended and terminated employment contracts during the 10-th April -28-th May 2020

Datum	10-th April	29-th April	15-th May	28-th May
Number of suspended employment contracts, entire economy	1005522	1027117	634709	595672
Manufacturing	292765	327181	152882	167073
Wholesale and retail	196470	185335	112672	93814
Hotels and restaurants	119851	114792	87686	99182
Number of terminated employment contracts, entire economy	209851	270819	362520	429585
Manufacturing	36106	47781	63596	76543
Wholesale and retail	40241	50390	64890	75848
Constructions	27936	37750	52582	64573
Number of the suspended and terminated employment contracts, entire economy	1215373	1297936	997229	1024857
Manufacturing	328871	374962	216478	244246
Wholesale and retail	236711	235725	187562	169662

Source: Press Releases of the Romania's Ministry of Labour

During the second half of April 2020, the total number of the suspended and terminated employment contracts continued to rise and reached 1.298 milions at 29-th April 2020.

The respective evolution suggests a decrease with 15% of the labour demand if we consider the number of the employed persons in 2018 year.

During the 10-th-29-th April 2020 interval, the number of the suspended employment contracts rised with 2.1%, while the number of the terminated ones raised with 29.3%. This evolution reveals that employers anticipated a worsening of the economic climate. The economic branches with the highest weights in the total number of suspended employment contracts were: manufacturing (over 29%), wholesale and retail (over 18%) and hotels and restaurants (over 10%). The weight of the other economic branches was under 40%.

The temporary decrease of the employed persons in manufacturing was an outcome of both the imposing of social distancing rules and the disturbances in the supply chains. The high proportion of the imported components and raw materials favored the blockages in the labour force utilization in many manufacturing firms. At 29-th April 2020, the number of the suspended employment contracts allows us to estimate a temporary reduction of the labour demand in the above-mentioned economic branch of about 20%. The weight of the suspended employment contracts in the number of the employed persons was about 15% in case of wholesale and retail and over 50% in case of hotels-restaurants.

During the analyzed period, the structure of the terminated employment contracts was relatively stable. The summed weight of the manufacturing and constructions increased with 1.0 p.p., i.e., from 30.5% to 31.5%. The weight of the wholesale and retail was over 18.5%., while the weight of the other economic activities was lower than 50%.

Even in the context of the announcement of the lifting of the state of emergency at 15-th May 2020, between 29-th April and 15-th May 2020, the total number of the terminated employment contracts rised with 91.7 thousands, from which 15.8 thousands in manufacturing, 14.9 thousands in constructions and 14.5 thousands in wholesale and retail. The summed weight of the above-mentioned economic activities in the total number of the terminated employment contracts was 49.2%. In comparison to the 10-th-29-th period, the termination of the employment contracts was more intense in manufacturing and constructions during the 30-th April -15-th May 2020 interval.

The anticipated relaxation of the constraints imposed to the economic activities have determinated, during the first half of May 2020, the decrease of total number of the suspended employment contracts with 38.2%. The relative decrease was higher in case of the manufacturing (53.3%) and lower in case of the wholesale and retail (33.8%) and hotels and restaurants (23.6%). This evolution revealed the fact that employers expected a revigoration of the labour demand in case of economic activities with a

significant contribution to the creation of gross value-added and to employment of the active population.

During the second half of May 2020, the total number of the suspended employment contracts decreased slowly in comparison to the first half of above-mentioned month, respectively with aprox. 6.5%. We note that the incertitudes concerning the labour demand in the near future continued to manifest, especially in case of manufacturing and hotels and restaurants, where the number of suspended employment contracts increased with 9,3% and 13.1%, respectively. At a first sight, the diminish of the respective indicator at the level of the entire economy is determined by the foreseeable positive evolution of labour demand in wholesale, retail and other economic activities.

But the diminish of the number of the suspended employment contracts is not equivalent to the relaunch of the labour demand. The respective decrease needs to be confronted with the evolution of the terminated employment contracts. Therefore, we can show that weight of the new terminated employment contracts in the decrease of the suspended employment contracts was about 65%, in case of wholesale and retail. Thus, the potential increase of the labour demand in the analysed economic activity may be estimated at 0.53%.

We note also that the number of the terminated employment contracts increased with 17,5% at the level of the entire economy, with 17.9% in manufacturing, 19.3% in wholesale and retail, with 22.8% in constructions and with 15.2% in other economic activities. Hence, the relative growth of the terminated employment contracts is sensibly higher in comparison to the suspended ones.

Between mid March and the end of May 2020, the labour demand registered decreases in transportations and administrative and support services¹. The evolution of the labour demand was a contradictory one in the mining and quarrying and in the utilities. Therefore, the demand for utilities and, implicitly for energetical raw materials grew in case of the private households and diminish in case of the industrial and comercial

¹ The temporary or permanent diminish of number of employed persons reveal that COVID 19 pandemic caused the occurrence of major blockages within ones of the economic branches with important contribution to economic growth during the 2018-2019 interval. CNSP (2020) shows that the gross value added grew during 2018 year with 4.2% in wholesale, retail, hotels-restaurants and transportations and with 4.9% in administrative and support services, while during the 2019 year, the gross value-added grew with 17.3% in constructions, with 5.1% in wholesale, retail, hotels-restaurants and with 5.9% in administrative and support services. We note that, during the last years, the activity of international transportation firms significantly contributed to the limitation of Romania's current account deficit.

activities. Under these conditions, the producers of utilities and energetical raw materials have faced some financial difficulties. Some forms of flexibilization of the activity (mainly, the teleworking) were experimented in the scientific, technical and professional services, communications, educational services and public administration in order to maintain the jobs and to protect the health of the employees.

The evolution of the labour demand within the healthcare activities was the exception from the rule. Especially during the first phases of the pandemic the medical-sanitary staff worked under the conditions of high psychological pressure. Also, in many cases, the work time was prolonged. In fact, we deal with a considerable increase of the labor demand from quantitative point of view and also with a significant change of the structure of the respective demand.

3. Opportunities created by the COVID 19 external shock for the labour force utilization in Romania

The analysis of the impact of the COVID 19 pandemic on the labour force utilization during the 15-th March -15-th May 2020 period, when the state of emergency was imposed, emphasizes not only distortions of the employment model, but also the occurrence of some opportunities for the promotion of the organizational and technological changes.

Therefore, we may identify favorable premises for the improvement of the activity and increase of the professional skills of the persons employed in the services of social infrastructure.

On the basis of the experiences accumulated in the context of the efforts made to control the pandemic risks, it is possible to identify the strengths and weaknesses of the healthcare system. This way, the response capacity of the respective system and the medical staff to the sudden occurrence of a potential sanitary crisis. It is important not only the rigorous assessment of the professional skills and also the capacity of work under the tensioned situations and the strict observation of the principles of medical ethics.

Another opportunity is represented by the changes implemented within the public administration, the educational services and the communications. The necessity of social distancing have stimulated the extension of use of the informational technologies and the de-burocratization of the public administration. Also, as we mentioned before, the teleworking have registered a spectacular extension in case of the scientific, technical and professional services.

4. Phases of the COVID 19 pandemic and the measures adopted at international level for social and job protection

The measures of drastic limitation of the economic and social activities in order to control the COVID 19 pandemic began to be adopted from the end of February 2020 and reached the maximum intensity in the second half of March 2020. During the March-April 2020 interval, the number of infections registered an explosive growth in countries from Asia and Europe.

Starting from April 2020, the measures of lockdown or limitation of the economic activities began to be relaxed. The respective relaxation was determined both by the decrease of the risks of contagion and by the necessity of avoid the deeping of the recession and the exacerbation of social tensions.

The lockdown or drastic limitation of the economic and social activities was accompanied by the implementation of measures of social protection and jobs support. The respective measures include social assistance, social insurance and active labour policies. The number of the states and territories, which have implemented such measures grew from 45 at 20-th March, to 106 at 3-rd April to 151, at 23-rd April and to 181 at 15-th Mai 2020 (U. Gentilini et al. (2020)). Globally, untill 15-th May 2020, the number of the adopted measures of social assistance was 523 in 164 countries and territories¹, , the number of the adopted measures of social insurance was 236 in 117 countries and territories², , while the number of the adopted measures of labour market active policies was 111 in 74 countries and territories³. The adoption of the different types of measures of social protection and jobs support depended on the local tradition and the level of economic development. The high income countries have more opportunities to promote active labour market policies.

The measures of social assistance adopted in the context of the COVID 19 pandemic tended to be more generous in comparison to those implemented during the normal conditions. Therefore, their coverage was extended, the benefits increased and the

¹ Measures of social assistance include: conditional or nonconditional cash transfers (230), universal, one-off cash (5), childcare support (9), cash for work (13), social pensions (20), in-kind food/voucher schemes (96), school feeding (40), utility and financial support (waiver and postponement) (126).

² Measures of social insurance consider: paid sick support (52), healthcare insurance support (12), pensions (contributory) (47), social security contribution waiver/subsicy (56), unemployment benefits (69).

³ Measures of labour market active policies comprise: wage subsidies (69), activation (training) measures (15), labour market regulation (21), shorter work time benefits (6).

administrative requirements were simplified¹. The above-mentioned measures of social protection were mainly implemented in the low-income countries.

The measures of active labour market policies were usually adopted during the second phase of the pandemic, especially by the high-income countries. Therefore, within the European Union, the public authorities have promoted the implementation of a form of employment (Kurzarbeit), which was used with good results in Germany during the 2007-2008 recession. The above-mentioned form of employment implies a combination of a reduced work time and a wage subsidy, which is paid in order to ensure the level of the income obtained during the pre-recession period. We note that forms of employment, which have many similarities to the Kurzarbeit can be also met in USA (work sharing programs) and in UK (job retention scheme). The main advantage of the implementation of the Kurzarbeit for the employers is the avoidance of the payment of the expenditures related to the firing and re-hiring of the employees (A. Griswold, 2020). Also, the retention to work place, even under the condition of a reduced work time of the employees has positive impact on the promotion of technological changes, growth of labour productivity and social cohesion.

We may not neglect that the respective form of employment is a temporary solution in the context of an economic recession, because it implies a considerable budgetary expenditures. Hence, it is necessary to carefully analyse the different types of effects generated by the above-mentioned form of the active labour market policy. (direct effects, propagate effects, short run effects, long run effects, etc.).

In the context of COVID 19 pandemic, many countries-members of the European Economic Space have initiated or reactivated schemes of Kurzarbeit type or wages subsidy. At the end of April 2020, in 22 states-members of the European Union, there are legal provisions which allow the above-mentioned employment form (A. Grinswold (2020)).

5. Measures and directions of action in order to mitigate the negative impact of COVID 19 pandemic on the employment in România

In România, between 15 -th March and 15-th May 2020, the government adopted several measures in order to ensure the social protection of the active persons, which

¹ U. Gentilini et al. (2020) reveal that the cash transfers caused by COVID 19, globally represented about 27% of the monthly average of the gross domestic product per capita and registered a relative growth of 134%, in comparison to the pre-COVID 19 period. The average duration of the above-mentioned programs was 3,1 months, according to the legal provisions.

were negatively impacted by the limitation of the economic and social activities, on the one hand, and the relaunch the economic activity and labour demand, on the other hand. In fact we can identify three types of measures, respectively:

Measures for the social protection of the active persons, which were negatively impacted by the limitation of economic and social activity. In this case, if we agree with the classification of the measures of social protection defined in U. Gentilini et al. (2020), we deal with measures of social assistance and social insurance. Thus, during the state of emergency, the government approved benefits for several social categories, confronted with difficulties caused by the limitation of economic and social activity or the unexpected close of the schools, i.e. the workers and the employees, the self-employed persons, the parents who have to take care of children less than 12 years old. All the above-mentioned social categories could receive a benefits or paid parental leaves¹. The value of the respective cash –transfer is equal to 75% of the monthly gross salary of the receiver but no more than the 75% of the average gross salary at the national level. After the lifting of the emergency state, in the context of the establishment of the state of alarm, the granting period of the above-mentioned social benefits was extended in case of the economic activities, which could be not yet re-opened.

Measures to incendive the medical staff, which is involved in the frontline of the control of the COVID 19 pandemic. Therefore, the government established a bonus for risk of contamination in case of the medical staff involved in the control of the above-mentioned pandemic. The bonus value is approx. 500 euros per month, while the number of the medical staff, covered by the respective measure, is about 75000.

We note that the technological unemployment benefits and the bonuses for risk of contamination are partially paid from European Funds.

Measures for the activation of the labour market and the support of the development of entrepreneurship. Therefore, the Ministry of Labour and Social Protection approved the delivery of the on-line training courses, if certain requirements were met, mainly the proves that the potential students had the adequate digital infrastructure. Also, the government launch a program for support the development of small and medium enterprises (IMM Invest).

¹ If we consider the classification of the measures adopted for the social protection and jobs support, which is presented in U. Gentling et al. (2020) the benefits granted to the self-employed negatively impacted by the COVID 19 pandemic represent a form of social assistance. Paid parental leaves and technological unemployment benefits constitute forms of social insurance.

Measures for the extension of the use of informational technologies in the context of the implementation of the measures for social protection, activation of the labour market or development of entrepreneurship. Thus, besides the support for the delivery of the on-line training courses, the social benefits (social assistance benefits for self-employed, technological unemployment benefits, the paid parental leaves) can be on-line claimed.

From 1-st June 2020, in the context of the relaxation of the restrictions imposed to economic activities, the government adopted measures of active labour market policy, respectively: a) Implementation of an employment form of Kurzarbeit type, and b) Providing incentives for the employers in order to hire the unemployed persons over 50 years old and young people (16-29 years old), which lost their jobs during the state of emergency or state of alert.

The adoption of the above-mentioned measures is in line with the practices established in the states of the European Economic Space in order to support the relaunch the economic activity and avoid the large-scale jobs losses after the Covid 19 external shock.

The economic analysts estimate that, immediately after the lifting of the restrictions, the number of the unemployed persons will increase, especially as an a considerable decrease of the labour demand in manufacturing, wholesale, retail, cultural services, administrative and support services. Labour shortages could be exacerbated in areas such as: healthcare, agriculture, protection of the environment.

On the medium and long term, the implementation of the program of economic relaunch proposed by the European Commission, at the end of May 2020, creates favourable premises for an efficient use of the Romania's human potential and for the narrowing the gaps with the developed countries-members of European Union. One of the factors which could hamper the potential fast economic growth is the constraints on labour supply side, due to the demographic ageing and external migration.

Hence the sustainability of economic growth and a high employment rate of the active population could be achieved only if several economic policies and structural reforms will be designed and implemented., respectively:

The design and implementation of a coherent industrial policy. The respective policy have to comply with the requirements of the European Union. It is important to consider the foreseeable relocation of the supply chains as one of the outcomes of the Covid 19 external shock. The Romanian public authorities had not ignore the necessity of existence, within the national economy of some production capacities which would ensure the fast manufacturing and delivery of the components for critical infrastructure and the protection of the population health. Also, the implementation of the industrial

policy needs to be linked to the improvements of the training methods of the staff which would work in the new productive entities.

Expanding the support for private entrepreneurs and for strengthening of the links between the small and medium enterprises. This way, it is possible to increase the resilience of those firms and ensure the conditions of the jobs viability.

Support the development of the firms from the field of the informational technologies, which could ensure a high competitiveness in the long run. This way, it is possible to capitalize on the experiences and professional skills gained in recent years.

Adoption of measures in order to maintain the external competitiveness of the economic activities, which are exposed to strong competition in the European single market, as is the case with the international transports. Diplomatic efforts are also needed in order to improve the status of workers in these fields during their work abroad.

Implementation of new incentives in labour force remuneration, especially in economic activities, where labour shortages are chronic or emerging (agriculture, manufacturing, healthcare and social protection, environment protection).

Improvement of the management of the flows of the external migration for labour. It is important that the Romanian public authorities have feasible data on the occupational and professional status of the citizens working abroad. It is necessary the promotion of the transparent employment contracts and the recognition of the role played by the Romanian citizens in ensuring the labour market flexibility in the developed countries-members.

Promotion of the major public investment projects , especially in the different components of the infrastructure (transport, digital services, environment protection, etc.). This way, it is possible to create favourable premises for an increase of the labour demand, in the medium run, and for a steady economic growth, in the long run.

Proper staff sizing and improvement of the labour remuneration in the public administration considering the requirements of the limitation of the red tape practices and the extension of use of the informational technologies.

Adaptation of changes of the labour market institutional framework in order to ensure the balance of power between the social partners and the development of the social dialogue. The implementation of the new forms of the work organization (teleworking, work on information platforms) can lead to high intensity of labour and cause negative impact on the health status of the workers or employees. For these reasons, the explicit agreement of the social partners is crucial in case of the implementation of the non-standard form of work organization in order to avoid further

tensions in the industrial relations. And the respective agreement can be obtained only if the conditions for the extended social dialogue are created.

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