

## ***Study on the Phenomenon of Migration and the Purchasing Power of Citizens in Romania and EU Countries***

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**Abstract:** *The global economy and the integration of Romania into the EU structures have led to important transformations in terms of economic development, purchasing power, and also population migration within the EU. In this context, the article aims to continue a comparative study among EU countries that highlights the correlation between the level of economic development and the migration phenomenon. The approach based on European statistics tries to show the impact of purchasing power and quality of life over population migration.*

**Keywords:** *economic development, purchasing power, migration*

### **Introduction**

One of the main factors determining the economic power of a country is GDP.

**Gross domestic product (GDP)** is a monetary measure of the market value of all the final goods and services produced in a specific time period, often annually. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of the country's economic health.

Gross Domestic Product at market price (GDP), the main macro-economic aggregate of national accounting, represents the final result of production activity for resident productive units, for a certain period, one year, respectively. [1]

Gross domestic product, abbreviated as GDP, is a basic measure of the overall size of a country's economy.

As an aggregate measure of production, GDP is equal to the sum of the gross value added of all resident institutional units engaged in production, plus any taxes on products and minus any subsidies on products. Gross value added is the difference between output and intermediate consumption. [2]

### **1. The GDP Data of the EU Countries**

In table no. 1 presented below, are summarized the GDP data of the EU countries for the period 2014-2018, according to Eurostat.

**Table no. 1 Gross domestic product at market prices**

*Unit: Current prices, million euro*

	<b>Country / TIME</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
1	Germany	2.927.430,00	3.030.070,00	3.134.100,00	3.244.990,00	3.344.370,00
2	United Kingdom	2.309.785,10	2.640.934,60	2.435.055,20	2.363.109,30	2.423.736,60
3	France	2.149.765,00	2.198.432,00	2.234.129,00	2.295.063,00	2.353.090,00
4	Italy	1.627.405,60	1.655.355,00	1.695.590,10	1.736.601,80	1.765.421,40
5	Spain	1.032.158,00	1.077.590,00	1.113.840,00	1.161.878,00	1.202.193,00
6	Netherlands	671.560,00	690.008,00	708.337,00	738.146,00	774.039,00
7	Poland	411.163,20	430.258,10	426.555,70	467.312,90	496.360,90
8	Sweden	437.540,90	454.184,30	466.347,60	479.605,40	471.207,90
9	Belgium	403.003,30	416.701,40	430.372,10	446.364,90	459.819,80

	Country / TIME	2014	2015	2016	2017	2018
10	Austria	333.146,10	344.269,20	357.299,70	370.295,80	385.711,90
11	Ireland	194.818,20	262.833,40	271.683,60	297.130,80	324.038,20
12	Denmark	265.757,00	273.017,60	283.109,70	292.408,00	301.340,90
13	Finland	206.897,00	211.516,00	217.484,00	225.785,00	234.453,00
14	Czechia	156.660,00	168.473,30	176.370,10	191.721,80	207.772,40
15	Romania	150.458,00	160.297,80	170.393,60	187.772,70	204.640,50
16	Portugal	173.053,70	179.713,20	186.489,80	195.947,20	203.896,20
17	Greece	178.656,50	177.258,40	176.487,90	180.217,60	184.713,60
18	Hungary	105.905,90	112.210,30	115.259,20	125.603,10	133.782,20
19	Slovakia	76.255,90	79.758,20	81.038,40	84.517,00	89.721,00
20	Luxembourg	49.824,50	52.065,80	54.867,20	56.814,20	60.053,10
21	Bulgaria	42.876,10	45.675,80	48.620,50	52.310,00	56.086,90
22	Croatia	43.401,30	44.616,40	46.615,50	49.094,40	51.625,10
23	Slovenia	37.634,30	38.852,60	40.366,60	42.987,10	45.754,80
24	Lithuania	36.544,80	37.321,80	38.893,40	42.269,40	45.264,40
25	Latvia	23.654,20	24.426,00	25.072,60	26.797,80	29.151,00
26	Estonia	20.180,00	20.782,20	21.693,60	23.775,80	26.035,90
27	Cyprus	17.408,50	17.826,90	18.872,90	20.039,70	21.137,80
28	Malta	8.510,40	9.658,70	10.365,60	11.332,10	12.378,80
	European Union (28 countries)	14.091.451,2	14.854.106,4	14.985.291,7	15.409.861,4	15.901.387,7

Source: Eurostat, 2019

The countries with the highest GDP in the EU in 2018 are Germany (3.344.370 million euros), followed by the United Kingdom, France, Italy and Spain. All countries show a growth of GDP in the period 2014-2018.

Romania ranks in the 15th place in the EU in 2018, with a GDP of 204.640,5 million euros.

Between 2014-2018 Romania registered a sustained growth of the GDP, from 150.458 million euros in 2014 to 204.640.5 million euros in 2018, being first in the EU as a growth rate in 2017 (10.2%) and on 4th place in 2018 with a growth rate of 8.98%, after Estonia (9.51%), Malta (9.24), Ireland (9.04).

Countries with the highest growth rates in the last period are not in the top 10 countries as GDP absolute.

The absolute size of GDP, although important for determining the health status of a national economy, is not relevant for analyzing the satisfaction of country's population.

For this, the size of the population must be taken into account, in order to determine a relative indicator, based on the number of inhabitants (GDP per capita). The size of the population of EU countries in the period 2014-2018, in accordance with Eurostat, is presented in table no. 2.

**Table no. 2 Population on 1 January**

*Unit: Number*

	Country / TIME	2014	2015	2016	2017	2018
1	Germany	80.767.463	81.197.537	82.175.684	82.521.653	82.792.351
2	France	66.165.980	66.458.153	66.638.391	66.804.121	66.926.166
3	United Kingdom	64.351.203	64.853.393	65.379.044	65.844.142	66.273.576
4	Italy	60.782.668	60.795.612	60.665.551	60.589.445	60.483.973

	Country / TIME	2014	2015	2016	2017	2018
5	Spain	46.512.199	46.449.565	46.440.099	46.528.024	46.658.447
6	Poland	38.017.856	38.005.614	37.967.209	37.972.964	37.976.687
7	Romania	19.947.311	19.870.647	19.760.585	19.644.350	19.530.631
8	Netherlands	16.829.289	16.900.726	16.979.120	17.081.507	17.181.084
9	Belgium	11.180.840	11.237.274	11.311.117	11.351.727	11.398.589
10	Greece	10.926.807	10.858.018	10.783.748	10.768.193	10.741.165
11	Czechia	10.512.419	10.538.275	10.553.843	10.578.820	10.610.055
12	Portugal	10.427.301	10.374.822	10.341.330	10.309.573	10.291.027
13	Sweden	9.644.864	9.747.355	9.851.017	9.995.153	10.120.242
14	Hungary	9.877.365	9.855.571	9.830.485	9.797.561	9.778.371
15	Austria	8.507.786	8.584.926	8.700.471	8.772.865	8.822.267
16	Bulgaria	7.245.677	7.202.198	7.153.784	7.101.859	7.050.034
17	Denmark	5.627.235	5.659.715	5.707.251	5.748.769	5.781.190
18	Finland	5.451.270	5.471.753	5.487.308	5.503.297	5.513.130
19	Slovakia	5.415.949	5.421.349	5.426.252	5.435.343	5.443.120
20	Ireland	4.637.852	4.677.627	4.726.286	4.784.383	4.830.392
21	Croatia	4.246.809	4.225.316	4.190.669	4.154.213	4.105.493
22	Lithuania	2.943.472	2.921.262	2.888.558	2.847.904	2.808.901
23	Slovenia	2.061.085	2.062.874	2.064.188	2.065.895	2.066.880
24	Latvia	2.001.468	1.986.096	1.968.957	1.950.116	1.934.379
25	Estonia	1.315.819	1.314.870	1.315.944	1.315.635	1.319.133
26	Cyprus	858.000	847.008	848.319	854.802	864.236
27	Luxembourg	549.680	562.958	576.249	590.667	602.005
28	Malta	429.424	439.691	450.415	460.297	475.701
	European Union (28 countries)	507.235.091	508.520.205	510.181.874	511.373.278	512.379.225

Source: Eurostat, 2019

As can be seen, the first 5 countries with the largest population are the ones with the highest absolute rate of GDP. The situation is changing from the 6th place. It can also be observed that the size of the population evolves differently over time. Countries with high economic power are experiencing population growth, while in some countries (including Romania between 2014-2018, Bulgaria between 2014-2018, Poland between 2014-2016, etc.) there is a decrease of population.

The situation can be explained by analyzing a relative indicator, GDP per capita in PPS, presented in table no. 3.

**Table no. 3 GDP per capita in PPS**

Unit: average = 100

	Country / TIME	2014	2015	2016	2017	2018
1	Luxembourg	268	268	269	261	261
2	Ireland	136	178	176	181	189
3	Netherlands	131	130	127	128	129
4	Denmark	127	127	127	127	128
5	Austria	130	129	128	127	127
6	Germany	125	123	123	123	122
7	Sweden	125	126	123	122	120
8	Belgium	120	120	119	118	117
9	Finland	111	110	110	110	111
10	United Kingdom	110	110	108	106	105
11	France	107	105	105	103	104

	Country / TIME	2014	2015	2016	2017	2018
12	Malta	89	93	95	97	98
13	Italy	96	95	97	97	96
14	Czechia	86	87	87	89	91
15	Spain	89	90	91	92	91
16	Cyprus	80	82	87	88	89
17	Slovenia	82	82	83	85	87
18	Estonia	77	76	76	78	82
19	Lithuania	75	74	75	78	80
20	Portugal	76	77	77	77	77
21	Slovakia	77	77	72	72	73
22	Hungary	68	69	68	68	71
23	Poland	67	68	68	69	70
24	Latvia	63	64	64	66	69
25	Greece	71	69	68	67	68
26	Romania	55	56	59	63	65
27	Croatia	59	59	60	61	63
28	Bulgaria	47	47	49	50	51
	European Union - 28 countries	100	100	100	100	100

Source: Eurostat, 2019

The volume index of GDP per capita in Purchasing Power Standards (PPS) is expressed in relation to the European Union (EU28) average set to equal 100. If the index of a country is higher than 100, this country's level of GDP per head is higher than the EU average and vice versa.

From this statistic we can observe that Romania, although it has a high gross GDP (15th place in the EU in 2018 with a GDP of 204,640.5 million euros), compared to the population and its purchasing power, is well below the European average (100 units). Thus, with a size of GDP per capita in the PPS of only 65 units, Romania ranks 26th, followed only by Croatia (63), and Bulgaria (51).

Surprisingly, in this top, Luxembourg, a small country with an absolute GDP of only 60,053.10 million euros (20th place), but with a relative indicator size of 261 units is well above the European average. (over 2,5 times), followed by Ireland (189), Holland (129), Denmark (128) and Austria (127). The country with the highest GDP in absolute size, Germany, is only in position 6 after the analysis of the relative indicator (122 units).

## 2. The Migration Phenomena

Migration phenomena represent the change of place of residence of persons, influenced by a variety of economic, political or social factors, either in connection with the country of departure or destination.

The two major migratory flows, from the perspective of a country, are represented by Immigration (entries) and Emigration (exits).

Globally, but also within the EU, these flows are mainly influenced by economic factors and especially by the gaps between economic power (expressed in GDP relative to population), purchasing power and the level of wages in the country of origin compared to country of destination.

Other factors, economic, political or social, that contribute to the migration phenomenon can be represented by the quality of life, respect for the law and freedom, respect for human rights or even situations of family reunification.

According to EUROSTAT data, as shown by the table on immigration at EU level in 2017, it can be seen that in the EU countries about 4.4 million people immigrated, of which about 1 million are national immigrants and 3.4 million are non-national immigrants. Among non-national immigrants, the largest share (approximately 2 million) is held by immigrants from a non-EU state.

**Table no. 4 Immigration by citizenship, 2017**

Country	Total immigrants	Nationals		Non-nationals							
				Total		Citizens of other EU Member States		Citizens of non-member countries		Stateless	
				(thousand)	(%)	(thousand)	(%)	(thousand)	(%)	(thousand)	(%)
Belgium	126,7	17,5	13,8	108,5	85,6	60,2	47,5	48,3	38,1	0,0	0,0
Bulgaria	25,6	13,1	51,0	12,5	48,9	0,6	2,5	11,8	46,2	0,0	0,2
Czechia	51,8	4,5	8,7	47,3	91,3	16,6	32,0	30,7	59,3	0,0	0,0
Denmark	68,6	19,5	28,5	49,0	71,5	25,6	37,3	23,1	33,6	0,4	0,6
Germany	917,1	124,4	13,6	788,9	86,0	395,0	43,1	391,5	42,7	2,4	0,3
Estonia	17,6	8,5	48,5	9,1	51,4	4,6	25,9	4,5	25,5	0,0	0,0
Ireland	78,5	26,4	33,7	51,2	65,2	28,5	36,3	22,7	28,9	0,0	0,0
Greece	112,2	31,7	28,3	80,5	71,7	17,2	15,3	63,3	56,4	0,0	0,0
Spain	532,1	78,2	14,7	454,0	85,3	139,4	26,2	314,2	59,1	0,3	0,1
France	370,0	128,0	34,6	242,0	65,4	74,5	20,1	167,5	45,3	0,0	0,0
Croatia	15,6	7,9	50,9	7,6	49,1	2,2	14,1	5,4	35,0	0,0	0,0
Italy	343,4	42,4	12,3	301,1	87,7	61,1	17,8	240,0	69,9	0,0	0,0
Cyprus	21,3	4,0	18,6	17,4	81,4	9,3	43,7	8,0	37,7	0,0	0,0
Latvia	9,9	4,8	48,2	5,1	51,7	0,7	7,5	4,4	44,1	0,0	0,1
Lithuania	20,4	10,2	49,9	10,2	50,1	0,7	3,4	9,5	46,5	0,0	0,2
Luxembourg	24,4	1,2	4,9	23,2	95,0	16,7	68,3	6,5	26,6	0,0	0,0
Hungary	68,1	31,6	46,4	36,4	53,5	11,2	16,4	25,3	37,1	0,0	0,0
Malta	21,7	1,5	6,8	20,2	93,2	11,7	54,2	8,5	39,0	0,0	0,0
Netherlands	189,6	44,6	23,5	143,7	75,8	72,6	38,3	68,6	36,2	2,5	1,3
Austria	111,8	9,7	8,7	102,0	91,2	64,4	57,6	37,4	33,4	0,3	0,3
Poland	209,4	132,8	63,4	76,6	36,6	22,7	10,8	53,8	25,7	0,1	0,0
Portugal	36,6	20,2	55,3	16,4	44,7	7,6	20,8	8,8	24,0	0,0	0,0
Romania	177,4	146,3	82,5	26,8	15,1	9,2	5,2	17,5	9,9	0,1	0,1
Slovenia	18,8	3,3	17,5	15,5	82,5	3,3	17,6	12,2	64,9	0,0	0,0
Slovakia	7,2	4,3	59,5	2,9	40,5	2,3	32,4	0,6	8,1	0,0	0,0
Finland	31,8	8,1	25,4	23,1	72,6	6,5	20,3	16,5	51,8	0,2	0,5
Sweden	144,5	19,5	13,5	124,4	86,1	30,0	20,7	90,0	62,3	4,5	3,1
United Kingdom	644,2	80,9	12,6	563,4	87,4	242,7	37,7	320,7	49,8	0,0	0,0
TOTAL	4.396,3	1.025,1		3.359,0		1.337,1		2.011,3		10,8	

Source: Eurostat, 2019

From these data it can be seen that the highest number of immigrants was registered in Germany (917.1 thousand), followed by Great Britain, Spain, France and Italy. These are developed countries with a large population, which ranks first in terms of GDP. In these countries, the largest share is non-national migration, compared to national.

Also, in Germany the highest number of emigrants was registered in 2017 (560.7 thousand), followed by Spain, Great Britain, France, Romania and Poland.

In the case of Romania, the immigration situation differs from that of other states, being influenced by the very large share of national immigrants (82.5% of all immigrants). Other countries where national immigration is over 50% are Poland (63%), Slovakia (60%), Portugal (55%), Bulgaria (51%) and Croatia (51%).

Compared to these global data, the relative situation of immigrants (relative to population) is shown in the following graph:

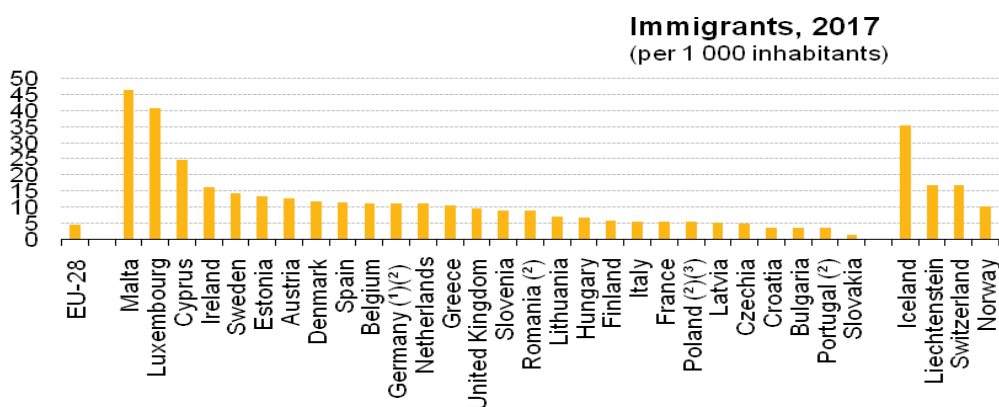


Figure no. 1 Immigrants (2017) per 1000 inhabitants

After 2007, when Romania acceded to the European Union, the flow of Romanian migrants within the EU reached impressive figures. According to United Nations data, over 3.4 million Romanian migrants were registered in the period 2007-2015.

In fact, according to Eurostat data, Romania ranks first among EU countries whose population resides in another EU member state, a situation shown in the following figure:

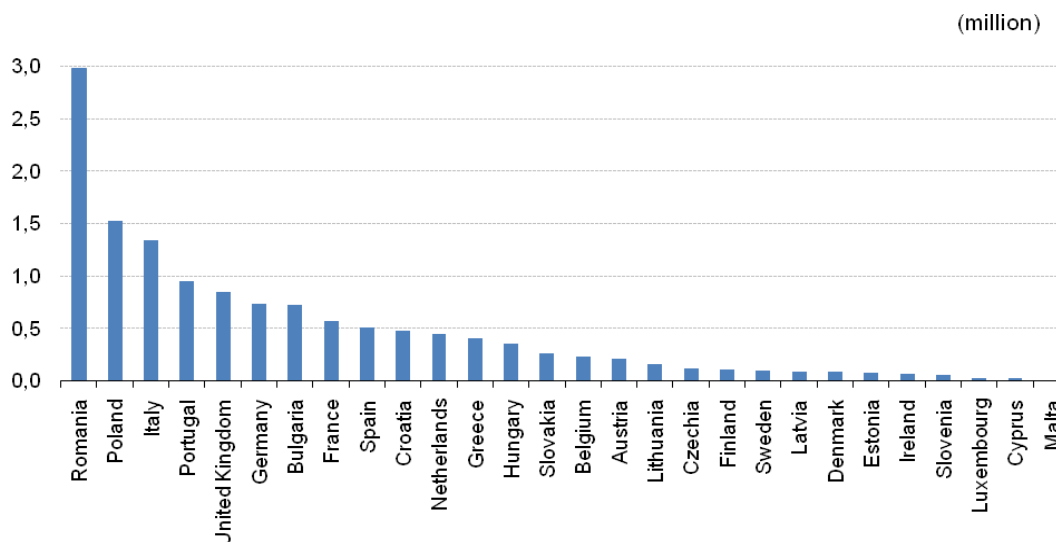


Figure no. 2 Number of EU citizens that are usual residents in the rest of the EU as of 1 January 2018, EU-28

As can be seen from the previous graph, approximately 2.98 million Romanians were residing in other EU countries at the end of 2017. In the next places were Poland (1.52 million) and Italy (1.34 million).

The countries in which Romanians emigrated mainly within the EU, according to the International Organization for Migration are the following:

Table no. 5 Number of Romanian migrants to other EU countries

Country	Number of Romanian migrants
Italy	1,021,613
Spain	658,132
Germany	590,189
Hungary	204,603
France	89,793
United Kingdom	89,402

Source: International Organization for Migration, 2019

The phenomenon of recent emigration from Romania to other states is all the more worrying as economic growth and considerable purchasing power have been reported in Romania. According to a GfK study, in 2017 Romania registered the largest increase in purchasing power in Europe, of 7.8%. However, at the level of Europe, important gaps are still maintained, with Romania ranking thirty-second in the European ranking in 2019, with an average purchasing power per capita of 5,881 euros. Romanians are about 60% below the European average, the purchasing power of Europeans being 14,739 euros in 2019.

### **Conclusions**

Migratory phenomena register a permanent evolution of the inflows and outflows of people, influenced by a multitude of factors. Of these, as it results from the content of the article, the economic factors and especially the gaps between the economic power, the purchasing power and the level of wages from the country of origin to the country of destination, have the greatest influence. There is a significant migratory flow from countries with economic power and low purchasing power to developed countries. In the particular case of Romania, these flows were also influenced by the country's integration into the EU in 2007, which favored the free movement of people, but also by linguistic, ethnic, cultural or civilization aspects. In this context, Romania is a country of Latin Europe (formed by those states and regions of Europe where a Romance language is spoken and which have a distinct culture from the Germanic and Slavic cultures). The exodus of the migrant population from Romania is mainly directed to developed countries and in which the integration of the population was better achieved on these criteria (cultural, ethnic, linguistic).

In the current period of the COVID 19 pandemia, migratory flows have registered a significant change compared to previous periods, registering a stagnation of migration or even an inverse effect of "national migration" (the case of Romania, where a significant part of the population settled in other states returned to the country of origin).

### **References**

- [1] <http://www.insse.ro/cms/en/content/gross-domestic-product>
- [2] [https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Gross\\_domestic\\_product\\_\(GDP\)](https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Gross_domestic_product_(GDP))

### **Supplementary recommended readings**

- [https://ec.europa.eu/eurostat/statistics-explained/index.php/Population\\_structure\\_and\\_ageing](https://ec.europa.eu/eurostat/statistics-explained/index.php/Population_structure_and_ageing)
- [https://ec.europa.eu/eurostat/statistics-explained/index.php/Migration\\_and\\_migrant\\_population\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php/Migration_and_migrant_population_statistics)
- <https://www.un.org/en/sections/issues-depth/migration/index.html>