Analyzing demographic change in european emerging countries based on a case study for Romania. Causes and consequences in the context of globalization and economic integration

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Abstract: The fundamental objective of this research article is to investigate the economic impact arising from demographic change in European emerging countries, especially based on a case study for Romania. In a globalized world, is very difficult to quantify in a precise manner the economic impact of demographic change. The implications of this phenomenon are highly intensive on long-term due to certain issues such as: low fertility rates, migration flows, declining death rates, increased life expectancy, population aging, social insurance systems, aggregate savings, higher living standards health insurance systems, permissive public policy. The demographic transitions in emerging European countries is a complex process especially in the context of globalization.

Key-Words: demographic change; European emerging countries; developing policies; social reforms; national level census; economic impact; globalization; public policy

1. Introduction

In the recent past, the demographic perspective of Europe has undergone considerable and mostly unprecedented changes due to certain influential factors, such as: population ageing (especially in urban areas), natural population changes, low natality rates, migration, severe changes in family patterns, labor mobility, changing social structures and many others still. The demographic behaviour have extensive consequences on the development degree of European emerging countries in terms of economic, political, social, cultural, environmental, civil and certain other external influences.

The demographic structure of Europe is experiencing a continuous process of change. Thus, the concept of human capital reaches much deeper meanings. Due to developing policies and social reforms, the major demographic challenges in European emerging countries have been highlighted based on the structure, size and geographic distribution of the population. The population dynamics has undergone major transformation in the last decades, especially in the context of globalization. Recent statistics reveal the importance of implementing rigorous measures for ensuring social cohesion and sustainable economic growth.

2. A complex analysis on demography

A general framework for analyzing the demographic phenomenon and its implications in European emerging countries represent a very important issue in the context of globalization. The transmission patterns of financial foreign shocks from advanced to emerging economies and long-run causal linkages between international markets highlight the importance of a functional and stable financial environment. This unstable situation appears to be supported by the fact that international markets, and default global economies became more and more correlated, specifically in terms of causality between advanced and emerging countries due to international financial integration. Seemingly insignificant structural imbalances can easily
generate dramatic consequences in the context of a globalized and integrated world wide perspective. In recent past, emerging market economies gradually become more more interdependent, but also much vulnerable because of spillover effects (externalities) and international financial contagion. Moreover, a central characteristic of most emerging countries is the chaotic and unpredictable movement of future growth patterns. It is also very important to investigate the transmission mechanism and the degree of international financial interdependence in order to understand the complex behavior of emerging economies and most of all the economic impact arising from demographic changes.


The World Bank’s operational classification of economies by GNI per capita (July 2014) based on World Bank Atlas method involves the following categories:
- low-income economies are those with a GNI per capita of $1,045 or less in 2013;
- middle-income economies are those with a GNI per capita of more than $1,045 but less than $12,746;
- high-income economies are those with a GNI per capita of $12,746 or more. On the other hand, lower-middle-income and upper-middle-income economies are separated at a GNI per capita of $4,125.

According to The World Bank’s official statistics, the category of low-income economies ($1,045 or less) includes the following countries: Afghanistan, Gambia, Niger, Benin, Guinea, Rwanda, Burkina Faso, Guinea-Bissau, Sierra Leone, Burundi, Haiti, Somalia, Cambodia, Korea Dem Rep., South Sudan, Central African Republic, Liberia Tanzania, Chad, Madagascar, Togo, Comoros, Malawi, Uganda, Congo Dem. Rep, Mali, Eritrea, Mozambique, Zimbabwe, Ethiopia, Nepal.


Furthermore, the category of upper-middle-income economies ($4,126 to $12,735) includes the following countries: Albania, Algeria, American Samoa, Angola, Azerbaijan, Belarus, Belize, Bosnia and Herzegovina, Botswana, Brazil, Bulgaria, China, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, Fiji, Gabon, Grenada, Iran, Islamic Rep., Iraq, Jamaica, Jordan, Kazakhstan, Lebanon, Libya, Macedonia, FYR, Malaysia, Maldives, Marshall Islands, Mauritius, Mexico, Mongolia, Montenegro, Namibia, Palau, Panama, Paraguay, Peru, Romania, Serbia, South Africa, St. Lucia, St. Vincent and the Grenadines, Suriname, Thailand, Tonga, Tunisia, Turkey, Turkmenistan, Tuvalu.

The category of high-income economies ($12,736 or more) includes the following countries: Andorra, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Bahamas, Bahrain, Barbados, Belgium, Bermuda, Brunei Darussalam, Canada, Cayman Islands, Channel Islands, Chile, Croatia, Curacao, Cyprus, Czech Republic, Denmark, Estonia, Equatorial Guinea, Faeroe Islands, Finland, France, French Polynesia, Germany, Greece, Greenland, Guam, Hong Kong SAR China, Hungary, Iceland, Ireland, Isle of Man, Israel, Italy, Japan, Korea, Rep., Kuwait, Latvia, Liechtenstein, Lithuania, Luxembourg, Macao SAR China, Malta, Monaco, Netherlands, New Caledonia, New Zealand, Northern Mariana Islands, Norway, Oman, Poland, Portugal, Puerto Rico, Qatar, Russian Federation, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten (Dutch part), Slovak Republic, Slovenia, Spain, St. Kitts and Nevis, St. Martin (French part), Sweden, Switzerland, Taiwan, China, Trinidad and Tobago, Turks and Caicos Islands, United Arab Emirates, United Kingdom, United States, Uruguay, Venezuela RB, Virgin Islands.
(U.S.). In this regard, as can be seen easily, most of the member states of the European Union belong to the category of high-income economies. In a more and more globalized world, emerging economies in Europe represents an extremely attractive and seemingly unexplored research field. The tremendous investment potential of these markets leads to the possibility of implementing effective strategies based on risk management in order to continue to attract foreign capital inflows and to achieve a high level of economic development. The capital allocation may be appropriate for the development of new investment projects. Although the long-term impacts are significantly more secure, it is extremely difficult to predict with very high accuracy the behavior of emerging market economies. Nevertheless, an emerging economy in Europe is characterized by significant functional and structural imbalances. Emerging markets economies are usually defined as transitional or developing countries, considering the fact that are characterized by a process of rapid growth and early industrialization. Moreover, emerging market economies are broadly defined as economies with low to middle per capita income. However, economic, historical, political, social, demographic or cultural influential factors generate a strong influence on investment environment in terms of emerging economies in Europe. Certain benefits can be obtained by converting a major challenge into an attractive opportunity regarding long-term demographic changes based on the fact that it provides significant employment perspectives and consequently generates the growth of governmental revenues. According to FTSE’s country classification process as at September 2013 (the latest official report) there are several specific subcategories such as : developed, advanced emerging, secondary emerging and frontier countries. As exhaustive approach, developed countries include (in alphabetical order) : Australia, Austria, Belgium /Luxembourg, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, South Korea, Spain, Sweden, Switzerland, UK and USA. Advanced emerging countries comprise : Brazil, Czech Republic, Hungary, Malaysia, Mexico, Poland, South Africa, Bulgaria, Thailand and Turkey. Secondary emerging countries include : Chile, China, Colombia, Egypt, India, Indonesia, Morocco, Pakistan, Peru, Philippines, Russia and UAE. Frontier countries category includes : Argentina, Bahrain, Bangladesh, Botswana, Bulgaria, Côte D’ivoire, Croatia, Cyprus, Estonia, Ghana, Jordan, Kenya, Lithuania, Macedonia, Malta, Mauritius, Nigeria, Oman, Qatar, Romania, Serbia, Slovakia, Slovenia, Sri Lanka, Tunisia and Vietnam. In another train of thoughts, according to Eurostat, the recent statistics on the number of inhabitants in the EU-28 reveals an increase of about 98.9 million people in 2012 compared with the base level of 1960, ie 406.7 million people. The World Bank official position regarding the concept of emerging economies suggested that this particular category of countries is still confronting with severe development challenges, such as: achieving sustained growth that provides productive employment; reducing poverty and inequality; reducing volatility, particularly in their access to private financial markets; and strengthening the institutional and governance structures that underpin viable market-based economies.

![Fig. 1 Demographic balance and crude rates](image1)

*Source: Own computation based on data provided by Eurostat*

![Fig. 2 Demographic balance and crude rates](image2)
3. Empirical evidence on demographic changes in Romania

The demographic perspective in Romania is significantly determined by its complex economic circumstances and effectiveness of social reforms. Birau R. and Birau G. (2014) suggested that one of the most important criteria for inclusion into the category of emerging (developing) countries is based on the level of development that basically characterize each country. Moreover, emerging countries are identified as transition economies or in other words low- and middle-income countries. As historical approach, Romania is a former communist country from Eastern Europe with a strategic geographical position and increasing industrialization level. However, in recent decades Romania have been facing a significant demographic change due to population ageing, labour force migration, low birth rates, changing social structures, decreased fertility and so on. On the other hand, the approach provided by the World Bank suggested that Romania is an upper middle income country with a GDP (current US$) of $189.6 billion per 2013. Moreover, the poverty headcount ratio at national poverty line (% of population) in Romania is 22.6% (2011), 22.2% (2010), 21.1% (2009), 22.4% (2008) and 23.4% (2007). Moreover, according to the World Bank framework, the life expectancy at birth in Romania as total (years) is 75 years (2012).

4. Conclusions

The main objective of this research article is to investigate the economic impact arising from demographic change in European emerging countries. The growing integration of emerging economies generates significant challenges regarding the mobility of labor force, productivity growth and capital flow, especially in a globalized world. In other words, identifying and analyzing the problem involve different mechanisms at the local, national and international levels based on adequate processes for making and implementing decisions. The complex conceptual and empirical analysis highlighted in this article revealed certain influential factors, such as: low fertility rates, migration flows, increased life expectancy, population aging, social insurance systems, aggregate savings, health insurance systems. Beyond the fact that most crises are difficult to predict, demographic shocks have
dramatic long-term economic consequences and generally caused an unexpected increase in mortality. The empirical analysis is based on a case study for Romania and covers a long period of time whose extreme intervals are the periods 1948 and 2014. The final results provide a comprehensive framework on demography in Romania, compared to other European emerging countries.

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References:


