**ALINA FLESER**
*University of Petrosani, Romania*

# THE IMPACT OF RESTRUCTURING IN THE MINING INDUSTRY ON THE LABOR IN THE JIU VALLEY COAL BASIN

Проведение реорганизационных мероприятий оказывает наибольшее влияние на кадровый потенциал, так как одним из условий превращения Национальной каменноугольной компании в прибыльное предприятие является пересмотр количества ее работников. На основе материалов исследования региона можно придти к выводу, что влияние реорганизации горной промышленности на людские ресурсы имело в основном негативный характер. Предложено определить несколько социально-экономических последствий реорганизации горной промышленности.

The most important impact determined by the applying re-organizing directions is that upon the human entities, due to the fact that one of the conditions imposed in order to turn N.P.C. to profit is to reconsider the number of the company's employees. According to some studies of the region we can draw the conclusion that the impact of re-organizing the mining industry upon the human element has been mostly negative. In this case the paper proposed to identify a few economic and social consequences of the mining industry re-organization.

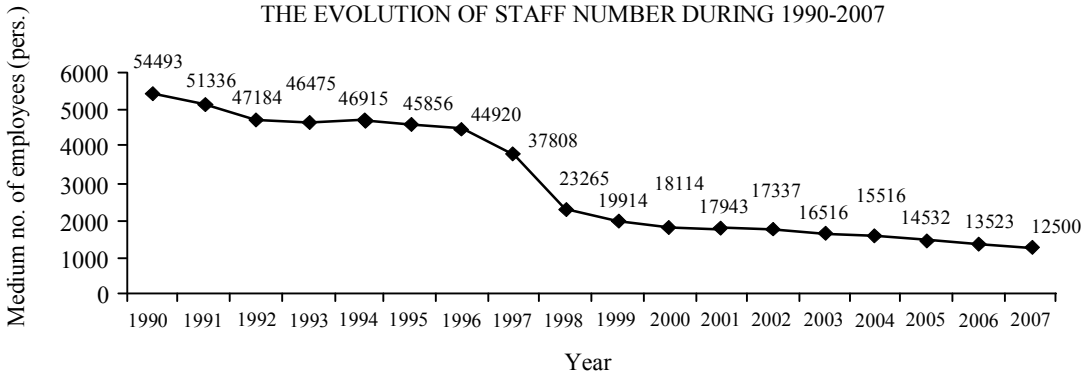
Due to the geographical position and to the subsoil resources, the coal basin of the Jiu Valley has witnessed an intense economic activity based on extracting, preparing and processing pit coal and brown coal. This region has a specific one-industry character; the activity of extracting and processing coal takes place within 20 companies, coordinated by the National Pit Coal Company (N.P.C.).

In order to sustain this industry (the production costs of mining products have been and are now bigger than the export selling prices), during the period following 1990 (after the fall of the communist regime and the transitional period of adapting to the market economy) the Romanian state had to offer a large amount of subsidies. Yet, according to the estimations done by the specialists of the ministry of Industries, the mining industry of the Jiu Valley has been seen as unprofitable – during the period 1991-1998; accordingly, it has registered losses of about 2 billion dollars, out of which, over one billion represented subsidies. Therefore, it was absolutely necessary a economic re-organizing that should determine the bringing into profit of certain mines and or the closing of other ones.

The re-organizing of the essence of the mining industry has been formulated and materialized according to some directions:

1. the technological re-organizing of production that had as an effect the limitation of subsoil production and the increase of the production obtained within quarries; the increase of the amount of energetic pit coal and the diminishing of the pit coal used in order to prepare coke; the increase of extracting and preparing copper and precious metals ore and the beginning of the activity of modernizing the huge lignite quarries;
2. the organization and management restructuring that meant the spring from within the mining companies of certain complementary activities and their organization as distinct trade units;
3. the staff re-organizing within the mining companies and, especially, its significant diminishing due to the spring of activities and their organizing as trade companies, to retirement and limitation of work time, and to the work cessation with compensatory payments;
4. the limitation or cease of productive activity of certain mines having limited geological reserves, hard geological conditions that determined huge production costs.

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Source: The Pit Coal National Company

Figure no. 1

N.P.C. to profit is to reconsider the number of the company's employees. Thus, the number of the staff of N.P.C. has continually diminished; the most significant descendant evolution has been registered between 1996 and 2000, due to work cessation with compensatory payments determined by the re-organizing process. Subsequently, the descendent evolution has been gentle, although the descending trend has maintained itself (figure no.1).

According to some studies of the region we can draw the conclusion that the impact of re-organizing the mining industry upon the human element has been mostly negative. Its effects may be synthesized as follows:

1. the development of unemployment among the miners due to mines closing;

2. the diminishing of the living standard of the whole population of the Jiu Valley; taking into account the fact that, in the Jiu Valley, 80 % of the persons who ceased work receiving compensatory payments, have been the only incomes purveyors in their families, we can imagine their difficult situation. The majority live at present under a minimum subsistence level, practicing occasional works, few in number, without any possibilities of paying their debts;

3. the de-population of the Jiu Valley and other secondary demographic effects (as an example, the disorganization of the families and the ageing of the population in the region – taking into account the fact that miners retire earlier than the average of the other economic branches in Romania, that is at the age of 45, with 20 years of work);

4. the increase of criminality in the region and of the number of social conflicts (mainly of work conflicts);

5. the increase of the number of socially assisted persons (after the miners' ending of financial resources and / or the ending of the payment terms of unemployment allowances). The large number of the members of the miners' families or of the unemployed persons coming from the mining field (that is the large number of children to be supported) will increase the poverty of the families in the Jiu Valley;

6. the increase of the number of pupils that abandon school and of the degree of illiteracy as a consequence of the low level of the incomes meant to support the pupils at school and of the diminishing of the degree of schooling at all levels;

7. the degradation of the housing conditions as a consequence of diminishing or exhausting the sources of income both at the level of the population in the region and at the level of the local public administration (the diminishing of the local budget due to a reduced collecting of taxes);

8. the quality of the people's standard of living, in general, and of the work standard in the coal mines, in particular, have a very poor level.

A study done in the Jiu Valley, with the support of the World Bank, by a team of sociologists of The Institute of Sociology of The Romanian Academy, has exhibited a hierarchy of the main worries of the population: unemployment – 92,5 %, the high cost of living –

92,3 %, alcoholism – 65,9 %, corruption – 66,2 %, pollution – 62,0 %, housing conditions – 54,0 %, criminality – 44,7 %.

All these negative effects determine huge financial costs of social and medical assistance under the circumstances of a very low budget, year after year.

According to the actual re-organizing conditions we may also infer certain positive effects, such as:

1. the diminishing of the number of work accidents both individual and collective and, especially, of the number of the deaths caused by the insecurity of the working conditions in the mines of the region. The accidents of the Jiu Valley have always been a reason of concern for the entire community of the zone. Mining has always implied a «degree of a special risk due to the imminent occurrence of situations causing work accidents» (the Collective Work Contract, 1998-1999). All the statistics of the Ministry of Labor have given to the district of Hunedoara and the region of the Jiu Valley an undesirable first place regarding «work accidents», «deaths» and incapacity of work; the halving of the employees of the mines in the Jiu Valley determined a diminishing of the number, but not of the risks of those who remained;

2. the diminishing of the number of professional diseases specific for mining due to the introduction of programs of ecological protection in the region of the mines, to the replacement of the old technologies in the mines and due to the ecological works within the mining regions that will be shut down;

3. the changing of the employees' mentality (miners) regarding the necessity of making mining profitable as well as of the unemployed or former unemployed regarding the necessity of work;

4. the development of the entrepreneur spirit in the region and of a series of services that are not so many at present (especially in tourism and infrastructure – highways, roads, and connected services); these must regard mainly the young people in the schools and the faculties in the region.

In order to reduce the rate of unemployment – this being the most negative aspect of re-organizing – a series of active measures have been identified; such measures, on short, medium or long term, may determine the labor's occupation. Thus, an important part has been played by the programs financed by the World Bank, Phare, and by other international organisms. At the same time, we should take into account the local labor's qualification and re – qualification courses regarding jobs demanded by the labor market.

Under the circumstances of consistently applying the programs of regional development, we are able to create within the following 20 years almost 20,000 jobs in other fields than mining.

It is estimated that an important part in the economic progress of the region will be played by investments in modern, «clean», activities. Such activities include: industrial branches based especially upon intellectual capacity (information technology and telecommunications); health products, special food, diagnosis and support services; professional training, activities of qualification and re-qualification; industries that have as a basis the tourist potential of the region.

Consequently, in the future, we should pay attention to the consistent orientation towards the active policies of labor market, the reconsideration of the human dimension, of reform, and the adopting of a strategy of healthy and lasting economic growth due to the development of occupied labor.

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