

DYNAMICS OF THE USE OF LABOUR POWER WITHIN THE JIU VALLEY MINING SECTOR

Dorina Magda

University of Petroșani, 332067, Petroșani, Romania

ABSTRACT. In order to integrate into the E.U. some adherence conditions must be complied with; one of these conditions is the exclusion of subsidies in the mining sector starting with the year 2010; this period should be preceded by a gradual reduction of such subsidies along the years before 2010. Such a necessity implies numerous steps that must be followed, steps regarding major changes which are meant to prepare Romanian mining companies for the year 2007 (this is the supposed year of the Romanian integration into the E.U.); the major changes refer not only to retechnologisation and the introduction of mechanism on the market but also to a "sensitive" component of reorganisation which is the reorganisation of the human capital within the mining sector.

ДИНАМИКА, ОТНАСЯЩА СЕ ДО ТРУДОВАТА ЗАЕТОСТ В МИННИЯТ РАЙОН НА ДОЛИНАТА ЈИУ

Дорина Магда

Петрошански Университет, 332067 Петрошани, Румъния

РЕЗЮМЕ. За интегрирането към Европейския съюз е необходимо да бъдат изпълнени някои присъединителни условия; едно от тези условия е премахването на дотациите в минния сектор от началото на 2010 г.; периода преди 2010 г. трябва да бъде предхождан от постепенното намаляване на тези субсидии.

Тази необходимост предполага постъпателно извършване на редица стъпки, стъпки, относно главните промени, които трябва да се имат предвид, за да може румънските минни компании да бъдат подготвени за 2007-а година (годината, която е предложена за присъединяването на Румъния към Европейския съюз); това са промени, които се отнасят не само до технологичното модернизиране и въвеждането на пазарен механизъм, но също така и промени, които са свързани с "деликатния" елемент от преустройството, отнасящ се до човешкия ресурс в минния сектор.

At present, the Romanian mining industry comprises 96 economic agents, out of which:

- 8 national mining companies and enterprises, which include 105 mines:
 - **Coal mines:** 3 national companies: CNLO Tg. Jiu, CNH Petrosani and SNC Ploiesti; one trading company: Anina Coal Company;
 - **Non-ferrous ores:** 2 national companies: CN REMIN Baia Mare and CN MINVEST Deva;
 - **Uranium ores:** Uranium National Company S.A. Bucharest;
 - **Salt:** SALROM (Salt National Company) Bucharest
- 7 non-ferrous resource exploitation companies, which include two private companies;
- 10 companies specialized in geologic research, out of which three are private companies;
- 94 companies related to ore extraction and preparation that were separated from the old mining corporations.

Moreover, there are 9 mining research and design institutes, seven of which are private institutes.

The mining activity in the Jiu Valley, included by the Romanian industry, is presently organized and controlled by the National Pit-coal Company Petrosani (CNH Petrosani). With more than 150 years of activity in this field, with an organization conception and a branch of activity which have not changed over the last 50 years, the past of CNH can be

differentiated by the following parameters: annual production, product destination, the number of mines being exploited and a quality indicator given by the percentage of ash which exists in the raw coal.

Before 1989, the Jiu Valley Mining Corporation, which became the Pit-coal Public Corporation and afterwards the National Pit-coal Company Petrosani (CNH Petrosani) had followed a clear strategy defined by the objectives of a centralized economy: "increasing coal production at any cost in order to ensure the energetic independence of the country and to reduce as much as possible the import of coke and coking coal." Such a strategy led to the development of a "monoculture" industrial activity in this valley and the incomes of people in this region came mostly from coal mining or from activities derived from mining.

After the year 1990, the situation of the Jiu Valley Mining Corporation worsened from one year to another against the general crisis of the national economy which resulted in the reduction of the electric power demand and of steel production. The reduction of coal production was not followed immediately by the reduction of employees because of the interference of trade unions. Based on the requests of the trade unions, related to keeping the manpower and even increasing salaries, the first consequences of keeping manpower that was needless in production and in sales incomes were as follows: very high costs, partially compensated by grants and mostly by debts towards the state budget, the social security budget and the local budgets; and the inability to cover the investment.

Compared to other main energetic resources, the attempt to keep the price of coal under control, through the grant policy and the lack of competition, made the market decline gradually, for all types of consumers.

In eight years time, the losses accumulated, investments got scarce and the capacity of the major link – the face line – was reduced (as opening works had not been done and the volume of work could not maintain the necessary ratio between open reserves, prepared reserves and coal production). Things could not go on like that anymore, that is why in the year 1997

the first employee dismissals were done (more than 19.000 employees), as a desperate measure, and approximately 300 billion lei were paid as compensatory salaries. Employee dismissals continued, so that nowadays there are 15.500 workers, compared to 45.141 employees in January, 1997.

Between 1990 and 2001, another important step is being taken by the people who promoted this measure: externalizing auxiliary activities and services by transforming some mining sub-units into companies. Through this step, around 6.000 workers were no longer employees of the Mining Company.

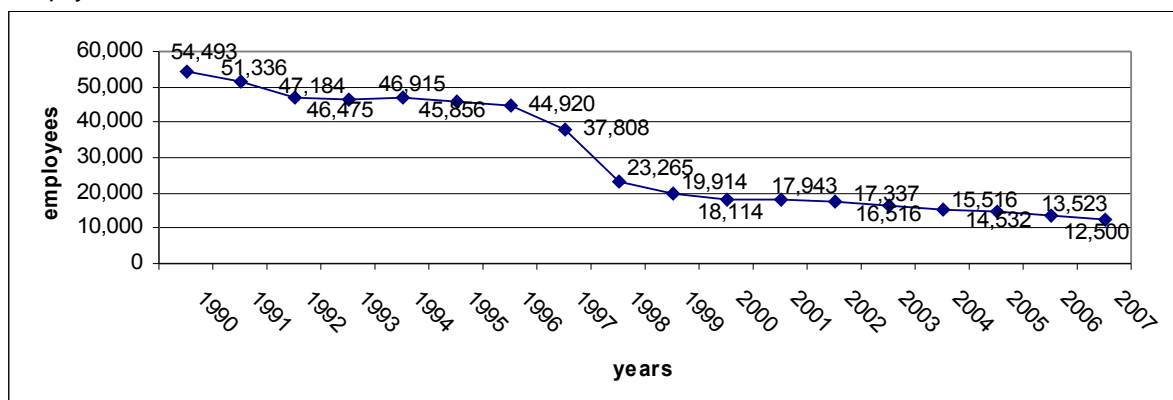
Table 1. *Employee dismissals according to OUG 22/1997, OUG 60/1997, OUG 68/1998 and article 130/June 2002*

No.	Company	Total of employees dismissed in 1997	Total of employees dismissed in 1998	Total of employees dismissed in 1999	Total of employees dismissed in 2002	Grand Total
1.	E.M. Lonea	1311	101	39	43	1494
2.	E.M. Petrița	1487	161	48	37	1733
3.	E.M. Petrița Sud	531	19	-	-	550
4.	E.M. Dâlja	1137	314	6	-	1457
5.	E.M. Livezeni	1361	146	52	11	1570
6.	E.M. Aninoasa	903	73	16	11	1003
7.	E.M. Vulcan	1818	152	30	38	2038
8.	E.M. Paroșeni	804	97	29	36	966
9.	E.M. Lupeni	1396	169	29	41	1635
10.	E.M. Bărbăteni	754	259	3	8	1024
11.	E.M. Uricani	778	81	25	7	891
12.	E.M. Valea de Brazi	1073	57	17	12	1159
13.	E.M. Câmpu lui Neag	503	0	-	-	503
Total of mines in the Jiu Valley		13856	1629	294	244	16023
14.	E.P. Petroșani	1129	187	47	45	1408
15.	U.A.C.C. Petroșani	676	166	16	-	858
16.	S.C.S.M.	46	28	11	5	90
17.	Laborator C.C.C.	78	10	-	-	88
18.	C.C.E. Petroșani	44	34	-	-	78
19.	A.P.T.R. – A.T.	17	6	-	-	23
20.	Aparat C.N.H.	53	14	2	4	73
Total of companies in the Jiu Valley		15899	2074	370	298	18641

Leaving aside the regional economic, social and politic effects produced by the way these mining reorganizations were thought and done (these are the object of a further study), I just want to point out the fact that among the great number of solutions taken into account by the central and local authorities

and by other institutions that were involved in the social-economic boom of the affected mining areas, the one referring to increasing the number of open jobs and re-hire people in the mining sector, is no taken into consideration. (Chart 1).

Chart 1 Employee statistics between 1990 and 2007



The number of employees can only be influenced by:

- Normal dismissals (retirement);
- Compensation by taking up graduate students;
- Fluctuation because of the need to fulfil the military duty.

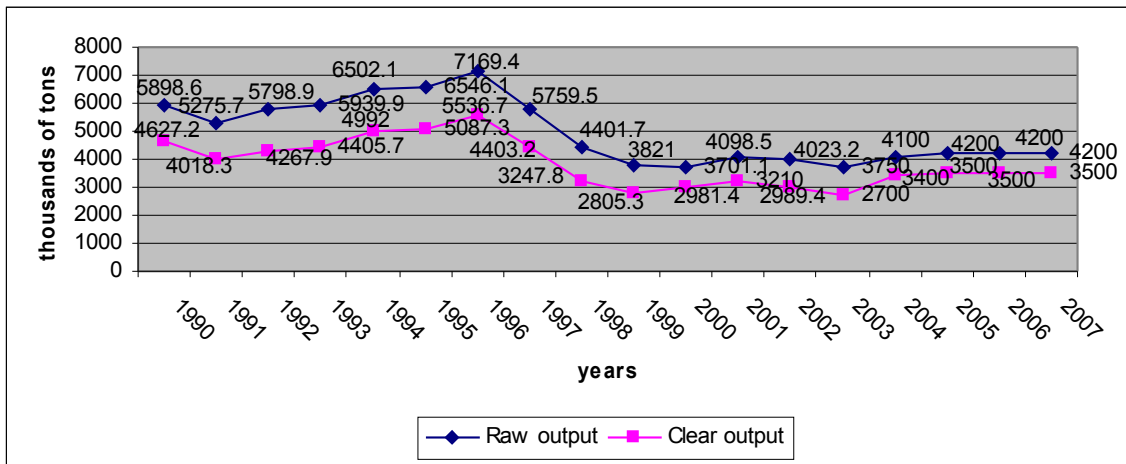
Special attention must be paid to the taking up of students who have graduated from mining schools because of the need to maintain the average age of the employees in this field of activity, and thus preventing aging, because of the need to

combine professional experience with modern teaching levels and last but not least because of social reasons.

Social pressure should amplify the efforts of the authorities to find future opportunities to develop these affected areas, as an alternative to the dismissals in the mining sector and it must not reduce this process – even if it is officially admitted that mining remains the main branch of activity in this region for the following years and that there is a lack of important economic activities which do not depend on mining.

Only through a firm attitude, based on hitting the set target (-preparing the Company to function on a competitive market, a

Chart 2 The situation of the coal production



condition of integration, in the year 2007, in the EU; - creating technical-economic and financial conditions for the Company to function without subventions from the state budget, starting with the year 2010), will the results be according to the strategy of the National Pit-coal Company Petrosani (Charts 2 and 3).

Reducing subventions gradually implies cost reduction, on condition that the raw output is maintained according to the limited consumption. The most important reduction of the unit cost of a ton of pit-coal is the reduction of the costs of the staff, which is encouraged by an increase of productivity.

Chart 3 The situation of subventions grants and transfers

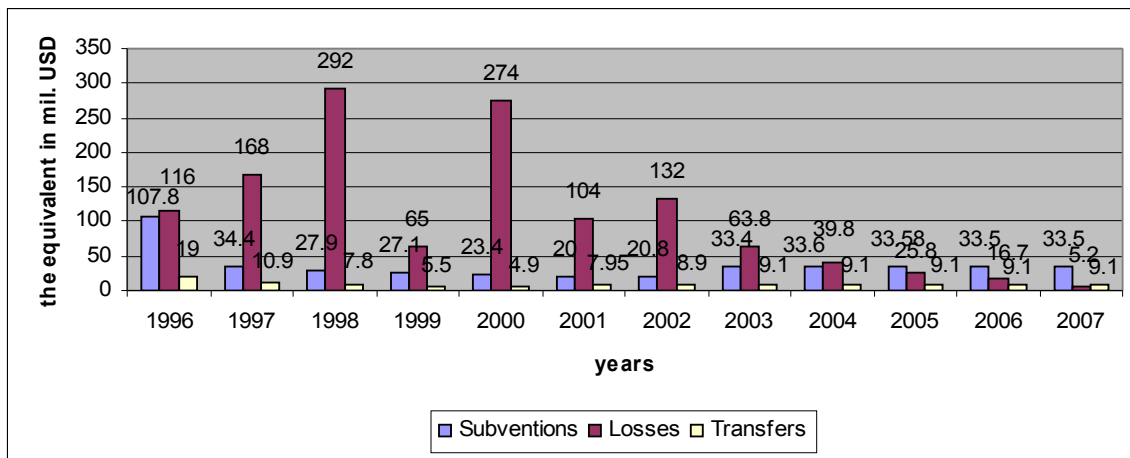
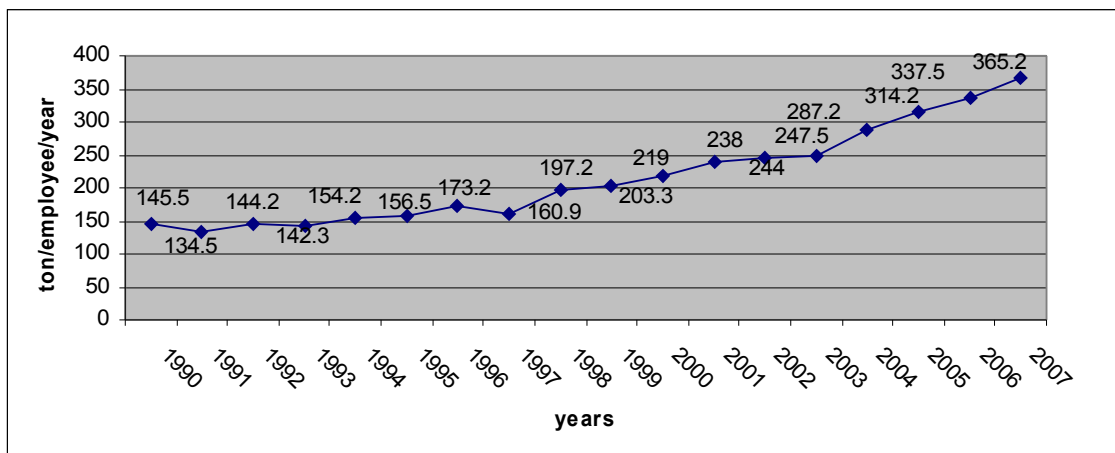


Chart 4 The situation of work productivity between the years 1990 and 2007



All these evolutions of the economic indicators presented above are part of the reorganization strategy of the extractive industry, on the whole and especially of the coal sector; this strategy refers to selecting production capacities viable from technical and economic point of view, supporting them according to the requests of the market for raw material, re-sizing the number of workers based on economic criteria and adapting them to the new realities and necessities of the mines, promoting some privatization policies, breaking production and the budgetary fund flow towards this sector by closing down non-profitable mines.

Recommended for publication by the Editorial board

References

- Simionescu A, Mangu I., Purcaru S. 2002. *Strategy Problems of the National Coal Company from Petrosani*, Economic Engineering Manual. Strategic Management (Popa H. coordinator), Ed. Dacia, Cluj Napoca, p. 443.
- Stanciu I. *Romanian Mining Strategy*, Mining Magazine, no. 5/2000, p. 2.
- National Pit-coal Company Petrosani.