

THE REFLECTION OF RURAL POPULATION’S OCCUPATIONAL SITUATION AT ITS REVENUES AND EXPENDITURES LEVEL

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Abstract

Historically, living conditions in rural communities in Moldova were poorer than those of urban areas. Rural areas have lagged behind urban areas in terms of major indicators of economic welfare, recording lower incomes, higher poverty rates, low employment and lower indicators on health and education. Low productivity of agricultural activities is given by the large number of farms with small surfaces, small-scale use of modern technologies and the over-employment of rural population in agriculture. In these conditions, between employment in agriculture and poverty it is creating a vicious circle from which the rural population can not get out but only through the development of small industries in rural areas and traditional agricultural restructuring.

Key words: occupational activities, employed population, depopulate rural

INTRODUCTION

During the last twenty years the national economy faced a series of imbalances caused by the transition to the market economy. Although a lot of changes, structural, institutional, legal, behavioural, etc. adjustments and readjustments have been made in this period, the aim of which was to ensure the best possible features of the new economic mechanism based on market relations, competition and efficiency, there were registered a series of failures in relation to the decrease of economic indicators, worsening quality of life, degradation of human capital. Along with these changes in social and economic life, the situation in the labour market is quite poor too. The labour market in its turn, as a secondary market, fully reflects both progress and failures of the national economy. Currently, labour relations occur in the developing labour market. This market includes both the elements and mechanisms inherited from the socialist economy and new elements specific to a modern market economy. There appeared some imbalances that result in increasing unemployment and deterioration of the social protection in the labour market on the one hand and in the inefficient use of labour, accompanied by the decrease in labour

productivity and, consequently, substantial reduction in workers’ real wages on the other hand. Thus, the correlation between productivity, competence and the level of workers’ wages is rather low and employed people sometimes live in poverty. Sometimes the employed have lower incomes than the unemployed. [2]

The employment situation in rural areas is much more difficult than in urban areas, and imbalances are more visible here. Most of the employed in rural areas are engaged either in agricultural activities, largely informal ones or in the public sector (education, health, culture, social protection), the latter having a modest share in the employment structure. Both agricultural activities that cannot ensure a rapid increase in labour productivity and employment in the public sector where salaries depend on the limited possibilities of the local budget cannot provide the income level necessary for a decent living of both men and women.

Reforms promoted in the agricultural sector, in the implementation of market elements, such as land privatization, land allotment to farmers, disestablishment of collective farms and setting up new farm households, etc. have not improved the situation regarding the improvement of living conditions and increased labour employment in rural areas.

Thus, there appears a need for urgent actions taken by local and central government authorities in order to improve the employment situation in rural areas.

MATERIAL AND METHOD

The studied materials include the analysis of employment in the Republic of Moldova and, in particular in rural areas. We used the following materials during the study: methods of quantitative and qualitative analysis, of the comparative and logic analysis. The research was based on the official data of the National Bureau of Statistics.

RESULTS AND DISCUSSIONS

Living conditions in rural communities in Moldova were historically poorer than those in urban areas. Rural areas have lagged behind

urban areas in terms of major indicators of economic welfare, registering lower incomes, higher poverty rates, low employment and lower health and education indicators.

Basically, rural population that is economically active is made to make a choice between two opportunities. On the one hand, they accept a job with a modest income under unfavourable conditions and increased risk of illness, being consigned to poverty. On the other hand, they immigrate to urban areas to find a more attractive and better paid job or they go abroad searching for a job that will ensure the income necessary to maintain themselves and their family. [2]

Therefore, at present rural areas become increasingly less populated, and the remaining population in villages is largely under 16 years old, i.e. those who still do their studies and the elderly, i.e. retired people.

Table 1. The analysis of Moldova's population flow

Indicators	2002	2003	2004	2005	2006	2007	2008	2009	2010
Population, thousands of people	3627.8	3618.3	3607.4	3600.4	3589.9	3581.1	3572.7	3563.7	3560.4
Rural population, thousands of people	2142.6	2134.2	2129.5	2124.4	2120.1	2103.1	2096.5	2087.0	2078.7
The share of rural population in the total number of people, %	59.1	59.0	59.0	59.0	59.1	58.7	58.6	58.6	58.4

Source: developed by the author on the basis of the NBS data

On January 1, 2011 the number of the stable population of the Republic of Moldova amounted to 3.5604 million people, 3.300 less than on the same date of 2010. More than half of the population is rural inhabitants - 2,078,700 people, or 58.4%. The share of rural population in Moldova is higher than in other countries of the region and it is more than 58%. 1,481,700 people or 41.6% live in urban areas. The population number by sex is as follows: 51.9% (1,848,300 people) women and 48.1% (1,712,100 people) men. [1]

The population structure per residential environment favoured the population in rural areas, although the share of this category has continuously decreased under the intense urbanization process in the period of industrialization. Thus, the census of 1959 showed that 22.3% of the total population lives in urban areas and, consequently, 77.7% of people live in the country. Urbanization

processes of the post-war period have caused significant changes in the population structure in residential areas of the country. Thus, in early 2010 the urban population grew by 41.6% (+21.1 percentage points), decreasing the number of the rural population to 58.4%.

The structure of activity sectors of the active population, consequently grouping active population into the four sectors: agriculture (including forestry, hunting and fishing), industry, construction and services. This distribution is one of the analysis criteria of the level of the economic development of a country. Thus, the comparison of sector structures of the active population in countries with different levels of economic development leads to the conclusion that developed countries are characterized in the position of less developed countries by means of a high percentage of active population in services and a very low share of people in agriculture.

Table 2. Evolution of the employed population by economic activity in rural areas of the Republic of Moldova

Sphere of activity	2006		2007		2008		2009		2010	
	thousands of people	Share, %	thousands of people	Share, %	thousands of people	share,%	thousands of people	Share, %	thousands of people	share,%
The total number of employed population	696.4	100.0	698.6	100.0	696.4	100.0	698.6	100.0	605.0	100.0
of which:										
Agriculture, hunting economy, forestry and fishing	403.2	58.0	381.4	54.6	403.2	58.0	381.4	54.6	295.8	48.9
Industry	57.6	8.0	58.0	8.3	57.6	8.0	58.0	8.3	54.8	9.06
Construction	24.2	3.0	33.5	4.8	24.2	3.0	33.5	4.8	31.8	5.26
Wholesale and retail	49.2	7.0	55.9	8.0	49.2	7.0	55.9	8.0	58.2	9.62
Transport and communications	19.3	3.0	22.4	3.2	19.3	3.0	22.4	3.2	19.3	3.19
Public administration, education, health and social protection	127.5	18.0	126.4	18.1	127.5	18.0	126.4	8.1	126.6	20.9
Other types of activity	18.4	3.0	21.0	3.0	18.4	3.0	21.0	3.0	18.5	3.07

Source: developed by the author on the basis of the NBS data

Unfavourable dynamics of the employed in agriculture and favourable dynamics for other activities in the country during 2000-2010 led to important structural changes in employment. Thus, in 2000 about 76.2% of rural population were engaged in agriculture and about 11.3% of people – in the public sector, in 2010 the share of the population engaged in agriculture was about 48.9% and the employment in public administration, education, health and social care – 18.1%. Therefore, the recession of agricultural activities in the period 2000-2010 has forced a large number of people to move to other activity areas so that the employment reduction in these activities was 22.5 percentage points, while the assimilation of budgetary activities of a part of people from

agriculture, has increased the employment share in these activities by about 6.8 percentage points. [1]

The employment structure of economic activities in rural sector shows the increase in all activities in 2000 if compared with 2006, with the exception of agriculture. However, there is a tendency to standardize the employment spheres in rural areas. The largest structural changes may be found in public administration, health, social protection and education – 8.7 pp, 5.8 pp in trade, 4.4 percentage points in industry and 4.2 pp in construction. Thus, the employment diversity by economic activity can boost the rural economy, which may cause a further increase in the number of the employed in this sector.

Table 3. Distribution of the employed population by age and sex in rural areas, thousands of people

Age groups	2009			2010			2011		
	both sexes	including:		both sexes	including:		both sexes	including:	
		men	women		men	women		men	women
Total	669.6	347.9	321.7	639.6	328.9	310.7	616.7	315.7	315.7
15-24 years old	79.6	46.6	33.0	76.3	44.5	31.8	62.3	37.1	37.1
25-34 years old	115.9	61.5	54.4	129.6	66.2	63.8	125.4	64.4	64.4
35-44 years old	164.7	77.9	86.8	153.1	71.5	81.5	150.6	70.3	70.3
45-54 years old	200.1	98.7	101.4	178.7	87.7	90.2	173.1	80.8	80.8
55-64 years old	89.3	51.6	37.7	87.6	50.4	37.2	88.5	53.2	53.2
over 65 years old	20.1	11.7	8.4	14.4	8.6	5.8	16.9	9.9	9.9

Source: developed by the author on the basis of the NBS data

Population systematization in large age groups allows the formation of three population segments: young, adult and elderly people. This conventional grouping will make it possible to determine the share of population in each age group and characterize the degree of demographic aging and influence of the people groups who are unable to work on the population able to work.

Rural population has always been a demographic basis of the country. Nowadays, however, one may observe economic and reproductive incapacity in the country, even though more than 2 million live there. Every fourth man in the central region and every third man from the north region is retired. It feels as there is a great deficit of labour force too. It should be mentioned that this situation will not

be changed in the next 20 years because the population aging has overcome acceptable limits within which the situation can be reversed. Moreover, population aging emphasizes feminization of the rural population. Women have a higher expectancy of life (five-seven years more) and die at the extreme level of poverty and loneliness. Retirement allowance of the rural female population is 30-40% lower than the men's one. The analysis of the age group distribution in rural areas shows that the share of young people (15-24 years old) decreased from 11.88% in 2009 to 10.1% in 2011. At the same time the proportion of adults (25-54 years) increased from 71.79% in 2009 to 72.82% in 2011.

The population structure by age groups is characterized as follows: 17.8% of the population under the working age, 66.7% of the population of the working age and 15.5% of the population over the working age. The aging coefficient (the number of people at the age of over 60 years per 100 inhabitants) is 14.4. Nearly 15.2% of the rural population is over 60 years old, the share of elderly women in the rural female population is 18.1%.

Although women predominate in number in relation to the men in Moldova, certain circumstances, particularly social ones, have resulted in their less modest presence in the labour market of the country. In 2009, the differentiation of the employed by sex was insignificant: 49.5% of women and respectively 50.5% of men out of the total population of the republic. The minor difference is maintained at the level of the two residential areas. Thus, in 2009 the population structure by sex included 51.2% of men and 48.8% of women in the rural areas.

So, one registers the employment aging of the rural population. The predominance of middle-aged employed people in rural areas shows a lack of attractive jobs, due to low salaries, employment opportunities, lack of professional development perspective, etc. Depopulation of rural areas is determined by the fact that most young people who have left their homes in order to study in urban areas, do not want to come back after graduation and continue their working career at home. We can expect worsening of the situation with the demographic aging in the future because of the continuous decrease of the young people share and increase of the adult population share. [3]

The value of the aging rural population is greater than that of the urban population. Although the rural sector has a lower potential of labour resources formation nowadays (the share of population at the working age), it has a larger reserve of labour resources formation in the future. Therefore, the differentiation of the rural population by age is more balanced, if it does not become a major supplier of labour force for urban areas. To maintain this balance we need to develop some important policies to preserve the rural population.

The unattractiveness of rural areas is determined by several factors. One of the factors is a small number of activities and professions required in rural areas. Consequently, a large part of young people who study at secondary specialized schools and universities in towns can not and do not want to come back to their village because they can not find a job by their occupation.

An overview of the distribution of economically active rural population, by sex and educational level, shows a similarity with the structure of the rural population at working age.

Table 4. Analysis of the population of over 15 years old by the level of education and gender in rural areas, thousands of people

Age groups	2009			2010			2011		
	both sexes	including:		both sexes	including:		both sexes	including:	
		men	women		men	women		men	women
Total	669.6	347.9	321.7	639.6	328.9	310.7	616.7	315.7	315.7
15-24 years old	79.6	46.6	33.0	76.3	44.5	31.8	62.3	37.1	37.1
25-34 years old	115.9	61.5	54.4	129.6	66.2	63.8	125.4	64.4	64.4
35-44 years old	164.7	77.9	86.8	153.1	71.5	81.5	150.6	70.3	70.3
45-54 years old	200.1	98.7	101.4	178.7	87.7	90.2	173.1	80.8	80.8
55-64 years old	89.3	51.6	37.7	87.6	50.4	37.2	88.5	53.2	53.2
over 65 years old	20.1	11.7	8.4	14.4	8.6	5.8	16.9	9.9	9.9

Source: developed by the author on the basis of the NBS data

Only a quarter of the economically active population with the higher education lives in the countryside. However, about 60% of people with the secondary and general school education and 12.4% of the 15.1% of the economically active people who have graduated from the gymnasium may be found in rural areas. Small proportions of economically active population with higher education and big proportions of the economically active population with poorer education may be the cause of the poorer economic activity in the country. The study allows us to conclude that the active population with the secondary specialized education predominates in rural areas and is about 29%. If we analyse the situation from the point of view of sex, one should state that the secondary special education prevails by men and the general and secondary education - by women. This trend is also specific for the active population employed in rural areas.

The employment system of a state is formed under a variety of factors. Their analysis will imply both quantitative and qualitative approaches with a complex set of indicators, able to highlight the current employment situation as well as its dynamics, therefore isolating evolution laws over time and the factors established under those laws. [2]

The performed economic reforms have resulted in a substantial change in the occupational

structure based on ownership. Actually, in all fields of activity from rural area, with the exception of budgetary, social, transport and telecommunications sectors, most employed people work in the private sphere. Thus, in the analysed period there is a fact of the absolute dominance of the private sector over the public one. The share of persons employed in the private sector was about 65%, in public companies - about 32%, other categories of property dividing the remaining 3%. Large shares of employment in the private sector can be determined in agriculture, about 98.6%, in construction, about 97.6%, in commerce, about 88.2%, and industry, about 71.5% of employment in these spheres. Also, private agricultural sector has more than two thirds of rural employment (67.8%), followed by employment in public sector – public administration, education, health and social assistance – with about 81%. Men in rural areas are engaged mainly in the private sector with a share of 81.3%, compared to 16.3% - in the public sector. The increased female employment in the public sector makes them record lower rates of employment in private enterprises. In 2010 women accounted for about 44.05% of employment in the private sector and about 55.95% of those employed in public enterprises.

Table 5. Dynamics of employment by unit's ownership, gender and areas in Moldova, thousands

Gender and areas	2008				2009				2010			
	totally	including			totally	including			totally	including		
		private	public	other		private	public	other		private	public	other
Employed population, totally	1251,0	872,5	330,3	48,3	1184,4	793,1	329,3	62,0	1143,4	745,8	324,5	73,1
including:												
by area:												
- urban	559,2	351,6	174,7	32,9	548,3	330,8	173,9	43,5	538,3	315,5	174,8	48,0
- rural	691,8	520,9	155,6	15,4	636,1	462,3	155,4	18,5	605,0	430,3	149,7	25,1
by gender:												
- men	628,8	483,8	122,2	228	597,7	445,3	121,3	31,2	573,3	417,3	121,5	34,5
- women	622,3	388,7	208,2	25,4	586,7	347,8	208,0	30,8	570,1	328,5	203,0	38,6

Source: developed by the author on the basis of the NBS data

The situation of women employment in the public sector may be treated as a positive one. The activity in this sector is more protected, providing social guarantees secured by effect of law. Public sector employee status allows regulation of labor relations under an employment contract. Thus, about 85% of rural

workers are employed on the basis of a work contract (about 39% men and about 46% women). Hiring contract employees, considered as an additional opportunity for the rights of workers, manifests itself differently on the types of activities. Almost all employees in public administration, education, health and

social assistance are employed on the basis of an employment contract, while in transport sector about 92% of employees have signed labour contracts, in the industry - about 90%. The lowest proportion of employees with employment contracts can be observed in agriculture (about 70%).

The shortage of labour market opportunities in rural areas, its inefficient regulation, the exhausting bureaucracy and the inability of public administration, the pressing tax system, the lack of confidence shown to the state, and the advanced level of poverty have influenced the socio-economic evolutions of recent decades. The mentioned difficulties caused the occurrence on the labour market of some typical behaviours for underdeveloped economies, including: hiring without a labour contract; not recording of employees by employers; not declaring or incomplete declaration of income; tax avoidance; subsistence activities. [4]

These and many other factors have led to some forms of employment, as is the informal one. An important moment that conditioned the

assertion of the informal sector in the rural economy was the dissolution of large farms and agricultural land division between rural residents. The employment in rural areas of our country is characterized by a fairly large share of informal activities. In 2010 the rural economy was represented by 605000 of employed people, of which 330000 (about 54.5%) were formally working and 275000 people (about 45.5%) - informally. It will be important to note that the informal employment in rural areas is much higher than in urban areas. In 2010 it accounted for more than three quarters (about 77.8%) of the engaged population in informal activities in our country. Features of the rural employment are determined by the following factors: unskilled, less paid jobs (usually agricultural activities) are of the highest demand; agricultural activity is characterized by a very low level of industrialization and implementation of advanced technologies and a small share of qualified specialists, with the negative influence on the productivity.

Table 6. Analysis of the rural population by its engagement in economic activity

Indicators	2006	2007	2008	2009	2010
Active population, total, thousands of people	739.4	724.5	710.9	69.6	639.6
of which:					
employed	696.4	698.6	691.8	636.1	605.0
unemployed (ILO)	43.1	25.9	19.1	33.5	34.6
Activity rate, %	43.7	43.1	42.2	39.3	37.5
Employment rate, %	41.2	41.6	41.0	37.4	35.4
Unemployment rate, %	5.8	3.6	2.7	5.0	5.4

Source: developed by the author on the basis of the NBS data

The dynamics of the main indicators of labour force participation in economic activity in rural areas shows continuous decrease in recent years. Thus, from 2006 to 2010 the economically active population has dropped from 739,400 to 639,600 people (minus 99,800), while there has been reported a reduction of the employed from 696.4 to 605.0 thousand people. Seasonal fluctuations in employment that occur during the year are quite alarming too; they arise in particular because of the agricultural character of the economy. For example, the number of employees in rural areas in the first quarter of 2011 was about 30.8% lower than in the second quarter. Generally speaking, quarterly employment fluctuations for the period 2000-2010 are characterized by a higher average in the third

and the second quarters (830,000 people and 833,000 people respectively), and a lower average in the fourth and the first quarters (735,000 people and 701,000 people respectively). [1]

However, according to ILO, the number of the unemployed has been reduced from 43.7 thousand in 2006 to 34.6 thousand people in 2010 in the period under analysis. But if we compare 2010 and 2009, there is an increase of unemployment by 1.1 thousand people. Weaker consolidation of labour market relations that are still in the developing stage, in rural areas on the one hand and lack of employment opportunities in this environment on the other hand, result in reduced flexibility of the market and therefore, an increasing number of the unemployed.

From 2006 until 2010 the activity rate is continuously reduced in rural areas. So if this indicator was 43.7% in 2006, in 2010 it dropped to 37.5%. This fact contributed to the reduction of the employment rate from 41.2% to 35.4% in the period.

The unemployment rate decreased from 5.8% in 2006 to 2.7% in 2008 in rural areas. However, in recent years this indicator increased to 5.4% in 2010 which is only 0.4 percentage points less than in 2006.

The difficulties the labour market had faced in rural areas led to a faster reduction of the employment intensity in rural areas. Thus, the employment difference in the two areas of the country becomes more pronounced and the gap is likely to deepen.

Demands and different socio-economic offers launched by the two residential environments, have led to the appearance of traditionalized activities and a social division of labour that separates urban activities profile from the rural one. Thus, areas of activity in two residential areas register significant differences in terms of population and employment structure. Trade is the activity in which the majority of urban

population is involved, farming predominates in rural areas.

Rural employment typology negatively influenced the income. Rather, it can be said that there is quite a close interdependence between the income level and structure and employment types in rural areas. Wages received by people involved in rural activities are less than the national average figure. Taking into consideration the fact that a big share of people is employed in agriculture, education, health and social protection one can conclude that the majority of the population employed in villages gets much lower wages than people in urban areas.

Available incomes of the population represent all the money and payments in kind earned from the employment activity and one's own account, commercialization of the agricultural production from auxiliary households, property income, pensions and other social benefits as well as other current transfers (including payments in kind and sums of money received from outside the household). Cash and payments in kind are the two types of available incomes.

Table 7. Evolution of available incomes of Moldova's population by the activity type, lei

Sources of the available income	2009			2010		
	Total	including the following areas:		Total	including the following areas:	
		urban	rural		urban	rural
Available incomes - Total	1166.1	1477.1	939.2	1273.7	1574.7	1054.7
including in % by the source						
The employment	45.3	58.1	30.6	42.6	55.2	28.9
Individual agricultural activity	8.9	0.9	18.0	9.8	1.3	19.1
Incomes from non-agricultural individual activities	6.5	7.2	5.7	6.8	8.4	5.0
Property income	0.2	0.3	0.0	0.1	0.2	0.1
Social benefits	17.5	14.8	20.6	18.7	16.4	21.2
Other incomes	21.7	18.7	25.1	22.0	18.6	25.7
From which remittances	17.0	12.6	22.0	16.8	11.3	22.8
The share of available incomes in the form of payments in kind, %	10.7	3.2	19.4	11.8	4.4	19.8

Source: developed by the author on the basis of the NBS data

According to the data of the Household Budget Survey, the population's average available incomes amounted to 1273.7 lei per month per person in 2010, it is 8.45% more compared to 2009.

Salary payments are the most important source of income, 42.6% of the total available income, their contribution decreased by 2.7 percentage points in comparison with 2009, but it increased if compared with the period 2006-2008. Social benefits are the second important source of income, they contributed to the

formation of the population's income in proportion of 18.7% or 1.2 percentage points more than in the previous year, in 2006 – 2010 there was an increase of about 5.5 percentage points. [2]

Revenues from individual agricultural activities accounted to 9.8% and those from individual non-agricultural activities - 6.8%. Money transfers from abroad (remittances) remain an important source of household income, their contribution was 16.8% or 0.2 percentage

points less in 2010 compared with 2009, but 3 percentage points more than in 2006.

Incomes in the form of cash are predominant in the structure of available incomes, their share amounted to 88.2% in 2010, and the share of incomes in kind was 11.8% of available incomes. In absolute terms, the average amount of income in cash was 1123.3 lei per month per person and 150.5 lei - income in kind. Compared with 2009, the share of incomes in cash decreased by 1.1 percentage points.

Thus, it was stated that the average income of the urban population was 520 lei or 49.3% higher than that of the rural population. Salary payments are the main source of income in urban areas, which ensured the share of the population income of 55.2% (58.1% in 2009) and social benefits - 16.4% (14.8% in 2009).

Salary payments are also the most important source of income in rural areas (28.9%), but its contribution is almost 2 times lower than in

urban areas. However, incomes from individual agricultural activities have provided 19.1% of the total available income.

The rural population compared to the urban one greater depends on the transfers from abroad, their share in revenues is 22.8% compared with 11.3% for urban population. Moreover, the rural population is characterized by a higher share of social benefits, their contribution is 21.2% compared with 16.4% in urban areas. [2] Incomes in the form of cash are predominant in the structure of available incomes, their share amounted to 88.2% in 2010, and the share of incomes in kind was 11.8% of available incomes. In absolute terms, the average amount of income in cash was 1123.3 lei per month per person and 150.5 lei - income in kind. Incomes in cash are 95.6% of the urban population income, their contribution is 80.2% in rural areas.

Table 8. Evolution of available revenues and expenditures of Moldova's population, lei

Years	Available income (average monthly figure per person), lei			Consumer expenditures (average monthly figure per person), lei		
	Total	Urban	Rural	Total	Urban	Rural
2006	839.6	1000.6	723.8	953.3	1100.7	847.2
2007	1018.7	1210.0	878.9	1119.1	1304.7	983.4
2008	1188.6	1463.3	987.0	1227.5	1475.2	1045.8
2009	1166.1	1477.1	939.2	1217.4	1512.5	1002.5
2010	1273.7	1574.7	1054.7	1371.7	1712.4	1123.8

Source: National Bureau of Statistics of the Republic of Moldova

The study reveals an increase of both revenues and consumer expenditures of the Moldavian population. Thus, in 2006 the average monthly available income was 839.6 lei per person, in 2010 it increased to 1273.7 lei or by 434.1 lei. This tendency is specific for both the urban and rural population. However, the growth rate of an average monthly available income per person in towns exceeds the income from the rural areas. In 2010 compared to 2006 the average monthly available income per person in towns increased by 57.3 percentage points while it amounted to only 45.7 pp. in rural areas. People with general secondary and specialized education receive lower incomes, they increased from 825 lei in 2006 to 1257 lei in 2010 in the analysed dynamics. People with basic studies and primary or no education receive the lowest income which reached 960 lei in 2010. [2]

According to the data, obtained during our study, average monthly consumer expenditures

per person exceed the level of the average monthly available income. Consumer expenditures increase together with the available income from 953.3 lei in 2006 to 1371.7 lei in 2010. Their growth rate also varies depending on the residential environment. Thus, average monthly consumer expenditures per person in urban areas in 2010 compared to 2006 increased by 55.6 percentage points, in rural areas – only by 32.6 pp.

In 2011 the average monthly consumer expenditures of the population per person were 1534.1 lei (the average monthly income – 1444.7 lei), having increased by 11.8% in comparison with the previous year. In real terms (adjusted to the consumer price index), the population spent on average 3.9% more compared with 2010.

The necessity for food consumption traditionally remains the biggest part of expenditures - 42.5%. An average person spent 18.1% (+ 0.3 pp) of the total consumer

expenditures for household needs and 10.4% (- 0.4 pp) - for clothing and footwear. Other expenditures were as follows: health care - 5.4% vs. 6.4% in 2010, transport - 5.2% vs. 5.0% in 2010, communications - 4.4% vs. 4.6%, household facilities - 3.6% vs. 3.9%, education - 1.1% vs. 1.3%, etc. The average consumer expenditures of the urban population

amounted to 1869.4 lei per person per month, consequently 584.2 lei or 1.5 times more than in rural areas.

It is interesting to analyse the structure of the average consumer expenditures in the Republic of Moldova and to evaluate the population's welfare at the same.

Table 9. Analysis of the structure of the average consumer expenditures in Moldova

	2008			2009			2010		
	Total	from which on average:		Total	from which on average:		Total	from which on average:	
		rural areas	urban areas		rural areas	urban areas		rural areas	urban areas
Average monthly consumer expenditures per person, lei	1227.5	1475.2	1045.8	1217.4	1512.5	1002.8	1371.7	1123.8	1712.4
including in %:									
food	40.2	42.7	37.8	40.8	43.8	38.1	40.8	44.1	37.8
alcoholic beverages, tobacco	1.9	2.4	1.3	1.8	2.2	1.5	1.8	2.3	1.4
clothing, footwear	12.7	13.7	11.7	12.2	13.0	11.6	10.8	11.7	9.9
household needs	16.3	17.1	15.5	16.2	16.8	15.6	17.8	17.3	18.3
household facilities	4.8	5.5	4.1	3.9	4.3	3.6	3.9	4.5	3.5
health care	5.6	5.3	5.8	6.2	6.1	6.3	6.4	6.8	6.0
transport	4.9	3.7	6.0	4.7	3.9	5.4	5.0	3.9	5.9
communications	4.9	4.4	5.4	5.0	4.4	5.5	4.6	4.1	5.1
entertainment	2.1	2.2	3.0	2.0	1.0	3.0	1.7	1.0	2.3
education	0.4	0.2	0.7	0.5	0.3	0.7	1.3	0.8	1.7
hotels, restaurants, cafes, etc.	2.3	0.8	3.7	2.5	1.1	3.7	2.2	0.6	3.6
various	3.9	2.9	4.9	4.1	3.2	4.9	3.8	3.0	4.5

Source: developed by the author on the basis of the NBS data

The average monthly consumer expenditure of the population per person was 1371.7 lei in 2010, having increased by 12.7% in comparison with the previous year (see Appendix, Table 4). In real terms (adjusted to the consumer price index), the population spent on average 4.9% more than in 2009. The necessity for food consumption traditionally remains the biggest part of expenditures - 40.8%. People on average spent 17.8% (+ 1.6 pp) of the total consumer expenditures on household needs, 10.8% (- 1.4 pp) – on clothing and footwear. Other expenditures were as follows: 6.4% vs. 6.2% in 2009 on health care, 5.0% vs. 4.7% on transport, 4.6% vs. 5.0% on communications, 3.9% on household facilities, 1.3% vs. 0.5% on education, etc. [2]

At average total consumer expenditures of the urban population amounted to 1712.4 lei per person per month, respectively 588.6 lei or 1.5 times more than in rural areas.

The population spent 37.8% of monthly consumer expenditures (38.1% in 2009) on food in urban areas and 44.1% (43.8%) - in rural areas. People in urban areas spend more on household needs (18.3% vs. 17.3% in rural areas), communication services (5.1% vs.

4.1%), recreational services (2.3% vs. 1.0%) and hotels, cafes and restaurants (3.6% vs. 0.6%).

Money expenditures dominate over expenditures in kind in the structure of total consumer expenditures - 89.1% and 10.9% respectively (see Appendix Table 4-6). Expenditures in kind in urban households (4.0%) are most often represented by the consumption of free food received outside the household (relatives, social benefits, etc.). 18.5% of expenditures in rural areas is the consumption of products produced as a result of individual agricultural activity.

CONCLUSIONS

Poor social and economic conditions of rural areas, resulting in the forms related to the transition to a market economy, caused a decrease in the population number and natural population growth and an increase of the final immigration, which have a negative impact on employment indicators.

Rural areas continue to be unattractive for employment. This fact is determined by several factors. One of the key factors is the narrow

range of occupations and professions required. Therefore, many of the young people who study at institutions of secondary specialized and higher education in towns can not and do not want to return to their native villages, because they can not find a job by occupation there and their education turns into unjustified investment in human capital. [4]

Taking into consideration the specific nature of economic activities in rural areas, seasonality has a crucial influence on employment indicators. Thus, the activity of the labour market is manifested in the second and the third quarter of the year, i.e. in the periods of the year when agricultural work can be done - the main activity in rural areas.

One may also observe a decrease in the share of people employed in agriculture against the background of the employment level decrease in rural areas. However, the share of people employed in agriculture is impressive so far - 50% in 2009. Nevertheless, the share of people employed in agriculture in rural areas is steadily decreasing. [2]

Traditionally, rural unemployment is at a lower level than in urban areas. This fact is, firstly, determined by the specific employment character in rural areas, where the majority of the population is self-employed, including private auxiliary households for own consumption or sale, or it is not present in the labour market at all. However, in recent years one can observe a steady increase in unemployment against the background of the decrease of both economically active population and the employed in rural areas.

Unemployment in rural areas, like other occupational indicators, is strongly influenced by seasonality. One can note that the number of the unemployed grows mostly during the cold season, when agricultural work, the main activity in rural areas, can not be done.

Incomes of the urban population are higher than those of the rural population. Salary payments and social benefits are the main source of income in urban areas. People who live in rural areas are to a larger extent dependent on money transfers from abroad than the urban population.

To restore the situation one needs to diversify the occupational structure in rural areas in order to ensure a better use of human potential in rural areas, diminishing the role of agricultural activities in the rural areas economy and reducing the brain drain intensity.

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