

REGIONAL ECONOMIC DEVELOPMENT AS A SUSTAINABLE GROWTH PARAMETER -NORTH-WESTERN REGION OF ROMANIA

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Rezumat

We are today in a new approach regarding the impact of economic development on our lives. The paper illustrates the importance of the planning and organizing processes in the management of dynamic changes at present time, approaching the multi-perspective analysis of the North-Western Region of Romania, to illustrate the necessity of a modern efficient managerial activity in all its aspects, such as administration, finances and economy, within the context of regional development, as vital aspect concerning Romania's membership in the European Union.

Key concepts: region, economy, development, planning.

JEL classification: R5, R50, R51, R52, R53, R58, R59

PROLOGUE

Confronted with new challenges induced by complex and dynamic change that occur in nowadays societies, we are forced to continuously react and make the best possible decisions both regarding global welfare as well as the effective and sustainable usage of resources.

The planning and organization of those activities that lead to the fulfillment of the objectives mentioned above, represent a basic element. The planning process is meticulous and extremely well thought, allowing the bottom up and the top down approach to harmonize and translate into concrete measures and actions while implementing the undertaken goals, at regional level.

The basic elements of management in dealing with the dynamic and complex changes that occur nowadays, in the context of regional development, are the processes of planning and organization. This happens because action and decision-taking represent a constant necessity due to the transformations that occur at regional level, as a byproduct of resources transposed into development opportunities. Such aspects impose a modern management, in what concerns the administrative, financial and economic aspects.

The planning process is the very first pillar in the usage of resources, the establishment of action priorities, in order to assure the dynamic and vitality of regional vitality. Such identity is analyzed taking into account different indicators, such as the North-Western Region of Romania.

The need of an effective administration, of a transparent structure for the economic and social progress, of cohesion and regional growth imply a proper employment of European funds, emphasizing more distinctive sequences and strengthening the strategic axes of development, as technology and innovation.

“Based upon regional specialties, resources, will local development can be determined”². Starting from this approach, the present research outlines that at local level substantial efforts are made in order to find the best ways and means of transposing the existing resources into concrete development opportunities.

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²Radu Cristian Barna, “*Regional Economy*”, Editura Fundatiei pentru Studii Europene, Cluj-Napoca, 2008.

“Men through their will can induce radical change to the region they live in, being able to utterly change habitat and life style.”³ In the North-Western region of Romania both in the planning stage of the 2007-2013 structural funds as well as the present stage of preparation of the next planning cycle that regards 2014-2020, substantial efforts were made in the field of analysis and development prioritization.

“In order to make Romanian regional development an effective instrument attainment of convergence and economical and social cohesion, the national and regional authorities ought to assure a modern and successful management from an administrative, financial and economic point of view. At administrative level should be assured the technical expertise of economic development strategy on behalf of the five classical criteria: planning, implementing, monitoring, evaluating and control with a view to established objectives. In what concerns the financial aspects, all European interventions must be co-financed out of national resources, which imply political will, when national budgets are already balanced in terms of incomes and outgoings. From an economic point of view it is important that major investments, with great regional impact, financed by the European Union, do not replace national investments, both in the public sector as in private sector.”⁴

Consequently the planning process becomes essential in what concerns the intelligent usage of resources and the establishment of development priorities.

“Regional identity, according to Gustav Zikeli, is dynamic and alive. The region does not represent a bare physical environment and cannot be reduced strictly to tradition. Faraway from the concept of region seen as museum [...] the political alternative that Zikeli gives remains valid: society democratization and political practices that are assumed based on traditions.”⁵

On behalf of the above statements it becomes evident that the identity and specificity of each region is unique, and therefore must be treated as such.

County configuration of the North-Western Region of Romania:



6

³Ibidem.

⁴Valeriu Iuhas, “*Economical and regional development-social and economic implications*”, EMIA Publisher, 2004.

⁵Edit Szegedi, *Regionalism and national-socialism*, Coordinator Ladislau Gyemant, European Studies Foundation Publisher, Cluj-Napoca, 1999, p. 28.

⁶www.nord-vest.ro

We shall exemplify a short presentation of the administrative-territorial structure of the region in the following table.

Indicators	North-Western region (North Transylvania)	Romania	Percentage at national level - %
County number	6	44	14,6
Number cities - of which towns	42 15	314 103	13,4 14,6
Number of commune	398	2827	14,1
Number of villages	1802	12.957	13,9

Table 1 – administrative-territorial structure of the North-Western Region of Romania, North Transylvania, 2004.⁷

In order to be more accurate we shall exemplify the evolutions that occur at regional level in the north-west of our country as well as the way in which the polycentric theory is applied in our region.

At regional level there is a need for a greater involvement of the public sector in the process of decision making and for strengthening real social dialogue with the civic sector. As the planning exercise usually implies more aims, a common request ought to be the capacity of being aware of the strong necessity of focusing on those actions that are able to create a competitive advantage for the region.

Although there is a light tendency of GDP (Gross Domestic Product) increase, the North – Western Region of Romania is typified by the preponderant presence of industrial and agricultural activities, which make the region vulnerable when confronted with challenges. More even this region is characterized by low work productivity, weak product quality, and high energy consumption. These features make local economy to be insufficiently prepared to face challenges.

The weak development of services and the low scale informatization are also important factors that influence the economic evolution of the region.

In the field of services, tourism comes to the fore due to its natural and anthropic potential. The region, famous at national and international level, is equipped with large amount of accommodation structures and promising latencies in different forms of tourism such as thermal, cultural, mountainous, rural, woodcraft and religious tourism.

At regional level we face rural areas, especially the mountainous ones, that have old or inexistent utility infrastructure and undiversified economy based on the so called “subsistence farming”. Anyway to cope with these inconspicuous aspects there is well known tradition in the field of handcrafting.

“Compliant to the criterions of OECD, The North-Western region of Romania (North Transylvania) is a significant rural region that has an extent of ruralization higher than the national average, with a percentage of rural population of 47,2% of the overall population (2004), presenting a tendency to decrease in comparison to the previous years.”⁸

Obviously when we talk about population, we talk about regional demography.

The region registers a negative demographic evolution, a living hope of 70,56 years and a very high external migration, especially in the field of high qualified labor. The level of welfare quantified as GDP/resident in terms of buying power is of 27% according to the scale UE-25.”⁹

⁷Statistic yearbook of Romania, 2005, INS.

⁸www.nord-vest.ro- North Transylvania Regional development Plan 2007-2013.

⁹Ibidem.

The present work gives a great importance to the polycentric development policy embraced by the North-Western Region.

“The region along with the other regions of the country adopted a polycentric model of development, a development policy sustained by a network of cities with role of development poles and which emphasizes the economic growth through a functional specialization of the territory.”¹⁰

This is why a series of towns like Cluj-Napoca, Baia Mare, Bistrița, Oradea, Satu Mare, Zalau, sustained by a number of “*urban centers*” already started to implement the regional polycentric development policy.

As we think that only by properly analyzing the facts we can better outline the regional elements implied in order to face the challenges of the future, we shall take a glance at the most relevant regional indicators.

Region	GDPR 2001 (mil. €)	GDPR 2001 (mil. PPS)	GDPR/ resident 2001 (PPS)	GDPR/ resident 2001 UE-15+ SC= 100	GDPR/ resident 1999- 2001 (PPS)	GDPR/ resident 1999- 2001 UE- 15=100	GDPR/ resident 1999- 2001 UE-15+ SC= 100
North-West (North Tranylvania)	5277	15017	5290	24,4	4858	21,6	23,8
Bucharest – Ilfov	9601	27320	12042	56,6	10360	46,1	50,7
Center (center Transylvania)	5544	15776	5977	28,1	5538	24,7	27,1
North-Est. (North Moldavia)	5511	15681	4088	19,2	4235	18,9	20,7
West (Banat)	4341	12351	6079	28,6	5646	25,2	27,6
Romania	44.887	127729	5700	26,8	5305	23,6	26,0
Eszak-Alfold (Hungary)	5887	12454	7978	37,5	7195	32,0	35,2
Del-Alfold (Hungary)	5606	11859	8612	40,5	8063	35,9	39,5
UE-15	8863777	8863777	23338		22449	100,0	
UE-15+SC	9282025	9667767	21288	100,0	20433		100,0

Tabel 2 – GDP Regional evolution (GDPR)¹¹

We shall now explain some of the notions utilized above:

PPS-Standard buying power- it is an artificial, common currency unit, utilized by the European Unit in order to express aggregated economic volumes in order to allow spatial comparison in such a manner as to enable the eradication of price differences between different countries.

Aggregated volumes in PPS are obtained dividing their initial value, expressed in national currency unities, by the respective Parity of the Buying Power (PPP).

¹⁰Ibidem.

¹¹Statistics in focus 2001 – Eurostat, Luxemburg

In this way, PPS buys the same volume of given goods and services in all countries, while different amounts of national currency units are necessary in order to buy the same volume of goods and services in different countries, based upon the level of prices.

We have highlighted just a few of the essential and descriptive elements of the analyzed region in order to point out the state of things and the potential opportunities that can be developed in this region.

“Three elements emerge at regional level as majorly important: the physical infrastructure, the human resources and the productive sector.”¹²

These elements are the pillars of development and are extremely important as they are responsible of mirroring reality and delineating the features of the future.

As we find ourselves in front of a new cycle of financial planning (2014-2020) we have the possibility if not the duty to talk about our regional aims, goals and aspirations for the years to come.

In order to delineate the regional development plan, which is an instrument operated by North-Western Regional Development Agency, we propose an updated analysis of the region. This is a mechanism that allows the projects proposed by the partners that operate in the region to take shape and finally materialize into concrete actions, in order to reach the targets in the field of sustainable economic growth, increment of social welfare, competitiveness and innovation.

”The 2020 European Strategy highlights the role of the cohesion policy as a key modality of assuring intelligent, sustainable and inclusive growth both at regional as well as European level. The strategy counts upon three independent areas of great importance that generate mutual support and interaction: intelligent economic growth, the development of an economy based on knowledge and innovation; sustainable economic growth that promotes a competitive economy; and inclusive economic growth that promotes an economy with a high degree of employment and assures social and territorial cohesion.“¹³

This is how a challenge represents the building of that demarche of mutual support between partners and the corroboration of sustainable economic growth.

An efficient administration of transparent structures is the essential pillar of economic and social progress as well as of cohesion and regional growth. Some of the elements that lead to cohesion refer definitely the proper usage of UE funds and imply more stages: projects preparation, projects implementation, funds programming in view of developing sustainable projects, implementation structures and levels of projecting and programming, proper funds employment and financial control.

EPILOGUE

Nowadays in Romania, regional structures do not have local autonomy and are not recognized as administrative structures. They are seen only as regional coordinating structures representative of central level policy upon which are dependent in lack of local autonomy.

The needs are extremely diversified, and solutions are not at hand. There is no national forensic frame in support of the partners that could link together business and administration, which definitely represents an obstacle in the way of local development. Business environment does not have enough facilities in order to make the regions become attractive, and administration cannot count upon enough resources therefore it is enable to make economic investments, as the great majority of investments are in the field of comfort

¹²Applied Economy Group-GEA

www.gea.org.ro/documente/ro/clustere/fundamenteteoreticevalentincojanu.pdf

¹³Panorama Magazine, n.34, Summer 2010, Available at URL www.ec.europa.eu/regional_policy/sources/docgener/panorama

augmentation and the increase of life quality, leaving aside profit generating investments and the labor market.

The traditional centralized system confines our present view of economic development. On the one hand fear abridges our will to act and on the other hand there is the impossibility to act due to system obstructions, as some sights, ex industrial zones, are still property of the central structures and the administration and local business environment cannot accede to them. Such sights are maintained property of the central structures without them ever producing any kind of profit and with great environmental damages, implying physical and visual pollution, therefore blocking economic development and urban integrated growth.

The dynamic and structural change of local and regional economy is based gross line upon the identification of capital accumulation processes which stimulates growth brings up the issue of cost reductions. This according to the neoclassical theory leads to the sustainable state growth and therefore this is the way we should look at the present development evolution.

Technology and evolution represent strategic axis that guarantee technological progress and the growth of regional competitiveness. This is why the role of the public authorities is to create and develop a simulative frame for the unreeling of the CDI activities and in order to support the transfer of the obtained results towards the business environment.

The final aim of local economic development tends towards the promotion of job placement opportunities in those sectors that stimulate communitarian benefits.

The lack of a tenacious public-private partner, the recent elaborated legislation, the lack of models of good practices, the lack of confidence and capital deprives the defective areas of a sustainable economic development, although many of them dispose of resources.

Some resources are not correctly identified and the polity of the fields and buildings put the region in the impossibility to access funds allotted for modernization and ingress into the economic circuit.

The new world crisis makes assiduous the runaway of investors. Also investors tend to be more cautious and prudent in what concerns potential investments. And last but not least we ought to remind the fact that some sectors simply became unattractive in the settlement of the new world order.

Against this background mankind remains in a state of perpetual kneading and fluster.

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