

THE THEORETICAL AND PRACTICAL ASPECTS RELATING TO THE CAUSES OF REGIONAL DISPARITIES IN ROMANIA

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Abstract

The main purpose of this study is to reveal, from theoretical and especially from practical point of view, the main elements that resulted in the gap between the Romanian development regions. At the same time, the paper proposes to see the current stage of regional economic development, also searching to propose a series of reliable solutions for reducing the disparities between the Romanian development regions. Statistic data were received from the National Statistics Institute (Statistic Yearbooks) as well as from Rural Development Agencies, and the analysed period corresponds to years 2000- 2009.

Key words: economic development, economic cohesion, convergence, regional disparities

JEL Classification: R10, R11,R13,R51,R58

1. Introduction

Regional development is an economic and social development process in a certain region, for purposes of increases the level of life quality. It follows to boost and diversify economic activities, to stimulate investments in the private field, to make a contribution to the decrease of unemployment rate and not last to result in the improvement of the living level. This can be achieved only based on economic growth, capitalizing proper resources and the role of regional economic and social development actors[1].

Regional development was promoted by the European Union, in whose understanding, regional level means an administrative level which has its place in the administrative hierarchy of member states on a position which is lower to the central level. In Romania, regional development occurred as a necessity, on one hand, for correcting the existing regional gaps, and for taking over and applying the legislation of the European Union in this field on the other hand[7].

Unbalances evolution is influences by high specialization, which results in the increase of the concentration level in certain areas which provides favourable conditions, avoiding other areas, which are closed, isolated or difficult to access. We can say that high level and increased dynamics of national activities tend to reduce the concentration level, while specialization and the other sociologic and cultural factors allow to differently distribute activities in space[2].

By enlarging EU from 15 to 25 states in 2004, its surface has increased by 23%, the population by approximately 20%, but the GDP/inhabitant has decreased by 13%, and regional disparities have doubled. Most of the areas left behind are in the eastern extremity of EU, which was revealed with the accession of Romania and Bulgaria in 2007[3].

2. Aspects regarding regional disparities in Romania

Romania's population continues to decrease, it is affected by the aging phenomenon, which can be noticed in most of the European Union Member States.

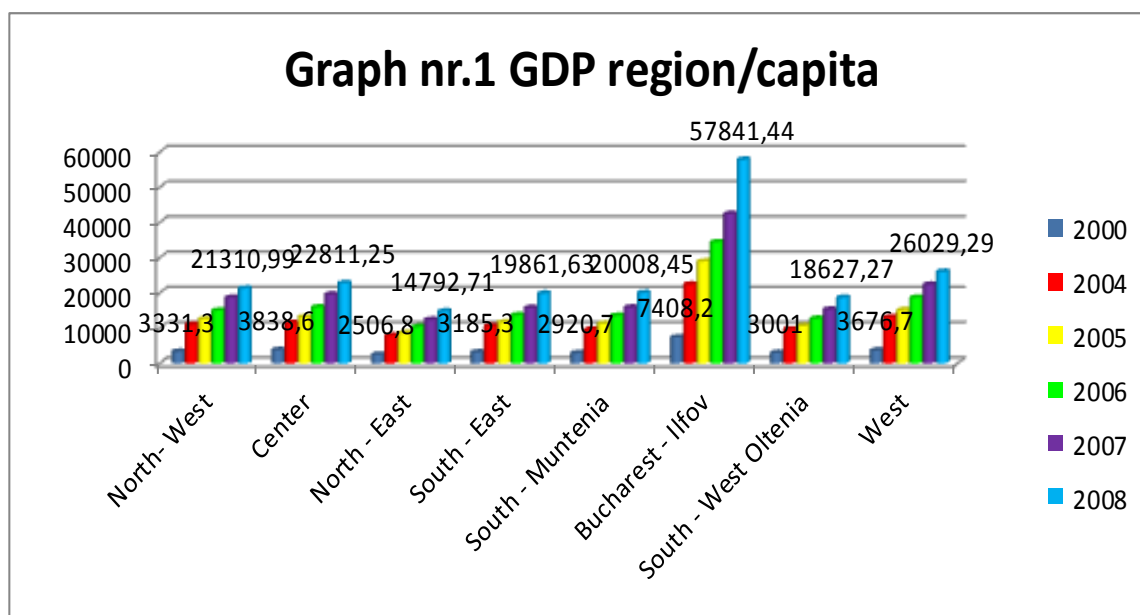
After 1990 urban population has recorded a continuous decrease in all the regions of the country. We are facing a delay of the urbanization process. The main cause of urban population decrease was migration both towards rural areas and outside the country as well. This was determined by economic decline, which made the inhabitants leave their cities – especially the young population – towards urban centres, in searching for more tempting jobs, a better infrastructure and a more interesting and attractive living style.

Migration towards rural areas is recorded at the level of the population over 50-60 years old, especially the population fired from state enterprises, which did not manage to redirect themselves towards jobs wanted on the labour market, having to return to the rural areas where they develop activities that provide their living[5].

The largest migrating dynamics was recorded in the north-east region, within the context of drawing laid off workforce in the mining region from Valea Jiului and in Bucharest – Ilfov Region, whose dynamics is determined by the presence of the capital city, characterized by increased migrating flows.

Economic growth has followed a west-east direction, western markets proximity acting as growth spreading factor. Although statistic data has had some oscillations in time, due to local factors, we notice the way in which economic growth has had a significant geographic component, underdeveloped areas being concentrated in the north-east, at the border with Moldova and in the South, along the Danube. Underdevelopment is correlated mostly to unemployment and with the preponderance of rural activities, as well as with the incapacity to draw direct foreign investments[4].

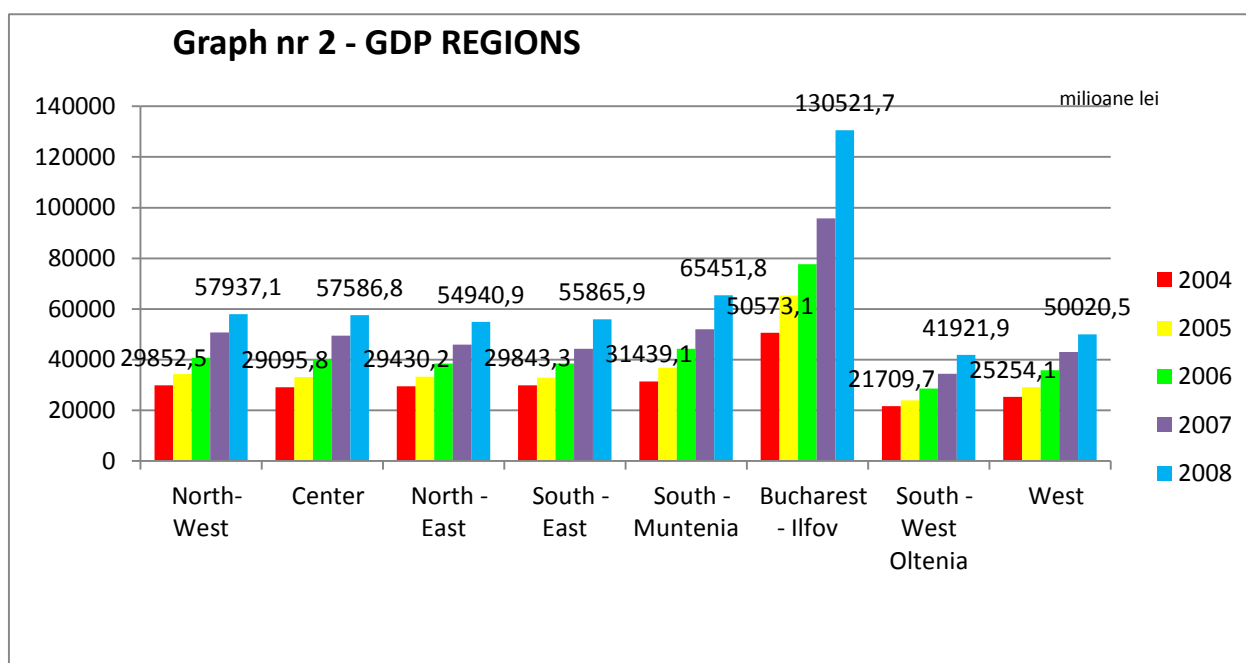
The eloquent indicator, for determining the economic development level is represented by gross domestic product per inhabitant. Bucharest – Ilfov, West and Centre regions are among the most developed regions of the country, occupying the first three positions regarding the GDP/inhabitant; West region has over 110% of the GDP/inhabitant at national level, resulting in a high level of economic development of the region. West region is the only region in the country where the disparity index of GDP/inhabitant in comparison with the national average has had a positive evolution in the period in which they remained without a job[3] (aspects revealed in chart 1).



Source: Statistic Yearbook of Romania 2004,2006,2008,2010;

In these conditions, the oscillations of population evolution are a consequence of population migration. The north-east region has the lowest regional gross domestic product per inhabitant, which reveals that the region has the highest level of poverty. The north-east region is included in the group of the poorest regional development regions which also comprise: South-East, South Muntenia, South-West Oltenia and North-West, they recording values between the national average of the presented indicator.

As far as the contribution of every region to national GDP formation is concerned, there are few significant aspects (chart no. 2). South-west Oltenia and West regions had the lowest participation share in the national GDP. The west region is on the seventh place among the development regions in the country regarding the size of the Gross Domestic Product. It contributes by 10% to the creation of Romania's GDP. The explanation of the small value of this indicator at the level of West Region consists in the small sizes of the West region in comparison with the other regions in Romania. On the contrary, the West Region, which is seventh from the point of view of its contribution to GDP formation, is second regarding the GDP per inhabitant, as well as the Centre Region, which indicates a better work productivity[3].



Source: Statistic Yearbook of Romania 2004,2006,2008,2010;

The performance of the productive system appreciated from the point of view of work productivity is the highest in Bucharest – Ilfov region and the lowest in North-East region. The most dynamic regions are considered the West region and Bucharest-Ilfov region which exceed the average level of work productivity. At the level of macroregions, the lowest GDP is in microregion 4, where employment level is the lowest, and the largest part of GDP is in macroregion 3 where employment is the highest.

Bucharest – Ilfov region has a developed economy, most of the population being employed in the third field, for most of the other regions, the structure is atypical, agrarian – tertiary which reveals a non-performing productive system, with a strong differentiation of incomes towards the tertiary field. The north-east development region has the highest level of population employment in agriculture, confirming the lowest level of GDP/inhabitant.

We can also speak of a “qualitative” increase of regions gross domestic products, the weight of agriculture and forestry decreased, while the weight of services increased in the analysed period;

The western and north-western area had a relatively high percentage of foreign contribution to companies capital, due to traditional exchanges and area behaviour which is continuously adapting to the international business environment. Foreign capital was concentrated more in Bucharest-Ilfov areas, West, South-East and Centre regions, Centru, which has had a positive effect on labour markets from these regions, on the permanent creation of qualified workforce and in the development of business services. Bucharest-Ilfov areas has drawn over 60% of the total direct foreign investments achieved in Romania. Highly qualified workforce availability is an important factor of investments localization[3].

All these aspects along with the extended economic crisis in Romania, as well as by the layoffs from the national industry have generated the loss of jobs and chronic unemployment in most of the regions of the country; the low absorption capacity and the pressure exercised on the labour market, determine more and more young higher studies graduates to leave the country.

3. Aspects of regional gap

The gap between the levels of development of the various regions are the result of their differentiated endowment with natural resources and human, as well as relatively specific personnel development (economic, technological, demographic, social, political, cultural) that have shaped the development of the course of history. This led to the dominance of agriculture as an economic force in regions where climatic conditions were favorable, the heavy industry in areas where resources were found for iron ore and coal and the concentration of branches in the service sector in the administrative centres[3]. These consequences are felt in full today, when all

the counties are facing economic problems and in particular with issues relating to the restructuring of the industry[4].

Between the major causes that have led to increasing disparities we can remember:

- ✓ location and the extent of foreign investment in the development regions;
- ✓ loss of competitive capacity of enterprises both on the internal market and external, physical and moral wear accentuated technologies (especially in regions located in the eastern part of the country).

Regional differences remain between regions in Romania. In our country, as in the case of other countries we are members of the European Union, it is evident that a structure of Center-periphery self-sustaining growth fastest of the regions surrounding the capitals due to: investments that prefer developed areas, labour migration, government intervention in the more developed regions to get a growth rate at the national level higher. The results of the convergence study reveals lack of convergence between the regions, the differences between the income of the regions tending to increase, which means that some regions make up the powerful attraction poles that absorb increasing amounts of capital and manpower quality of the less developed regions[5].

The Romanian economy has some features that put in question the character of its national and regional policy issues for which we must find solutions, the quality of the economy that is necessary to integrate the productive system of the EU[3]:

- ✓ Regional development in national space characterized by disparities;
- ✓ A sectorial structure inferior and distorted;
- ✓ Aging and declining population;

The European Union supports the reduction of disparities between different regions of the Member States to ensure that all regions and their inhabitants to reap the benefits of the economic and social Union. This is done by stimulating the development of regional development strategies and financial support to development programmes in regions lagging behind. Romania has significant funds allocated by the European Union cohesion policy within the European Union. If it is properly valued and used this opportunity to contribute to the economic development of our country and to recover the gap towards the Member States of the European Union.

4. Conclusions

In this context, we have to promote a regional policy meant to decrease the regional disparities in the national space and, at the same time, those compared to the countries of the European Union. The variants of regional policies have the variables of productive system, workforce resources and double economic meaning space: natural environment and created environment, as an environment of economic and social life[3].

The option for a regional policy is determining for the structure of national economy and consequently for the possibility to capitalize the productive potential and especially work resources. Demographic policies, professional training policies and employment policies are different from the point of view of regional policy finality.

Adequate for Romania there is a formation and development policy of an agrarian-industrial structure of the national and regional economic system. Such a policy has to be associated with policies for stimulating birth rate, for decreasing workforce migration, for changing the structure of professional training, for professional reorientation, for developing managerial skills.

Such an approach also supposes a domestic regional policy, as an alternative for the des-industrialization process and for stabilizing the migrating population.

The solution could be reconsidering the role of the rural space in regional policies which does not mean the increased on population employed in agriculture. Rural development policy requires the need to reorganize the field of agro-alimentary production by promoting producers' association, by establishing efficient agrarian-industrial areas through dimension, competitiveness and accessibility to the financing resources of the European Union.

A tertiary field is simultaneously developed in association to behaviour changes and aspirations of the population, as a result of regional economic growth and implicitly of available incomes. There is also the need to concentrate the material and financial resources for creating the necessary infrastructure, as a part of the space considered a created environment.

The consequences of such a regional policy variant are: the increase if employment, incomes and goods and services demand; welfare increase; demographic dynamics beneficial for the future.

In conclusion, regional development policies have to be associated with structural and field adjustment policies, with effects in competitiveness increase, stimulating in the complex process of economic unbalances removal.

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