

PRIORITIES IN REGIONAL DEVELOPMENT IN ROMANIA

Associate professor PhD **Mihai POPESCU**
"Ștefan cel Mare" University of Suceava, Romania
Faculty of Economics and Public Administration
mihaip@seap.usv.ro

Abstract:

This paper attempts to bring answers to some questions that are born , more quickly , on how Romania manages to cope with EU requirements . The paper does not claim to treat exhaustively the proposed issue , but attempts to present a balanced and understandable manner the decisive role that regional policy plays in the effective implementation of Europe 2020 , based of the situation in Romania.

I chose to approach this subject as, besides being a very topical theme, which continues debate is a table of positioning Romania in the European context , not only economically , regional policy and strategy since 2020 applied to Romania's case highlights the disparities between our country and other parts of Europe.

Key words: regional development, strategies, national objectives , economic restructuring

JEL classification: O11, O47, P25

1. REGIONAL DEVELOPMENT IN ROMANIA

Romania has tried since 1989 to build a regional development policy, the fundamentals both internal and external. Internal reasons economic weakness of a region that has been severely affected by the transition period following the exit from communism. Such weakness was not tolerable, since it could easily degenerate into political and economic instability, leading in this way to create major obstacles for the entire national development [1].

External reasons were related to Romania's aspirations to join the European Union in 2007, a process which involved numerous changes at multiple levels, including regional development. Regional policy in Romania has no tradition, no formal or documented. It is possible regionalization to affect the very existence of the nation state, and this could be one of the reasons the 8 regions were simply drawn on the map Romania to meet European integration requirements (regions should have about the same territorial expanse roughly the same population) in an attempt to avoid possible historical factor.

Regional policy in Romania has started to develop simultaneously with Phare [2] in 1996. However, a legal basis has been developed only in 1998, with the adoption of the Law on Regional Development (Law 151/1998 and Law 315 / 2004), which brought some clarification on the situation of the 8 regions, associations considered "voluntary" local administrative units) and on the institutional framework on regional policy.

The negative consequences of this organization equalizers centralized and Romania were felt immediately after the fall of communism in 1989, when some economic and social changes and some reforms were inevitable. During the transition period that followed it was preferred "shock therapy" to the detriment of gradual change and resulted in the acceleration of privatization, liquidation of bankrupt companies, price liberalization, reduction of customs duties, foreign investment promotion etc. Some policy areas where restoration was tougher were affected by an economic and social decline and is facing extreme environmental degradation, high rates of unemployment and very low living standards. The deepest and most obvious discrepancies in Romania after 1990, given the changes in structural terms were between urban and rural areas.

Romania's main problem was the fact that this restructuring targeted a "cleansing" of the economy unprofitable activities, without however doubled up activities to stimulate economic growth. The result was producing more negative effects.

Poorer regions have suffered a rather forced and artificial industrialization during communism, which meant also that the regions concerned have been most affected by the transition, once the industry was not producing profit that was totally closed in 1990. These regions are located in the northeastern part of the country - the historical region of Moldova - and south - Plain Romanian agricultural region. In terms of average income and unemployment rate, Moldova and Muntenia are the poorest regions, while Transylvania and Banat are the most extensive and Oltenia, Maramures is characterized by a medium level of development. It should also be mentioned huge discrepancy between the Bucharest - Ilfov and all that, as in all capital domeniil attract investors and has a rapid level of development.

Current Discrepancies in Romania are both regional (between the 8 regions), corresponding to level II established Nuts and intra (between counties included in each region), corresponding to level III established Nuts. Nomenclature of Territorial Units for Statistics (Nomenclature of Territorial Units for The Statics) is a hierarchical system to divide the economic territory of the European Union. Level II is a population between 800,000 and 3,000,000 inhabitants and level III - a population between 150,000 and 800,000 people [3].

Therefor, Romania's regional policy was outlined only to meet financial assistance by the European Union. We may wonder whether Romania has indeed a coherent public policy of this mechanism (given especially politically), as experience has shown that member states with a tradition in regional development have been implemented better and even users Best of financial resources received from the European Union.

2. THE CURRENT SITUATION

2.1. REGION, REGIONALIZATION, THE IMPACT OF REGIONAL POLICY

Creating European Union has meant a reaffirmation of the role of the national state, which has eroded the powers degree. The boundaries, both internal and external, were redrawn and the decision has not been the prerogative exclusive, national governments, acting alone or in tandem with each other.

Regions, once defined, although they were formed on administrative criteria, tend to build up a certain identity and become functional regions. In other words, the actors tend to evolve towards regional cooperation and interdependence with other actors positioned in the same region. For example, public corporations tend to include organizations from a single region, entrepreneurs tend to seek contractors in one region and rely solely on the existing workforce in the region.

Regionalism can be of several kinds: political (Spain and Italy), incorporated (the unitary state is formed by unifying several states retain their individual characteristics), various (regional administrative structures are not based solely on political or territorial criteria, but on the basis of language and culture), classic (France, where regions are the result of decentralization), functional (for Greece, where the regions are simple district state administration) and cooperation (for Romania [4], with regions the result of cooperation between local authorities).

One controversy is linked to this regional policy promoted by Romania, referred to as "artificial" because of the way the definition and delimitation of the regions, whereas the geographic dimension is not necessary to draw a region. Its limitations should be a social decision, based on one or more criteria. Of these, the most important are: [5]

- features Spatial / Geographic Region consists given certain special geographical features; for example: the Black Sea
- social features: language, religion, culture, nationality
- politico-administrative features: the limits of the region are set according to a certain rule; for example, regions should have similar size
- economic characteristics: the regions is based on a certain type of economic activity.

Romania had a chance to become an EU member in 2007. Although accession of Romania involves numerous rights and benefits, it also involves obligations on Member statului-. Romania

should be aware that regional policy will bring the expected benefits if and only if it will be released in connection with another comprehensive policy, national development and the overall development policy of the state. In the absence of other mechanisms, regional policy will not have the expected effects. Regional development must be a partnership between government, business and community.

In Romania regionalization is directed to decrease disparities between regions, it should be taken into account that poorer regions are less able to absorb funds and, moreover, if they obtain, use them effectively. If local skills cannot themselves generate progress and prosperity, viable solution is to be given assistance to develop their skills in creating solid income from economic activities.

It is also important to note that the intervention is not always the optimal considered that would allow maximizing the benefits and minimizing the negative effects, but is still kept as a reference rural- urban limit.

The eight development regions are not administrative units and there remains the question of whether they really are the most effective way of dividing Romania. The current structure cannot be changed, since Romania is obliged to maintain this form of territorial division during the implementation period 2007-2013. Any change to the structure is a complex process that requires consultation with all the agents involved, including the European Commission.

The success of a region will depend ultimately on its ability to self-organize and organize players around common goals, to adapt and adjust according to external pressures. Source development of a region is to the region itself, in its people, its institutions and, most importantly, its innovative spirit and entrepreneurship of the region's population.

2.2. REGIONAL COMPETITIVENESS AND ECONOMIC AGGLOMERATIONS

The idea of regional competitiveness has become topical in the context of globalization, as the flow of goods, capital and labor around the world has become a reality. Investors are attracted to regions where human capital is well prepared and where labor cost is at a fair.

According to B. Gardinier (2004), there are three main sources that determine regional competitiveness: infrastructure and accessibility, human capital and environment.

The current trend in Romania to keep up with the pace of globalization is creating economic clusters. An economic agglomeration is a geographic concentration of interconnected companies, suppliers of services, firms in fields related or associated institutions (eg universities, standardization agencies and professional associations) in certain sectors, who are simultaneously and competitors and collaborators. In the European Union as an example of such clusters can be given: Alsace-Ruhr steel industry or the chemical industry in Basel. If we consider the case of Romania, we can talk Galati shipbuilding industry, the timber industry in Mures, Bukovina's tourism industry, the automotive industry in Arges etc.

There are two main causes that lead to the creation of economic clusters in Romania. The first case relates to soil, climate, water waterways, in other words, regional facilities can not be changed. The second category of cases are related to the chosen location circularity, through this understanding that businesses want to be where there are large markets and large markets will be where the companies are located. Economic clusters and trade are inextricably linked. Romanian companies will try to focus activity close to the main markets, which will enable them to reduce production costs due to external factors, and transport costs.

The link can envisage between regional policy and economic agglomerations is: clusters is a key factor of economic growth, but it is important to note that they will not automatically lead to reducing disparities between regions and cohesion.

Applied Economics Group (The Group for Applied Economy) considers that Romania has a dynamic business environment and a substantial competitive potential, but also a limited capacity for monitoring and evaluation of the advantages actions. The lack of a legal framework to empower action and discretion regions is perhaps the biggest barrier to decentralization.

In conclusion, it can say that the EU is in constant motion. The process of integration of Romania into the Union has been slow and full of difficulties and the integration has changed the direction of economic integration to one that includes more social and political opportunities.

As regards regional policy programs designed to eliminate poverty must take into account that the poor are not able to achieve an effective absorption of European funds, as neither are unable to manage or use them. By offering substantial amounts of less developed regions, you might miss some important opportunities in more developed regions.

The main challenge for Romania is to be able to make an effective tool for regional development, economic and social cohesion. Although cohesion can only be achieved through regional development, according to the European Union, it remains the most important instrument.

Regional policy is a financial mechanism put into practice the principle of solidarity and social cohesion and interregional economic efficiency resulting in a redistribution of income. Regional policy makes it possible meeting in the same place at the same time the three factors needed for development (territorial resources, human resources and capital), given that these factors can not always be found together.

3. EUROPE 2020 AND DEVELOPMENT PRIORITIES

Europe 2020 will feature three priorities: smart growth, sustainable growth, inclusive growth and of course the crisis. She also brings some significant news. First, the Europe 2020 strategy stimulates a new kind of growth (smart, sustainable and inclusive) by increasing the powers and strengthening education throughout life, fostering research and innovation, the use of smart grids and smart digital economy, modernization of industry, to promote a more efficient use of energy and resources.

It also aims to strengthen governance by regular monitoring and transparent decision-making at the highest political level - the European Council. The Commission will lead this process and will use all the new tools introduced by the Treaty of Lisbon: recommendations, warnings and, where serious delays, the possibility of sanctions.

3.1. PRIORITIES - GOALS - FLAGSHIPS

The Europe 2020 strategy proposes five major objectives that the European Union should consider to boost growth and employment. A first objective is to increase the employment rate of the labor population aged 20 to 64 from the current 69% to at least 75%.

It also aims to achieve a level of 3% of GDP investment in R & D, in particular by improving the conditions for investment coming from the private sector and developing a new indicator for innovation.

A third objective is to reduce emissions of greenhouse gases by at least 20% compared to 1990 levels or by 30% if the conditions are favorable and also to increase the share of renewable energy consumption Final energy to 20% and achieve a 20% increase in energy efficiency.

Another object on which it proposes strategy in question is to reduce the drop out rate from the current rate of 15% to 10% and to increase from 31% to at least 40% share of graduates in the population aged between 30 and 34 years.

European strategy 2020 also aims to take out of poverty around 20 million people, reducing by 25% the number of Europeans living below the subsistence level.

So the five objectives of the Europe 2020 Strategy are: employment; growth, development and innovation; Climate Change and Energy; education; poverty and social exclusion. These objectives define the position that the EU should deal with 2020 in terms of some major parameters are interdependent and mutually reinforcing. Thus, progress in education plan contributes to improving employment prospects and poverty reduction. More research and innovation and efficient use of resources helps us become more competitive and provide better living conditions.

These objectives are translated into national targets, for each of them to be able to track progress. They are common and not burden sharing, to be achieved by action at national and European level.

The EU has identified areas that could boost economic growth and create new jobs. They are at the center of major şapteinițative. Within each initiative, the European and national authorities should coordinate their efforts to support each other. Most initiatives were presented by the Commission in 2010.

- 1) Innovation Union: to improve framework conditions and access to finance for research and innovation available to strengthen the innovation chain to ensure levels of investment throughout the Union
- 2) Youth on the Move: to improve the performance of education systems in the European Union and strengthen both the international attractiveness of Europe's higher education institutions
- 3) A Digital Agenda for Europe: to accelerate the development of high-speed internet services and to benefit from a digital single market for households and businesses
- 4) efficient Europe in terms of resources: to help decouple economic growth from resource use by decarbonising our economy, increasing the use of renewable sources, modernizing the transport sector and promote energy efficiency
- 5) An industrial policy for the globalization era: to improve the business environment, especially for SMEs, and to support the development of a strong and sustainable industrial base able to compete globally
- 6) An agenda for new skills and jobs: to modernize labor markets by facilitating labor mobility and skills development throughout the life cycle in order to increase labor participation and better matching between demand and supply labor
- 7) The European Platform against Poverty: to ensure social and territorial cohesion so that the benefits of economic growth and employment growth are widely shared and people experiencing poverty and social exclusion can live in dignity and to take an active role in society

For the implementation of Europe 2020, all policies and tools that were previously used in the Lisbon strategy must be improved. Particular attention should be paid to the Single Market, the composition of the budget and foreign policy.

The Single Market must be deepened. This involves removing all residual bottlenecks to cross border activity; creating a single market for services; full implementation of the Services Directive; exploiting the huge potential of information and communications technology; improving SME access to the Single Market; protection of market competition against any temptation to economic nationalism.

All economic policies should be useful for achieving the Europe 2020 objectives of cohesion policy and structural funds should be used to achieve the Europe 2020 priorities, the European Investment Bank and European Investment Fund should focus on innovation funding and entrepreneurship, and the EU's multiannual budget should reflect long-term growth priorities.

All foreign economic policy instruments should be used to stimulate European growth. This applies to all external aspects of internal policies and trade and international macroeconomic policy coordination. EU must assert itself more effectively on the world stage, playing a major role in shaping the future global economic order G20 and must follow European interest through the active use of all instruments at its disposal.

Governance of the Europe 2020 strategy follows a double track: a thematic approach which focuses on three priorities of smart, sustainable and inclusive growth and the five objectives; a national approach that focuses on crisis exit strategies of each Member State dealing with macroeconomic stability and sound public finances finding.

The first step in the political process is the approval of the Integrated Guidelines by the European institutions located at a higher level. These guidelines refer both to long-term growth issues and issues related to exit from the current economic crisis [6]. Then the implementation of the policy is divided into two: a thematic approach and strategy of each country reporting.

The thematic approach covers three to five strategic priorities and objectives. Each Member State should report annually on progress in implementing the strategy and objectives (NRPs). The EU will comment on these reports and distribute each state implementation advice on the form of recommendations.

Reporting every State to strategy relates to the implementation of exit strategies, to restore macroeconomic stability and return to sustainable growth and public finances consistent.

Euro area Member States prepare annual stability programs annually, while the other EU Member States prepare convergence programs and submit them to the Commission and Council. Council examines the programs at the beginning of each year and issue an opinion on the program each Member State on the basis of assessments by the Commission and the Economic and Financial Committee (EFC).

The European Council is responsible for driving the strategy through general assessment of the progress made at European and national level and at the same time satisfies a more general role of guidance and control.

The Council is primarily responsible for monitoring and peer review. State ministers responsible for each relevant policy areas discussed implementation of the national reform program in their area of competence.

The Commission is monitoring the situation every year, based on a set of indicators showing overall progress towards the headline targets of Europe 2020; prepares an annual growth survey and assess the reports states and stability programs / convergence; issuing specific recommendations and, if necessary, policy warnings Member States.

EU governments must draw up two reports each year, by explaining what they do to get closer to the objectives of the Europe 2020 national stability programs / convergence should focus on public finances and fiscal policy. National Reform Programmes should focus on progress towards achieving the national objectives of the Europe 2020 strategy for smart, sustainable and inclusive growth. The two reports are separate reports, but delivered simultaneously.

Guidelines of Europe 2020 are:

1. Ensuring the quality and sustainability of public finances
2. Addressing macroeconomic imbalances
3. Reducing imbalances in the euro area
4. Optimising support for R & D and innovation, strengthening the knowledge triangle and development potential of the digital economy
5. Increase resource efficiency and reducing emissions of greenhouse gases
6. Improving business and consumer environment and modernizing the industrial base
7. Improving labor market participation and reduce structural unemployment
8. Developing a skilled workforce responding to labor market needs, promoting job quality and lifelong learning
9. Improving the performance of education and training at all levels and increasing participation in higher education
10. Promoting social inclusion and combating poverty

3.2. ANALYSIS OF PRIORITIES

The seven initiatives of the Europe 2020 strategy are correlative to the three priorities set by the European Commission: smart, sustainable and inclusive growth. But an important difference between the Europe 2020 Strategy and the Lisbon Strategy is that the first was launched in the midst of a profound economic crisis, which is why Europe 2020 Strategy includes an important section regarding exit strategy. Crisis exit strategy focuses on finding and attracting financial resources consistent, progressive withdrawal of short-term sectoral aid, better policy coordination in the economic and monetary union.

1. Smart growth involves the improvement of the EU in the fields of education - by encouraging learning and skills upgrading); research and innovation - creating new products and services that create growth and new jobs and help us meet the challenges of social order; digital society - use of technology and information.

Smart growth means strengthening knowledge and innovation as drivers of our future growth. This requires improving the quality of education, strengthen research performance, promoting innovation and knowledge transfer throughout the Union, and full use of information and communication technologies.

Under this priority, the EU promotes three flagship initiatives: Innovation Union, Youth on the Move, A Digital Agenda for Europe.

a). Innovation Union aims to refocus innovation policy and research and development to the challenges facing our society, such as climate change, energy and resource efficiency, health issues and demographic change.

b). Youth on the Move aims to improve the performance and international attractiveness of Europe's higher education institutions and increase the overall quality of all levels of education and training in the EU by promoting mobility of students and teachers and improve employability of youth .

c). A Digital Agenda for Europe aims to bring economic and social conditions due to a Digital Single Market based on fast and ultra fast internet and interoperable applications, with broadband access for all by 2013, access for all to much higher speed 2020, and increased by 50% or more of European households having internet connections above 100 Mbps (megabits per second).

2. Sustainable growth means setting a competitive, sustainable, resource-efficient, low-carbon, exploiting Europe's leadership in the race to develop new processes and technologies. This priority includes investment in clean technologies and renewable energies, environmental protection, reduction of emissions of greenhouse gases and halt biodiversity loss decoupling resource use from non-renewable energy, combating climate change and improving capacitatății of disaster prevention and response where they occur.

Under this priority, the EU promotes two flagship initiatives: An efficient Europe in terms of resource and an industrial policy for the globalization era.

a). An efficient Europe in terms of resource aims to support the transition to an economy that uses resources efficiently. The goal is to decouple economic growth from resource and energy use, reduce carbon dioxide emissions, enhance competitiveness and promote a greater energy security.

b). An industrial policy for the globalization era aims to implement a modern industrial policy, entrepreneurship support, guidance and support industry to meet the challenges of globalization, promoting competitiveness primary service industries, manufacturing and services in Europe and help them exploiting opportunities in green economy. This involves improving the business environment to promote the restructuring of sectors in difficulty towards future oriented activities, promote technologies and production methods that reduce natural resource use, promoting the internationalization of SMEs, increasing competitiveness in the tourism sector.

3. Inclusive growth means empowering people through high levels of employment, investing in skills, fighting poverty and modernizing labor markets, training and improving social protection systems. Under this priority, the EU promotes two flagship initiatives: An Agenda for New Skills and Jobs and European Platform against Poverty.

a). An agenda for new skills and jobs aims to create conditions for modernizing labor markets to increase employment levels and ensuring the sustainability of our social models. This means empowering people through the acquisition of new skills to enable our workforce to adapt to current and future conditions to us and possible career changes and reducing unemployment and increasing labor productivity.

b). European Platform against Poverty aims to ensure economic, social and territorial cohesion, combating poverty and social exclusion. This means implementing programs to provide opportunities for education, training and employment innovative disadvantaged communities and to

fight discrimination, to facilitate the integration of immigrants, and to cope with the groups at particular risk.

4. CONCLUSION

As regards regional policy, it emerged only to meet financial assistance by the European Union. For regional policy to have the desired effects, there must be mechanisms for implementing economy-administrative- to coordinate the community as efficient as a direct result of regionalization, far from being labeled as "artificial". We have made considerable progress and rapid development of the process of regionalization, for it to meet economic and social realities existing in Romania, and is also in line with the will of the people.

Romania should be aware that regional policy will bring the expected benefits if and only if it will be released in connection with another comprehensive policy, national development and the overall development policy of the state.

The crucial problem of the country remains poverty, the percentage of people living below subsistence level, in poor conditions, without access even to education, increasing.

5. ENDNOTES

- [1]. Claudia Ionescu, *Regional development policy - vol. 2*, Ed. Triton 2007
- [2]. Nomenclature of territorial units for According to statistics - Regions in the European Union Nomenclature
- [3]. According www.mie.ro
- [4]. Sandu D., *Optimising regionalisation in today Romania*, University of Craiova Conference on Regional Development, April 2012
- [5]. Jozsef Benedek, *Regional Policies in Romania*, Polirom, 2011
- [6]. Paul Krugman, *Return economy decline and crisis of 2008*, Ed. Post, Bucharest, 2009

6. BIBLIOGRAPHY

1. Benedek Jozsef, *Regional Policies in Romania*, Polirom, 2011
2. Ionescu Claudia, *Regional development policy - vol. 2*, Ed. Triton 2007
3. Nomenclature of territorial units for According to statistics - Regions in the European Union Nomenclature
4. Krugman Paul, *Return economy decline and crisis of 2008*, Ed. Post, Bucharest, 2009
5. Sandu D., *Optimising regionalisation in today Romania*, University of Craiova Conference on Regional Development, April 2012
6. Scutariu Adrian Liviu, Năstase Carmen, *Comparative evolution of tourism in the North-Eastern Region of Romania, Subcarpathia of Poland and Central Slovakia*, Bulletin UASVM Horticulture, Nr. 67 (2), 2010, pp.229-237
7. www.mie.ro