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THE NECESSITY OF CREATING A REGION IN THE SOUTH OF COUNTRY WITH ARGES COUNTY AS A POLE OF DEVELOPMENT

Case study

Keywords

Development,
Disputes,
Regionalization.

JEL Classification

H70, O11

Abstract

Regionalization is one of the key defining features of the contemporary world politics. Regionalization is a complex issue from a European perspective. In Romania, regionalization generated numerous disputes and controversies, both political and ideological. In the context of the demarches to consolidate Romania's regionalization and decentralization, this paper aims to analyze the necessity of creating a region in the South of country with Arges County as a pole of development.

1. Introduction

Administrative decentralization can be defined as the transfer of responsibility for the planning, financing, management and allocating resources from the central government and its agencies to field units of government agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, or area-wide, regional or functional authorities (Rondinelli and Cheema-editors, 2003). According to the European Commission (2009), decentralization places more power and resources at a level of government which is closer to and more easily influenced by citizens. It requires a high level of political commitment and ownership by central governments: when supported by clear political will and effectively managed, decentralization is an instrument of democratization, reconciliation, social integration, as well as a tool to reduce poverty, promote sustainable human development and good governance, protect and promote cultural diversity. In environments with poor traditions of citizen participation, decentralization can create regular and predictable opportunities for citizen-state interaction. Support to decentralization should aim at enhancing the State's capacity to accelerate local development and at strengthening the voice and power of municipalities and grass-roots communities in the fight against poverty. Over the last decade, the European Commission has increasingly become involved in support to decentralization and local governance processes across the various regions, mobilizing substantial amount of funds. Approaching 2014-2018 financial years has generated increasing pressures on governments of member countries of the EU to implement decentralization reforms. In Romania, lower functionality of the 8 development regions created during our country's accession to the European Union generated the combination of concepts of

decentralization and regionalization. According to the Memorandum on adopting the necessary measures to start the process of regionalization-decentralization in Romania, establishing regions and decentralization contribute to:

- a) reducing regional imbalance by stimulating balanced development, accelerated recovery of economic and social delays in less developed areas as a result of some historical, geographical, economic, social, political conditions, and prevent new imbalances;
- b) the correlation of sectorial policies in the regions by stimulating initiatives and capitalizing local and regional resources in order to achieve a social economic sustainable development, a cultural development and the territorial cohesion.

Currently, the process of regionalization-decentralization in Romania is a subject of political and ideological disputes. The stake is positioning capitals of regions.

Analysis of the data available in the database TEMPO ON-LINE (National Institute of Statistics) provided us with important information about the current economic situation of the counties in the South Muntenia Region and allowed us to support a number of conclusions about how the geographic cutout should be made to shaping regions in the south of country.

The research was conducted according to the following criteria:

- economic results;
- research, development and innovation;
- value of agricultural production;
- living comfort and equipment planning;
- business statistics;
- capacity of tourist accommodation;
- foreign direct investment.

The research results also answer the question: Why Arges County must be the capital of a region in the South of Romania?

2. Economic Results

Significant amount of productive assets created during the centralized economy and attracting strategic investors generated higher economic results (GDP / capita) in Arges County than those achieved by national economy (Table 1).

During analyzed period (1995 - 2010), GDP / capita in Arges County is higher than GDP / capita achieved by national economy (the difference is statistically significant $p = 0.00549 < 0.05$ - significance threshold and t calculated = 2.90 > t critical = 1.75). During 1995 - 2010, GDP / capita in Arges County increased to an annual average of 32.92% (Arges County is positioned at 6th place in the country).

The analysis of the GDP / capita (USD / capita) reveals that the effects of the global economic crisis were felt in Arges County a year later (2009 to 2008). This demonstrates the economic strength of the County.

In the South-Muntenia, Arges County is positioned, in 2010, at first place in terms of economic results (figure 1). An indicator of economic development of a county is, according to the authors, the number of new registrations of road vehicles for the carriage of passengers and for goods transport. From this point of view, Arges County ranks first with more than a third of those new registrations of road vehicles in the South Muntenia Region

3. Research, development and innovation

Arges County recorded the highest expenditure on research and development in 2011, in the South Muntenia Region. Arges County holds 51.71% of the total number of employees in research and development at in the South Muntenia Region (Figure 2). Regarding researchers, they are concentrated in Arges County at a rate of 69.57%. Also, Arges County is on

the first place in the number of employees in R & D per 10,000 civilians employed at a rate of 48.2%. This is well above the regional average.

4. Value of agricultural production

From the point of view of agricultural activity, Arges County ranks 5, but differences from other counties are not high. We must keep in mind that the relief of Arges County is divided approximately equally between the mountains, hills and plains unlike the southern counties of region that have only a plain relief. The percentage of large individual holdings of production obtained in Arges County must be remarketed. This demonstrates the low level of investment in the private sector of agriculture. Graphic distribution of the value of crop agricultural production by counties of the South Muntenia Region is presented in figure 4. Regarding animal production, Arges County achieved the highest production compared to other counties in the South Muntenia Region, with a share of 18%.

5. Living comfort and equipment planning

Living comfort measured in terms of floor space / capita recorded the highest level in Pahoia County. Arges County follows (for all urban residents). Considering only rural area, living comfort is highest in Arges County (figure 6).

About 30% of Arges rural communities benefit from the natural gas distribution network. The best statement of this view is recorded in Dâmbovi a County. Teleorman County has the weakest infrastructure in this area (figure 7).

Arges County has the largest network of public roads representing more than 35% of all existing in the South Muntenia Region (figure 8).

6. Enterprises statistics

In Arges County are 12271 active companies (24.75%) of the 49 587 active enterprises in the South Muntenia Region (ranked 2 in the region) and 12710 active local units (24.71%) of the 51 442 active local units in the South Muntenia Region (figure 9).

In Arges County, active enterprises operating in the fields of agriculture, forestry and fishing represent 15.09% of all active enterprises registered in the South Muntenia Region. Active local units in Arges County are 14.83% of the 2806 active local units the South Muntenia Region. Arges County is positioned on the 4th place in the South Muntenia Region both for active enterprises and for active local units in agriculture, forestry and fisheries (figure 10). Both active enterprises and local units in the mining industry in Arges County represent about 20% of active enterprises and local units in the South Muntenia Region. So, Arges County ranks 2 after Prohova County (figure 11).

Arges County has 1397 manufacturing active enterprises and 1458 manufacturing active local units, representing 29% of the total. Depending on the number of manufacturing enterprises and local units active, Arges County ranks 2 in the South Muntenia Region (figure 12).

About 23% of the 4949 construction enterprises operating in Arges County. Arges County ranks 2 in the construction industry (figure 13).

Arges County has 4916 trading enterprises representing 23.88% of the trading enterprises in the South Muntenia Region. Trading local units represented 23.91% of the 5130 local units (figure 14).

In Arges County are 27.22% of transport enterprises (Arges County ranks first in the region). Transport local units in Arges County had a share of 27.02% in the total local units in the South Muntenia Region (figure 15).

Arges County has about 28% of hotel and restaurant enterprises, ranking 2nd in the South Muntenia Region after Prahova County (figure 16).

Arges County has the same position from the point of view of financial intermediation and insurance enterprises (figure 17).

7. Capacity of tourist accommodation

Prahova County has the highest capacity of tourist accommodation available due to geographical advantages and significant investments have been made over time in tourism. Arges County has a significant tourism potential, but lack of road and municipal infrastructure in northern county (mountainous area) delayed inflows of capital investment in tourism. The capacity of tourist accommodation in Arges County is almost half of capacity of tourist accommodation in Prahova County. The situation is good, considering that, in terms of tourism, Prahova Valley's most attractive tourist region of Romanian mountain area (figure 18)

8. Foreign direct investment

Arges and Prahova County were important destinations for foreign direct investments. They were located mainly in the automotive industry and the oil industry.

Given the amount of subscribed capital (in equivalent of currency) by companies with foreign capital, Arges County ranks first in the South Muntenia Region, ahead of Prahova County.

9. Conclusion

South Muntenia Region has 48 towns (16 municipal towns), 519 communes and 2019 villages. Most cities (32) have less than 20,000 inhabitants, most of them with a poor infrastructure, similar to the rural areas. Only 2 cities have over 100,000 inhabitants (Ploie ti and

Pitești). Territorial distribution shows a higher concentration of cities in Prahova County (14) and a lower concentration of cities in Giurgiu County (3). Regarding the distribution of communes, most of them are in Arges County (95), Teleorman County (92) and Prahova County (90) and the fewest are in Calarasi County (50) and Giurgiu County (51).

The relief of South Muntenia Region is characterized by a great variety, the difference in level is over 2400 m and it is allocated proportionally stepped down from north to south (the ridges and Bucegi and Fagaras Mountains to the Danube Valley).

The relief of Region is characterized by variety and arrangement in the amphitheater. It has three major forms of relief: mountain - 9.5% hills -19.8%, plains and meadows - 70.7%. Quite rich hydrographic network is dominated by the Danube and the main rivers of the region (Olt, Arges, Dambovita, Prahova and Ialomita). This is complemented by a series of natural and artificial lakes.

From the point of view of economic development (given its many facets: material prosperity - GDP / capita, the situation of business environment, attractiveness to foreign investors, the situation of the infrastructure, household income level, etc.), there are significant discrepancies between the two counties polarizing in Northern Region (Arges and Prahova) and Southern counties (Calarasi, Ialomita and Teleorman), characterized by very low values of the development economic indicators.

Poor development of the municipal infrastructure in these counties affects the overall development of communities, including the business environment and quality of life.

The current composition of the South Muntenia Region must change because in the last seven years, the level of economic development of the counties was not uniformized. Special economic problems

existing in the southern counties of Region (where the risk of poverty or social exclusion is more than the national average) generates a distinct approach of regionalization and decentralization process. It requires the creation of smaller development regions, because, through flexibility, they will provide a better adaptation of the projects to the needs of local community. These regions must have a "mixed" character. They will include highly developed counties, medium developed counties and poor counties.

Given the criteria analyzed, Prahova and Arges County have leading places

Therefore, the two highly developed counties in the South of Romania (Arges and Prahova) should become centers of development for two regions. These will include one or two poor counties. Given the geographic proximity, the region with Arges County as a pole of development should include the following counties: Arges, Dambovita, Teleorman and Giurgiu.

Advantages of such regional construction are:

- the separation of Prahova County will allow the region to access funds for development of tourism infrastructure in the mountainous area of the region (northern of Arges and Dambovita counties). These could become a major attraction for residents of Bucharest and Ilfov. Additional argument in favor of this approach are: the traffic congestion on DN1 between Ploiesti and Brasov, almost equal distance between Bucharest - Prahova Valley resorts and Bucharest - the mountainous area of the region;
- developing tourism in mountainous area of the region will create a major outlet for agricultural producers in Ialomita and Giurgiu counties - counties with predominantly agricultural economy;
- the Region would have special natural conditions, which may be further refined through a competitive and efficient agricultural productivity. Higher revenues

generated by industrial activities in Dambovita and Arges counties creates prerequisites for creating the necessary financial resources for co-financing some projects (equipping projects and projects to exploit natural resources of the 4 counties);
- foreign direct investment in the automotive industry in Arges County can have a multiplier effect on the economies of neighboring counties (as demonstrated by the experience of Dambovita County);
- University of Pitesti offers a wide range of specializations in the humanities, polytechnics, economics, law, sports, theology, mathematics, etc. So, Arges

County can provide all kinds of regional services.

References:

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- [2] Romanian Gubern, *Memorandumul privind adoptarea m surilor necesare pentru demararea procesului de regionalizare-descentralizare în România*, 2013
- [3] European Commission, *Programming Guide for Strategy Papers – Decentralization*, 2009, available at http://ec.europa.eu/development/icenter/repository/F25_decentralisation_fin_en.pdf
- [4] Arges County Statistics Department and Tempo database online (National Institute of Statistics)

Table 1 – GDP / capita in Romania and in Arges County

Year	GDP / capita – lei, current prices	
	national economy	Arges County
1995	336.77	363.49
1996	502.48	550.61
1997	1130.54	1234.16
1998	1644.99	1748.64
1999	2454.20	2339.14
2000	3606,45	3607,97
2001	5258,29	4927,43
2002	6962,56	6999,92
2003	9084,00	9371,84
2004	11413,48	12092,14
2005	13362,77	14878,39
2006	15967.60	18261.07
2007	19315.41	21012.33
2008	23934.59	26033.07
2009	23341.42	27377.58
2010	24435.91	25974.37

Source: Arges County Statistics Department and Tempo database online (National Institute of Statistics)

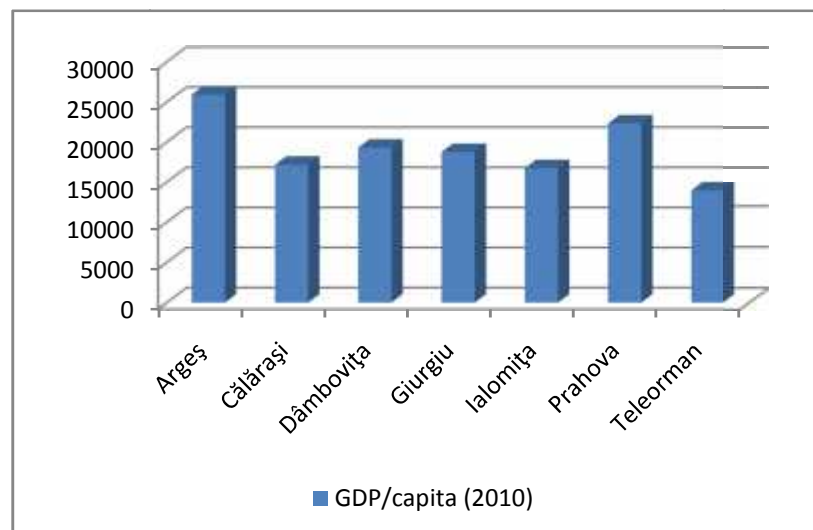


Figure 1- GDP / capita (2010)

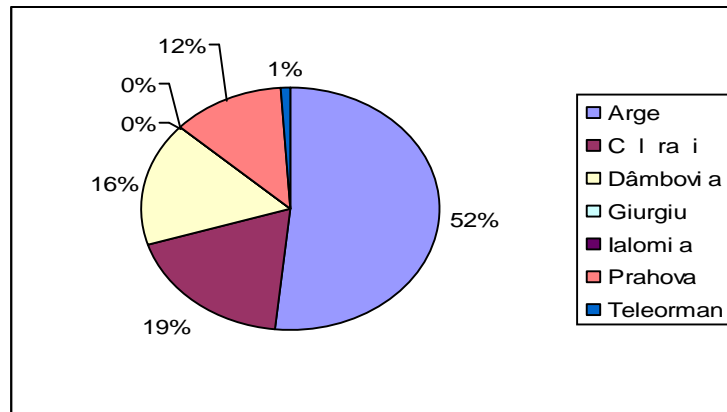


Figure 2. Distribution of employees in research and development by counties of the South Muntenia Region (2011)

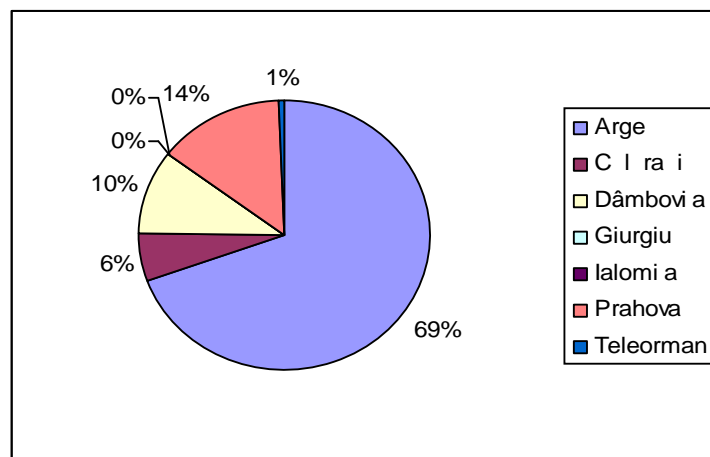


Figure 3. Distribution of researchers by counties of the South Muntenia Region (2011)

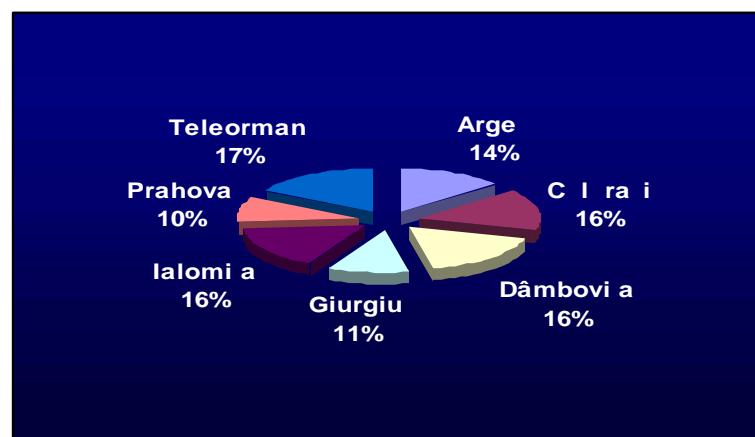


Figure 4. Distribution of crop agricultural production by counties of the South Muntenia Region (2011)

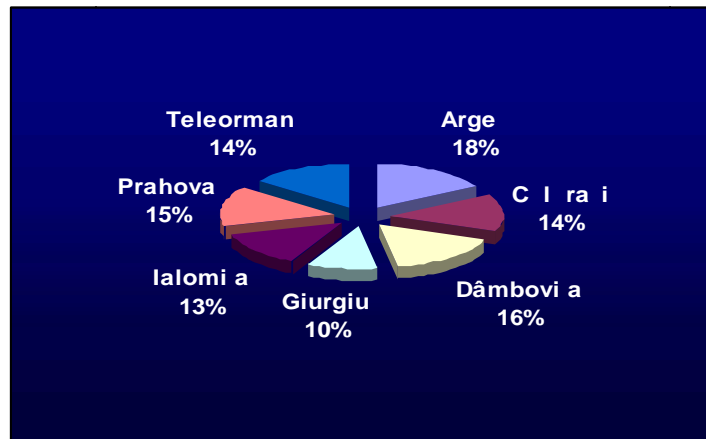


Figure 5. Distribution of animal production by counties of the South Muntenia Region (2011)

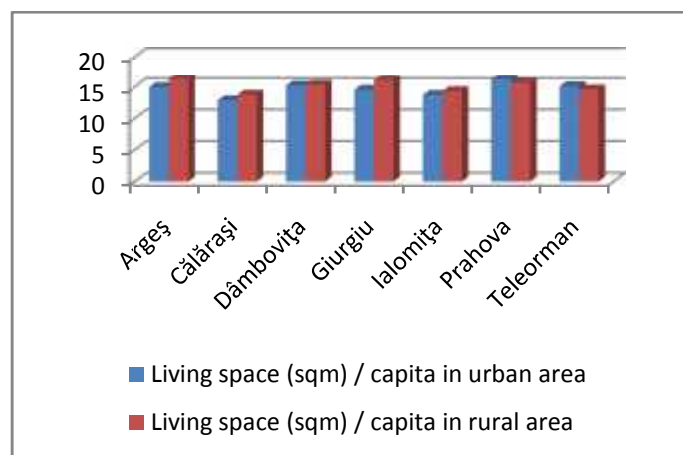


Figure 6. Living space (sqm) / capita in the South Muntenia Region (2011)

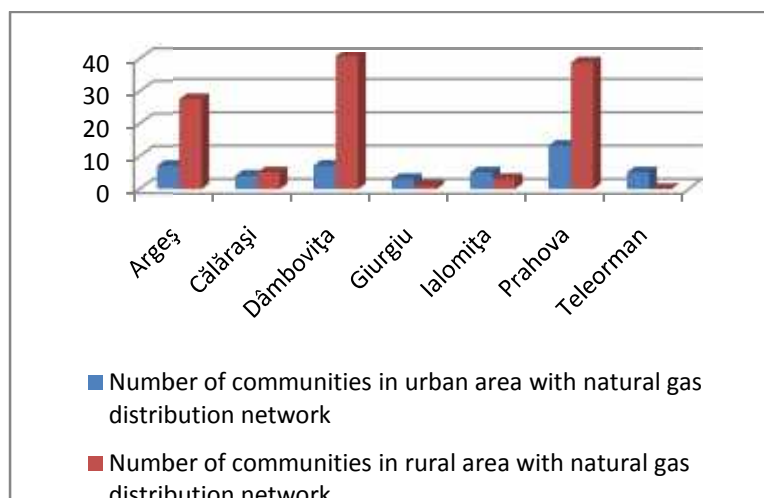


Figure 7. Number of communities with natural gas distribution network in the South Muntenia Region (2011)

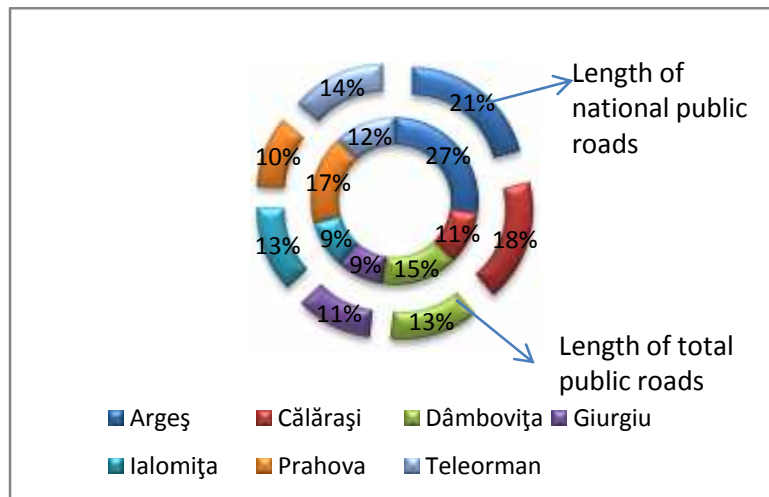


Figure 8. Length of public roads in the South Muntenia Region (2011)

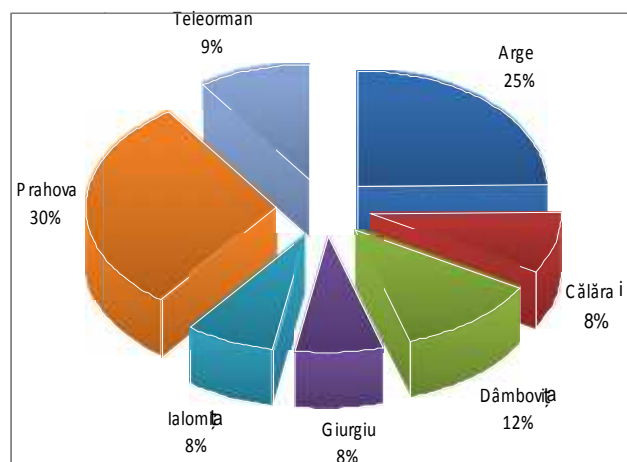


Figure 9. Active enterprises in the South Muntenia Region (2011)

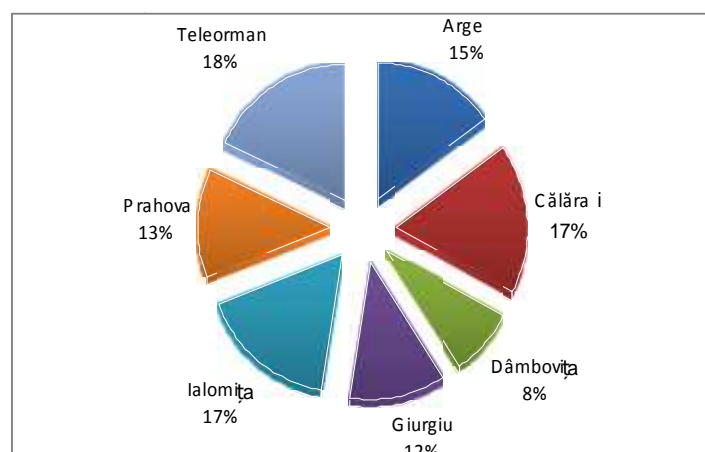


Figure 10. Active enterprises in agriculture, forestry and fisheries in the South Muntenia Region (2011)

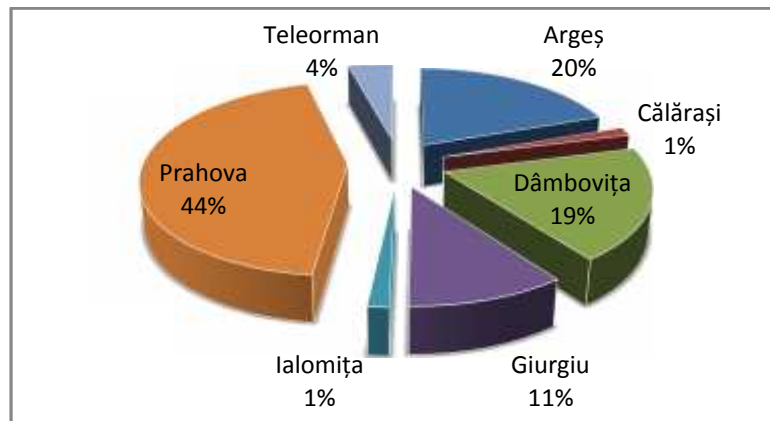


Figure 11 Active mining enterprises in the South Muntenia Region (2011)

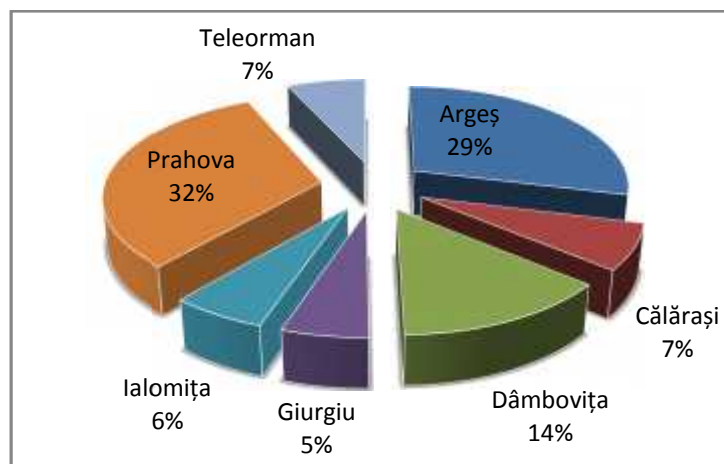


Figure 12. Active manufacturing enterprises in the South Muntenia Region (2011)

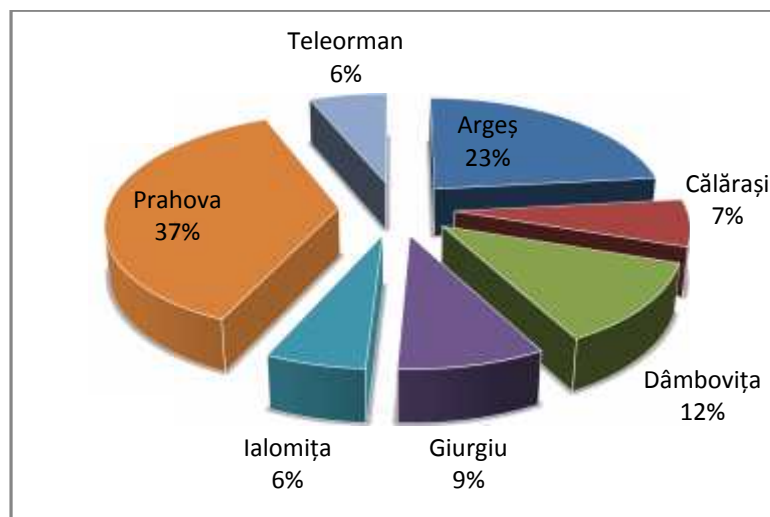


Figure 13. Active construction enterprises in the South Muntenia Region (2011)

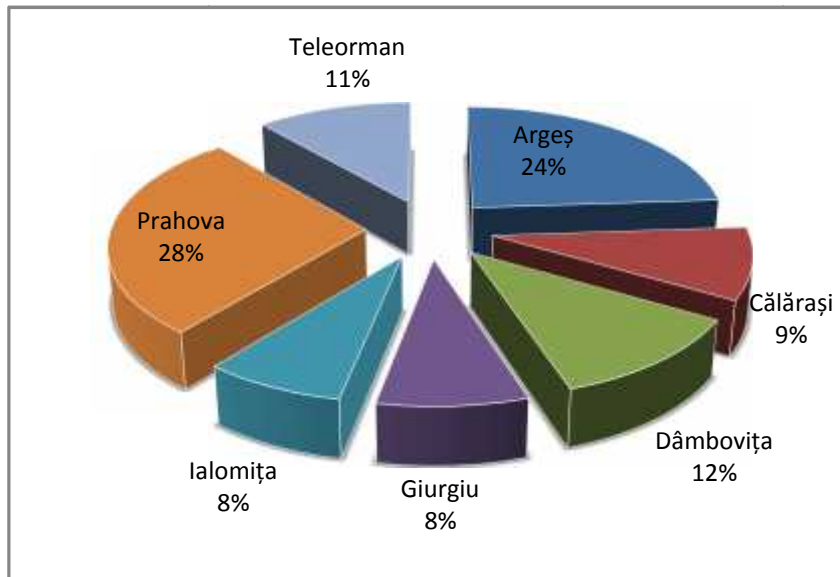


Figure 14. Trading enterprises in the South Muntenia Region (2011)

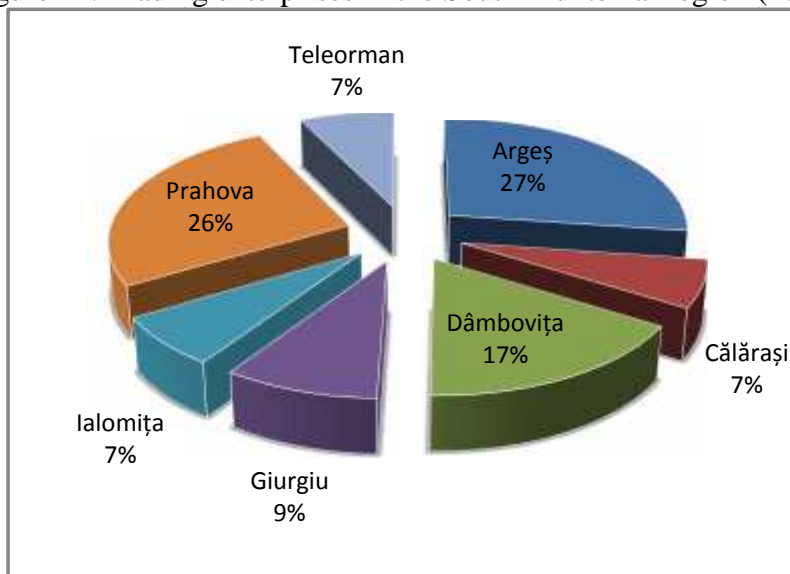


Figure 15. Transport enterprises in the South Muntenia Region (2011)

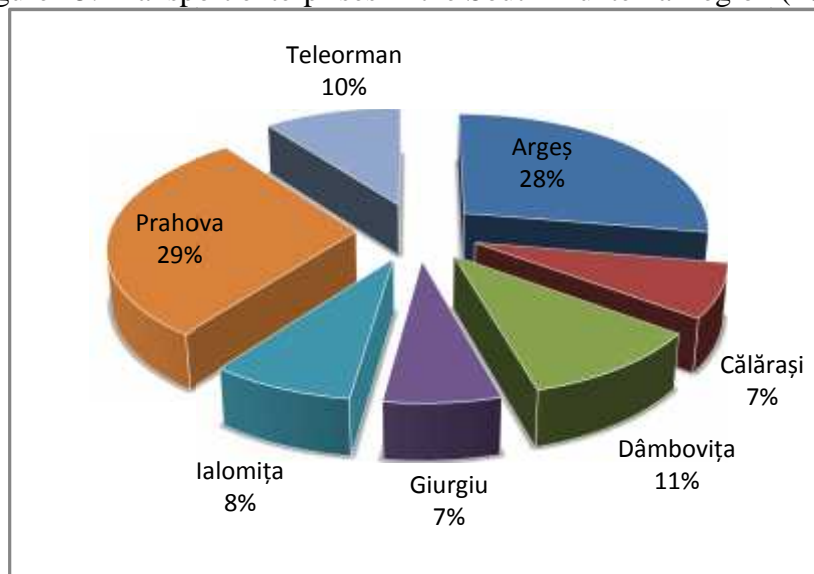


Figure 16. Hotel and restaurant enterprises in the South Muntenia Region (2011)

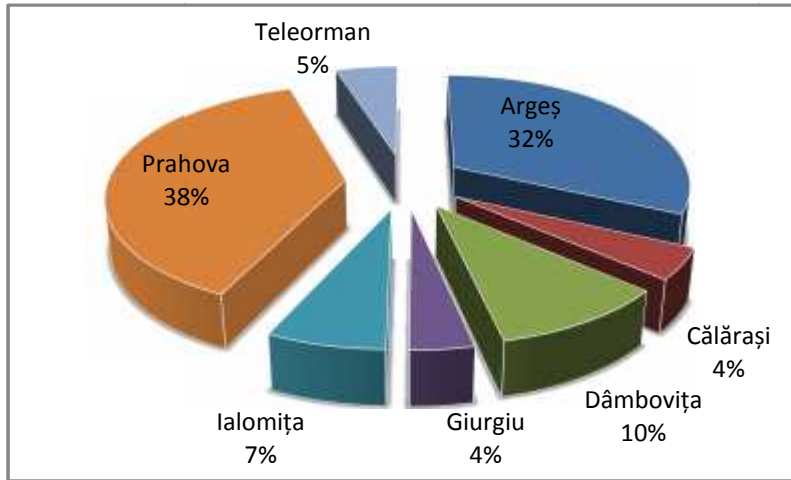
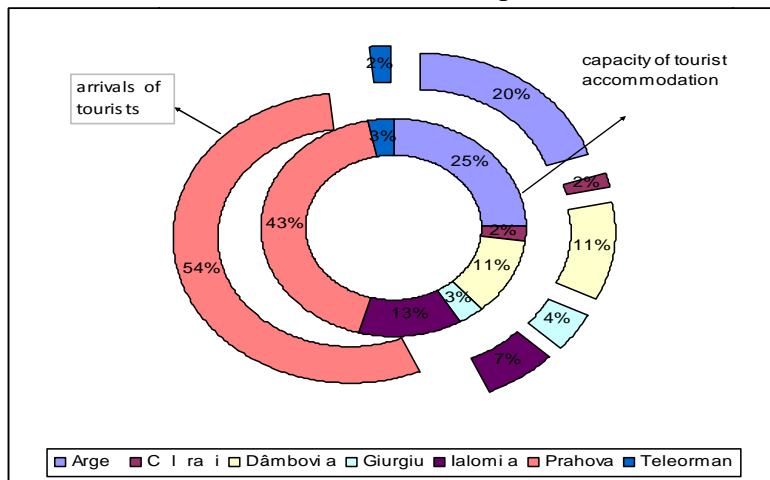


Figure 17. Financial intermediation and insurance enterprises in the South Muntenia Region



(2011)

Figure 18. Capacity of tourist accommodation and arrivals tourists in the South Muntenia Region (2011)

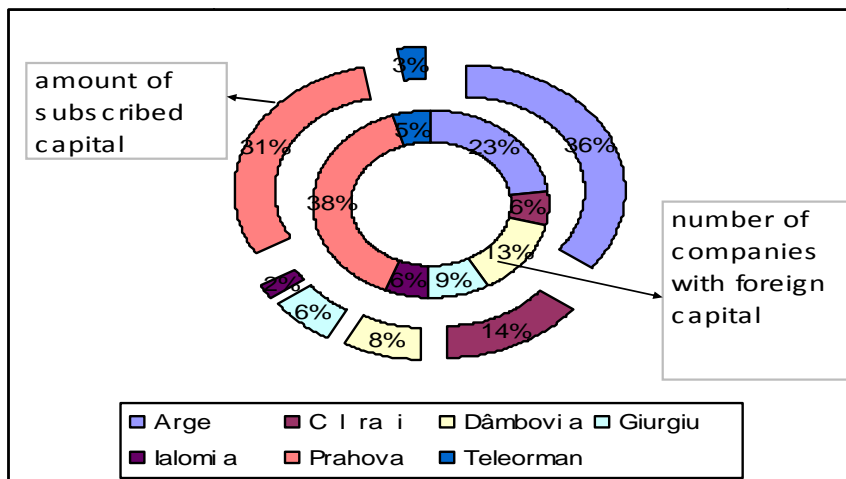


Figure 19. Companies with foreign capital and amount of subscribed capital, during 1991 – 2011 in the South Muntenia Region