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**Arguments for Polycentricity in Romanian Regional Development in the
Context of European Union Cohesion Policy**

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Abstract: Our study aims at analysing the monocentric/polycentric trends in Romanian regional development and formulating the recommendations regarding public policy for the attenuation of present development disparities. In order to achieve this goal, we used as variables the annual GDP rates of each region, viewed as representations of their development level, for the period of 2008-2013, based on the data supplied by the National Commission of Prognosis (Comisia Națională de Prognoză). As a result, we observed a regression of growth rates directly influenced by development levels. We draw the following conclusions: there is a potential, in Romania, for reducing the existent development lag among its regional divisions, through the emergence and sustainable development of new growth poles within poorer regions. The solution for the attenuation of present economic disparities is, consequently, a balanced polycentric development at regional level, opposed to a monocentric development. By placing our analysis at a normative level, a balanced territorial development can be achieved by orienting public policies in two directions: the stimulation of economic growth within slower-growing regions and the dispersion of economic growth from more developed regions towards less developed ones, through a national redistribution process. It is important that the principles based on 'the ability to generate income' must prevail over those based on 'income discrepancies'. Our study can constitute itself as a starting point for future research on the role of agglomerations within a possible configuration of a balanced Romanian territorial development.

Keywords: monocentric development; polycentric development; growth poles; integrated area development; spatial equilibrium

JEL Classification: R11; R58

1 Introduction

Romania's EU integration requires the adherence to a redistributive, ambivalent, economic and social model. A model with a social scope, in which market failures is resolved by using public policies. A model provided with a regulation strategy that broadcasts prosperity from center to periphery, using the available structural and cohesion funds. Romania is a cohesion country, along with other EU member states that have regions with a GDP per inhabitant lower than 75% of the community average. This means that all the 8 Romanian development regions are eligible to receive cohesion funds.

Romania's development is characterised by disparities among its 8 development regions. *Regional disparities* (scientific literature operates with the term *disparity*, as well as with the terms *discrepancy* and *regional inequalities*, taking into account the fact that inequalities become disparities when they exceed 30% in amplitude) are a result of imbalanced distribution of natural and human resources, of social, political, demographic and economic differences, as well as a result of the way they interact at territorial level, taking into account their historical development. In addition to that, the managerial

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capacity of allocating EU Structural Funds effectively had an important impact in the configuration of the development hierarchy.

In addition to inter-regional disparities, Romania also confronts with important disproportions within its actual regions, where counties that are mainly agricultural coexist with more developed industrial ones. This phenomenon derives from the reorganisation of economic activities, which, especially in mono-industrial areas, determined an increased unemployment rate. The mosaic-like structure of economic development at sub-regional level characterises all the 8 Romanian regions.

Up until recently, the dominant view in regional development literature supported an even allotment of the effects of economic growth towards atomised populations (cities, companies or people) within the same region. However, the new economic geography acknowledged the modification of atomised economic areas as an important economic actor (Cojanu et al., 2009).

Supposing that urban and/or industrial agglomerations count as poles of economic growth, constituting themselves as centres of adjacent regions, we argue in favour of a balanced polycentric development at territorial level, opposed to a monocentric one, in which only one or a few regions (cities) constitute national growth poles. Moreover, the Romanian regional strategy should focus more on measures designed to sustain *integrated area development* and less on nearing a *spatial equilibrium* regarding economic growth. A series of European studies (Rodriguez-Pose, 1994; Martin, Ron and Peter Sunley, 1996; Vickerman et al., 1999) conclude that the configuration of an economic growth plan does not necessarily lead towards a consolidation of the competitive functionality of an area.

Our study evaluates the character of Romania's regional development for the period of 2008-2013. A similar analysis (Marinaş, M.C. & Socol A.G, 2009), focused on the period of 2005-2007 at level NUTS III (regarding Romanian counties), showed an attenuation of the differences in growth between counties and between regions NUTS II. We used as variables the annual GDP growth rates of each region, viewed as representations of their development level, based on the data supplied by the National Commission of Prognosis (Comisia Națională de Prognoză). The method employed is the graphical regression analysis of GDP growth rates.

2 The Regression Analysis of Regional GDP Growth Rates

Gross domestic product (GDP) is one of the most representative indicators of development level and regional competitiveness. Regional GDP measures the economic activity generated by the production of new goods and services, within a certain region. The GDP growth rate shows a dynamic image of the economic evolution of a given region. It measures the real GDP growth rate of a region for a period of 1 year. High values of GDP growth rates are associated with good regional economic performance. The growth rate of regional GDP is an indicator which allows a relatively clear comparison between the economic dynamism of several regions. By also taking into consideration the demographic elements, the GDP growth rate per inhabitant measures the life standards within a region.

The graphical regression analysis of annual GDP growth rates in the 8 Romanian NUTS II regions for the period of 2008-2013, based on the medium-term prognosis used in the 2011 budget set, is shown in Figure 1. The highest slope of the regression curve shows the tendency towards a monocentric development. Thus, more developed regions will register superior growth rates, the large cities found within their area being considered *national growth poles*. The reduction of the regression slope demonstrates the *possible emergence of new growth poles*, even in underdeveloped regions. Concretely, the figure shows that in the year 2008, Romania followed a monocentric development trend, mainly due to the growth potential of Bucharest-Ilfov region, with a GDP growth rate of 18.2%. Compared with the national average numbers, this region had much higher levels of gross added value in industry (10.6% compared with 1.9%), services (14.9% compared with 5.4%) and constructions (51.1% compared with 26.2%). Therefore, in 2008, the national economic growth was 'pushed' forward by only one region (Bucharest-Ilfov), slightly 'helped' by the Southern and South-Eastern regions, with GDP growth rates of 9.5% and 9.2%, respectively.

Starting with the year 2009, a tendency towards polycentric development can be observed, at the level of all the 8 development regions. Graphically, beginning with 2009 the distribution line slope starts to decrease, by gradually becoming insignificant in 2013 (according to estimated data). As a matter of fact, at the level of all 8 regions, throughout the mentioned interval, the GDP growth rate gets near the national average value.

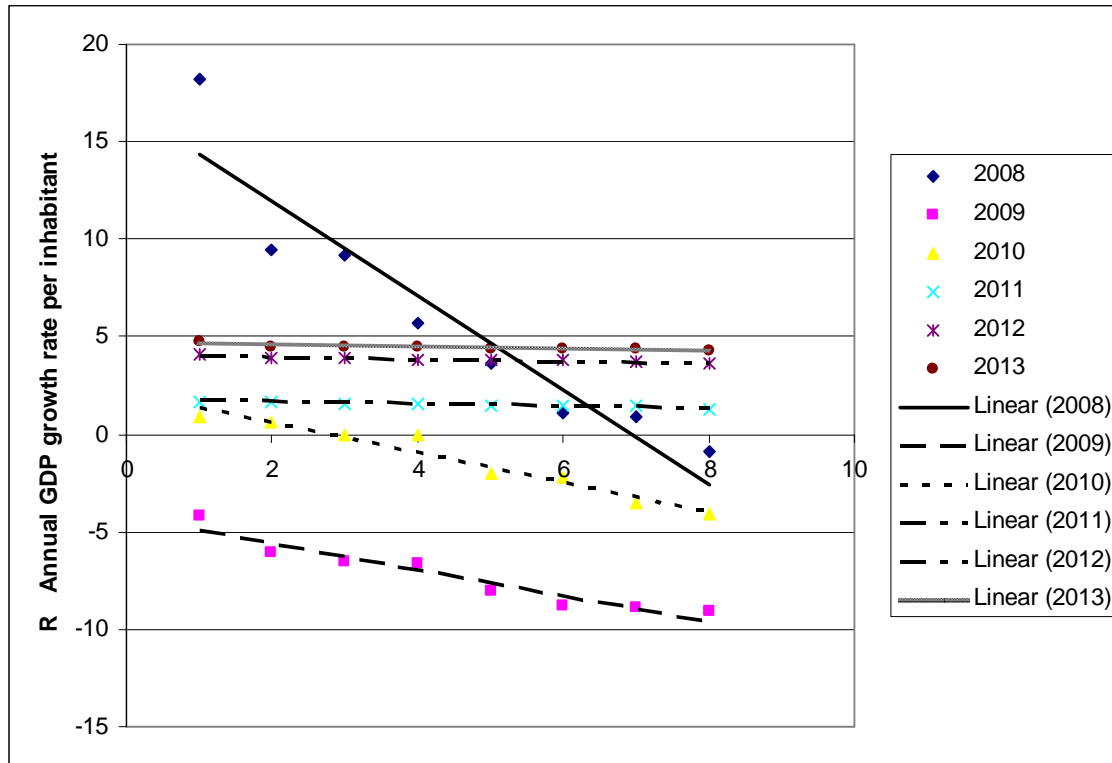


Figure 1. Regional monocentric/polycentric development trend

Source: Adaptation of the data supplied by the National Commission of Prognosis

This new configuration of regional development, which also takes into account the current persistence of disparities, shows that in our country there is potential for the emergence of new growth poles in less developed regions, so that we could benefit from a polycentric development. Consequently, the more prosperous regions will reduce their relative importance. The attenuation of regional disparities is still unachievable. However, the analysed evolution trends suggest that Romania's polycentric development constitutes a condition for their attenuation, by allowing poorer regions to record higher rates of economic growth.

3 Towards a Regional Polycentric Development of Romania

By placing our analysis at a normative level, the solution for the attenuation of present development disparities between Romanian regions, is, thus, the emergence of new growth poles in poorer areas. This will generate a polycentric development, in spatial equilibrium, which will reduce economic differences. In this way, the cohesion and competitiveness objectives stipulated in the EU official documents and recommended for the sustainable development of the country, will be attained.

A balanced territorial development can be achieved by orienting public policies in two directions. The first one deals with the stimulation of economic growth within slower-growing regions. Although this was the main objective assumed by our country in planning its strategy to attract European structural funds, the regional politics option is compromised by the lack of efficiency in fund absorption. To

prevent that Romania becomes an EU peripheral zone, the improvement of our managerial strategy in attracting EU funding is necessary, especially in the field of higher qualification of work force, development of competitive production technologies and environment protection. The second one deals with the dispersion of economic growth from more developed regions towards less developed ones, through a national redistribution process. This direction confronts itself with the fact that resources tend to orientate towards those areas that ensure their maximisation. Thus, we must elaborate strategies to transform local and regional abilities (for example, the creation of a self-driven process of positive cumulative causations between industries), to ensure proper conditions for market competitiveness and to use the local abilities in the creation of new businesses. In both cases, in the establishment of eligibility and transfer rules within regional politics programmes, the principles based on 'the ability to generate income' must prevail over those based on 'income discrepancies'.

4 Final Remarks

The regression analysis of regional GDP growth rates demonstrates that, in Romania, there is potential for the emergence of new growth poles in less developed regions, so that we could benefit from a polycentric development. This is why a relevant model of spatial organisation should overpass the 'cliché' of disparities formed between the centre and periphery and give credit to less developed locations, by investing in their ability to generate economic growth. Moreover, we advance the idea that policies regarding regional polycentric development should have as strong nuclei not urban centres, but competitive industrial agglomerations. This is the reason why we suggest that a further research direction should focus on the role of urban and industrial Romanian agglomerations in the configuration of a balanced territorial development. The disparities in Romania's spatial development are also confirmed by empirical analyses at any territorial level, and their attenuation is far from being achieved. However, the analysed evolution trends suggest that Romania's polycentric development constitutes a condition for their attenuation, by allowing poorer regions to record higher rates of economic growth.

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