

**THE CHANGING POLITICS OF LOCAL AND REGIONAL  
DEVELOPMENT AND GOVERNANCE IN ROMANIA**

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## **Abstract**

This thesis investigates the extent to which a move from a planned to a market economy has changed the nature and character of local and regional development and government in Romania. In the aftermath of the collapse of the 'Iron Curtain', the swift transition towards a market economy and democracy by the ex-communist countries of Central and Eastern Europe triggered a vast process of change that affected all aspects of social life across different many levels. In spite of the complexity of these changes, and the general realisation that local and regional policies are determined from place to place and overtime according to specific domestic characteristics and political decisions the nature of which will also depend on the time and the place of their execution and implementation, most scholarly analyses remain entrapped within existing theoretical 'orthodoxies' and research gaps. In this thesis, various theories in local and regional development, post-Socialist transition and Europeanisation are combined to derive a 'heterodox' approach to understanding local and regional development and government in Romania by placing particular emphasis on non-economic factors.

The case-study of Neamt County in the North East Region is used to illustrate the empirical evidences of local and regional development policies for the post-Socialist period in Romania. Through a close examination of the context, the procedures and the actors of these policies, this thesis argues that despite the occurrence of systemic change in Romania, local and regional policies present 'layering' effects, a 'change in continuity' that emphasises more the continuity instead of the changes.

The 'heterodox' analysis proposed in this thesis challenges the theoretical hegemony and uniform applicability of the New Regionalism that is suggested by the European Union (EU) and adopted by the Romanian Government. The consideration of historical and cultural legacies, alongside the economic environment, challenges both the explanatory power and policy paradigm proposed by the New Regionalism for the Romanian experience. Furthermore, it raises questions regarding the effectiveness and efficiency of the EU's local and regional policies and underlines the necessity to reconsider and reform several aspects of these policies- in the direction of a rather different orientation that responds better to specific local and regional needs and aspirations.

*For Vasileios and Ioannis*

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# CHAPTER 1. INTRODUCTION

## 1.1 Overview

The socio-political and economic map of the European continent has been dramatically transformed by the systemic change that has been taking place in Central and Eastern Europe (CEE) since the late 80s. The collapse of the socialist planned structures and the subsequent and simultaneous adoption of a market-based, liberal democratic system represent one of the most radical economic and political developments in recent history (Bird 1992; Ferris et al 1994; Pickles and Smith 1998; Sokol 2001). The common communist experience and the simultaneous exposure to market and democratic forces have led to the collapse of both the previous internal organization and the external relations structure for the CEE countries. The replacement of these structures however, has been a rather painful and dramatic process (Cornett 1999; Petrakos and Totev 2001) with a strong uneven geographical dimension (Petrakos and Kallioras 2007) that has resulted in a rather fragmented economic output across the CEE countries (Kafkalas 2007; Monastiriotis and Petrakos 2009).

Romania is among the post-socialist countries that experienced one of the most difficult adjustments from central planning to a market economy. This particularly uneasy transformation has been caused by the combination of both negative inherited characteristics and current choices of economic and political alternatives. The exclusively state-oriented economy with low levels of technological development and excessive industrial capacities (Ben-Ner and Montias 1991; Stan 1997), alongside the high administrative centralization (Mihai 2005; Dragos and Neamtu 2007) and one party political system (Roper 2006; Palne 2007) have, inter alia, created a hostile environment for transformation (Turnock 1997, 2001). Furthermore, the reluctance of the new governments and the skepticism of people to proceed with reforms have contributed to a very slow pace of change in the country (Gallagher 2005; Maniu 2006).

Romania followed a particular mixed set of policy paradigms during the communist era which reflected it through the political personality of its leaders. In the aftermath of the World War II (WWII), the president Gheorghiu Dej (1947-1965) advocated a strong 'Sovietisation' of Romania whilst his successor Nicolae Ceausescu (1965-1989) supported an alternative and quasi-independent socialist type of policy. Despite attempts for the emergence of a 'Romanian brand of Communism' by Dej and for moving out of the Soviet orbit by 'guarded opening to the West' by Ceausescu (Gallagher 2005), Romania continued to constitute a typical communist state with regards to core socio-political and economic organization of the state. Nationalization of industrial and financial institutions, large scale industrialization, political repression and the amalgamation of private landholdings into state and collective farms were the basic characteristics of the implemented policy (Young 2001).

Initially, the centrally planned takeover by the communist governments created growth dynamics in Romania, the largest among the communist states for several years (Turnock 1970, 1978, 1979; Georgescu 1991), but the distorted nature of the development model adopted (Turnock 2007), as well as the inefficiency and policy errors (Gallagher 2005) that accompanied it, resulted in a problematic economic and social situation throughout the 1980s. Additionally, to these domestic negative characteristics of the development model in Romania, external unfavourable shocks, such as the oil crisis, and catastrophic policy responses by the government (Tismaneanu 1993), brought Romania up against severe economic problems. Massive debts, inefficient industry and shortages of fuel and power were both the cause and the consequence of the notorious 'Ceausescu's austerity policy' that in combination with the repression of political and personal freedoms resulted in the revolution of the 1989 and the fall of the regime in Romania.

This particular communist system has created its own distinctive legacies in terms of local and regional policies in Romania. With regards to local and regional economic development, the main characteristic of the centrally planned economy was a sectorial and spatial distortion (Ianos 2000). Although there was a tendency towards regional economic convergence, mainly through industrialization and modernization of the less developed localities and regions, the extent to which this actually occurred is questionable as there remained a highly polarized regional structure (Turnock 1987).

Concerning local and regional government, the legacies inherited from the communist past referred to an absolute subordination of local authorities and a complete degradation of local and regional institutions into subsidiary organs of the communist party structures (Gallagher 2005). Driven by ideological declarations and practical considerations, the great importance of local authorities and institutions had initially allowed the development of a 'vertical and horizontal integration' with the central government (Nelson 1981). This integrative relationship allowed several actors from the local level to promote their interests and aspirations to the central level whilst the central government was able to diffuse effectively their own interests towards each single locality. Relatively soon however, these networks were dominated not just by party officials but, in many cases, by members of a single extensive family either at the local (Kideckel 1993) or the national level (Gallagher 2005). This distinctive 'family-totalitarianism' or 'competitive individual familism' (Mavratsas 1994 cited Baga 2004, p.29) has not only reduced the efficiency and raised issues of representation and accountability of the local institutions but it has also undermined the future capacity of local and regional institutions to confront the local development problems, especially under the highly competitive processes during the transition period (Smith 1995). This peculiar form of networking constitutes an important legacy and represents a crucial element of the path dependency in Romanian local and regional politics as the following Chapters will demonstrate.

In theorizing transition and analyzing the implications of moving from a planned to a market economy, Pickles and Smith (1998) have argued in favour of an alternative set of conceptual frameworks on transition that challenges the neo-liberal hegemony and adequately explains the actual processes, strategies and techniques of transition. The ascertainment of this necessity is in line with broader calls on the western world for 'softer' approaches towards more structurally and historically oriented accounts with more emphasis on broader political and economic conditions and transitions (MacLeod 2001a, 2001b). This increased interest for diversity and variety in analysing transition does not imply the adaptation of total subjectivism neither the rejection of general characteristics. However, a general criticism of the narrowly economic views and the dominant globalised neo-liberal agenda (see, for examples Hudson 1999, 2003, 2007; Swyngedouw 2004; Hadjimichalis 2006) has triggered recent discussions on the constructive and relational nature of localities, regions and

scale and resulted in the formulation of various alternative approaches and frameworks for analysing local and regional development and government (see, for examples Philo and Parr 2000; Amin 2001; Jessop 2001; Tomaney 2002; Pike 2004; Moulaert et al 2005; Gualini 2006; Lajendijk 2007; Pike et al 2007; Moulaert and Mehmood 2009).

At the same time and despite a relatively increased engagement with the actual meanings and conditions of post-socialism (Sakwa 1999; Horschelmann 2002; Stenning 2005a, 2005b; Flynn and Oldfield 2006), the disproportionate focus on the experience of the western world in discourses and analyses of globalisation and transition issues still remains 'hesitant and erratic' (Stenning and Horschelmann 2008). The clear need for further work on post-socialist issues, especially on those of local and regional development and government, would be better fulfilled by attempting to understand the particular conditions of transition from inside, focusing on the actual participants and the actual events in the post-socialist CEE states. In that way, not only a better understanding of the particular post-socialist issues but also, a broader theoretical reflection and enrichment with general local and regional policies would be accomplished (Stenning and Horschelmann 2008).

Drawing on the argument just outlined, this thesis will be critically engaged with the changing politics and their implications for local and regional development and government in Romania. By focusing on the context, the procedures and the actors of these policies, this thesis explores not only their real transformation but also challenges the dominant theoretical and conceptual framework of local and regional development and government. Furthermore, by exploring a particular case study and working intensively on the field, it seeks to understand the changing politics during transition through first-hand experience. In doing this, the thesis enriches the theorizing of local and regional development and government from a post-socialist and rather heterodox point of view.

Regional disparities in Romania per se do not represent the core element of this thesis. Discovering inequalities and keeping a diachronical record on their evolution is not the main concern of this thesis. On the contrary, this thesis puts the emphasis on the reasons behind the emergence of these disparities and furthermore on several issues

related with the way that these disparities have been confronted in Romania, a transition post-socialist Balkan state. Adopting a critical analysis, this thesis emphasizes the continuity, change and emergence of local and regional development policies in Romania through the transition (1989-1999) and accession (1990-2007) period and on the construction, de-construction or/and re-construction of the institutions related with regions and regional policies.

These issues are explored through a case study in Neamt County in the North East Region (NER) in Romania. Echoing the view that local and regional development and government articulations are politically determined from place to place and overtime (Pike et al 2007), the thesis pays particular attention to the models and concepts used to frame policy approaches in Neamt County.

The main argument, derived from the following analysis throughout the thesis, is that the transition from the soviet inspired communism to the neo-liberal imposed free market resulted only in 'layering' and 'conversion' effects in Romania, in terms of local and regional development and government. The term 'layering' or a 'change in the continuity' refers to changes of the margins without challenging the dominant and inheriting characteristics of development policies at the local level in Romania. Thus, contrary to what Martin (2010, p.5) supports for the 'path-delocking' process, this thesis argue that the local and regional politics and governance in Romania are characterised by the 'continuity' and not the 'change'. In that way, it questions two hegemonic perceptions that refer to post-socialist CEE countries: firstly, the natural wisdom of the 'shock therapy' and secondly, the automatic termination of transition due to salutary influence of the EU integration (Gorzalak 2010). Moreover, by combining the main argument with a particular to general way of reasoning, the thesis reverses the mainstream research question of 'how European are the local and regional policies in the post-socialist countries' to ' how communistic are the European local and regional development and government practices'.

## 1.2 Studying the Local in Romania

The collapse of the Iron Curtain in 1989 generated an intensive interest for all public, media and sciences in Central and Eastern Europe (CEE) and the Soviet Union (SU). Particularly for the social sciences, the exploration of the 'East' as the counter part of the 'West' was taking a new and probably more challenging context. New terms such as post-communism, post-socialism and post-Soviet have been discovered while new phenomena such as the transition and/or transformation<sup>1</sup> of societies and states started to be investigated either as autonomous fields of research or as dependent and/or independent variables in various other social, political and economic studies.

Although this systemic transformation impacted the entire spectrum of the socio-political and economic life in the CEE countries, the debates and discussions about its influence was initially directed exclusively towards economic concerns (Petraikos 1993). Most of the post-1989 literature has concentrated on issues related with the pace and timing of the privatization process, the market liberalization, the economic stabilization (Jackson and Bilsen 1994; Jackson and Biesbrouck 1995) the financial institutions' creation (Cernat 2002), and the external relation promotion (Duchene et al 2002) without paying any attention to other, equally important, social and political aspects of life. Even when the European Union's (EU) accession perspectives created new dynamics for the CEE countries, the debates around the impact of post-socialist transformation continued to be largely dominated by economic dimensions only (Petraikos 1993; Gorzelak 1996). The context of this literature reflects the rigidities of both the economic and globalisation thematic dominance and the western experiences origin (Dicken et al 2001; Yeung and Lin 2003; Stenning and Horschelmann 2008), which were fully influenced by the domination of the neo-liberal agenda that overemphasises the economic issues and pays scant attention to social and political matters (Stenning 2005c; Hudson 2007).

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<sup>1</sup> Although the term 'transition' is widely used in post-Socialist studies, several scholars have pointed out that it would be more accurate to use the term 'transformation' instead. According to Sokol (2001), transition describes a movement from one point to another and implies that the new system has been built 'from the ruins'. However, post-Socialism changes in Central and Eastern Europe is better characterised as a transformation (Stark and Bruszt 1998; Stenning 1997), built 'on the ruins' of the previous system (Stark 1992) and seen as a path-dependent and a path-shaping process (Sokol 2001) with various types of societal struggles taking place that cannot guaranteed an exact and accurate outcome (Eyal et al 1998).



Whilst these major changes were taking place across the previously communist block of countries in CEE and the Soviet Union, the research interest has focused, rather disproportionately, in particular countries only. A significant part of the literature deals only with a single or comparison case study of the most developed post socialist countries, namely the Visegrad countries (namely Poland, Hungary, Slovakia and Czech Republic), and some of the ex-Soviet republics in the Baltic Sea. On the contrary, areas of the Southern-Eastern Europe (SEE) seem to not be as attractive to academics and as a direct consequence, there is a serious lack of existing work for the transition states in this area. The reasons for this ‘research discrimination’ lay in a variety of facts ranging from the different accession trajectory to the EU, which in turn is a causal and consequent affect of their different levels of development, to the origin and/or different expose of the researchers to danger due to conflicts and even wars in some of those countries. As a result, not only a significant lack of knowledge appeared to exist, but also, the danger to generalize and expand the findings of few only post-communist states to others by creating ‘patterns’ of transition that are not really representative has emerged.

Moreover, not only has the majority of research tended to address economic concerns and to focus on CE and the Baltic Countries but also much of the work concentrates on the national level, ignoring the diverse spatial implications of transition. The initial debates regarding sub-national scales were initiated under the prism of the EU enlargement but, they primarily dealt with the impact of the EU’s enlargement on the performance of the EU regions (Amin et al 1992; Camagni 1992; Peschel 1992) and not on the regions of the CEE countries. This tendency to focus primarily –if not exclusively- on the experiences of the western world, even when changes were taking place in the non-western world, explains the lack of work on the sub-national level in the CEE post-socialist countries (Stenning and Horschelmann 2008).

Whilst recent years have seen few studies focus explicitly on the local and regional level, either on a cross-states comparison or on a single national case study framework across the CEE post-socialist countries, they usually remain attached to quantitative only approaches attempting simply to map the new spatial distribution but failing to adequately explain it (Petraikos 1993; Gorzelak 1996; Longhi et al 2004).

Notwithstanding the importance and the usefulness of statistics, this persistent

emphasis on the usage of various indexes and variables (i.e GDP/c), alongside the continuation of the economic dominance on spatial studies, reveals the mono-dimensional focus on regional economic growth (Lovering 1999; Hudson 2007) and ignores other significant parameters of local and regional development and government such as institutional, cultural and environmental path dependencies (Pike et al 2006).

This thesis explicitly confronts the research gaps described above by studying the changing politics of local and regional development and government in Romania. It focuses on the experiences of Neamt County, in the North East Development Region (NEDL) in Romania (Regional and County Profiles in Appendix A), as the changes from the communist era throughout the transition and the accession periods have contributed to different articulations of the context, the processes and the participants of local and regional policies. By focusing on the local as a prism to better understand the regional and national level, by incorporating various socio-political factors rather a monolithic economic dimension in the analysis, by including a non-western and non-central but a Balkan state and by following a qualitative approach this study attempts simultaneously to respond on the research gaps that have previously mentioned.

The need for such a study is not simply justified by the academic literature gaps, but it is also related with broader theoretical and pragmatic discussions. By sharing the concern from this considerable lack of studies and echoing the calls for the exploration of not only economic but also historical, cultural, institutional and structural perspectives (see, for examples Swyngedouw 1999; Jessop 2001; Pike and Tomaney 2004; Moulaert et al 2005; Lajendijk 2007; Moulaert et al 2007), this research aims to contribute to the ongoing discussion around alternative, heterodox approaches that challenge the mainstream 'economic regionalism', to local development and government (see, for examples Pike 2004; Hadjimichalis 2006; Hadjimichalis and Hudson 2006, 2007; Hudson 2007; Lajendijk 2007). Additionally, the concentration on a single case study that is grounded on empirical primary research rather than on 'thin empirics' (Hudson 2007, p.1151) allows the promotion of two aims: a better understanding of the real conditions, and a critical reflection of

its findings to the existing theorizing and conceptualization of local and regional development and government (Stenning and Horschelmann 2008).

The selection of Romania has been put forward not only due to its Balkan orientation, in geographical, historical, cultural and normative terms (despite the attempts from various groups/interests/elites to prove that they belong to Central Europe), but also because of numerous additional conditions that made this choice very interesting in both academic and pragmatic terms: Romania is one of the larger countries in Europe and definitely the largest among the Balkan States; it has one of the most difficult and insufficient transition trajectories; it recently became the last member of the EU (together with Bulgaria); it implemented local and regional policies with a significant time delay; and, it still encounters severe problems of less satisfactory development. Consequently, the findings of this study, alongside the enrichment of our understanding and knowledge of local and regional policies in real conditions in Eastern Europe, would additionally provide a broader thematic guide for other countries with similar characteristics in the area (the Western Balkans for instance), and within a creative inductive way (contrary to a fruitless generalization), it could stimulate similar discussions about local and regional development and government.

The selection of Neamt County has been equally decided after thorough consideration of several characteristics. The basic aim was to avoid the usual research paradigm that emphasize on ‘successful’ localities and regions attempting to export their ‘magic’ recipe for development, not only national or European, but world-wide (i.e. the ‘case study hegemony’ of the more advanced North-Western Region and/or the more developed Counties of Cluj, Arad and Timis in the work of Bega 2004, 2007; Sellar 2009, 2010; Turnock 2005, 2007). The Neamt County is part of the North East Development Region (NEDR), which constitutes the less developed region and it suffers from severe economic and socio-political problems: large unemployment and inter-regional disparities rates; serious flows of out-migration and brain and hand drain; great numbers of socially excluded groups (i.e. Roma); unresolved ‘positive’ (‘natural’ incorporation of the Moldova Republic) and ‘negative’ (very small but extremely radical Hungarian minority, the Slezkers) nationalist issues.

The study does not claim that the selection of a case is question of typical. Instead, the thesis treats the case study of Neamt County as an example in order to identify and analyse the main issues around local and regional development in Romania. Certainly, there is a large variety and diversity on local legacies, resources and experiences that impact on the transition trajectory and complicate the attempt to find an average or median case. However, the role of a case study is to highlight the number of issues related to the under investigation question taking seriously in consideration these local peculiarities and their influence on the final outcome.

Last but not least, additional motivations for the study of local development politics in Romania are related to personal interests and challenges. Originating from the western part of Macedonia in Greece and sharing boundaries with two other Balkan states (Albania and F.Y.R.O.M) I consider this thesis as a great opportunity to fulfill my personal research pursuits, contributing simultaneously to the provision of knowledge of the peninsula of Haemus or the Balkan peninsula, an area that, as Maria Todorova has suggested (1997), ‘you learned to love it without the need to be proud or ashamed of that’. Moreover, without rejecting alternative approaches that focus on their own towns and/or countries, I strongly believe that it is extremely challenging, useful and productive for a PhD student to be exposed and engaged within an unknown environment, away from the convenience and bias of his/her place of origin.

### **1.3 Aims and Objectives of the Study**

The central aim of the research is to explore the extent that a change from a planned to market economy has influenced the nature and character of the way that local and regional problems of development and government have been confronted in Romania. This thesis examines the extent and the way that transition to free market economy and accession to the EU have impacted on concepts and models of regional development and regional government in Romania. The thesis utilises a conceptual framework (that is analysed in Chapter 3) that draws on a number of local and regional approaches and analytical techniques that are presented in the next Chapter.

The social processes of 'regionalism' and 'regionalisation' and the evolution of local and regional development theories, which are mainly depicted by approaches in evolutionary, radical, institutional and cultural 'turns' in economic geography, constitute the conceptual framework of this research. By investigating signs of regionalism and regionalisation processes in Romania, this thesis attempts to analyse the political and cultural assertiveness of localities towards the centralised state and to question the applicability of 'new regionalism' as it has been developed in Western Europe in the late 90s, the same time that 'revolution' was taking place in Romania.

Moving away from the genuine and broader Regionalism movements of the 19<sup>th</sup> century (see page 52 for more details), the Regionalism theory and policy practice of development emerged in Europe for first time around 1960 as a reaction to the increased centralisation and nationalisation in states after the end of WWII. At this time, regionalism was based on ethnic, language and religious cleavages (Keating 1998). The effect of this tendency had a double dimension: firstly, several regions across Europe obtained autonomy (more or less extensive) in some aspects of political and cultural life, and secondly, central government applied regional policies to confront the problem of regional inequalities where the regionalisation of state structures was the means to achieve them. Almost three decades later another wave of regionalism, the so-called 'new regionalism' emerged in Europe founded on economic and political grounds (Tomaney 2007). Claiming that economic restructuring and democratic representation are best handled by regional institutions, new regionalism was a response and a contribution to inadequacies and failures of the existing political forms.

At the same time as these processes have dominated debates of regional policies and provided a very fruitful analytical framework for social changes across the world, Romania was struggling for economic stabilisation, democratic installation and European accession. As well as the different starting point and future aspirations, Romania has a completely contrasting political, structural, cultural and institutional heritage from the western stereotype as both a post-communist country and a Balkan state. In spite of these differences, it is evident that domestic economic and non-economic particularities have been ignored in the formation and implementation of local and regional development policies. Various international organisations, with the

EU representing the most powerful player on the field of local development and government, have exercised their influences and pressures on Romania in transplanting their ‘successful’ and ‘experienced’ patterns and concepts based on the contemporary principles of economic global competition.

After nearly two decades from the fall of communism and a few only years from the completion of the accession adventure, this thesis aims to investigate the context, the processes and the actors of these policies and to question the purely economic approach of the western type new regionalism in Romania. In this way and within a rather heterodox theoretical framework, it aims to re-consider the nature of local and regional development and government in Romania and contribute to debates for the future character of these policies across Europe.

Given the central aim of the thesis the main objectives are the following:

1. To examine the factors that influenced local development and government policies from 1945 until 2007.
2. To explore the applicability of ‘new regionalism and regionalisation’ in the explanation of the region’s emergence and local/regional development experiences in Romania.
3. To assess the arguments of new-regionalism and EU declarations that the democratisation and regionalisation of Romania has allowed the diverse participation of local and regional actors in the planning, monitoring and executing of development policies and consequently to their greater effectiveness.
4. To examine the impact of the Romanian local and regional policies’ experience into the EU character of regional development strategies.

#### **1.4 Structure of the Thesis**

The first Chapter justifies the selection of this particular study on the basis of the serious lack of existing work for the transition countries at the local level in south-eastern Europe. It also refers to the main aims, objectives and research questions of the study.

After this, the methodologies applied to investigate the research aim and the analytical framework for interpreting the primary data are presented in the second Chapter. The next Chapter conceptualises the evolution of local and regional development and government theory and policy. It aims not only to highlight the changing character, nature and patterns of regions and regionalism but also to stress the necessity to move beyond the narrow economic views and to incorporate Romania's peculiar characteristics of regionalism and regionalisation.

The first part of this thesis is completed with Chapter 4 and 5. Based on the theoretical, methodological and analytical frameworks presented in the previous Chapters, Chapter 4 investigates the new determinative forces in power within the new socio-political and economic environment in Central and Eastern Europe (CEE) after the fall of Communism in 1989. It also examines how specific political choices and social demands have changed the nature, character and forms of local and regional development and government in CEE. In continuing with the analysis of the previous Chapter, after the examination of 'transition' and 'Europeanisation' as the main factors for the articulation of local development in CEE after 1989, Chapter 5 presents another determinative factor, which is the communist legacies. Due to the fact that these legacies, despite their common denominator, have several differences from country to country, this Chapter concentrates only in Romania. In this way, it sets the broader scene before the close examination of the case study in the next part of the thesis.

The second part of the thesis, where the actual primary analysis and findings are presented starts with Chapter 6. This Chapter narrows its focus to the local level of Neamt County that is located in the North East Region of Romania, which is the less developed region of the country, in order to focus on the particularities of the local development and government in Romania from 1945 to 1989.

Following in a chronological order, Chapter 7 investigates the post-1989 local development attempts as they have been formulated and managed within the new socio-political system. Having already mentioned what the revolution and the return to Europe meant for the whole country, this Chapter focuses on the impact of

transition in terms of local development and government at the Neamt County in particular.

Similarly, the next Chapter investigates the shifting variables in local and regional development and government in Romania due to the EU accession perspective. Through an in depth analysis of the Neamt's County case, it examines the impact of the pre-accession period on both local development agenda and local government processes.

The conclusion Chapter of the thesis summarises and connects the findings from all the previous Chapters. Attention is paid to bridge the theoretical framework and study's questions as they have been deployed at the first part (Chapters 1-5) with the empirical findings presented on the second part (Chapters 6-8).



## CHAPTER 2. ANALYTICAL FRAMEWORK

### 2.1 Overview

A major component of any research that could significantly influence its final outcome refers to methodology followed (Kitchin and Tate 2000). The importance of the methods applied, from the very first stage of the research design to the interpretation of the findings, is related not merely to the means and ways of research but also to the underlining philosophies and principles that the particular research is based upon (Sayer 1992; Graham 2005). Especially for this thesis that highlights the importance of the ignoring of non-economic factors by the mainstream approaches, the presentation of the analytical framework constitutes an inseparable part of the study.

This Chapter serves a twofold aim: firstly, it shows that methodologies applied for the generation, elaboration, presentation and interpretation of data related to the research questions; and secondly, it provides the necessary justification for this choice of methods in connection to the research subject. As explained in the first Chapter, the decision to follow a qualitative research approach is related to the main object of this thesis to challenge the ‘orthodox’, mono-dimensional and purely economic view on the analysis of local and regional policies. Moreover, the selection of a case study as the main method of analysis resulted from the necessity for an intensive and pragmatic investigation of the research’s aim.

The initial decision and justification for a qualitative, empirical and in-depth approach however, cannot adequately explain, the ways of collection, analysis and interpretation of the empirical material. Thus, this Chapter explains the techniques selected, the adjustments to heterodox agenda model undertaken, the analytical tools used, the difficulties and limitations encountered and the interpretation framework followed in this study.

## 2.2 Methodological Approach

The methodology adopted through out this thesis moves beyond the simple and conventional economic growth model and embraces a political economy perspective of local and regional economic development and government. Studying the changing nature of local and regional policies during systemic transformations in Romania constitutes a multi-factor project of geographical political economy. This study has taken a realistic approach to the issues surrounding Romania's local development and government. In doing so, it focuses on pragmatic changes in distinctive time periods without becoming too embroiled in spatial economic theory and simplistic comparisons of economic indices.

The examination of local and regional development in a political economy framework in this thesis forms a rejection of the conventional orthodox hegemony through the use of alternative approaches. The methodology applied for examining the research aim and objects stated in the previous section uses mixed analytical techniques and theoretical approaches relevant to the subject concerned. Thus, rather than being a study of spatial theory and methods of regional analysis, this study utilises such disciplines and together with the creative synthesis – of the new and the old (Lovering 2001) and of the broader and the specific (Lajendijk 2007) - formulates the contextual framework where the local and regional development and government of Romania will be considered.

This thesis has decided to adopt a different methodology based on the so-called 'heterodox' approaches to economic development and governance (see, for examples Storper 1997; Amin 1999; MacLeod 2000; Pike 2004; Lajendijk 2007; Moulaert et al 2007; Moulaert and Mehmood 2009). While still valid and scientific in its approach, it reflects the necessity for a combined theoretical synthesis that would allowed the usage of various empirical techniques. In addition to considerations of spatial economics and theories, the methodology is a very clear acknowledgement of the important influence that non-economic factors exercise into formulation of local development policies. Alongside the application of new-regionalism debates (Keating 1997; Rodriquez-Pose 1998, 2002; Tomaney 2002, 2009) and its critics (Hadjimichalis 2006; Hadjimichalis and Hudson 2007), various insights have been

used from a range of institutional (Amin and Thrift 1995; Amin 2001; Jessop 2001; Wood and Valler 2001), historical /path dependency (Storper et al 1998; Sunley 2000; Pike et al 2006), and democratic/participatory (Swyngedouw 2000, 2005; Moulaert and Cabaret 2006) turns. Furthermore, the methodology has been inspired by the creative theoretical synthesis of the ‘critical-realist’ approach (Moulaert and Mehmood 2009), the ‘social innovation’ model that combines regulation theory, cultural political economy and discourse analysis (Moulaert et al 2007), the ‘strategic relation approach’ (Lajendijk 2007) and the ‘holistic, progressive and sustainable local and regional development’ model proposed by Pike et al (2007). Although not identified exhaustively with any of these approaches, their usefulness and value lies in the fact that they all offer a critical and open perspective on the factors and dynamics of social reality within a specific spatial environment, allowing for diverse and complementary explanations (Sayer 1992).

What has been the driving force for the methodology of this study is the ‘unorthodox’ approach with its novel and highly challenging agenda for economic development (Pike 2004). This ‘heterodox’ approach recognises the complex, fast changing and uncertainness of economic development (that actually represents the case for the recent Romanian economic history) and suggests a threefold analytical framework based upon the main dimensions and characteristics of the heterodox agenda (table 2.1): the experimentation, with new, innovative strategies and practices, the context specificity of local and regional economies, and the governance connection that not only moves beyond state and market but also shows sensitivity to local path dependencies (Pike 2004). These features formulate such a mode of inquiry that it is better able to understand the real dimensions of the changing politics of local and regional development and government in Romania by surpassing positivist and ahistorical analysis.

Table 2.1: The analytical framework for the ‘heterodox’ agenda

**HETERODOXY**

Complex and multi-factor issues  
The role of the local, regional, sub-national, national and supra-national organisations  
The role of state and quasi-state, private and voluntary sectors  
The form, focus and object of intervention  
The values and principles adopted and applied  
The character and nature of the processes followed  
The time frameworks of design and delivery of strategies  
The level, type and nature of funding

***EXPERIMENTATION***

Extent and nature of experimentation with new and/or innovative institution building  
Extent and nature of experimentation and practising of policy design and delivery  
Extent of utilisation of existing formalised models, procedures, structures and norms  
Degree and nature of departure from existing ‘tried and tested’ practice  
Degree and nature of adaptive and reflexive action  
Evidence of success and/or failure  
Responses to successive and/or failed initiatives

***CONTEXT SPECIFICITY***

The recognition of local needs and aspirations  
The recognition of local knowledge and path dependencies  
The extent and nature of orientation toward specific local and/or regional context  
The degree and nature of adherence to standardised, national and/or supra-national templates  
The degree and nature of link between local/regional and national/European context

***GOVERNANCE***

The origins, establishment and recognition of local/regional institutions  
The degree of autonomy, coordination, and regulation  
The internal and external networking structures  
The interrelations between multilevel and multisector institutions  
The type and nature of legitimacy, accountability and transparency

Source: Adapted from Pike 2004 (p.2147) and adjusted to the needs of this study

After more than two decades since the ‘revolution’ in Romania and the collapse of state socialism in the communist block of countries in CEE and Soviet Union (SU), nearly ten years from the beginning of the accession adventure, and only a few years from the integration to EU, the study of changes on the local level in Romania is profoundly well timed. Although it is obviously too early to test the effectiveness of the EU’s local and regional initiatives, it is considered an appropriate time to examine their impact on the models and concepts of development and government at the sub-national level. Moreover, as a consequence of incorporation of path dependency into the theoretical framework, this thesis may put the emphases on the pre-accession period (1997-2007) but simultaneously conducts a retrospective analysis of the nature, the type and the form of local development and government by exploring legacies of the transition, communist and pre-communist periods.

In the context of a geographical political economy methodology, there are a range of criteria relevant for evaluating the adequacy of a theory including mathematical, statistical, discourse, historical, cultural, and institutional analysis along with empirical investigation. Thus, given the theoretical framework of a heterodox approach and the equal importance of economic and non-economic factors, this thesis uses a number of different empirical techniques to assess the extent that a change from a planned to market economy has significantly influenced the way that local and regional problems of development and government have been confronted in Romania.

The most basic and formal distinction in research design is between extensive and intensive approaches (Clifford and Valentine 2003; Flowerdraw and Martin 2005). The distinctive characteristic of those approaches is the different concerns about the relationship between observations and the ability to produce generalisations on the basis of these observations. In an intensive research design the causes are elucidated through in-depth examination and interpretation whilst in extensive research repeated studies or large samples produce representative generalisations. Moreover, the two approaches could be separated up to a degree according to their philosophical underpinnings and their practical requirements. Philosophically, intensive approaches have often been linked to realist and extensive approaches to positivist philosophies. Practically, different types of research design mean different requirements in data type and amount, as well as cost and time (Clifford and Valentine 2003).

Despite each approach being related to specific methods of research (case study and ethnography for the intensive, and questionnaires, surveys and statistical analysis for the extensive), there is no necessary distinction in the techniques used. Intensive research is useful to understand the motivations and interactions while extensive research could identify the diversity of the structures and processes under investigation (Stenning 1997). This study follows an intensive approach, as it allows a full understanding of the ways that local and regional development policies and government structures have been articulated within particular socio-political and time periods. Furthermore, with the completion of a relatively large number of interviews and the application of a statistical network analysis (SNA) in Chapter 8, it is anticipated that a limited version of an extensive approach will be included in order to

reveal the plurality of expectations and opinions about local policies in Neamt County.

In conjunction with an exploration of research philosophies and approaches is the selection of a method to generate data. In line with the fundamental choice for intensive research approach, this thesis relied primarily upon primary data that has been generated in the field and complementary secondary sources of information.

The analytical investigations have been materialised through a variety of qualitative techniques. Comparative dynamic analysis, which refers to comparison throughout different time periods, is used as the basis of much of the empirical analysis and information is elaborated throughout the thesis to build upon abstract and theoretical arguments. The emphasis is on using theory to interpret and explain pragmatic events rather than treating them separately.

The thesis draws on a case study approach because it enables a more systematic investigation of the wide range of factors that influence the local development policies in Romania. This method relies on the consideration of a large number of variables of both, economic and non-economic character, where a singular statistical methodology is often impractical. Also, the basic characteristics of case studies are the real-life setting and the multi-perspective in-depth study of a topic in a particular selected time and space dimension (Kitchin and Tate 2000), which is in agreement with the theoretical framework and the approach adopted for the research.

The reasons for employing a stand-alone case study are not related with the recent trend towards this direction (Young 2001) but most importantly with the emphasis put on the local peculiarities and the formation of different patterns of response to local and regional development problems. Furthermore, the case study is not intended to find an average example or value. On the contrary, it aims to identify the key sets of relations that contribute in the final form of development and government articulations within a locality. In that sense, the major limitation of case study approach that refers to generalising and patterning weaknesses has been overcome by this study as the aim is not to be representative of entire levels of development and

government, but indicative of the specific influences upon and challenges faced by the Neamt Judet at particular socio-political environments and time periods.

After the philosophical underlying layer, the theoretical framework and the methodological approach, the last but equally important link on the methodology chain concerns the research techniques. Apart from the interviews that have already been mentioned earlier, literature review, documentary analysis, participatory ethnography and visual interpretation constitutes the research means for the production and management of information related to the research topic. There is not an exclusive connection between aims and questions with one or more specific techniques as all the research tools have contributed in the final output. The implementation of a multi-method technique or triangulation is very useful as it allows to exploit the advantages of every method and to overcome the limitations of each one of them. Thus, the final research output will have an increased scientific validity and credibility.

### **2.3 Working in the Field**

Organising, administrating and completing a research field trip in Romania (from March to July 2008) constituted an additional challenge for this thesis. The fact that much of this study has been conducted in an unfamiliar country, without having any command of the native language and literally knowing nobody there, adds a peculiar interest to this study. On the one hand, there were exciting expectations but on the other hand, several practical worries and considerations emerged.

The methodology strategy described in the previous section breaks down to the conducting of interviews with a broad range of participants that express local interests and anticipations. The unfamiliarity with actors at all the levels in Romania has been overcome due to the invaluable contribution of Kevin Richardson, a senior corporate policy manager at the Newcastle City Council and responsible for the city's partnership with the North East region in Romania within the twining programme funded by the EU's Structural Funds (SF), and to Daniela Constantin, professor of economic geography at the Bucharest Academy of Economics and member of the

Romanian branch of the European Regional Science Association (ESRA). The former introduced me to several officials of the North East's Regional Development Agency (RDA) whilst the latter managed to connect me with senior officials of the Romanian Government, especially at the (recent reformed and renamed to) Ministry of Regional Development and Tourism.

Having established a few contacts at the regional and central level, an initial schedule of interviews was formulated and a pilot visit in the field was organised. The initial visit to Bucharest and Neamt County and the consequent familiarisation with the physical and cultural environment allowed the application of sampling and snowballing techniques from the core contacts. Both these procedures implied careful selection of interviewees as they expected not only to contribute in the production of data/information but also to increase the validity and the reliability of the study. Despite the fact that following a qualitative approach and using interviews as the main research technique does not demand a representative sample, the intention of this study from the beginning was to talk to a diverse set of people. Having as basic features the knowledge, experience and the involvement of interviewees in local and regional policies, the interviews were conducted with representatives of the state (all levels but with emphasis at local and regional), the economic sector (mainly business associations and individual entrepreneurs) and civil society (various organisations with emphasis on academics and non-governmental organisations (NGO)).

After having identified, through the review of the relevant literature and the insights gleaned from the pilot study, the institutions that actually have or theoretically should have been engaged in these policies, a careful selection of the people that would best be interviewed followed. The main objective was to interview high-ranking individuals, with a sound knowledge base in relation to, and/or in positions of responsibility from each institution/company/association selected to participate in the research. Thus, after several attempts to contact and inquiries to talk with specific people in each organisation, which in most cases took the form of a formal application and request, the majority of the informants agreed to participate in my study. In two cases, however (in respect of individuals I had contacted in the Ministry of Tourism and Regional Development and City Hall of Roman City), I was referred to other individuals as both my initially selected participants politely declined my request to



meet and talk with them due to their extremely busy timetables. In an extreme case, the executive manager of one organisation (Regional Development Agency) never even once replied in any of my twelve messages, leaving me with no choice but to talk to managers located in specific departments of this institution instead (for details, see Appendix B). The fact that most of the participants hold senior positions in their organisation's hierarchy meant that they are all very highly skilled and well-qualified professionals and senior managers, which in turn meant that the interviews were able very largely to be conducted in English. In those instances where that was not possible, however, the interpretation services that were available and offered by the President and Vice-President of the Hellenic Community of Piatra Neamt allowed for the go-ahead in relation to my primary and preferred selection of informants - without the need to replace them on account of the language barrier.

Figure 2.1: The Office of the Hellenic Community of Piatra Neamt



Source: Own picture

The completion of the pilot study (from 21/03/08 to 12/04/08) already produced a significant amount of information that, after a preliminary analysis, allowed the

identification of gaps and inefficiencies that had to do mainly with the design and the structure of the interviews and not so much with the sampling. Through successive meetings with the supervisory team the informal conversations (free-open) have been transformed to semi-structure interviews (guide approach). This decisive shift promoted two goals: first, specific questions have been linked to the theoretical approach and research question, and second, a common agenda of issues (especially useful for the SNA at Chapter 8) has been accompanied with free space and the opportunity for the interviewer to raise any other issues that he/she believed were worthwhile (see full Interview Schedule in Appendix C).

Overall, thirty three interviews (see full list at Appendix B) with representatives of twenty five different actors constitute the core data source for this thesis (figures 2.2 and 2.3). Three of the organisations (Ministry of Regional Development and Tourism, North East's Regional Development Agency and Neamt County's City Council) had more than one interviewee while for two persons a second interview has also been conducted. With the exception of two interviews, all were recorded and all of them have been word-to-word transcribed. For six interviews, the interpretation services offered by the president and the vice-president of the Hellenic Community of Piatra Neamt were necessary due to my limited knowledge of Romanian while the rest were conducted in English (figure 2.4). The vast majority of the participants demonstrated a very positive attitude and responded adequately to all my enquiries. However, there were a few cases that the respondents refused repeatedly to meet and talk, and a few other where the initially agreed participant had referred me to a third person. Ethical considerations were taken seriously throughout this study and the principles of confidentiality and anonymity were established and assured to all participants in advance.

Figure 2.2: Talking to representatives of the Roma Community in Neamt County



Source: Own picture

Figure 2.3: Talking to representatives of the Neamt's County Council



Source: Own picture

Figure 2.4: Talking to representatives of the Neamt's SMEs Association, facilitated by the vice-president of the Hellenic Community of Piatra Neamt



Source: Own picture

Regarding the rest of the research techniques, literature and document analysis have been restricted from the small availability of resources in English, especially at the local level. However, with the invaluable support from the Hellenic Society of Piatra Neamt and the determinative contribution of the executive manager of the County's Public Library in Piatra Neamt and of the general director of the local newspaper 'Ceaclau', very important insights have been added in the study. Additionally, the Statistical Office of Neamt County agreed eventually to 'sell' the 'sensitive' socio-economic data from 2004 onwards to a 'foreigner' and together with important contributions from the Piatra Neamt's City Council helped in a better understanding of the local and regional dynamics in the area.

The observational ethnography offered information of great importance and value in two specific areas: firstly, on the conditions of daily life, the perspectives of economic development and the opportunities of participation and inclusion for several small/large and more/less marginalised groups at the local level, and secondly, on the, norms and patterns of behaviour and communication of political parties and

organisations in Neamt during the local election of 2008 in Romania. These areas of interest have also been enriched by the visual interpretation of the material (photos) produced in the field, a process stigmatised by the dangerous conditions in one of the Roma ghettos and the suspiciousness of a few civil servants and police officers.

## **2.4 Making Sense of the Data**

The aim of this section is to provide the analytical framework of the mainly qualitative data gathered throughout this research. Previous sub-Chapters have described the process of data collection using a variety of methods, from interviewing and participant observation to document analysis and literature review. With the exception of references to specific statistics, the methodology used involves the collection of qualitative data, with the interviews' transcripts representing the main source of data. While there is a significant amount of literature concerning the collection and coding of qualitative data (see, for examples Kitchin and Tate 2000; Dowler 2001; Limb and Dwyer 2001; Smith 2001; Cook 2005; Flowerdew and Martin 2005; Kesby et al 2005; Valentine 2005; Clifford et al 2010; Laurier 2010; Longhurst 2010;) there is little discussion about how to interpret qualitative material (Jackson 2001; Crang 2005). For this reason, this section aims to explain the more technical aspects of coding, data analysis and ways of interpretation of the empirical material.

The gathering, classification, grouping and preparation for analysis data as well as the organisation and analysis of all this diverse information has been fully facilitated by the use of new technologies. After systematic training within the Newcastle University (Post-Graduate training programme and extra seminars), specialised software has been used to elaborate the raw material into useful and meaningful findings. The specialised software NVivo9 has been used throughout the research for transcribing, coding, analysing and transforming the enormous data derived from interviews (more than 1000 pages) into specific conceptual themes, direct and indirectly related to the questions of the study.



The usage of computer assisted qualitative data analysis software (CAQDAS) however, does not imply that the usage of the NVivo9 is devoid of problems. On the contrary, as Hoven (2010) underlines, several concerns about CAQDAS should be seriously taken into consideration as they could undermine the advantages of using this kind of software. For instance, the fixation with volume, the mechanistic data analysis and the over-emphasis on 'grounded theory' could eliminate the benefits of managing large quantities of data, the convenient coding and retrieving and the quick identification of deviant cases respectively (Hoven 2010, p.462).

Similarly, it is important to clarify in advance that the NVivo is merely a facilitator (Wilcockson 2008, 2009), a very useful tool (Lewis 2009) for analysing qualitative data, but the software cannot do the actual analysis and interpretation by itself. In contrast to what is normal practice for several quantitative/statistical packages, there is no prescribed path through NVivo and the direction of research depends on the nature of the available data and the methodology followed (QSR 2008). In other words, Nvivo9 can help with most of the 'clerical tasks' (Hoven 2010, p.453) but in the end, the outcome of data analysis, synthesis and interpretation remains exclusively the main and personal task of the researcher (Lewins and Silver 2007; Lewis 2009).

Acknowledging all these concerns and limitations regarding the usage/use of CAQDAS, the analysis and interpretation of the interview's transcripts followed the step by step approach proposed by Kitchin and Tate (2008, p.235) exploiting simultaneously the potentials of the NVivo9. The different tasks of description, classification and making of connections between the data however consist of an inter-active rather than a linear process. Indeed, it was this extremely demanding nature of the analysis that made the software so useful and necessary.

The first stage of analysis called 'description' and consists of the process of transcribing and annotating the interviews. The transcription of most of the interviews, especially from those of the pilot study, took place in a relatively small period of time after the completion of the discussion and was always accompanied with annotations at the end. Prior to the verbatim transcribed text, various information about the situational context, the intentions of the interviewee and the general process were embedded. Both the description of the process at the beginning of the

transcripts and the memorandums at the end have proved important insights as they were related not only to people and phenomena under investigation (context, process, actors of local development and government) but also to me personally as researcher. As the research was progressing, these notes have enabled me to re-evaluate the approach of the research.

Classification represents the second stage of analysis where data from the transcripts has been broken up into constituent parts and then placed into similar categories. This process is widely known as coding and refers to the identification of factors that appeared to be more important or salient for the analysis (Kitchin and Tate 2000). The selected categories, or ‘nodes’ according to the NVivo terminology, are based on both empirical and conceptual grounds and express the similarities and differences of the interviewees’ responses. The categorising is interwoven with the splitting and splicing process, which refers to the sub-categorising and/or merging of existing categories and aims to allow a better comparison of the responses. Figures 2.5 and 2.6 demonstrate examples of tree and free nodes. The former constitute the main research questions whilst the latter represent additional important issues that were unable to be merged into a broader category.

Figure 2.5: Tree nodes

Name	Sources	References	Created On	Created By	Modified On	Modified By
INSTITUTIONS AND GOVERNANCE	0	0	08/08/2009 15:57	MB	08/08/2009 15:57	MB
ACTORS EXCLUDED	0	0	08/08/2009 15:09	MB	08/08/2009 15:22	MB
ACTORS INVOLVED	10	19	08/08/2009 15:09	MB	10/08/2009 12:29	MB
BUSINESS SECTOR	3	7	08/08/2009 15:09	MB	14/08/2009 14:40	MB
CIVIL SOCIETY	7	42	08/08/2009 15:09	MB	10/08/2009 12:08	MB
coordination issues	13	38	08/08/2009 13:27	MB	10/08/2009 11:19	MB
INCUMBERS	15	42	08/08/2009 16:00	MB	10/08/2009 12:33	MB
LOCAL AUTHORITIES	12	30	08/08/2009 15:08	MB	14/08/2009 14:10	MB
MAINTAIN A ROLE	17	56	08/08/2009 16:00	MB	10/08/2009 12:44	MB
MARGINALISED	8	15	08/08/2009 16:00	MB	14/08/2009 14:08	MB
SHIFT IN POLITICS (POW)	20	88	08/08/2009 16:00	MB	14/08/2009 13:48	MB
STATE INSTITUTIONS	14	52	08/08/2009 15:57	MB	14/08/2009 14:14	MB
POLICIES FOR LOCAL DEVELOPMENT	1	1	08/08/2009 15:53	MB	14/08/2009 14:43	MB
ACTORS - INTERESTS	21	85	08/08/2009 15:54	MB	14/08/2009 14:08	MB
AGENDA - STRATEGY	16	74	08/08/2009 15:56	MB	14/08/2009 14:43	MB
ALLIANCES	9	20	08/08/2009 15:05	MB	14/08/2009 14:40	MB
CONFLICTS	0	0	08/08/2009 15:54	MB	08/08/2009 15:54	MB
INFLUENCES	8	13	08/08/2009 15:05	MB	10/08/2009 12:27	MB
LOCAL - REGIONAL JUSTI	15	30	08/08/2009 15:57	MB	14/08/2009 14:15	MB
PROCESSES - STAGES	14	40	08/08/2009 15:56	MB	14/08/2009 14:37	MB
RATIONAL BEHIND AGEN	10	37	08/08/2009 15:56	MB	14/08/2009 14:44	MB
WIDER DEVELOPMENT D	10	37	08/08/2009 15:54	MB	14/08/2009 13:57	MB
SOCIAL DIMENSIONS	0	0	08/08/2009 16:01	MB	08/08/2009 16:01	MB
THEORETICAL IMPLICATIONS	0	0	08/08/2009 16:02	MB	08/08/2009 16:02	MB

Source: Own elaboration

Figure 2.6: Free Nodes

Name	Sources	References	Created On	Created By	Modified On	Modified By
communist period	10	24	17/08/2009 14:36	MB	25/08/2009 18:11	MB
competitiveness ans	4	11	14/08/2009 12:21	MB	20/08/2009 13:33	MB
competitive advantage	1	2	20/08/2009 13:43	MB	20/08/2009 13:59	MB
consultancy-quality propoc	7	17	14/08/2009 12:13	MB	09/09/2009 11:37	MB
corruption	5	7	08/09/2009 15:31	MB	08/09/2009 13:24	MB
decentralisation-devolutio	16	129	13/08/2009 12:59	MB	08/09/2009 17:48	MB
efficiency problems	10	47	17/08/2009 16:06	MB	08/09/2009 18:08	MB
elected government	2	2	21/08/2009 13:14	MB	26/08/2009 16:50	MB
elites	5	30	21/08/2009 12:21	MB	26/08/2009 17:06	MB
entrepreneurship	2	11	21/08/2009 15:43	MB	26/08/2009 17:12	MB
EU accession	5	8	21/08/2009 12:20	MB	26/08/2009 18:14	MB
EU local/role investments	17	61	13/08/2009 12:37	MB	26/08/2009 18:14	MB
federalism-changes	3	12	17/08/2009 16:56	MB	20/08/2009 09:11	MB
human capital	3	8	17/08/2009 17:22	MB	09/09/2009 12:43	MB
importance of regional dev	11	42	13/08/2009 12:27	MB	08/09/2009 20:03	MB
institutions general	11	76	13/08/2009 13:31	MB	21/08/2009 12:53	MB
intra-regional disparities	6	17	14/08/2009 12:09	MB	08/09/2009 17:20	MB
judet	1	9	21/08/2009 13:06	MB	21/08/2009 13:15	MB
lobbying	2	5	21/08/2009 15:40	MB	08/09/2009 18:14	MB
local/regional problems	18	75	13/08/2009 12:46	MB	08/09/2009 17:36	MB
mentality of people	9	16	26/08/2009 18:44	MB	08/09/2009 16:50	MB
national funding	6	19	13/08/2009 17:11	MB	24/08/2009 11:06	MB
political affiliations and seg	11	26	13/08/2009 13:22	MB	08/09/2009 17:26	MB
political situation	5	13	17/08/2009 14:44	MB	26/08/2009 17:01	MB
post-accession	1	2	08/09/2009 17:48	MB	08/09/2009 17:49	MB
post-communist period	8	40	21/08/2009 12:15	MB	08/09/2009 17:45	MB

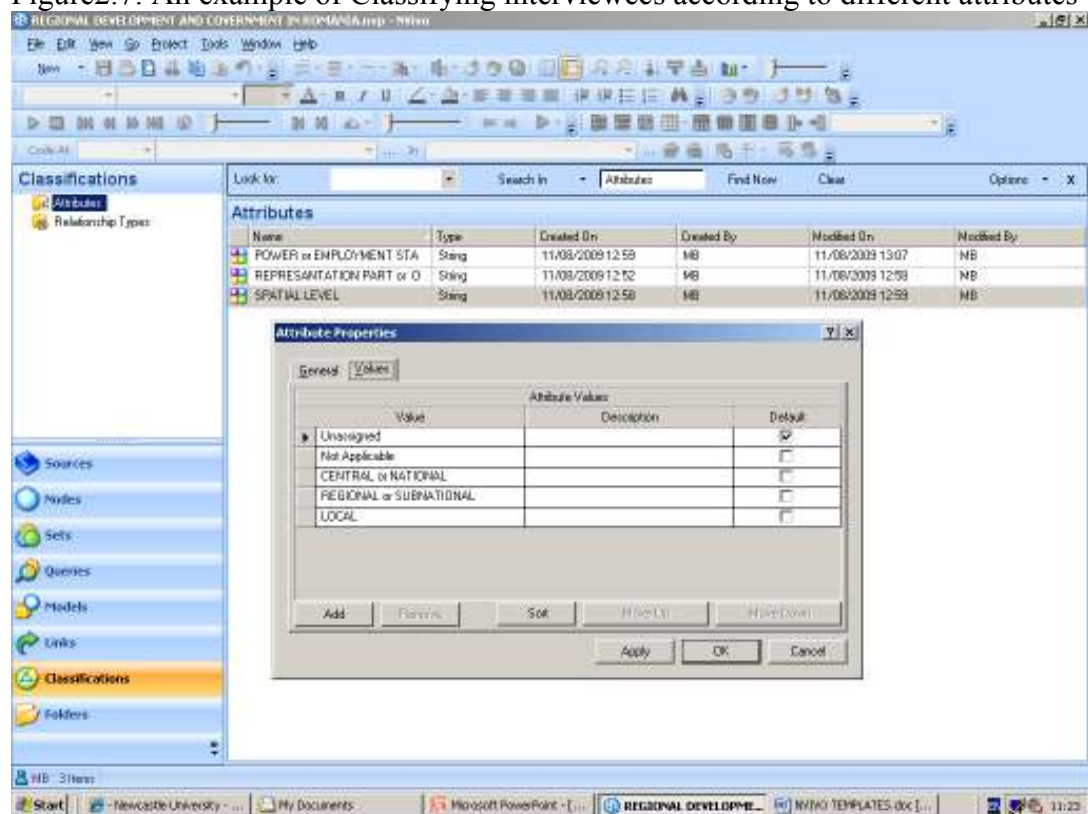
Source: Own elaboration

As already explained in the previous Chapter, the changing politics of local development and government are the main directions of the research and for this reason, the data generated through the field work has been classified under the broader categories/tree nodes of ‘INSTITUTIONS AND GOVERNANCE’ and ‘POLICIES FOR LOCAL DEVELOPMENT’ (figure 2.1). Similarly, the sub-nodes included in the tree-nodes constitute detailed aspects of these broader categories that not only allow a better understanding of the data but they also make the data meaningful to others. Within the same logic, when some of the created nodes were not possible to be associated clearly with the broader categories, either because it represents a unique response or an extremely detailed reference, they remained as individual/free nodes and were used appropriately in the further analysis and interpretation.



Equally important to classification is the stage of connection that permits the understanding of the relations and associations between different classes. The attempt to investigate how the codes are associated and interact constitutes an effort to identify how the data classified in nodes are hanging together. This is actually the starting point of interpretation where the ways in which particular nodes might be specific to the types of people represented in the scripts are analysed. NVivo was extremely helpful in this particular stage through its various options and applications. For example, the fact that different dimensions of the participants' identities might lead to their contrasting ideas about the politics of local development and government were easily identifiable (figure 2.7). Similarly, the application of several queries (figure 2.8) and the creation of models (figure 2.9) facilitated the interpretation process in a very well organised, neat and less time-consuming way. It should be underlined however, that the usage of NVivo can facilitate but not substitute the role of researcher through the analysis and interpretation of the data.

Figure 2.7: An example of Classifying interviewees according to different attributes



Source: Own elaboration



In a different orientation, part of this qualitative data has been transformed in numeric indices in order to allow the conduction of a Social Network Analysis (SNA) in Chapter 8. As mentioned earlier, the methodological adjustment with regards to shift from the unstructured to semi-structured interviews was decided in order to fulfil specific requirements of the research. The most important of them was the conducting of the SNA and the subsequent necessity for homogeneous numeric data. Thus, two basic questions referring to the existence and the frequency of communication among the interviewees have been incorporated in each interview (Question D.6, Appendix B). Although this section refers to how the information gathered have been utilised, the way that specific responses from the interviewees has been transformed in numeric data, as well as the details concerning the analysis and interpretation of the SNA is explained separately in Chapter 8 in order to provide a clearer grounding for the SNA and its results.

## **2.5 Summary**

The adaptation of a qualitative approach that is based on a mixed set of methodologies is totally in agreement with the central aim of this study. The intention of this thesis to explore a multi complex topic such as the changing politics of local and regional development and government in Romania is better served by an intensive research, which in turn conducted with the help of an in-depth case study of Neamt County in the North East Development Region. Besides, the focus on first-hand experience by visiting the field and talking to representatives of different sectors at different levels is also in line with the ‘unorthodox’ mainstream approaches that challenge the quantitative, purely economic, techniques of analysis.

The core element of the methodology applied is the ‘heterodox agenda’ as it has developed by Pike (2004) and adjusted to the needs of this particular thesis. The data generated from this fieldwork has been elaborated with the help of specialised software for qualitative research, whilst the interpretation of the findings was based on conceptual themes grounded in empirics and theory. These theoretical grounds are presented in the next two Chapters, where the analysis of issues regarding locale/region and regionalism on one hand and transition and Europeanisation on the other are discussed more thoroughly.

## **CHAPTER 3. THEORETICAL PERSPECTIVES ON ROMANIAN LOCAL & REGIONAL DEVELOPMENT AND GOVERNMENT**

### **3.1 Introduction**

The resurgence of regional studies in the past four decades has not only prevented the 'death of the region' but also generated new ideas and meanings around local and regional development and government. This well established and increased interest in 'region' and 'local' has been accompanied by the dissemination of both, academic and political discourses, of several catchphrases such as 'regionalism', 'local/regional development', 'border', 'local/regional identity' and 'government-ance'. This new phraseology around the region was significantly triggered by the ongoing enormous transformations in global, European, national and sub-national political (government) and economic (market) regulations and it has sparked new and intense debates about the effects of these changes on regions (Pike 2007).

Despite the great importance of the region and the repeated use of the related phraseology in many academic fields, the meanings of these terms are far from homogeneous and generally accepted (Pike et al 2007). The basic reason behind this ambivalence is that region and locale and several other major categories that are crucial for understanding their roles in socio-political and economic terms, are often taken for granted in most of regional development literature. This in turn, is directly related to the universalisation of certain scripts (Paasi 2009) that has led to the phenomenon of 'the tragedy of the commons' (Yeung and Lin 2003). Although it is generally accepted in local and regional studies that dominant theories and articulations have always emerged from particular historical (Scott 2000) and national and international contexts (Pike et al 2007), the mainstream local and regional theories seem to suffer from a narrow sectorial and geographical character that at least challenge their uniform application across space and overtime. In their work, Yeung and Lin stigmatise the fact that the majority of local and regional development theorising derives from a significantly marginalised research into spheres of industrial only activity, conducted mainly by researchers originating from the Anglo-American

countries and focused almost exclusively on advanced industrialised local and regional economies (2003, p.112).

As a result of this idiosyncratic discrimination in theorising, many key terms and notions of local and regional development as 'region' and 'regionalism' are often used without a contextual reflection (Lajendijk and Cornford 2000). It is therefore necessary, as Anssi Paasi suggests to 'scrutinise the way(s) that locality and region is understood, theorised and practically ascertained' (2009, p.122) in each particular research. This conceptualisation however, constitutes a rather complicated issue as it brings together both material and 'virtual' elements (Paasi 2009, p.131) and results in too many kinds of regions (Tomaney 2007), defined in different ways and for different purposes (Armstrong and Taylor 2000). It would only be after this critical and close examination of the notion of regions however, that the broader study of local and regional development and government in Romania could proceed.

This Chapter presents an overview of the literature concerning the notion of 'region' and 'local' as well as the processes behind their formation and development. There are a number of theories that are relevant to the conceptualisation of region which all offer a valuable framework on which to base the study of local and regional policies in Romania. However, no single theory adequately explains the shifting of local and regional politics in Romania due to the mismatch between their major principles as they have developed in the Anglo-American context (Yeung and Lin 2003) and the particular socio-political and economic dynamics developed in Romania, a post-communist and Balkan state (Chiaburu 1999; Schrieder et al 2000; Constantin 2002; Stenning 2008). Thus, specific adjustments of the existing theories and explanations must be presented in order to formulate a most appropriate theorising of the 'region' and the 'locale' within a Romanian context. This in turn, will allow studying the local and regional level of Romania as 'space for (*changing*) politics' (Carter and Pasquier 2010, *parenthesis added*) and, following the incitement for 'reverse discourses' (Slater 1999) to contribute in the so-called 'new economic geographies' (Yeung and Lin 2003, p.111).

This Chapter is structured as follows: first, the theoretical perspectives on region with an emphasis on the ongoing controversies of the territorial and non-territorial

conceptualisation of the region are discussed. Then, historical backgrounds and current forms of regionalism will be briefly analysed, followed by an integrated reflection of all these theories in a Romanian context which results in the theorising of the changing politics of local and regional policies in Romania. Regions and regionalism are different elements of this changing process but they are often studied separately. Finally, the summary brings the different approaches regarding these two concepts into an integrated framework and conceptualise the 'locale' and 'region' of Romania as the space for the changing politics on development and government policies at the local and regional level.

## **3.2 The Region Problematic**

### **3.2.1 *Scale matters***

The concept of scale has entered the local and regional development discourses since the 1980s (Paasi 2004) and has been easily added by geographers next to other key concepts as space, territory and place (Herod 2003). The main reason for this acceptance of scale and the need for its appreciation, together with the other key concepts, is that development does not take place in a spatial vacuum as it is a 'profoundly geographical phenomenon' (Pike et al 2007, p.35).

Any examination of local and regional development requires the acknowledgment of scale, alongside space, territory and place, because various political, economic and social aspects of life are organised simultaneously both horizontally and vertically (Paasi 2004, p.537). Although there is a great range of scales with distinctive socio-economic processes and institutional agents (Pike et al 2007), there are two basic visions for the region with regards to its scale (Paasi 2009, p.132). The first one appreciates region at the sub-national territorial level, a typical sub-state category between the central/national state and the local level (Keating 1998). The second positions region at the supra-national level, usually with the form of supra-state entities that constitute sub-systems of the international system (Paasi 2009, p.132), and object of International Relations (IR)/political sciences (Schulz et al. 2001).

The difficulties of conceptualisation of scale and its impact on the study of local and regional development have been pointed out from several scholars (Jonas 1994; Brenner 2001; Paasi 2004; Gualini 2006). According to Brenner (2001), the scale concept can be described with the help of two major and completely different meanings, the singular and the plural. The former refers to some aspects of social-spatial organisation within a bounded geographical area which is 'relatively differentiated and self-enclosed' (p.599) whilst the latter refers to the interactions among scales 'within a multi-tiered, hierarchical configured geographical scaffolding' (p.600). Similarly, on his conceptualisation of scale, Gualini (2006) distinguishes the 'traditional' understanding of scale where scale relations are seen as nested hierarchy of bounded spaces, from the 'new' where scale relations are the result of evolving dynamics that lead on processes of scalar changes (p.885), a procedure of 'rescaling' (Gualini 2006) or 'jumping of scales' (Swyngedouw 2000).

Although the existence of 'singular' or 'traditional' scale categories are still crucial points in the analysis of local and regional development, the fact that each level is mutually constitutive (Pike et al 2007) indicates the need to move from 'fixed to relational' scales (Paasi 2004). Scales are structured and institutionalised in complex ways that may be partly concrete and bounded and partly invisible and unbounded (Paasi 2004) and/or often imposed as political scales or developed as scales of daily life (Bird 1989). In this sense, scale is not simply a pre-given platform but the outcome of structural forces and practices of human agents (Gualini 2006, p.885)

Thus, the concept of scale should not narrow the study of local and regional development within a particular scalar level but on the contrary, it should expand it by taking into consideration what happens on at the other scales. As a result, while this study focuses on the changing politics at the local and the regional level in Romania, the processes and phenomena taking place in other scales, from above (see Chapter 4 and 5) or below (see Chapter 6), will be incorporated in the study as they can significantly influence the development, especially when these 'external' factors are 'beyond the control of particular localities and regions' (Pike et al 2007, p.38)

### 3.2.2 *Territory and Region*

The decision concerning the scalar level of focus and the acknowledgement of the influences of developments from other scales, within a historically and perpetuating shifting of hierarchies, does not solve the problem around the notion of region. The conceptualisation of territory is also fundamental for the understanding of the region and the geographical dimension of development. Defining and understanding the territorial character of the region has been an ambiguity issue since the very early stages of regional studies (Pike 2007). Even the etymology of the word 'region' does not manage to offer a most commonly accepted understanding of the term and its territorial character. On the contrary, its various meanings and associations from place to place and over time has generated an additional layer of complexity on its conceptualisation (Tomaney 2009).

The attempts to understand/categorise the concept of region have been undertaken by scholars in different ways and for different purposes (Armstrong and Taylor 2000). These efforts resulted in a range of definitions where the essence, meaning and nature of regional territory and its relations with socio-political, economic and cultural aspects of life, have been interpreted in different, although not necessary mutually excluded, ways (Pike 2007).

Gilbert (1998) for example, although distinguishing the type of the region between formal, functional, perceptual and administrative, underlines the fact that a region could possibly belong simultaneously in more than one of these categories. Similarly, Tomaney (2009), identifies a series of different treatments of the region: the *cartographic* region that serves mainly data collection, planning and administrating purposes, the *economic* region that responds, under different theoretical approaches (neoclassical, Keynesian, network), to the need for economic restructuring, the *cultural* region that contribute in the formation of regional identity based mainly on aspects of common/shared features (past, language, etc), the *political* region that mobilises new and old political powers in a newly constituted territorial and scalar framework, and the *ecological* region where emphasis is on the importance that physical environment continues to play on humans lives. And again, the classification



of a particular region in one of these types does not exclude the possibility the same region can be described perfectly well by one or more from the other categories.

The regional territory can also be conceptualised differently according to the analytic orientation and needs of each single study, even when it comes from the same author. Anssi Paasi (2002) for instance follows an analytical distinction of three ideas of regions when he researched the region and the place and the relation between these two: the *pre-scientific* view, which seen region as a given spatial unit used for the collection of data, the *discipline-centred* view that regards regions as objects or results of the research process, and the *critical* view that conceptualises region as the product of social practices, relations and discourses. When he refers to the nature of the 'region-building' process in the European context however, he makes a distinction between the 'old' and the 'new' region (Paasi 2009, p.133). The former describes the regions that have emerged with history and have gradually evaluated to an important part of the governance system, while the latter refers to the regions that have been created ad hoc aiming to develop or improve the competitiveness of this particular region only.

Among these various considerations of the region, the contemporary debate has been crystallised in the way that not only territory but all the key concepts of the region, space, place and scale are thought and understood. The main problem of the perception of territory in the study of local and regional development is impressed on the contemporary controversy between the traditional territorial and the critical relational/not-territorial approaches and to the question whether the region is considered as object rather than subject of change (Pike 2007).

Traditionally, the region has been regarded as a 'closed' and 'bounded' territorial entity (Pike 2007). There was a need for the space to be marked out and represented as the governing and the developing of a visible space is not simply a matter of looking. In a context of globalisation however, where 'supply chains, linkage arrangements and knowledge networks are not locationally restricted', regions are not 'container spaces' (Amin 2004, p.33). Thus, a new relational approach has been developed, challenging the dominance of both the existing territorial views that understand regions as fixed and closed units (Carter and Pasquier 2010) and positions

region on a certain level among the clearly delineated hierarchy of scales (Pike 2007; Hudson 2007).

The main argument of this relational approach suggests that region should be appreciated as connected, open, porous and unbounded (see, for examples Allen et al 1998; Paasi 2001; Scott and Stroper 2003; Amin 2004; Lagendik 2007) as well as the 'product of networked flows and relations' (Allen and Cochrane 2007, p.1162). This new dimension of the concept of region lays down to the fact that 'the topographical space of absolute distance is displaced by topological understanding of relative and discontinuous space, emphasizing connections and nodes in networks' (Pike 2007, p.1144).

This approach however does not stand without criticism. Without totally rejecting the importance of the relational turn in the study of local and regional development, Sayer (2003) highlights the weakness of the topological approaches into accepting that space still matters and makes a difference (p.13). Similarly, Morgan (2007) stigmatises the mutually exclusive character that the relational theories, which actually represent a 'caricature of the mainstream view of cities and regions' (p.1248), promote on the reading of place, as it presents the territorial view as extremely old-fashioned.

By adopting the basic dialectic principle of 'thesis-antithesis', many scholars have concluded that the region is better described not by trying to prove the superiority of one or another approaches but rather by trying to combine them. The main arguments in favour of the 'synthesis' centred upon the diagnosis that territory still matters and that regions can be seen as both territorial and relational (Paasi 2002; Smith Ad 2004; Hudson 2007; Morgan 2007; Pike 2007). Thus, a region may be bounded in some sense but not in others (Paasi 2002). It is bounded because of the electoral-territorial politics and porous because of the multiple identities and higher mobility of the people (Morgan 2007). Furthermore, a region can be open in geographical terms and bounded due to its social and political constructions (Smith 2004, p.9).

### 3.2.3 *Region Building*

In continuing with the traditional territorial approach that regards region as a given entity, constructivism approaches support the idea of ‘region-building’ (Paasi 2009). This way of thinking draws a parallel between the region and its role as agent and implies that regions are simply political articulations, manipulated by some superior power/level. In order for the complicated character and nature of the region to be better understood however, it is preferable to move beyond this narrow agency-oriented approach and to recognise regions as social structures (Lajendijk 2007), of an output that ‘becomes’ rather than ‘made’ (Paasi 2009, p.133). The methodological implication of this acceptance is that the focus of research should be on ‘political choice’, in other words, studying simultaneously regions as ‘subjects’ and ‘objects’ of change (Hudson 2007, p.1152).

For the needs of such a type of study, Paasi (2009) suggests a four stages analytic process for capturing the dimensions of a region-building process that incorporates not only the agent but also the socio-political and economic relations and powers throughout the scales. His theory of the ‘institutionalisation of the regions’ (p.134) highlights the different forces of power for the creation and development of a region, stressing the fact that these four stages might take place simultaneously and they do not represent a linear relation and/or a typical recipe, hence the order of them varies for each individual case analysed.

The first of the stages refers to the *territorial shape* of a region that could be the product either of an historic evolution (old regions) or a contemporary ad hoc decision (new regions). This territorial shape of the region is based on various social, political, economic, and cultural conditions that are used for distinguishing each region from others. In this sense, this stage reflects the territorial approach for regions as it accepts the existence of boundaries, no matter whether it refers to a ‘soft’ or ‘hard’ types of them. The second stage, the *symbolic shaping*, describes the creation and development of a regional identity, a component that is appreciated as fundamental in the process of region building. This identity can be built on the basis of common/shared characteristics; it is externalised via the adoption of symbols and names, and it is used to distinguish the members of one region from the others. The

*institutional shaping* is the next stage, which deals with the development of the institutional framework, a substantial element for the production and reproduction of other shapes. The term institution here refers not only to the formal type of organisations but also to the informal type of habits, norms and patterns echoing in this way the great importance of both, ‘hard’ and ‘soft’ institutions (Amin 2001; MacLeod 2001a). Similarly, the ‘institutional thickness’ (Amin and Thrift 1995) includes the existence and the interaction of institutions, horizontally and vertically (Wood and Valler 2001). Finally, the *establishment* stage depicts the acceptance of the region in the broader system and signals its struggle over power and resources within this system.

The importance of these analytical stages, together with the scalar and territorial conceptualisation of the previous sections, will be merged on the final part of this Chapter in order to set the theoretical framework for the analysis of local and regional development and government in Romania. Before this, however, it is of great importance to analyse the problematic around the process of regionalism.

### **3.3 The Regionalism Problematic**

#### **3.3.1 Regionalism ‘old’ and ‘new’**

Similarly to the region, the term regionalism suffers from the problem of scalar classification. Although, this thesis focuses on the sub-national level it would be an omission not to mention the alternative use of the term. Thus, additionally to the practices towards the promotion of sub-national economic, cultural or political territories, regionalism, in a wide range of disciplines, may refer to developments at the supra national level. The usage of the term on the supra-national level is mainly related to the creation of trading blocks or customs and political unions (such as NAFTA, EU, etc) (Tomaney 2009) but also to functional cross-states cooperation within mega-regions, such as the Baltic or Balkan macro-regions (Petraikos and Totev 2001).

Although regionalism is directly associated nowadays with the notion of region and policies for local development and government, the term was originally used in the nineteenth century in cultural fields and thus, related to regional identity, consciousness and cultural performance (Paasi 2009). Later, regionalism was assigned to the protectionist trade policy of the 1930s and it was conceived as a strategy for the promotion of security, peace, development and welfare (Schulz et al. 2003). Nevertheless, regionalism is associated closely with the notion of region (Jones and MacLeod 2004): 'if regions are social constructions, regionalism is the means by which they are constructed' (Tomaney 2009, p.3), thus it constitutes a historical phenomenon, a process that is constantly formed and reformed.

Notwithstanding the various 'anti-regionalism' movements that were criticising the overemphasis on the topographical view of culture and politics, regionalism has emerged in the post World War II (WWII) Western Europe as a 'reaction to processes of centralisation and nationalisation in economic and cultural life' (Tomaney 2009, p.7). This 'traditional' (Keating 1998), 'old' (Tomaney 2009) or 'first' (Paasi 2009) regionalism which emerged in the 1960s, although often based around linguistic and historical grounds, does not refer to the cultural regionalism of the nineteenth century that was connected mostly with art, literature and architecture. On the contrary, it was still associated with integration initiatives (Paasi 2009) within a defensive set of politics that could be either a critique on conventional regional development or even a resistance to national development policies and defence of the existing status quo (Keating 1998). Hence, the line between regionalism and nationalism was far from clear (Tomaney 2009).

The label 'new' (Tomaney 2009; Paasi 2009) or 'modern' (Keating 1998) was brought into use during the 1990s to make a distinction from the old, not only in terms of time period but on other characteristics as well. While old regionalism emerged alongside European integration, new regionalism became widespread in the face of globalisation and economic restructuring. The new regionalism is characterised also by the involvement of state and non-state actors from various levels (Paasi 2009) that commonly participated in the management of the economic restructuring as the contribution has been appreciated as most effective for this task (Tomaney 2009). It

has also emerged as a link and demand simultaneously for change and modernisation (Keating 1998).

Due to its ability to provide a capable and effectual base for the analysis of regional changes since the 1970s, the new regionalism appears as the new orthodoxy on the local and regional researchers (Tomaney 2009). Its hegemonic appearance on academic and political discourses is closely (inter)related with the elevation of region, firstly as a key economic unit in the global economy (MacLeod 2001) and secondly, as the basic framework for new approaches to citizenship and democracy (Scott 1998). Hence, although an 'elusive concept', region still remains the more 'functional space' for economic planning and political governance (Keating 1998) despite the questions raised by several scholars concerning the 'what kind' and 'for who' (Pike et al 2006, 2007). Therefore, new regionalism, alongside globalism, has been conceptualised as the other part of the same process of economic transformation (Florida 1995a cited MacLeod 2001, p.807) able to respond to the challenges of the post-Fordist economic governance and specialisation (Cooke 1997; Morgan 1997; Storper 1995, 1997; Scott 1998). In that way, new regionalism is conceived as a powerful explanatory framework for regional growth and agglomeration, which more traditional approaches, such as the Ricardian competitive advantage (Scott 1998), the neoclassical market forces (Martin and Sunley 1997) and the spatial Keynesianism (Martin and Sunley 1998) have failed to address.

This domination however, is accompanied by several criticisms. Firstly, as several other mainstream concepts, theories and phenomena on local and regional studies, the main argument of new regionalism, concerning the effectiveness of regional institutions derives from the explanatory power of regions with strong regional identities without explaining the conditions for the rest with weaker 'regional consciousness' (Paasi 2009. p.142). Furthermore, the assumptions regarding the 'institutional thickness' (Amin and Thrift 1995) have been reconfirmed for a small number of cases (Tomaney 2009), following and promoting a pattern of few 'successful stories' where however it is not clear whether and how the 'abstract region' is connected with the 'actual regions in which real people live and work' (Lovering 1999, p.383). Related to that, the shift of emphasis towards non-economic factors and institutions within regionalism has been criticised for its inadequate

theorising (Hadjimichalis 2006) and false abstraction of the region as there is a constant tendency to ‘jump from ideal-typical theoretical categories to supposedly real-world empirical categories, and thence to policy recommendations’ (Lovering 1999, p.385).

Moreover, critics support the idea that the acceptance of new regionalism lies to its exploitation by regional elites for justifying their action (Tomaney 2009) in promoting the interests of their ‘new regional class’ (MacLeod 2001, p.811) through a new explanatory and normative ‘regional ideology’ (Lovering 1999, p.389). Additionally, to this trade upon new regionalism, the region itself is very often ‘unreflectively analysed’ as a pre-given and politically neutral entity (MacLeod 2001, p.822), not placed in a broader political economic context that is characterised by fiscal restraint and welfare retrenchment (Lovering 1999) and without ‘politicised politics’ and ‘economised economics’ (Hadjimichalis 2006).

### ***3.3.2 Regionalism and Regionalisation***

One of the most common confusions around regionalism is its false identification with regionalisation. Although there are several differences between regionalism and regionalisation, the theoretical dominance of the former has resulted in the substitution of the latter that in turn, has led to crucial misunderstandings of the regional change. According to Cooke and Morgan (2003) regionalisation refers to delimitation of a sub-national territory by a super-ordinate politico administrative body, which is normally the state. For some cases this delimitation involves only economic processes while for some others includes also politico-administrative and /or cultural aspects. Usually, regionalisation takes the form of devolved administration structures and de-centralisation of competences (Jones and MacLeod 2004). Thus, new local and/or regional authorities may be formed such as prefectures and provinces, or the existing may be enforced in power. Regionalisation is very often characterised as a change towards homogenising of the geographical space with increased cooperation, convergence and identity in a variety of fields (Schulz et al. 2003), a top-down approach by states towards regions (Louchlin 2000, Painter 2005).

Regionalism, however, describes a process which is based on cultural and identity grounds and/or very often is combined with political and economic factors (Cooke and Morgan 2003). This type of action may take place in the face of neglect or discriminating by the super-ordinate authority on the basis of cultural, such as ethnographic, linguistic and religious particularities (Rodriquez-Pose 2002) and/or economic and political demands, such as political participation and citizenship (Jones and MacLeod 2004) of certain population in a given territorial area. In any of the ways, it refers to mobilisation from below, a kind of bottom-up approach (Loughlin 2000).

This difference between regionalisation and regionalism could be described respectively as the difference between defensive and offensive analysis. Regionalisation as a process attempts to provide solutions in particular problems within specific territories. The willingness of the central state to create another administrative body or to empower the existing ones derived from the acknowledgement of these problems in these particular areas (Painter 2005). Thus, region(s) in difficulty need additional help and worked-out survival strategies, a type of the so-called 'defensive' response (Cooke and Morgan 2003). Regionalism, on the contrary, develops from below, very often as a reaction to imposed regionalisation, by combining cultural with economic and political issues. The focus in this case may narrow to very few and limited number of cases instead of across the whole inter-territorial system. Hence, this approach has the character of an 'offensive' analysis and strategy, which stresses the particular regional dynamics and potentials for success (Cooke and Morgan 2003).

### **3.4 The Romanian Problematic**

Having already presented the main problematic around the conceptualisation of locale and region as well as the different forms of regionalism in Western mainly Europe, the main theoretical challenge concerning the study of the local and regional policies in Romania is whether this theorising of local and regional changes is actually related to the Central and Eastern Europe experiences. When the notion of region remains an 'elusive space' (Keating 2008), not possible completely to 'portrait' it (Allen et al



1998) and at the same time, regionalism ‘remains a diverse and uneven process’ (Tomaney 2009) with various forms across the world (Yeung and Lin 2003), a new theorising for the Romanian case of both, the local and regional level on one and the process of regionalism on the other hand, it appears as imperative.

The conceptualisation of locale and regions as space of the changing politics in Romania it is expected to reveal the real socioeconomic conditions (Lovering 1999; Macleod 2001) within a context-specific framework (Amin 1999) and in association with more general process of change (Sayer 2000). Although various approaches have presented earlier in this Chapter, this study does not merely follow one or more of them but it attempts to synthesise a distinct theoretical framework able to respond at the same time to higher academic standards and practical research needs. As Allen et al (1998, p.2) underline, ‘one cannot study everything, and there is always multiple ways of seeing a place’.

The investigation of changes in the local and regional development and government modes and patterns in Romania through a case study in the Neamt County in the North East Region, self-illustrates the focus of the thesis on the sub-national level. The sub-national scale in this study incorporates both the static (structural, bounded area) and the dynamic (interactions and rescaling) notion. Thus, in spite of this scalar emphasis at the case study, developments above and below the local and the regional level are still taken very seriously into consideration as they exercise a significant and variant set of influences (see Chapters 4-6). These influences, although several times out of control of the locale and the region, they are not perceived as uni-directional top-down factors, as each locality receives and adopts these externalities in a particular way.

In this sense, the County and the Region are conceived as institutionalised spaces, with their own power structures and logics of action. Hence, they are not treated as simple receptors of macro-political and economic transformations (or transitions) but as a space for the exercise of powers (Carter and Pasquier 2010), which they derive from both, external and domestic sources. This ascertainment leads to the establishment of the local and regional not as places of random action, but more as spaces with their own ‘logic of action’ (Gremion 1976 cited in Carter and Pasquier

2010, p.286). Albeit ephemeral and/or occasional actions cannot be totally excluded, this thesis attempts to identify the structured systems of local and regional action in order to discover their shifting character over time in Romania. This aim is achieved by studying a range of actor's logics (influence of personality, behaviour, cultures, etc), the structure of their action (soft and hard institutions, administration structures, political parties, etc) and the resources used for public policies (public or private, local or European, etc). In other words, the changing politics are defined as actor interactions, from all the levels, in the exercise of authority and in the name of the common local and regional development.

The conceptualisation of local and region as a space of power, albeit contrasting to the pure administrative notion of the local and the regional government, does acknowledge the importance of the latter. The examination of shifting models and patterns of local development in Romania cannot simply ignore the powering effects that formal and informal institutions exercise. Thus, the delineation of local/regional boundaries/borders and the creation of councils as well as the consequent introduction of specific behaviours, beliefs and identities have their autonomous logic of action and influence the interaction of powers within a locality. After the inclusion of this dimension into investigating factors, both the Neamt County (figure 3.1) and the North East Development Region (figure 3.2) could be refer to any type/category of Region, as they have been analysed in the preceding section.

Understanding the region not only as a subject but also as an object of change raises the necessity to conceptualise the region/locality building process. For the needs of this study, the four stages of Paasi's (2009) 'institutionalising theory of the regions' have been used. The territorial shaping, symbolic shaping, institutional shaping and establishment stages offer a fruitful framework for the evaluation of this process of the local and the regional level. In addition, it justifies further the simultaneous examination of the shifting politics in Neamt and the North East, as due to their different degree of integration, they offer very important insights on the power polemics for development and government.

Figure 3.1: One of the numerous signs/buildings of the Neamt's County Council



Source: Own picture

Figure 3.2: The only sign/building of the North East Development Region



Source: Own picture

Having explained the theoretical elements for the understanding of the social and constructive nature of the locale and the region in the study, the way for their construction, the constantly changing phenomenon of regionalism, has also to be described. Firstly, the study utilises the distinction between regionalisation and regionalism. It uses this contrasting, in terms of sources, aims and direction of action procedures, in order, not only to understand better the behaviour of its agents but also to analyse the dynamics of its final output. This adaptation of the difference between regionalisation and regionalism expands the research potentials, in the case of the North East in particular, as it allows the identification of any evidences of 'regionalism without regions' or 'regions without regionalism' (Palne 2007).

Concerning the main process of regionalism, its Anglo-American academic origin and geographical application raises serious concerns for its suitability for the Romanian case, either with regards to the old or new regionalism. First of all, the differences between the timing and the broader economic environment are more than obvious. The devastated post WWII industrial Europe of the 1950s (old regionalism) and the developed but de-industrialised post-Fordist Western Europe of the 1980s (new regionalism) have very little in common with the heavy industrialised but not competitive post-socialist Romania of the 1990s. Furthermore, the European integration and the globalisation that have developed alongside the old and the new regionalism respectively have taken over from the European enlargement and the global restructuring. Secondly, the socio-political, economic, cultural and environmental conditions in Romania are far from similar to those dominant in most of the western European countries. The peculiar socio-economic conditions of Romania have been described as exceptional not only compared with the western but also in relation to the ex-communist patterns (see, for examples Popa et al 2002; Davey 2003; Popa 2003; Gallagher 2005; Constantin 2006; Palne 2007).

In addition, the Romanian regionalism, or regionalisation more correctly, seems to serve a rather political aim, contrary to the ethnic-cultural and economic main goals of the previous regionalism processes in Western Europe. This difference is also related to the broader framework that allowed the emergence of the region. Whilst in Western Europe, the region, as the output of both the regionalisms, disclosed a bottom-up demand for change and modernisation, in Romania, the region arises as a top-down

condition of political integration within the EU. Finally, the significantly diverse set of actors and their imbalanced negotiating power (supra-national Vs national/sub-national) advocates the suggestion that regionalisation in Romania, and arguably in the rest of post-socialist/transitional/post-accessional countries has acquired a genuinely new form, which cannot be explained by neither the old or the new regionalism in Western Europe (Keating and Hughes 2003).

### **3.5 Summary**

The literature regarding the notion of ‘locale’ and ‘region’ provides several considerations about the key concepts of space, place, scale and territory. Despite the numerous different approaches that emphasise particular aspects of these key concepts, the understanding of the local and regional level can be summarised in two opposing perspectives. On the one hand, there is the fixed and bounden perspective; on the other is the relational and unbounded.

The fixed and bounded perspective purports that both, the scale and the territory of a locality, should be conceptualised as a closed and differentiated entity. On these grounds, locale and region are regarded as bounded units that operate in a specific scale and have relations with other equally bounded entities within a nested hierarchy of closed scales. Thus, key concepts for the understanding of localities and their changes are theorised in a pre-given, existed and static territorial dimension. Basic element of these approaches is the significance attributed to delineation and formal administrative borders.

Conversely, the relational and unbounded perspective supports the dynamic dimension of scale and territory, and consequently the relational character of the locale and the region. Scale is considered as a rather complex construction that accrues as the result of human agents’ practices and it functions within a changeable environment. Similarly, individual localities are appreciated as open, porous and connected spaces, undermining the importance of territorial delimitation and underlining the significance of networked flows and relations.

In a similar way, there is a double opposition regarding the phenomenon behind the creation and development of the region. From one perspective, the different reasons, demands, conditions and final outputs distinguishes regionalism into 'old' and 'new'. From another perspective, the purposes, the responses and the direction of action discriminate regionalism from regionalisation.

It is these dichotomies that will be a focus for this thesis. This is not to imply, however, that other, more specialised perspectives are to be ignored. This thesis is a departure from the mainstream application of local and regional development and government in that it adopts a combined theoretical approach. It is the analysis of the changing politics in local and regional level in Romania; a country subjected to successive shocks from a forced industrialisation, a 'suggested' transition and a 'proposed' accession to the EU process, within the broad context of a theoretical synthesis.

This synthesis is based upon the acknowledgement that space, place, scale and territory still matters for the locale and the region. Any single locality can be seen as both, fixed-bounded and relational-unbounded in some sense and it usually functions simultaneously on stable and altering hierarchies. Moreover, both the approaches are of great importance as they influence the actor's logics, the structure/context and the processes of their actions with regards to local and regional development.

The research into Romanian local and regional change of development and government politics has adopted what is essentially a pragmatic approach – one that focuses on the issues on the ground rather than becoming too embroiled in theoretical discourses. Certainly, such theories are extremely useful in any local and regional development and government study, but they will be used in order to interpret and explain the research questions rather than becoming the study itself. The correlation between the theoretical and empirical study is expected to determine whether local and regional politics in Romania fits into such a framework. In this sense, the local and the regional are conceived as institutional spaces with their own power structures and logics of action that derive from external and domestic sources, a space for changing politics.

For this reason, Chapters 4 and 5 examine the impact on Romanian local and regional politics of broader socio-political and economic factors. The next Chapter (4) analyses how the transition from a central planning to free market system and the Europeanisation process have exercised various power that influenced the way that local and regional politics were formulated and managed in Romania. Similarly, Chapter 5 investigates the ways that communist legacies have impacted on local and regional development and government in Romania.

## **CHAPTER 4. LOCAL AND REGIONAL DEVELOPMENT IN POST-1989 CEE: NEW FORCES ON POWER**

### **4.1 Introduction**

The move from ‘fixed to relational’ scales of local/regional units implicitly suggests that the analysis of changes at one level should incorporate factors from other levels as well. Focusing on the local and regional level does not mean that research should remain restricted to these levels only. On the contrary, any direct or indirect influence exercised from above or below the scale of the area under investigation is considered of great importance and it should be investigated thoroughly.

Additionally, the conceptualisation of locale and region as dynamic spaces of changing politics does not imply that the application of a fixed scalar hierarchy and/or formally bounded territories should lack attention. The existence of scalar dynamics and changes is not by default mutually excluded by the presence of nested hierarchical systems of bounded spaces. Similarly, the theorising of locale and region as open and connected territories does not automatically reject the idea of the simultaneous existence of bounded units. The impact of the creation of administration entities and their strict political hierarchy constitutes a profound example for the importance of the fixed and bounded theorising of locale/region. Most importantly from a mere recognition of the fixed-bounded scales and units however, is the incorporation of their impacts on the analysis of local and regional politics.

This Chapter shows how the previously stated theorising of locale and regions could be put into practice. Thus, it analyses the broader processes of transition and Europeanisation as well as their affects on local and regional politics. Although globalisation constitutes an equally important process, it is not investigated separately in this study as both the transition and Europeanisation phenomena incorporate most of its major principles and theorems. Basic axioms of globalisation such as the free and de-regulated market, the free movement of goods, capital and labour, as well as the principle of competitive advantage and the high competition among territories at various levels, are equally well established in the transition and Europeanisation processes.



## 4.2 The Transition Process

### 4.2.1 Overview

Providing a solid definition of a concept and/or process in social sciences has always been accompanied by several difficulties and disagreements. Different starting points and/or emphasis on particular aspects of this kind of concept have generated a plethora of different definitions as well as a diverse set of criteria for diagnosing the existence, evolution and/or the accomplishment of such phenomena.

Several international organisations for example, which specialise in economic issues and advocate the neo-liberal agenda through the globalisation of markets, perceived transition as a rather static, check-list procedure that is based exclusively on fiscal criteria. The Organisation for Economic Cooperation and Development (OECD) for instance, defines transition (1998) according to the dual nature of this process, the internal and the external. Domestically, transition means marketisation of economic relations and internationally, transition equates to globalisation of economic regulation. As a common denominator of this conceptualised duality, price liberalisation emerges as the fundamental factor in allocation of resources and increased efficiency.

As a consequence of this mono-dimensional approach that deals only with specific economic aspects, transition has been conceptualised as a 'phase', a stage that all the post-socialist countries have to go through sooner or later. Although the emphasis on the completion of the transitional stage has some positive impact on the study of transition as it implies different degrees of compliance and success among the post-socialist countries, the criteria used for this evaluation suffers from the same persistence on fiscal parameters and abstract theorising. In a report concerning the progress of the Czech Republic for instance, OECD (1998) argues that the country has successfully completed the transition stage due to its 'liberalised' and 'westernised' nature of economic organisation. Ironically, just a year later, a plethora of reports referred to the failure of Czech Republic to establish the conditions for competitive growth because of the remaining strong ties between large investors and the State (Smith and Pickles 1998).

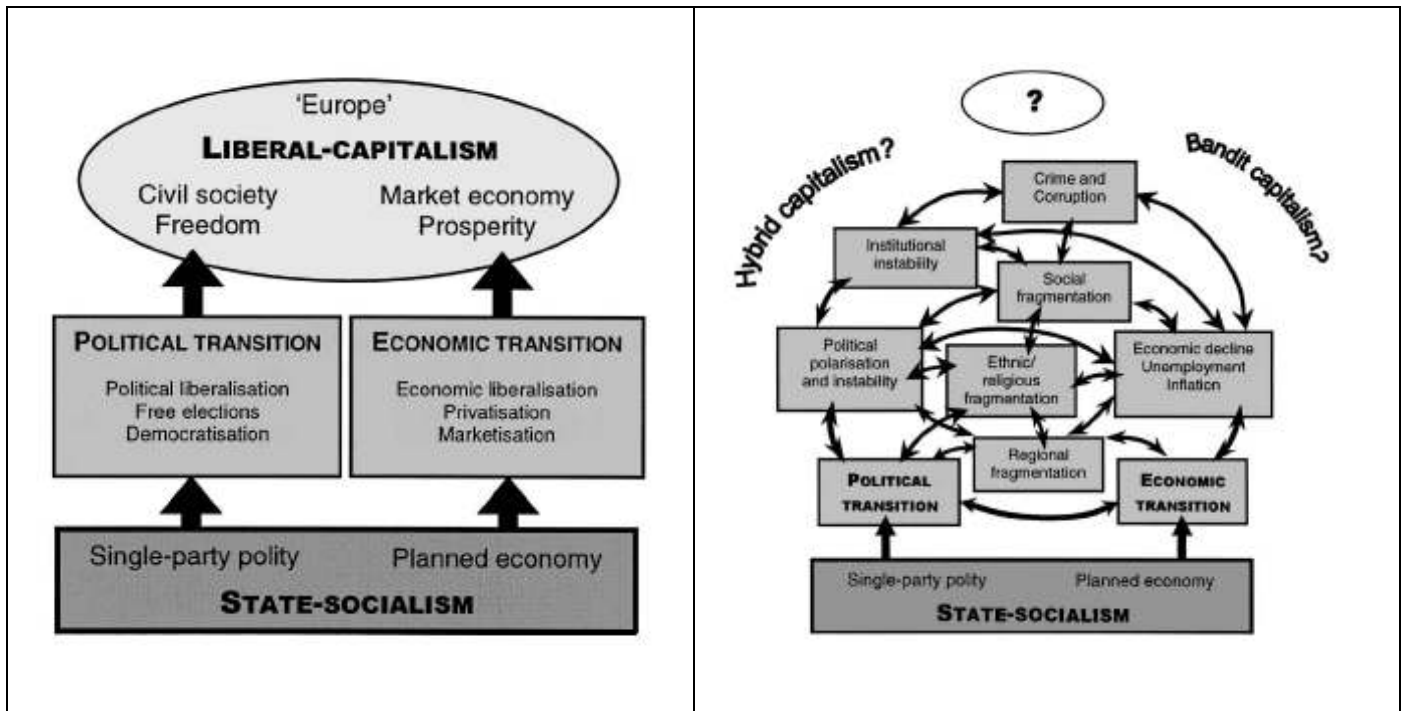
Likewise, the World Bank (WB) and the International Monetary Fund (IMF) support the idea of the end of transition by defining conditions for this completion in the same mono-dimensional and abstract way. The WB (2002) believes that the wide dispersion in the productivity of labour and capital across various types of enterprises at the onset of transition and the erosion of the differences between old and new sectors during the reform signalises the end of this stage. Similarly, the IMF (2001) suggests that transition should be considered complete when functioning fiscal institutions and reasonable and affordable expenditure programmes, basic welfare provisions included, are in place.

The dominance of economic concerns in understanding and describing transition is manifested on academic grounds too. Although several scholars underline the dramatic effects that this change produces in every day life, most of the literature suffers from a narrow economic approach that deals with economic growth (Bird 1992; Ferris et al 1994) or fiscal and market concerns (Havrylyshyn and Wolf 1999) with a rather general perspective. Even when attempts to incorporate additional dimensions of the transition process, such as the institutional framework for example, have taken place, they still remained attached to core economic issues such as the price liberalisation, privatisation and Foreign Direct Investments (FDI) (Smith 1998; Kuznetsov 1999; Young 2001). In the same way, when the changing nature of the State is included in the analysis, it also narrowly emphasises economic power issues (Gowan 1995; Smith 1998) and not on broader socio-political changes.

The attempts to define and understand transition based on economic only grounds and on certain types of knowledge and analysis (i.e. the international fiscal and economic organisations) is not the only difficulty that surrounds this process. The most important weakness of all these approaches is the underlying assumption that transition constitutes a linear evolutionary phase with a universal form, pace and degree of success. The ignorance of the social, political, cultural and environmental dimensions and the unseen different impact of transition at various scales (national, regional, local) have resulted in a narrow understanding of this process and consequently in a restrictive study of this phenomenon.

Figure 4.1: The 'model' scenario

Figure 4.2: The 'vicious cycle' scenario



Source: Adapted from Sokol 2001 (p.646 and p.652 respectively)

The next section deals implicitly with these gaps in the understanding of transition. Instead of trying to discover and/or compose a better definition, it becomes critically engaged with the literature aiming at an alternative and suitable theorising of transition for the purposes of this research. Although transition has addressed as a triple reform (Offe 1991), the remaking of international relations (Swain and Hardy 1998) has been overcome in literature by the dominance of the so-called economic (Pickles and Smith 1998) and political (Kaldor and Vejvoda 1999b) dimensions. In political terms, transition was associated with ideas of liberal democracy and civic society whilst in economic terms it was fuelled by the belief that the 'one fits all' shock therapy would result in a rather fast convergence with Western Europe (Sokol 2001).

The failure of these anticipations and the growing degree of disparities between 'West and East' and also within the East itself (Petraikos 1993, 1997a, 2000; Dunford and Smith 2000) has led to a highly fragmented European space in socio-political and economic indicators (Hudson and Williams 1999). The distance between the optimal 'model scenario' (figure 4.1) and the realistic 'vicious cycle scenario' (figure 4.2) is explained by the dominant role of the neo-liberal orthodoxy and the ignorance of

other alternative approaches in the attempt of understanding transition in pragmatic terms (Sokol 2001). Thus, the next section theorises transition by utilising debates around critical theory and political economy ideas (Smith and Pickles 1998), which allows the diversity and complexity of the process to be revealed and the impact on the transition to local and regional politics to be highlighted.

#### ***4.2.2 Theorising Transition***

The theorising of transition aims not to elevate the universality and/or superiority of a specific theory but to combine these theoretical elements that will allow a better understanding of this phenomenon and its impact on local and regional politics. In this sense, this critically engagement of various theoretical proposals serves a twofold goal: it continues the criticism of the hegemonic neo-liberalism agenda and orthodox approach as it has been discussed in the previous Chapter, and offers a wider analytical framework for the investigation of complex and non-uniform influences of transition in different spatial levels.

*Regulation Theory* (RT) can provide a fruitful starting point to understanding how the new economic and socio-political system operates. Smith and Pickles (1998) suggest that the understanding of the free-market rules and the regulation norms of the complex institutional setting are essential for the success or failure of transition. It is crucial however, to emphasise that the mode of regulation consists not only of formal rules but also from social processes (Lipietz 1987 cited Begg and Pickles 1998, p.141) and that institutions incorporate both the hard and soft type (Amin 2001; MacLeod 2001; Wood and Valer 2001).

One of the core themes discussed in transition theories is the new role of the state. The basic argument of the neo-liberal theory advocates a rapid withering of the state for a successful transition. Interestingly enough, new regionalism reaches a similar conclusion when it talks about the ‘hollowing out’ of the state as a result of the emergence of new sub and supra national territorial organisations.

Similar to the way that scholars have supported that this ‘hollowing-out’ is either overemphasised or entirely misplaced, researchers have also highlighted the crucial

role that state continues to have in transition (Hirst and Thompson 1996 cited Smith and Pickle 1998). Dunford (1998) supports the idea that instead of withering the state it is preferable to transform its functional operation as the major regulatory body.

Indeed, the state remains a powerful player in allocation of resources and formulation of policies for various levels, even in quite de-centralised and devolved post-socialist countries (Gorzela 1996; Caramani 2003; Batt 2003; Kafkalas 2008). In post-socialist countries, the State is considered of even greater importance as the owner of most of the properties, especially large state enterprises, determines the nature and the success of transition. Moreover, issues such as the spatial division of industry (Begg and Pickles 1998), the asymmetric development of Small and Medium Enterprises (SMEs) (Bradshan et al 1998), and the different level of democratisation and decentralisation in a transition country (Pickles 1998) demonstrate the importance of regulation and the power of State in shaping the pace and the success of a transition programme

The understanding and adoption of a new regulatory framework may be a necessity but not an efficient condition for a successful transition. As Dunford (1998) underlines, the new socio-economic and political environment cannot be created simply by treaty or law. The transition to a new reality depends on several other parameters that by far are not the same among different countries or within a state. Several considerations related to the previous regime's nature, the contemporary structural adjustment, and the future institutional arrangements should also be considered. In other words, both the starting point and the final destination of transition matter. Each post-socialist country and each locality have a different appreciation of these parameters and consequently will be led in a diverse trajectory based on their own, very specific path of transition.

The *Path Dependency Theory* (PDT) claims that future forms of development arise out of particular trajectories or paths that are related to the past (Grabber and Stark 1998; Sunley 2000; Harlde 2001). In this sense, tradition, culture and legacies influence the transition trajectory (Sokol 2001) and at the same time help in understanding its diversity and complexity (Smith and Pickles 1998), its potentials

and limitations (Grabber and Stark 1998), and its overall failure or success (Dunford 1998).

Contrary to this individualised approach, neo-liberal theorists have supported the implantation of ‘successful’ institutions of pricing and properties from Western economies to transition states (Blanchard et al 1994 cited Grabber and Stark 1998). Suggestions for a ‘shock therapy’ or a ‘big bang strategy’ derive from a neo-liberal theoretical framework claiming that privatisation and marketisation are the forces that could increase the efficiency of any transition country. However, the empirical validity of these choices was soon called into question (Harlde 2001). In spite of any benefits in the short run, this universal form of strategy ignores the peculiar traditional structures, diverse conditions and different adaptability potentials for each country and each locality. As a result, it narrows its understanding and it undermines the total effectiveness of transition in the long run (Grabber and Stark 1998).

The importance of incorporating particular aspects from the historic path of a territory in transition is summarised by the notion of legacies and will be further analysed in Chapter 5. Grabber and Stark (1998) implicitly related the success of any transition policy with the consideration of legacies, and Meurs and Begg (1998) correlate the final output of transition with the particular mechanisms and technical characteristics adopted in practice, which are again associated with specific legacies. This great importance of legacies lays down to past experience, information and knowledge that can be revealed and utilised during the transition. This emphasis on the past, however, as an explanatory fact of the post-socialist transition should be accompanied by a continuous self-scrutiny of its limitations in order not to fall ‘into the related traps of either determinism or historicism’ (Stenning and Horschelmann 2008, p.313).

Legacies could have a dual potential: to block or to support transformation. In some cases, institutional attempts of reform are contaminated with the deficiencies of the old regime. Remaining or/and modified elements of the previous system obstruct the process of transformation in order to keep or to increase their power into the new era. In this sense, ‘the future cannot be realised because the past cannot be overcome’ (Grabber and Stark 1998, p.58), a condition that explains much of the Romanian deficiencies either at the national level (Gilberg 1990; Gallagher 2005) or the local

and regional level (Badescu and Sum 2005; Ionita and Inan 2008) as the analysis on the following Chapter will illustrate.

From another point of view, legacies could have an enormous contribution to political stability, government effectiveness, and economic progress. Harlde (2001) underlines the essential role of legacies in creating social capital that might be more important than the human and physical. Similarly, Grabber and Stark (1998) stress the necessity to retain or even raise the diversity under transition. They do not take for granted that free market competition is an optimiser, nor that a different evolutionary path is the symptom of inefficient mechanism. They instead argue that alongside legacies, localities and linkages also, constitute a major precondition for further improvement.

The push forward of linkages as a basic component of a successful transition advocates the importance of *Network and Social Relations* (NSR) approaches for the understanding of this multi-dimensional process. Having strong links with the Evolutionary Theory (ET) these approaches focus in the way that numerous networks, either official or not, between social and economic actors are transformed. The power (re)-distribution and (re)-formulation of formal and informal networks is essential for the understanding of social and economic changes in transition countries (Smith and Pickles 1998).

In spite of the huge changes through the 1989 revolutionary waves across the CEE countries, the decision and power system has not changed significantly. In a different degree and intensity between countries and localities, formal institutional settings and informal social practices of the old regime continue to exist and to determine economic and social policies in the post-1989 era. As Begg and Pickles (1998) underline, the institutional structures and operations, have hardly changed, particularly at the lower levels, a statement that is confirmed for the case of Neamt County in this thesis (Chapters 6-8).

This of course is not to say that new sites of accumulation have not been developed. The crucial point however, is whether and how these new networks and social relation schemes are connected with the previous institutional structures. The origin and relations of the new nomenclature with the previous regime certainly, vary across and

within countries, but their common feature is the enormous influence into transition process. The most commonly presented example of new networks and social relations under transition is represented by the emergence of mobster and mafia, in other words the organised crime (Begg and Pickles, 1998; Sidaway and Power, 1998).

According to Regulska (1998), the increased attention on non-economic factors in theorising transition is explained from the deception that significant economic outcome will be enough to resolve any social and political issues during the transition process. This delayed acknowledgement of the importance that social relations and networks have in transition has managed to put the emphasis on additional dimensions of public policy, such as the local and regional scale, gender disparities, religion stereotypes, and ethnic discriminations.

With regards to scale and gender, the predominance of central versus local dimension and male contrary to female participation are not entirely unexpected as they existed in the previous regime (Nelson 1988; Meurs 1998; Georgescu 1991) and they also exist in western countries (Joly 1998; Wetherell 2007). The significant parameter in this case, is that a broader inclusion would require the allocation of power among numerous players, which means a decline of influence for the older actors (Regulska 1998; Grabber and Stark 1998). As far as the position of ethnic and religious minorities is concerned, the difficulties during transition have a greater impact on these groups than the rest of the population (Meurs 1998; Begg and Pickles 1998). Although the central slogan and basic aim of the communist regime was the promotion of equality among citizens, uneven social and geographical experiences across and within CEE remained the norm (Meurs 1998). Thus, ethnic, religious and other social groups have been forced to draw on their cultural, network and social relation resources for finding alternative ways of political expression, mainly at the local level.

The collapse of the Iron Curtain in 1989 however, generated hopes for improvements on the exclusion from the decision making system problem. In this sense, the *Democracy and Public Participation Theories* (DPPT) are extremely useful for the understanding of transition. Alongside the type of institution and the terms and



conditions provided for democratic and public participation, the nature of public contest and claims are fundamental issues for theorising transition.

Staddon (1998) argues that social location and cultural processes are crucial elements in understanding the structure and content of social demands, or even movements towards increased inclusion, in a transition environment. In combination with the NSR theories, democratisation then, becomes a process involving the empowerment of certain actors with specific concerns. Usual dichotomies of core-periphery and urban-rural interests however, become more complex as a different thematic that refers to multiple cores and peripheries emerges during transition (Multi Level Governance for example). This different perspective arises through the additional external influences from the Europeanisation process that is examined later in this Chapter. In this sense, the final context and pace of transition it could be interpreted as the amalgamation of various interests within a broader participatory and democratic, and therefore inclusive, framework.

The restructuring of political power under transition is influenced by localities and gendered perspectives (Regulska 1998). The inherited marginalised group however, found it rather difficult to overthrow their disadvantages position. Even in the new political scene, they did not manage to increase their participation and influence (Spendzharova 2003; Alionescu 2004; Sotiropoulos 2005). Thus, although uneven experiences continue to exist among scales and territories, democratisation and public participation has been related in transition mainly with specific groups already having power. As a result, the priorities and the central aim of local and development policies in transition, as the case of Neamt County will illustrate in Chapter 7 and 8, has been formulated in such a way that satisfies specific goals and interests.

Last but not least, *Geography Theories* (GT) enlightens significantly the transition process by highlighting the importance of resources' uneven distribution in space. By analysing the impact of geography in transition, most of the geography theories put the emphasis on the proximity to the western free-market economies (Petraikos and Totev 2001; Petraikos 2000; Kotios 2001). Although distance surely matters and geography is useful for describing development patterns across national and regional comparisons, most of the proximity approaches suffer from a kind of geographic

determinism. Based exclusively on statistical measurements (mostly the GDP/capita) they successfully describe new north-south and/or east-west divides across the CEE countries but they fail to explain the even greater degree of intra-local and intra-regional disparities. Responsibility for this failure is the weakness to incorporate the social relations as a key concept for the understanding of transition, a shortcoming that this thesis attempts to overcome with the combination of all the previous described theories.

Geography traditionally engages with the existence and allocation of natural sources and infrastructures. Certainly, the speed and the success of a transition process are related with the possession or not of these tangibles variables. The spatial allocation of economic activities that has been inherited from the communist period and the new dynamics developed through the impact of the FDI has led to the segmentation of the space in CEE countries and localities (Dunford and Smith 2000; Sokol 2001). Additional to territorial, sectorial planning can exercise equal or even greater affects on economic performance of specific places (Begg and Pickles 1998).

The incorporation by geography theories of all these indigenous and exogenous assets and natural resources that are unevenly allocated in space offer significant input for the understanding of transition. Equally important however, are the socially inherited and/or produced advantages or disadvantages for local and regional development, which very often are related to specific territories in the map. The case of the Balkan or the South Eastern Europe (SEE) legacy is probably one of the well known examples of this category, and as Romania belongs in this group, the following section analyses how the 'Balkan way of doing things' can assist in the understanding of local and regional development and government during transition.

#### ***4.2.3 Transition and the Balkan Legacy***

The Balkans or peninsula of Haemus is the historic and geographic name used to describe the territory, region in terms of IR and IPE fields, of South Eastern Europe. Although the exact boundaries of the Balkans remains a controversial issue because of the frequent changes of national borders in the area and the reluctance of several

states to belong in this group, the Balkan peninsula, in parallel to Iberian and Italian, is broadly defined as the territory adjoined by the Black Sea to the east, Aegean and Marmara seas to the south, and Ionian and Adriatic seas to the west.

Apart from the geographic orientation, the Balkans gradually obtained political and economic connotations during the 19<sup>th</sup> century, mainly because of the ethnic-political changes and economic anachronism of the Ottoman Empire (OE) in relation to the developments in the western part of Europe. Furthermore, the savage fight for independence from the unredeemed ethnicities has added the character of violence and barbarism for the Balkans. In the post WWII Europe, traditional and newly created countries in the area, with the exception of Greece, adopted a communist type of economy attaching in this way a rather geo-political concept during the Cold War period. During that period, the Balkans was constructed as the other Europe, of and beyond the 'proper' image and notion of Western Europe (Todorova 1997). In the aftermath of the Iron Curtain collapse, a new round of conflicts and wars in the region resulted into identification of the term Balkanisation with vandalism. It is because of these negative connotations that several states reject their Balkan label and several organisations and/or national governments prefer to use the term South Eastern Europe (SEE). The EU for instance, has used this term in the 'Stability Pact for South Eastern Europe' in 1999 and the online newspaper Balkan Times renamed itself to 'Southeast European Times' in 2003.

Notwithstanding the various contexts of the term Balkan, the uneven economic and social development of each country raises serious doubts for a uniform appreciation of them as a group. Empirical studies demonstrate that transition has uneven impact on post-socialist countries. It becomes clear that the Central European (CE) states present much better records than the Balkans or South Eastern European (SEE) states in all respects (Gorzalak 1996; Petrakos 1997a). In general, initial economic performance was seen to worsen significantly during this 'transitional recession' in all transition countries (Bradshaw and Stenning 2000). However, not all the countries respond in the same way (Sokol 2001). The CE countries coped successfully with the transition shocks and returned sooner to positive growth than the SEE states.

The reason for these diverse outcomes of transition are grounded, according to Petrakos (2001) in problematic socialist economic structures and to inefficient adjustments that reduced the ability of Balkan economies to respond positively to the new economic environment. From the beginning of economic and political transformation in Balkans, their main characteristics were a persistent macroeconomic instability, an uneven output performance, and a lack of consistency in economic policies (Dobrinsky 2001). Although most of these characteristics can be identified also in non-Balkan post-socialist countries, it is the degree of these problems that resulted in important delays in development and the lagging position of the SEE.

The choice upon the transition's strategy between the 'shock therapy' and the 'gradualism' is also suggested as explanation for the less satisfactory development of the Balkan post-socialist countries. The CE states are presented as advocates of the 'big-bang' reforms that invested on the direct implementation of the free market mechanisms (Smith 1998), a policy that always pay back (Gorzela 2010). 'Shock therapy' implies a decisive break with the old economic regime and improves economic expectations (Raiser 1995). The postponing of adjustments and the preservation of institutions of the communist past into post-socialist reality interpreted as lack of credibility and incomplete change (Grabber and Stark 1998). Gradualism as an alternative strategy has been rejected from these states as it has the meaning of appeasement to the former regime nomenclature (Killick and Stevens 1992) and could be the reason for lost of long-term benefits ( Bird 1992).

On the contrary, supporters of gradualism place the main emphasis on the progressive expansion of a new private sector. According to Stan (1997) it can be viewed such as a less shock, more therapy strategy, which ensures some protection for incomes and social groups by spreading the costs of adjustment over a longer period of time. It is argued that the more successful reform will occur under progressive and constant change over an extended time period rather in a sudden separation between past and future (Murell 1992 cited in Young 2001). Thus, the choice of the 'heterodox' gradualism reform policy by the Balkan states (Gros and Steinherr 1995) contrary to the 'orthodox' choice of the CE states (Mintchev 2001) is often promoted as an explanation why the SEE states were left behind.

Notwithstanding some coincidences on the choices of each group of post-socialist countries, the abstract generalisation of this explanation neglects to mention several other important differences of the transition process in the Balkan states. David Turnock (1997) very promptly rejects the idea of a choice between shock therapy and gradualism as an ‘illusory’ one and underlines the important role of the inherited socialist administrative structures in the transition period. In addition, it seems that it is inappropriate solely to focus on the arguments of the two schools as there is not enough evidence to support a rapid, efficient, and direct movement towards a market economy either in CE or in SEE post-socialist countries (Petrakos and Totev 2001). For the case of Romania in particular, it is argued that the lack of development is the result of an undecided and undetermined clear choice between gradualism and shock therapy (Turnock 1997) and/or of uncompleted revolution (Blasi et al 1997 cited Young 2001; Phinnemore 2006) and/or the remaining of the same elites in power (Gallagher 2005). In other words, although there are several signs of ‘recombination’ (Martin 2010), they do not seem effective enough to support a more effective, in terms of development, transition in Romania.

The different degree and pace of European Accession (accession to the EU) has also been offered as indication that Balkans are lagging behind. Some authors relate this delay with the ‘false’ choice of the SEE states in favour of gradualism and against the shock therapy (Gortzelak 2010). Accession to the EU however, seems to represent the result and not the cause of a less successful transition for the Balkans states. The actual causes of the unsatisfactory transition is laid down to the weak administrative capabilities, to slow economic development, to political instability (Kotios 2001), to small proximity to the European core (Petrakos and Totev 2001), to inability of counter balancing their trade loss of the traditional markets with the Europeans (Gros and Steinherr 1995; Kalogerisis and Labrianidis 2007), to later and significantly smaller incorporation in EU’s PHARE assistant programmes (Kotios 2001), to the absent of specific adjustments in EU’s policies (Dobrinsky 2001), to the fact of sharing borders with less developed EU member states (Petrakos 2001), to small attraction of FDI (Turnock 1997; Rizopoulos 2001), to insufficient infrastructures, and to lack of credibility for the economic policies (Young 2001).

#### ***4.2.4 Transition and Local/Regional Impacts***

Although several theoretical perspectives have been used for the understanding of transition, when it comes to the core impact of this phenomenon into local and regional politics, path dependency and social relations appears to be the key concepts. As the previous sections on this Chapter highlighted, transition does not have the meaning of a movement from a clearly defined starting to some other point. On the contrary, it is transformation that better describes the post-socialism changes of politics as the new system was not built on the ruins but from the ruins of the former (Stark 1992).

In practical terms, this statement implies that there was a continuation of the institutional structures and operation norms during the transition (Begg and Pickles 1998). Especially at the local and regional level, the changes taking place were minimal due to the important power that individuals and groups managed to maintain or even to increase from the transition to free market and liberal democracy (Gallagher 2005; Sellar 2010). The ability of these actors to retain a control over local and regional development and government issues has significantly counteracted any impact to these fields generating from the transition dynamics.

Thus, the question concerning the extent and degree of influences exercised by transition at the sub-national level of politics is related to the attitude of the local and regional power centres, the elite of local societies. The ability of people and institutions that were involved in the decision making system during the communist time, to retain their power and determine the developments of local politics when other individuals/groups have continued to be sidelined or even completely excluded, is of great importance.

The answer to what happened to pre-transition elites when the new system was established and consequently, whether they were able to influence significantly the changes at the local and regional level, can be answered in two diametric opposite ways. The first one echoes the elite reproduction theory and supports the idea of non-changes of the social composition of elite. This is explained by the remains of old nomenclature to the top class structure during transition and 'becoming the new

propertied bourgeoisie’ (Szelenyi and Szelenyi 1995). Same actors on power means same beliefs, principles and interests, and hence, the minimum willing for dramatic changes in politics. In this sense, the domination of new-communist in the political arenas of many CEE countries (Gallagher 2005) reduced considerably the possibilities of a substantial impact of transition to local and regional politics. Figures 4.3 and 4.4 from the electoral campaign of 2008 confirmed the reproduction of local elites in Neamt County (more details in Chapters 6-8).

Figure 4.3: Reproduction of Local Elites: ex-communist still in power



Source: Own picture

Notes: **Ștefan Gheorghe** was President of the City Council of Piatra Neamt (2004-2008) and Liberal Party candidate for the office of Mayor during the 2008 local elections. According to Prangati (1997, 2004), Gheorghe was a high ranking member of the Romanian Communist Party and worked as senior engineer in ‘DANUBIANA Roman’ (1977-1978) and ‘AVICOLA Piatra Neamt’ (1978-1980); as manager in ‘ENERGETIC Piatra Neamt’ (1980-1986); and engineer manager in the ‘AMRCT (Romanian Army Brigade) Bacau’ during communism; and as executive director in ‘ROMTUB VULCAN Piatra-Neamt’ (1990-1992) during the transition phase. He participated in local politics for the first time in 1991 and he has been continuously elected as councillor of Piatra Neamt’s City council from 1996 onwards.

**Vasile Pruteanu** was Prefect of Neamt (2003-2008) and Liberal Party candidate for the same position during the 2008 local elections. According to Prangati (1997, 2004) Pruteanu started his career as a secondary school teacher and very soon became, thanks to his loyalty towards the Party, an academic (1972-1986) and Chief Manager of the School Inspectors in Neamt County (1986-1997). He won a seat in the 1998-2001 Parliament and was appointed Prefect of Neamt during the 2001-2003 as well as the 2003-2008 periods.

Figure 4.4: Reproduction of Local Elites: succession of ex-communist



Source: Own picture

Notes: **Razvan Bobeanu** works as a solicitor for the ‘SC DRUPO SA’ and was Social Democratic Party candidate for the office of Mayor during the 2008 local elections. All the interviewees agreed that he draws his power from the connections he enjoys on account of the political career of his father, **Raul Constantin Bobeanu**. Bobeanu *père* was Director of the Agronomic Institute ‘Ion Ionescu De La Brad’ in Iasi (1972-1990) and then became Chief Engineer Manager of the public companies ‘CUASC’ and ‘OCOT’ in Neamt. In this way, Raul Constantin Bobeanu was very well connected during the Communist epoch and he entered local politics for the first time in 1996 when he was elected President of the Neamt County Council and, later on (from 2002 onwards), President of the Social Democratic Party branch in Neamt (Prangati 1997, 2004).

By contrast, the argument deriving from the elite circulation theory supports that the transition from communism to free market has led in a structural change at the top of the class hierarchy (Szelenyi and Szelenyi 1995). In this case, new people with no connections by any means with the previous regime, very often repressed during communism, have managed to acquire central positions on the newly established policy making mechanisms. These new participants on the design and/or delivery of politics have usually a different set of values and principles and are willing to contribute positively in the promotion of a new political agenda at the local and regional level. In such a framework, transition could have a significantly strong impact on local and regional level politics (figures 4.5 and 4.6).



Figure 4.5: Circulation of Elites: New political persons as candidates at local election in Neamt County and Piatra Neamt Municipality (June 2008)



Source: own picture

Figure 4.6: Circulation of Elites: The election campaign of the Hellenic Union



Notes: In spite of their rather small numbers and their somewhat inexistent chances of gaining seats in the election, the **Greeks (Hellenic Society)** of Neamt decided to have candidates for both, the County and City (Piatra Neamt) Council, in order to demonstrate their community rallying and voting power, as well as to indicate their actual future alliances with stronger political parties (NB, President, Greek Community of Neamt, interview, 24/07/08).

## 4.3 The Process of Europeanisation

### 4.3.1 *Overview*

The Romanian attempts to establish strong links with Europe can be tracked back to the era of three Principalities. Traditionally, Romania laid eyes on Western Europe as a mean of modernisation and development from the end of Ottoman suzerainty and until the outset of the communist regime, interrupted for a short period as a result of the Soviet wishes (Turnock 2007). Thus, in the aftermath of the Iron Curtain collapse, ‘return to Europe’ was the most popular slogan among citizens, politicians, academics and journalists (Gallagher 2005). What this ‘return to Europe’ means and how it could be achieved however, was far from clear. Furthermore, this slogan becomes more complex as the contemporary Europe, both as a cultural and political setting, was very different from that which Romania had left half a century ago.

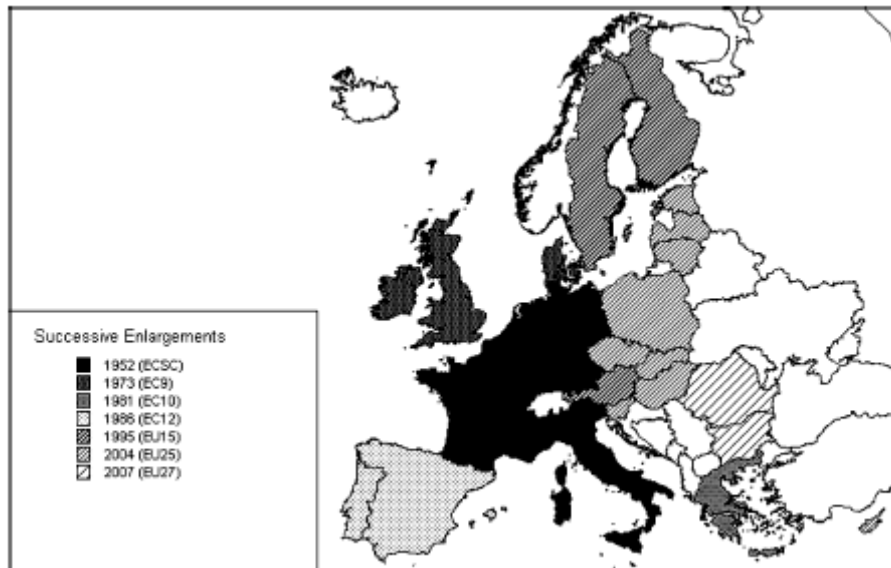
Similar to many other social concepts and processes, the various ways that Europe can be conceived leads to definition problems for the term Europeanisation. A range of terms such as European-ness, Europeanization, EUropeanisation, EU-Europeanization, and EU-anisation have been developed to describe the process of returning to Europe (Radaelli 2000, 2004; Lippert and Umbach 2005). Although differences in terminology could be crucial for the way a research is conducted and concluded, the aim of this section is neither to simply analyse these differences, nor to try and develop a new term. Through a specific to this study needs understanding of Europe, the main goal is to conceptualise Europeanisation in a way where the main questions of the study can be answered. Alongside the importance of clarifying the multiplying definitions of Europeanisation (Olsen 2002; Featherstone 2003; Leibenath 2007), the understanding of the role of territory, identity and power dynamics of Europeanisation (Clark and Jones 2009; Sellar 2010) constitutes another critical issue.

As has already been mentioned earlier, Europe could have lots of meanings deriving from ‘different concepts and manifestations’ (Clark and Jones 2009, p.193 ). It could be described as a certain type of culture and tradition, a specific economic organisation, a particular political and institutional structure and/or a peculiar set of

norms and beliefs. Moreover, the varying geographical dimension of the European level (figure 4.7) and the variable geometries of Europe (figure 4.8) underline the inapplicability of the 'homogenous system' (Mamadouh and Wusten 2008). Although several reservations may continue to exist because of the diverse understanding and the disputes upon the exact borders of Europe, this study adopts for practical and pragmatic reasons the identification of Europe with the European Union. This decision is not only justified from the ability of EU to include several aspects of Europe, especially the institutional structures and social practices, but also from the fact that most of the post-socialist countries 'have already experienced the impact of the EU regulations, financial incentives, monitoring, political participation, and the like' (Featherstone 2003, p.18).

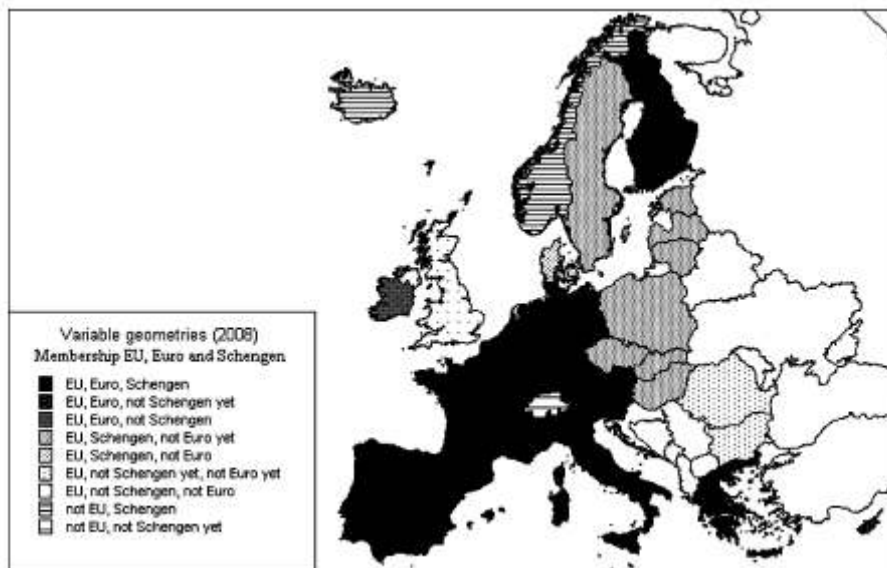
In this sense the European-ness idea, described as a set of values and rules applied in all aspects of everyday life and as a meaning of belonging and recognised as part of Europe, has been transformed to EU-ness criteria. According to Jucan (2006), although European-ness characterised the Romanian bid for modernity from the democratic revolution of 1848 throughout its modern history till the revolution of 1989, the unsuccessful integration of the liberal democratic tradition in the organic structure of Romanian political culture, made European-ness in Romania look more like a diachronically, unaccomplished goal rather than a supplementary aspect of the reality. Nevertheless, the EU-ness idea demonstrates similar characteristics of the belonging and recognition of Romania by the EU and has to go through a specific check-list process, where the disequilibrium of power between the two parts constitutes its basic characteristic (Anastasakis and Bechev 2003; Huges et al 2003).

Figure 4.7: The continuing extension of the EU from 6 to 27 member states



Source: Adapted from Mamadouh and Wusten (2008, p.22)

Figure 4.8: The various geographical dimensions of the European level



Source: Adapted from Mamadouh and Wusten (2008, p.22)

Despite the initial enthusiasm in Romania (Turnock 1997; Gallagher 2005) the return to Europe or European Union more specific, has highlighted opposite trends as well. A basic point of criticism was the course of the social and political transformation and the worries that they will ultimately result to what Titu Maiorescu called ‘the form without content’ (cited Jucan 2006, p.260). He argues that the omission from the EU

to pay any attention to Romania and West Europe's differences means that the modernisation efforts based on western prototypes will result in the creation of imitated institutions and habits, in other words, an unsuccessful transformation. Moreover, many authors (Smith and Ferencikova 1998; Ianos 2000; Baga 2004) have highlighted the ambiguity of European-ness and EU-ness in Romania because of significant delays on radical reforms, which in turn underline the future prospects of the EU-ness. Alongside the anti-modernity elements of Romanian society after the revolution of 1989 (Jucan 2006), the evil heritage of communism Maniu (2006) and the different 'rhythm' of the Romanian model of society (Bardu 1990), have also been presented as explanations for the reluctance of the Romanian government and people to proceed towards the EU.

#### ***4.3.2 Conceptualising Europeanisation***

Having already defined that return to Europe actually means accession to the EU, a wider conceptualisation of Europeanisation follows. Europeanization is mainly considered as a phenomenon and not as a theory; an event that occurs and attempts to be fully understood rather than a concrete theoretical set. Profoundly, a common acceptable definition for Europeanization does not exist. However, what the definition attempts have in common is that implicitly or explicitly, they signalise the identification of Europe with the EU.

Olsen (2002) provides one of the broader definitions of Europeanization, emphasising however on the governance dimension. He describes it as the sum of the following actions: changes in external territorial boundaries, development of governance institutions at European level, penetration of European institutions into domestic systems of governance, export of European patterns of governance beyond Europe, and development of a political project for a unified and political strong Europe. This set of actions could easily be identified as the accession to the EU route as it incorporates most of the 'acquis communautaire' principles together with a EU integration policy. Even more implicitly associated to the EU, Labrech (1994) defines Europeanisation as an 'incremental process re-orienting the direction and shape of politics to the degree that EC (European Community) political and economics

dynamics become part of the organisational logic of national politics and policy-making” (Labrech 1994, p.69, parenthesis added). Furthermore, moving from the clearly stated one way direction of influence in the above definitions, from European to national and sub-national level, Goetz and Hix (2000) delineated Europeanization as an interactive process between EU and national interior politics. Finally, Lippert and Umbach (2005, p.13) understand Europeanization ‘as a shift of attention of all national institutions and political actors from the national to the EU arena’ emphasising the adaptation processes of the national political systems, mainly in the sphere of public administration.

Taking the identification of Europe with the EU shift for granted, the attention of scholars has been directed to more refined and quite opposite aspects of Europeanisation. Stone et al (2001) for instance, emphasise the ‘hard’ institutions and describe Europeanization as synonymous to institutionalisation. From another point of view, Radaelli (2000) produces his own set of processes to define Europeanization: it is the construction, diffusion and institutionalisation of formal and informal rules, procedures, policy paradigms, styles, and ways of doing things and shared beliefs and norms. All these ‘soft’ institutionalised actions have been first consolidated in the EU level and later have been incorporated in the logic of national and sub-national politics and policies in the member states. Similarly, Europeanisation can mean the ‘diffusion of ideas and patterns of behaviour on a cross-national basis within Europe, the creation of European level institutions and the modifications of the external borders of the EU’ (Leibenath 2007, p.152).

In a close link of Europeanisation with the local and regional politics, Clark and Jones (2009) underline three geographical disconnections in the conceptualisation of the Europeanisation. They argue that the ‘partiality or absence of treatment’ (p. 194) of geography do not allow the understanding of Europeanisation because they lead to three major theoretical weaknesses. First, the territory is usually conceived as a passive backdrop rather than an active constituent of Europeanisation. In this way, Europeanisation is depicted as something imposed in space and the EU as the solid concentrator of power, able to determine the transformation of institutions and policies in the nation states. Second, identity is mostly conceptualised as an obstacle to the EU identity ignoring the bleeding together of national and supranational

identity (Hooghe 2005). Third and last, very little attention is paid to the local regional and national institutions' selective acquiescence to Europeanisation, and to the capacity of elites at all the levels to 'fashion discursive constructions of Europeanisation supportive of their goals' (Clark and Jones 2009, p.197).

Acknowledging the importance of these theoretical weaknesses, the thesis incorporates these dimensions into analysis of the local and regional changes in Romania, putting additional emphasis on the last weakness. The very important but often lacking of attention role of local and regional actors and groups such as the local mayors, regional governors and officials working in local agencies is systematically investigated in the case study of Neamt County in order to cope effectively with these theoretical inefficiencies.

Overall, the thesis perceives Europeanisation neither as a static impact or a diachronic transformation. It understands this process more like 'an on-going continually evolving territoriality mediated process' (Clark and Jones 2009, p.209). Europeanisation in general, and the EU accession procedure specifically for this study, refers to a variety of projects, goals and learning processes with multiple outcomes and pathways, as the following sections will show.

### ***4.3.3 Europeanisation in Practice***

In most of its conceptualisation, Europeanisation is perceived as the independent variable, the cause of changes whilst the domestic politics in the candidate states, at any level, represent the dependent variable, the effect of this process (Borzel 2001; Goetz 2001a; Featherstone and Radaelli 2003). In this sense, Europeanisation has been seen in practice as a 'downloading process' where either existing or candidate members download institutions (both 'hard' and 'soft'), policies and procedures from the EU.

In a rather different way, this downloading process is strongly questioned as it is hard to distinguish between cause and effect, and an 'uploading process' is suggested instead (see, for examples Olsen 2002; Dyson and Goetz 2003; Borzel 2003, Radaelli

2004). From this perspective, Europeanization obtains the idea of interaction, a two way relationship between the EU and individual states. Each state can exercise several impacts on the EU institutions, politics and policies according to their individual or collective national interests and concerns. Of course, a double disequilibrium regarding the influential power of individual state and the power between each state and the EU is present (Anastasakis and Bechev 2003) and explains the diversity of the post-socialist adaptation of the 'acquis communautaire'.

Alternatively, Howell (2004) and Major (2005) ascribe a combined dimension to Europeanization. Rejecting the (pre)-dominance of both the uploading and downloading patterns, they argue that the basic characteristic of the Europeanization process is its 'cross-loading' nature. Europeanisation is conceived as a set of simultaneous procedures that finalise the EU and individual states' institutions and politics. From the part of the EU, a continuous social learning mechanism takes place whilst on states, mimetic and following example procedures occurred (Palne 2007).

More important than the description of its patterns however, is the examination of the ways that Europeanisation affects domestic 'policies, politics and polities' (Featherstone 2003, p.3). The weaknesses of CEE post-socialist states over the EU because of their insecure candidacy status and lack of western style institutional structures, question the applicability of 'cross-loading' dimension. Indeed, the perpetual exchange of ideas, norms and traditions under the 'best practices' and 'cross-regional and/or cross-national collaborations' among states and between states and the EU that both the cross-loading and uploading pattern implies, is hard to be confirmed in practice for the CEE states. The serious imbalance of power between the involved parts (Anastasakis and Bechev 2003) advocates of the 'downloading process' of the EU priorities to the domestic, national and sub-national level of the CEE states where only little opposition can be expected (Lippert and Umbach 2005). This top-down, one way only impact on the CEE states, in all the administrative levels and sectors, was very clearly evidenced through the pre-accession phase.

Despite time and pace differences among the CEE post-socialist states, Europeanization became synonymous to transplantation of the EU models and the implementation of the EU decisions. However, CEE states were not part of the policy



making procedure as there was restricted access for applicant states to ‘take part as observers and for points which concern them, in the management committees responsible for monitoring the programmes to which they contribute financially’ only (Lippert and Umbach 2005).

In this respect, several domestic policies, including local and regional development, have been significantly affected by Europeanization. As Goetz (2000) and Grabbe (2003) point out, the gradual alignment with the EU decisions was the fundamental factor of anticipation at the outset and mandatory in the continue adaptation of the new members. Another distinctive characteristic for the Europeanisation of the post-socialist states is the fact that, contrary to the pre-existed practice of political negotiations in previous enlargement, the hardship of accession to the European family was mobilised, not by the official national delegation, but by the political centre and public administration across ministries and sectors (Lippert and Umbach 2005).

This of course is not to say that domestic policies and institutions have been developed from scratch. The internal transformation of the post-socialist politics coincided with the adaptation to the EU policies. Changes in the domestic political arena, especially on local and regional development and government issues, were towards to a Western Europe prototype anyway but, the willingness to join the EU remodels their metamorphosis according to the ‘misfit’ or ‘mismatch’ between the EU and domestic level (Borzal and Risse 2000). This common goal of the CEE states for accession however, retained a distance from a homogenous Europeanisation project and even further away from a uniform path and result for the CEE states (Clark and Jones 2008 ; Petrakos and Kallioras 2007).

Different patterns of Europeanisation also result in diverse mechanisms of its implementation. In order to analyse Europeanization in practice, Knill and Lehmkuhl (1999) present the mechanisms of institutional compliance (positive integration), changing of domestic opportunity structures (negative integration), and framing (framing integration). Positive integration takes place when the EU prescribes a particular framework for both institutional structure and policy model, which is imposed later onto member states. Negative integration on the other hand permits the

re-allocation of resources between national actors and policy. And finally, framing integration exercises a modifying power upon the beliefs and the common understanding of domestic politics.

Similarly, Radaelli (2000) advances the mechanisms of coercion, mimetism and normative pressures to describe the implementation of the EU policies. Coercion counters for the EU pressures upon national governances or specific organisations to follow a European policy or to convergence with the European model. Mimetism refers to the imitation of organisational structure and policy strategies in a hope to construct more effective and legitimate patterns. Normative pressures derive from any kind of professionals that seek, within a cognitive socialisation, to make organisational structures similar to one another.

Although elements of Europeanisation for the post-socialist states can be identified in both the previous references, the suggestion of the five-mechanism by Grabbe (2001) responds better to the complex conditions that the CEE states have to confront. The gate-keeping, benchmarking and monitoring, provision of legislative and institutional templates, aid and technical assistance, and advice and twining mechanisms incorporate practical concerns that the post-socialist candidate states have to deal with before, during and after the accession.

*Gate-keeping* refers to the EU's strongest tool of conditionality as it consists of the part that provides potential access to different status according to the success of negotiations for each country. The obvious power disequilibrium between the two parts is accepted from the candidate part in order to join the EU. The next mechanism, *benchmarking and monitoring* indicates the EU's instruments in manipulating patterns of institutions and policies through the periodical evaluation of candidate state performance. Moreover, it refers to provision by the EU of particular best practices and successful stories that the candidates have to interplant on their interior political stage. The *provision of legislative and institutional templates* specifies the identification by the EU of institutional divergence and inefficiencies in the candidate country and simultaneously, the guide for the required reforms. The *aid and technical assistance* mechanism introduces the financial aid for the support of candidate states. This assistance is always under specific conditions and intends either to strengthen the

existing institutions or to create new ones. Additionally, it seeks to train national officials and executives to be familiar with the institutions, procedures and operation of the EU. Lastly, through the *advice and twinning* mechanism, the EU attempts to exercise all the previous mechanisms upon the candidates, not through the official EU's organisational channels, but with the subscription of other member states. Consequently, institution building, policy adaptation, and domestic officials' training takes place through counterparts from the member states.

Likewise, Schimmelfennig and Sedelmeier (2005) identified distinctive mechanisms of Europeanization for the case that the state is a post-socialist country of the CEE. Firstly, they refer to the 'external incentives' model which is based on notions such as 'consequences', 'carrot and stick', 'cost-benefit analysis', or/and 'conditionality' that are followed by a 'reinforcement by reward' strategy. In this model, the EU is again the dominant player as it has the privilege not only to set the rules and conditions for the CEE states but also to decide upon their progress and overall, their accession to the EU.

The second mechanism is a 'social learning' model based mainly on the idea of 'appropriateness', which emphasises on the vision and mission of the EU. The last proposed mechanism for the Europeanization of the CEE states is a 'lesson-drawing' model which combines the logics of 'consequences' and 'appropriateness'. This 'lesson-drawing' mechanism refers to the partial adaptation of the EU rules and patterns as a combined result of external incentives and internal necessities and peculiarities. Overall, the first two mechanisms are exclusively EU driven, a 'top-down' model whereas the 'lesson drawing' mechanism is a more candidate state driven, a 'bottom-up' model (Schimmelfennig and Sedelmeier 2005).

Nevertheless, apart from the description and classification of patterns and mechanisms, the main point is that Europeanisation expresses the imposition by the EU of specific demands and pressures on the post-socialist CEE countries regarding their compliance with the membership obligations. However, this general specification of the EU demands does not imply a wholesale administrative or institutional design and/or an explicit model for the accession countries, not even a clear and stable position by the EU (Pridham 2002; Keating 2003; Scherpereel 2010)

throughout the accession process. This relative autonomy in specific policies and levels of each state to encounter the EU requisitions, combining with different starting points, endowments and priorities for each of them, resulted in the formation of several ‘development paths’ and the absent of a specific post-communist type of Europeanization (Lippert and Umbach 2005).

According to Lippert and Umbach (2005) there are different phases of Europeanization for each CEE state. The pressure of the EU has increased for some states depending on the intensification of bilateral relations from association to membership negotiations. The final output of this increasing pressure was a character transformation of the Europeanization process from an optional and anticipatory to obligatory adaptation to the EU demands. From the point of view of the CEE states, each state has reacted distinctively due to the dissimilar intervening structures, domestic administrative traditions, network of agents and policies and patterns and norms of development.

#### ***4.3.4 Europeanisation and Local/Regional Politics***

The common denominator of the multiple Europeanisation definitions refers to the emphasis they put on the rescaling of authority, identity and governance at all levels (Clark and Jones 2009, p.309) and the description of Europe as an emerging multi-level system of governance (Mamadouh and Wusten 2008). Furthermore, despite the varying geographical dimensions and variable geometries of Europe, the practical identification of Europe with the EU, connects the Europeanisation process with the EU enlargement policies and their impact on local and regional politics.

This connection however, should not be appreciated as an absolute identification and/or substitution between European integration and Europeanisation as the theorising of the former concept belongs to the ontological sphere of research while the latter is a post-ontological phenomenon (Radaelli 2000). Likewise, that Europeanisation is fully distinguished from European integration theories as the former focuses on the domestic effects while the later explores the dynamics and outcomes at a European level (Borzel 2003).

Hence, the EU attempts for convergence and harmonisation, as a process of Europeanisation, shared two basic characteristics with regionalism and regionalisation processes. The first common point is related to the context and the aim of these phenomena as they both cope with issues of disparities and inequalities as well as ways to effectively confront them. The second point refers to the introduction of the multi-level system of governance, which constitutes a very important and common point for Europeanisation and regional studies, demonstrating clearly the direct impact of Europeanisation to local and regional development and government politics.

The commonly accepted relation between Europeanisation and regionalisation however, especially at the CEE post-socialist countries, is not accompanied by a general appreciation of the degree and the direction of this impact. On the contrary, issues related with the 'lightly' or 'enormously' Europeanised of local and regional politics (Scherpereel 2010) and with their final result upon the role of localities/regions (Bachtler and McMaster 2008; Palne 2008) are highly ambiguous.

Yet, recent studies in Europeanisation and its impact on the CEE post-socialist studies (Schimmelfenning and Sedelmeier 2005; Grabbe 2006) suggest that the EU influence on domestic national and sub-national politics has been overstated. Although they accept the existence of asymmetrical power in the two parts, the EU and the CEE states, they argue that this disequilibrium has opened opportunities for influence but that opportunities are not the same as impacts. The remaining great role of national authorities to implement the 'acquis communautaire' in both the pre-and post-accession periods limits the extent of the EU impact on CEE politics at all the levels. The EU legislation for instance, does not compel the states to decentralise decisions to sub-national levels (Laffan 2004; Blom 2005).

Likewise, in terms of local and regional development and government, several scholars support the idea that Europeanisation exercised a secondary only influence on the localisation and regionalisation processes in the CEE post-socialist countries (Hughes et al 2004; Brusis 2006; O'Dwyer 2006). Although they acknowledge the influences that the promise of access to the Structural Funds (SF) have generated in localities and regions across CEE towards the EU, they still believe that domestic dynamic responses to this inventiveness was of a primary important and contribution.

From another point of view, Scherpereel (2010) argues that Europeanisation and CEE regionalism are very closely linked and that the EU accession procedure has exercised a tremendous impact on the present situation of local and regional politics in the CEE states. He claims that regional politics in CEE are becoming increasingly Europeanised and that accession to the EU has not stopped but on the contrary has intensified the Europeanisation of local and regional development and government policies. The reason for this huge influence of the EU comes down of course to the transforming power of the Structural Funds, a mechanism strong enough to embed the EU practices, discourses and procedures in domestic politics (Bulmer and Burch 1998).

The generally accepted importance of the Structural Funds in the changing politics at the local and regional level does not imply a common belief regarding the final result of their impact. At the same time that debates around the EU Structural Funds and Cohesion Policy (CP) take for granted that the SF have increased the profile of local and regional actors, an equally significant amount of literature raises caution to the over-simplification and universalism of these arguments.

The ability of SF to influence domestic politics and to develop multi-level governance patterns (Benz and Eberlein 1999) as well as to transform local and regional structures (Hooghe 1996; Borzel 1999) has been widely analysed. Especially for the CEE post-socialist countries, the studies on their pre and post-accession experiences seem to adopt the view that the EU's SF and CP will lead to similar changes in territorial relations within these countries (Crabbe 2003; Keating 2003). More specific, it is anticipated that through the funding of the SF and the implementation of the associated policies, local and regional institutions will be more involved in economic development and local governance politics (Ferry 2003; Hooghe 1996). The Council of the EU itself (EC 2006) declares that a major aim of the successive reforms of the SF was exactly the increased participation of local and regional authorities in the design and delivery of the development programmes. As far as the CEE countries are concerned, the Council of the EU (2006) supports that the implementation of the PHARE programme and the first Regional Operation Programmes (ROP) illustrate clearly the great impact of SF into local and regional politics.

Several concerns however regarding the strong relation between Europeanisation and regionalisation in the CEE countries have been pointed out as well. Bachtler and McMaster (2008) underlying the danger of these kind of generalisations for the CEE states as the status of regions varies greatly among the post-socialist countries. These differences in territorial and institutional structures very often result in different levels of involvement by the local and regional institutions to management and delivery of SF and consequently to their participation on development and government policies.

The argument in favour of the strengthening of local and regional institutions because of the Europeanisation process (through the SF) in the CEE states is based very often on comparisons between the communist and post-socialist conditions. According to these claims, the involvement of local and regional actors in development and government policies during communism was extremely limited. All the programmes were centrally initiated and controlled and they were sectorally rather than territorially oriented. On the contrary, throughout Europeanisation, special provision for the participation of local authorities into all stages of development policies have led not only to their active involvement, but also to an increase of legitimacy of the programmes due to the partnership idea. This improvement of the previous weak position of local and regional actors encourages a more bottom-up approach, suitable to confront the peculiar development problems of each locality across CEE.

Although extremely positive for the impact of Europeanisation into local and regional politics, these statements looks more like a wish list than the actual reality. Bachtler and McMaster (2008) analyse various evidence that actually challenge the previous arguments. They refer to a number of limitations and barriers to local and regional participation in the SF programmes that 'outweigh the opportunities' and question whether the impact of SF has resulted in 'stronger regions' and has increased the 'legitimacy, institutional framework and capacity at the regional level' (Bachtler and McMaster 2008, p.421 and 422).

The impact of the SF to changes in politics at the local and regional level is also questioned by the limited role of the EU in specific policies related to these levels due to the strong national bureaucrats and involvement of central governments (Laffan 2004; Blom 2005). Additionally, Palne (2004, 2005) contests the great impact of the

EU in local and regional politics as the new institutions that have been created through the implementation of SF policies were not authentically oriented to local roots, needs, problems and anticipations. Another difficulty with the influence of the EU is related to the unclear and inconsistent guidance to local politics. As Huges et al (2004) underline, the shifting position and reluctance of the EU to propose and implement concrete policies at the local and regional level has undermined any thoughts about strong effects of Europeanisation, as expressed through the EU accession experience, to the domestic sub-national politics of the CEE states.

#### **4.4 Summary**

Following the central idea that politics at local and regional level are influenced from the developments at other levels, this Chapter has analysed the impact of several forces in power at the broader, international and European level. As explained in the previous Chapter, the unsuitability of new regionalism to explain the post-socialist experiences laid down by the completely different conditions, occurred in the post-1989 period in CEE. Thus, this Chapter has analysed the fundamental factors of influence for the CEE countries in the aftermath of their revolutions: the transition and the Europeanisation.

The conceptualisation of the transition process in this study moves beyond the narrow dimensional understanding of this phenomenon, which is attached to price liberalisation, privatisation and growth and it challenges its linear development and universal form. On the contrary, it appreciates transitions as a multi-complex phenomenon that impacts on local and regional politics in various ways. For better understanding of both the phenomenon and its influence on development and government issues at the sub-national level, several theoretical proposals are combined with the path dependency and networks and social relations approaches, to constitute the most important. Furthermore, the peculiar characteristics of each transition process with regards to geographical and cultural legacies are emphasised with the incorporation of the Balkan legacy into the analysis. By exploring the Balkan way of doing things and how the Balkans are appreciated by outsiders, the confused representation of the results as the causes of this legacy are highlighted.



Concerning the other significant force in power, the Europeanisation, the analysis begins with the non-clarified context of the Romanian ‘return to Europe’. For pragmatic and practical purposes Europe is identified with the European Union as both an influential phenomenon and a final destination.

With regards to the conceptualisation of the Europeanisation process, several elements from various definitions and theories have been used. Following a rather pragmatic approach, this thesis reflects on the downloading process of institutions, policies and norms from the EU to CEE states, which however, resulted in a diverse spatial awareness of Europeanisation because of the peculiar national, regional and local conditions in each of the post-socialist countries. Finally, the various mechanisms recruited to apply Europeanisation and consequently to influence local and regional politics have been presented in order to demonstrate the multiple channels that the EU used to direct or indirectly impose certain demands and pressures.

Having analysed the potential impact on local and regional politics of phenomena and processes taking place at international and European level, the next Chapter will focus on the national level of Romania. Thus, the historic, national tradition and legacies and the communist experiences of the country are analysed. In this way, an even and equal application from broader to more specific contexts allows a better understanding of the general framework where the local and regional politics have changed throughout the last decades in Romania.

## CHAPTER 5. THE NATIONAL LEGACIES IN ROMANIA

### 5.1 Introduction

Having already analysed the various forces in power at the European and international level, this Chapter investigates the national legacies of Romania as another set of factors that shape the form of development policies at the sub-national levels in the country. The incorporation of historic and cultural legacies into analysis of the changing politics of local and regional development in Romania is directly related to the theoretical framework followed in this research. The heterodox approach puts equal –if not greater- emphasis on non-economic factors such as administrative structures and policy practices in order to explain the particular development and government paths of the Romanian locale and region. Alongside national historic and cultural legacies, the communist experience of the country has also significantly influenced the local patterns of development and government in Romania (Turnock 1997, 2005, 2007). Communist structures of local authorities and paradigms of local politics have dominated Romania for almost half a century and consequently, have determined the nature of post-communist reforms of local and regional authorities (Palne 2007).

The search for idiosyncratic characteristics related to the national history and tradition in Romania that can explain the changes of local and regional politics in the country, constitutes also a smooth movement from the extended and broader influential phenomena of transition and Europeanisation towards a more specific national framework. In this way, it narrows down the previously broader scene and facilitates the close examination of the case study of Neamt County in the next Chapter, following a general to specific direction of analysis.

Having as a basic aim to explore how the state formation and nation building processes affected the Romanian development policies in the pre-1945 period, this Chapter begins with a short historical review of the creation of the Romanian state in order to highlight the traditions, the culture and the legacies of the pre-communist time in the area. It continues by describing the Communist Romania with references to the economic background of this time and the distinctive international diplomacy

and politics of Romania. Next, it focuses on aspects of local and regional development by examining the ‘planificare’ and ‘systematisare’ systems. In addition, it pays close attention to the administrative and governmental issues during the communist era.

## **5.2 The Romanian State: A Historical Review**

### **5.2.1 Overview**

The importance of institutional and socio-economic approaches to local and regional development is closely related to the evolutionary and path dependency theories (Pike et al 2006). In these approaches, the ways of change over time are understood in terms of historical trajectories. Thus, current and future forms of development are related and to a degree determined by the historical geography of nations, regions and cities (Grabber and Stark 1998; Hardle 1999).

Especially for the CEE post-socialist countries and their transitional trajectories, historical legacies can be decisive for the changing character and final form of their local and regional development policies. Different transitional trajectories could be explained by the diverse historical, cultural and social legacies of each country and/or locality (Sokol 2001). Furthermore, these legacies help to understand the complexity, limitations, potential and overall failure or success of transition (Dunford 1998; Grabber and Stark 1998; Smith and Pickles 1998).

At the same time however, the emphasis on history and culture should be constantly scrutinised in order to avoid becoming deterministic (Stenning and Horschelmann 2008). Besides, ‘trajectories are not predetermined’ and they ‘can be non-linear’ (Pike et al 2006, p.94). As a result, path dependency is useful in understanding the influences and changes of local and regional politics but they cannot warrant a specific trajectory, especially within a complex environment such as transition is. After all, locales and regions ‘can move forwards or backwards...remain static...change paths too’ (Pike et al 2006, p.94; Martin 2010). Thus, history always matters, and in the case of Romania, a briefly historical review regarding the state and nation formation procedures is considered necessary as it can offer useful insights

regarding the understanding of the pre-communist and communist patterns of local and regional policies.

### ***5.2.2 From Early Times to Middle Ages***

The turbulent character of the Romanian history has been recognised by several scholars (see, for examples Fisher-Galati 1969, 1970; Ratiu 1975; Turnock 1989a; Georgescu 1991; Gallagher 2005). Starting from ancient times, most of today's Romanian territory was inhabited by the tribe of 'Dacians' that were finally conquered in 106 AD by the Roman emperor, Trajan and became the Roman province of Dacia until 271 AD (Dumitroaca 2005). The union of the ancient Dacians and the Roman legions of Emperor Trajan and his successors for nearly two centuries formed the early national identity of Romanians, which however, 'disappeared from recorded history for nearly one thousand years' (Galati 1970, p.9).

During the Dark Ages much of what is appreciated geographically today as Romanian territory, fell under the first Bulgarian Empire (9<sup>th</sup>-10<sup>th</sup> centuries) and by the 11<sup>th</sup> century Transylvania was absorbed into the Hungarian Empire (Georgescu 1991). Thus, the dissolution of the Daco-Roman stage that begun in the third century was finally completed sometime before the founding of the principalities of Wallachia and Moldova, the basic components of the future Romanian State (Fisher-Galati 1969, 1970). By that time, Transylvania, the other important, traditional province, was part of Hungary. The open invitation of the Hungarian kings to various tribes to settle in Transylvania created many small local states with various degrees of independence. The 'Székely' was one of the most important of them and they constitute the ancestors of the today's most radical group of the Hungarian ethnic minority in Romania, the 'Hungarias-Széklers' (Cernicova-Buca 1999) and they are proud to define themselves primarily as Széklers and afterwards as Hungarians. Nevertheless, the division of the three major parts of what is now Romania was deepened by the Ottoman conquest of the Balkans and the contemporary expansion of Habsburg power in the region (Fisher-Galati 1969).

The principalities of Wallachia and Moldavia emerged as a necessary unification of smaller states just before the fourteenth century. The unification of Romanians and the liberation of their brethren from the Hungarians are believed to constitute the basic political goals of the rulers at this period (Ratiu 1975; Georgescu 1991). Other scholars however, raise serious doubts about these conclusions. Professor Galati (1970) believes, that despite the general anti-Hungarian orientation of the province's rulers, their characterisation as national 'liberators and unifiers of the Rumanian nation' is rather problematic and unwarranted (p. 10). The portrait of 'Mircea the Old' (Prince of Wallachia, 1386-1418), 'Alexander the Good' (Prince of Moldavia, 1400-1432) and above all the 'Stephen the Great' (prince of Moldavia, 1457-1504) as Romanian crusaders against the 'infidel Turks, treacherous Hungarian and arrogant Pole' overemphasise their heroic aspects of their political motivations (Seton Watson 1934 cited Galati 1970, p.11). Similarly, Gallagher (2005) argues that the ultimate goal of the princes of Wallachia and Moldova was 'to preserve their own customs and privileges' demonstrating a 'vestigial only solidarity by the shared Orthodox faith' and not to upraise against the Ottomans (p.19).

It appears more logical then, to accept that these heroes of the Romanian tradition, although necessary and efficient conditions for any attempt of national consolidation in modern history (Turnock 1989a), were perpetrators of the social and economic inequities related with the feudal character of the provinces over which they ruled. In spite of sharing the same dynasty with most of the South-Eastern Europe at that period, the Romanian provinces were not ruled by Ottoman governors. The application of a form of indirect rule rather than outright colonisation by the Porte facilitated the survival of the local nobility (boierime) as the ruling elite in Wallachia and Moldova (Gallagher 2005). The simultaneous provision of relative autonomy and the demand for financial and political tribute to the Sultan, transformed the local elites into instruments of the powers who elected them to office and functional tools in the service of one or another emperor/governor/sultan (Fisher-Galati 1970) having no hesitations to exploit systematically their own common people (Gallagher 2005).

Figure 5.1: Moldavia, Wallachia and Transylvania at the end of the 16<sup>th</sup> century



Source: Celendo 2010

Thus, it seems that the alleged struggle for national liberation was not carried out by the masses but by the politically motivated Romanian aristocracy of this period. The main concerns of peasants in all the three provinces were the preservation of their legal rights and earthly possessions (Fisher-Galati 1970) as their repression was rapidly intensified by the politics of either the higher government commands or their local nobility manoeuvres (Fisher-Galati 1969; Gallagher 2005). The oppression of the peasantry was crueller to Wallachia and Moldova because of the increases on the Porte's taxes, especially during the decline of the Ottoman Empire after the middle of the sixteen century. On top of these demands, the Romanian feudal aristocracy and ruling princes have followed methods of fiscal bribery and extortion in order to safeguard their interests and privileges that make things even worst for the peasant masses (Fisher-Galati 1969, p.5).

In Transylvania, the problem was slightly different as the exploitation of the peasants was not connected with the Romanian feudal elites or the sultan, but the Hungarian feudal lords. Although the Romanian peasants in Transylvania enjoyed much higher living standards from those in Wallachia and Moldova, their political existence was

brutally and constantly denied by the dominant nationalities – the Hungarians, Saxons and Szeklers. Hence, the historically relevant aspects of socio-political and economic life were serfdom and corruption in Wallachia and Moldova, and serfdom and denationalisation in Transylvania (Fisher-Galati 1969).

### ***5.2.3 From Despotism to National Revival***

The situation went from bad to worse for the masses as the Romanian provinces were caught in the power struggle for hegemony in CEE by the Habsburg, Ottoman and Russian Empires after the seventeenth century. As a result of these diplomatic and military conflicts, the imperial control over the provinces became tightened (Gallagher 2005) and the politics of feudal aristocracy, together with the churchmen were constantly changed seeking new alliances with one or another enemy of the Ottoman Empire, whilst the social and economic status of Romanian peasants had significantly deteriorated (Fisher-Galati 1970). The response to the unreliability of the local feudal elites and to the decrease of revenue from Wallachia and Moldova prompted the Porte to replace Romanian rulers with trustworthy Greek Phanariots, after Phanar, the Greek district of Constantinople (Fisher-Galati 1969; Gallagher 2005).

What started as selective replacement of Romanian rulers with Greek Phanariots very quickly became the rule due to the increased Russian interference in the Ottoman Empire's domestic affairs, and for more than a century (1711-1821), Greeks from Constantinople and from Greek families in the Romanian provinces dominated in Wallachia and Moldova (Fisher-Galati 1969, 1970; Georgescu 1991; Gallagher 2005). The takeover of the province's rule by the Greeks, the so-called 'Graecisation of the Romanian life and politics', resulted in the de facto displacement of the Romanian aristocracy and upper clergy by new power elites. Together with a set of new methods of exploitation of the peasantry and few attempts for economic and administrative modernisation (Fisher-Galati 1970), the Phanariots transformed the structure of ruling elites from a feudal to a family orientation, as eleven families provided candidates for seventy-four different reigns in Moldova and Wallachia (Jelavich 1983 cited Gallagher 2005). Thus, the term 'Phanariot' became synonymous with heavy

exploitation of the population, corruption of state officials and ‘familiocracy’, an abuse that has frequently been used for politicians in the post-1989 period, when ‘corruption is felt to have *exceeded the normal bounds*’ (Gallagher 2005, p.20, emphasis in italics added).

The Phanariots however, did provoke the first nationalist manifestations in Wallachia and Moldova. The common goal of removal of Greek domination during the eighteenth century was based on different reasons: Romanian aristocracy was interested in the political restoration of their privileges whilst Romanian peasants aim on their social emancipation (Fisher-Galati 1970). At the same time, increased voices for political rights by those restricted by social mobility, namely the Romanian elite became stronger in Transylvania. As a result, demands for political rights, even political autonomy, were proposed frequently either separate or in common by leaders in all the Romanian provinces (Fisher-Galati 1969).

It becomes obvious from this analysis that the main concern of these demands was the political problems of the feudal aristocracy and elites despite the declarations referring to the benefits of the Romanian nation in all the three provinces. Differences however, between Wallachia and Moldova on the one hand and Transylvania on the other, continue to exist. In the former, native elites were seeking emancipation from the dominant Greek and Turkish rulers for themselves alone and they focused on autonomy and independence from the Porte. In the later part, the demands for social transformation included broader masses of Romanian population and they focused on reforms within the existing Austro-Hungarian imperial framework (Fisher-Galati 1969). These differing orientations reflected the historic legacies of distinctive elite groups in Romania and played a significant role in determining the course of political action (Fisher-Galati 1970; Baga 2004; Badescu and Sum 2005; Gallagher 2005) and country’s socio-economic diversity (Mihailovic 1972; Vidican 2002) till the present time.

A watershed occurred between 1821 and 1829, starting with an anti-Greek revolt and ending with the signing of the Treaty of Adrianople, granting Russia a ‘virtual protectorate’ over Wallachia and Moldova (Hitchins 1994, p. 4). Under the Russian occupation, which was considered as successful from the point of view of the native



elites (Fisher-Galati 1969), several administrative, educational, commercial and industrial reforms and developments took place contributing to the creation of a 'rudimentary middle class' and 'bourgeois-nationalist' compatible with those of the Transylvania (Fisher-Galati 1970, p. 17). Indeed, the abolition of the Ottoman monopoly over the provinces allowed the introduction of Western capital and ideas in Romanian provinces in such a degree that it could be better described as an early 'Europeanisation' process (Gallagher 2005, p.295). The massive migration of young aristocrats and upper members of the middle class to France for further studies resulted in the creation of a new bourgeois, the 'sons', which was influenced from ideas of liberal socio-political and economic reforms and opposed to the 'fathers' who preferred Russia over France (Fisher-Galati 1970, p.18).

Without any serious antagonism by other powers, the French support allowed the recognition of the United Principalities (Moldova and Wallachia) of Romania in 1859. The first prince of the autonomous Danubian Principalities, Alexandru Ioan Cuza, was amongst the minority of rulers interested in social reforms (Fisher-Galati 1970) and he will always be remembered for the Agrarian Law of 1864, which aimed at the creation of a prosperous and independent class of small land proprietors (Jelavich 1983 cited Gallagher 2005, p.293). Thoroughly alarmed, the Romanian aristocrats removed Cuza, created the Liberal Party (Gallagher 2005, p.22) and introduced a foreign monarch, the Carol of Hohenzollen, after a 'general election' process where the only candidate managed to gather all but 197 out of 686,193 votes in April of 1866 (Hitchins 1994, p.13). In this way, the native elites returned to their basic values of exclusivity and expansion of ownership instead of sharing and reform (Fisher-Galati 1970, p.20) despite the establishment of a Constitution in 1866 based on the Belgium prototype but in a far more illiberal version (Hitchins 1994, p.13) that did not actually allow Romania to become the 'Belgium of the east' (Gallagher 2005, p.22).

#### ***5.2.4 From Old Kingdom to Greater Romania***

The continuous repression in political and economic terms of the Romanians in Transylvania, combined with the constitution of the 'Old Kingdom' in 1881 (figure 5.2), which it was mainly as the result of collaboration with Russia against the Ottoman Empire (Helin 1966, p.483), intensified the nationalist rhetoric and the pan-

Romanian union doctrine (Fisher-Galatti 1969). Several decades later, the successive failures to cope with the peasantry problems, as the rebellion of 1907 in Moldova illustrates, promoted further the idea of the ‘Greater Romanian State’ as the ultimate solution to the Romanian’s territorial-agrarian problems (Fisher- Galati 1970, p.22). In domestic politics, two major groups had been formulated by elites with contrasting views and interests: the Conservatives believed that Romania should remain an agricultural economy whilst the Liberals supported the idea of diversified economy based on industry and economic interventions by the state (Gallagher 2005, p.25-26). In foreign policy however, both the groups advocated a pan-European consolidation of independence, which of course included the creation of ‘Romanian Mare’ (Gallagher 2005, p.31). This expectancy became a reality in 1918, when after several changes in national borders and sifting of alliances during the two Balkan Wars and the First World War (WWI), the disintegration of Russian and Austro-Hungarian empires enabled Romania to combine with Transylvania and more than double its surface area (figure 5.2).

Figure 5.2: Romanian territory during the 20<sup>th</sup> century



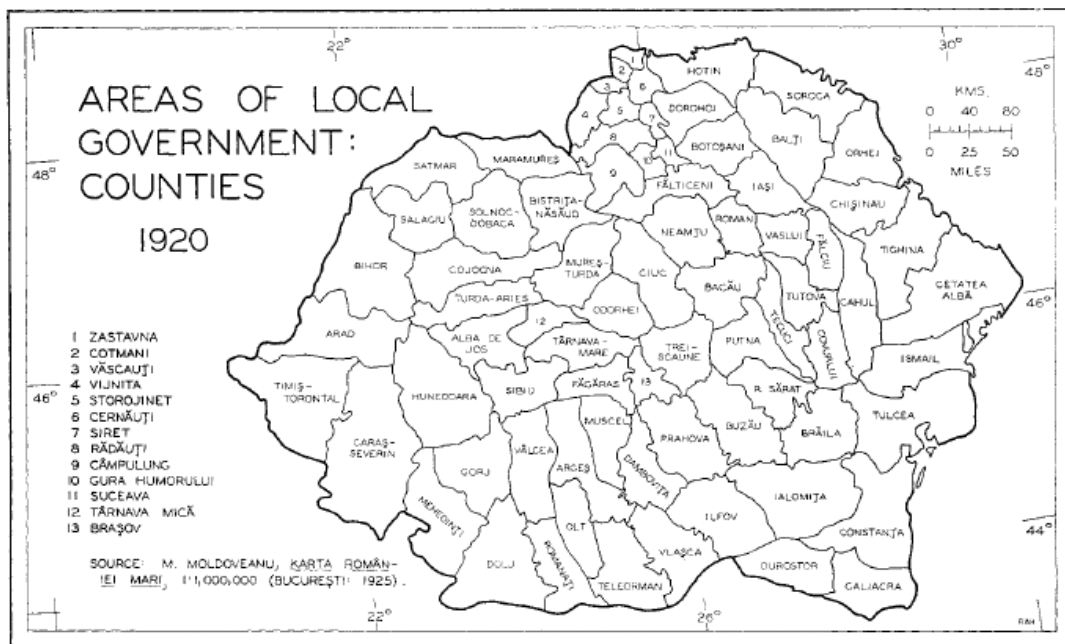
Source: Celendo 2010, (Purple: the Old Kingdom, Orange: Annexes after the Balkan Wars and WWI that were lost after WWII (The Greater Romania), Rose: Annexes after WWI that remained after WWII (current territory).

The period from 1918 to 1940 represents the only time that Romanians have managed to be united in the same country is characterised by a mixed set of ‘old habits’ and ‘new achievements’ (Gallagher 2005). The difficulties emerged from the unification of territories with diverse national consciousness, administrative traditions, religion loyalties, and financial, transport and educational systems have undermined any economic progress (Helin 1966, p.484-485). Despite the establishment of a promising democracy, the crafty dealings and bribery with civil servants and political masters evolved Romania into a ‘patrimonial’ rather than a ‘bureaucratic’ state-nation (Gallagher 2005, p.24). Furthermore, the sizeable majority of the Conservative-National Party (Romanian National Party) in the parliament and the dismissal of reform attempts, especially those related to the land, by the Bucharest elites (Fisher-Galati 1970) support the argument that the same aristocracy will govern the enlarged state by traditional methods that forbid the broader participation of peasants in the domestic politics (Fisher-Galati 1969).

There is also evidence of social discrimination by the Romanian aristocracy, not only against the Hungarians peasants in Transylvania or other ethnicities that represented nearly one-third of the new state (Gallagher 2005), but also against social classes and economic competitors. The classic example of racism against Jews has been related not only to the difference of religion, but also to its very closed affiliation with the middle class, mostly involved in commercial and industrial activities and based on urban centres (Stavrianos 2000 cited Gallagher 2005, p.284), and seen as alien and unwelcome by the Romanian elite (Gallagher 2005, p.25). Local democracy in the end, saw no advances during the ‘democratic twenties’ (Fisher-Galati 1970) as the country’s division into 71 prefectures, with the prefects appointed by Bucharest and enjoying absolute control locally did not allow either the participation or the actual representation of localities in Romania (Gallagher 2005, p.30).

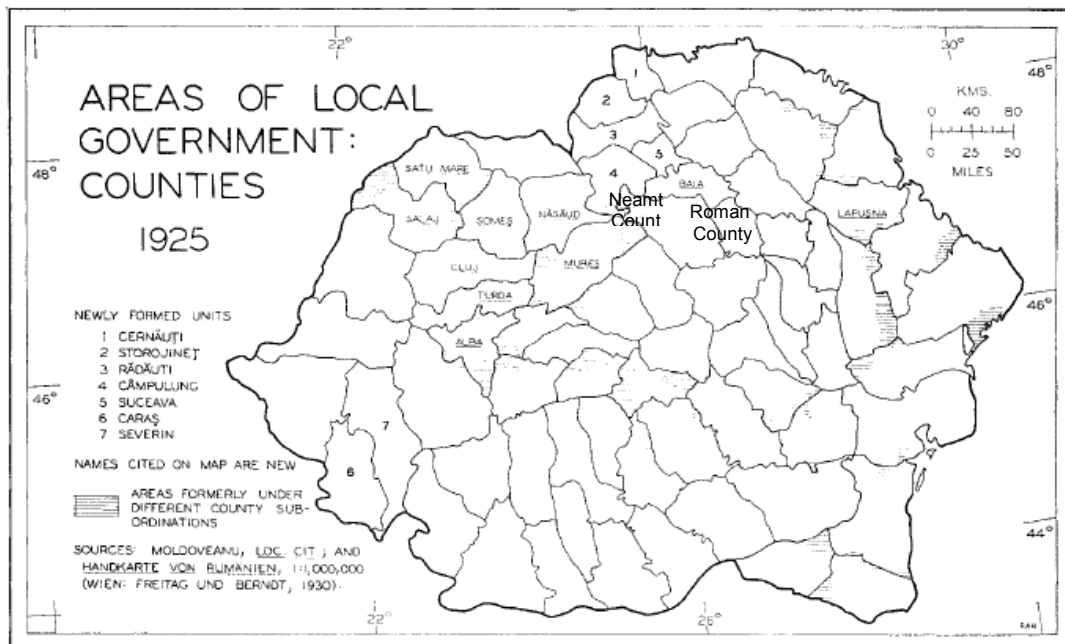
In order that the peculiarities and importance of the administrative challenge in Communist Romania be fully understood, it is necessary to review the frequent changes of these structures at this time period. First of all, as Helin (1967, p.484) emphasises, the creation of Greater Romania had merged three distinguished government structures: the Austrian (Bukovina), the Russian (Bessarabia) and the Hungarian (Transylvania) styles of administration.

Figure 5.3: Counties in 1920 (General Antunescu Reform)



Source: adopted by Helin (1967, p.487)

Figure 5.4: Counties in 1925 (Liberal Government reforms)



Source: adopted by Helin (1967, p.489)

The government led by general Antunescu and with the assent of the Palace introduced the highly centralised administration system of the Old Kingdom across

the country. The outcome of this reform resulted in 76 small counties in place of the four large historical regions (figure 5.3) Therefore, several changes took place regarding the delineation of the new entities, especially in the new territories

The continuation of centralism by the next Liberal Party Government increased the role and the power of the Prefects who became chief government representatives and the principal executive officers within the local unit against the locally elected councils that had very little influence in the decision making process. From 1925 onwards, boundaries and functions were changing very often following nearly every change in Government, a phenomenon quite typical in the Balkans states even nowadays (Pippidi 2006). Thus, when the National-Peasant Party came to power in 1928, it immediately restored the historical provinces by creating several regions and abandoned the Judets.

The return of Liberals in power in 1931 meant that regions were disbanded and Counties (Judets) were resuscitated once again bringing the administrative map back to 1924 modes. The Royal Dictatorship in 1938 by King Carol dissolved Judets and chose to divide the country into ten Districts instead, ignoring both the historical and geographical boundaries (Helin 1967). The very carefully balanced in terms of population and covered area Districts were collapsed just two years later in 1940, when a fascist coalition between the Iron Guard and General I. Antonescu succeeded Carol's dictatorship. The new government dissolved any sense of local government and transferred all the powers of local authorities into Ministry of Interiors.

## **5.3 Communist in Power: Romania from 1945 to 1989**

### **5.3.1 *Overview***

The importance of the communist patterns of development and models of government for the current situation in Romania has been underlined by several authors (see, for examples Shafir 1985; Georgescu 1991; Turnock 1997; Pasti 1997; Stan 1997). The legacies that have been created under the central planning economy for almost five

decades could not be changed overnight. Consequently, the development output in the aftermath of revolution is associated closely with the pre-1989 economic and government structures (Pasti 1997; Stan 1997).

Alongside the historic legacies presented in the previous section, a better understanding of the communist norms and their influence to post-1989 local and regional politics needs to take seriously into consideration two additional major factors: the destruction at the end of WWII (Shafir 1985) and the attachment to Soviet political and economic influences after Romania's defeat (Georgescu 1991).

After the full establishment of communist rule in Romania<sup>2</sup>, the attachment to the Soviet model became extremely intensive as by June of 1948 around 1,060 companies that represented 90 percent of national production and include mining, industry, banks and insurance companies were nationalised (Georgescu 1991, p.233). Under the first communist leader Gheorghiu-Dej, Romania implemented a rapid nationalisation of industrial and financial institutions, followed by the merging of small land fields and their conversion into state and collective farms. After the death of Gheorghiu-Dej in 1965, the basic lines of the 'Sovietisation' policy in Romania were continued by the second communist leader, Nicolae Ceausescu. Despite his decision for gradual detachment from the USSR orbit, especially in the areas of foreign policy and trade, Ceausescu continued the process of large-scale industrialisation combining it with an intensification of personal and political suppression (Gilberg 1990). Overall, Romania had formulated a typical communist economy where central planning significantly determined the final output of the economic development decisions, leaving very little space for the local and regional agents to participate in the decision making system, which will be analysed later in this Chapter.

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<sup>2</sup> Although the monarchy was restored and a right-wing conservative government was formed in Romania in the aftermath of World War II, King Mihai was forced by the Soviet deputy foreign minister Andrei Vyshinsky in February 1945 into accepting a communist-dominated government. This aim was achieved after he threatened to revoke Romanian independence unless the King cooperated. As a result of these pressures the first communist government in Romania formulated in May 1945, only a few days after Gheorghe Gheorghiu-Dej, an ethnic Romanian nationalist, became General-Secretary of the Romanian Communist Party having succeeded Ana Pauker, the ethnically Hungarian-Jewish symbol of Communist heroism who had been imposed by the Soviets on the leadership of the Communist Party of Romania from 1938 onwards (for more details, see Gallagher 2005).

Romania's membership to the Council of Mutual Economic Assistance (CMEA or COMECON) explains the continuation of Sovietisation in spite of the official Ceausescu declarations for the opposite (Spigler 1977; Turnock 2007). This economic co-operation and co-ordination body was the framework for trade agreements and specialization among the eastern communist countries as a response to the European Community (Georgescu 1991). According to COMECON division of labour and economic specialisation principles, the north became responsible for industrial production whilst the south for raw materials and agriculture products (Georgescu 1991, p.243). The unwillingness of Romania to follow the suggestions of the Soviet Union (Turnock 1989, 2007) after strong complains from Czechoslovakia and East Germany (Turnock 1989; Gallagher 2005) to stand down from heavy industrialisation and concentrate on agriculture products was probably the most remarkable element of the Ceausescu period (Fisher 1989) which brought Romania closer to Europe and China for economic and diplomatic reasons respectively (Georgescu 1991, p.247).

Under these developments, Romania continued in general to follow the Stalinist model, which put the emphasis on heavy industrialisation for the generation of economic growth, however marked by several domestic peculiarities, such as the opening trade with the West Europe and especially France (Cernicova-Buca 1998; Baga 2004; Muntele 2008). Nevertheless, the rest of the countries of COMECON remained by far the most important trade partners for Romania (Young 2001) and despite disputes with USRR, Romania's formal contribution on the inter-COMECON trade remained significant (Vidican 2002).

### **5.3.2. Industrialisation**

Rapid industrialisation in both existing urban centres and newly established rural areas was the basic element of Romanian's economic policy for all the period from 1945 to 1989 (Nadejde et al 2001). The country was rich in both, a labour force, mainly from the countryside, and land to build the plants and the necessary infrastructure (Gilberg 1990). Heavy industries, fossil fuels, transport and construction constituted the main focus of this process, organized in large monopolies in order to exploit scale economies and to facilitate the central planning procedure.

The over-emphasis on the secondary sector and the necessity for capital accumulation implied the degradation of consumer goods and service industries as they were regarded as unproductive. Indeed, the main role of the primary and tertiary sector was believed to be for the satisfaction of industry needs (Young 2001).

The allocation of national income followed the mentioned policy priorities (Turnock 1989). Consequently, an enormous portion of it was allocated to investment in order to provide the necessary material basis for economic growth. And because there was no international capital market funds allowed, the only way to secure the capital needed was through domestic savings. The planners argued that the achievement of high levels of accumulative growth generated high levels of income, which in turn allowed re-distribution of income and led to higher levels of consumption and investment (Young 2001).

The management method of the economy was based on a variety of plans. Regarding the scale, the authorities were able to formulate and implement a plan for the economic activity as a whole or on a regional basis (Judets). Furthermore, they were planning social and economic activities by sector and by branch or farm. The time period of the development plans were usually lasting five years, with the exception of a one year and six year plan before 1960.

The successive national plans for economic and social development were a clear top-down process, where the planning authorities laid down all the crucial decisions related to production. These management instruments had the status of law and the most important part was the achievement of targets, without providing detailed instructions on the way they would do it (Dawson 1987). Thus, the manner in which they were implemented caused a number of problems as this pseudo-autonomy to enterprise was actually an additional burden instead of freedom of choice due to the restrictions of the communist economic structures in Romania.

Firstly, the crucial decisions with regards to production were decided at the highest political level, not taking seriously the limitations of resources and driven increasingly by political and propaganda goals. This led to the establishment of extremely ambitious and unrealistic targets. And when an area of the system failed to achieve



the targets several 'knock-on' effects took place, as the output of an industry was the input, usually exclusively, for another. Secondly, the integration of several regional, sectoral, and branch plans into one national plan demands an extremely effective co-ordination mechanism. When the procedures are highly centralised without a feedback and/or a bottom-up mechanism, it is almost certain that the plan will be fragmented by itself and finally fail (Turnock 1997). Thus, the successive failure to meet the targets, partially from the very low productivity, led to concealment of stocks and the setting of lower production targets (see table 5.3, page 117).

The Romanian system of planning did not propose any incentive to industries to increase their efficiency. There was no connection between individual-worker benefits and collective-plant output. Low worker productivity was more than expected and it was the inevitable consequence of this non-incentive working system. As a result and inline with similar experiences from other communist CEE countries, the Romanian workers have been transformed into what Jozef Tischner (1992) describes as the 'Homo Sovieticus'. Among other negative connotations, this sarcastic and contrasting idyllically 'New Soviet Man' description, is related to the man who automatically chooses security over freedom with its risks and also to lack of initiative and an attitude of indifference to the outcome on the part of the labour as expressed in the saying "They pretend they are paying us, and we pretend we are working"(Tischner 1992).

The other aspect of the Romanian Homo Sovieticus is related to the creation of new political and cultural elite in the country. As Georgescu (1991) underlies, 'the liquidation by terrorist means of the old political and cultural elites and of all other opposition' had already begun even before the 1948 when several opponents to the 'dictatorship of the proletariat' were arrested (p. 236). This replacement of elites was considered a major step towards the building of a 'new society' and a 'new man' (Georgescu 1991, p.237) within the 'Romanian people's democracy' (Ratiu 1975; Gilberg 1976; Turnock 1989; Gallagher 2005). And alongside the political destruction of the old ruling class, a cultural restructuring was also necessary based of course on the Soviet prototypes as 'the light comes from the east' (Mihail Saboveanu 1944 cited Georgescu 1991, p.237).

### 5.3.3 Agriculture and Land Reform

Despite the rapid industrialisation, Romania preserved the characterisation of a mainly agricultural country throughout the communistic era (Gilberg 1990, p.112; Meurs 1999; Heininga and Bara 1999). In this period, the land, similar to all means of production, was nationalised but at a slower pace as it took thirteen years to complete (Georgescu 1991, p.235). The main policy paradigms of the communist period were the amalgamation of patches and the creation of large and collective farms in order to improve the efficiency of the primary sector (Kideckel 1993; Heining and Bara 1999).

The main concern of the Romanian economic strategy was the implementation of agricultural reforms as soon as possible, in order to exploit the unused resources. Additional labour force for the industry sector was necessary for economic growth and excessive labour of the primary sector was perceived as the ideal solution for boosting of economic growth (Turnock 1989). Thus, a steady fall in the number of people employed in agriculture took place for more than thirty years, as Table 5.1 indicates. Moreover, the decline in agricultural labour had qualitative and demographic impact across the country as the younger male workers had left collectivized agriculture seeking the better wages and conditions of the industrial sector, leaving women and the elderly in the villages (Gilberg 1990, p.113). In just over a decade after the implementation of land reform, the urban population rose from 23 to 39 percent between 1948 and 1966, while the rural population fell from 77 to 61 percent during the same period (Georgescu 1991, p.236).

Table 5.1: Labour Force by Sector 1950-1981

SECTOR / YEAR	1950	1965	1975	1980	1981
Industry	12,0	19,2	30,6	35,5	36,1
Construction	2,2	6,3	8,1	8,3	7,7
Agriculture	74,1	56,5	37,8	29,4	28,9
Forestry	0,2	0,2	0,3	0,4	0,4
Communication	0,2	0,6	0,7	0,8	0,8
Transportation	1,9	3,1	4,6	6,1	6,4
Commerce	2,5	4,0	5,5	6,0	6,0
Low level services	0,7	2,1	3,4	3,8	3,8
Higher level services	5,3	7,0	8,1	8,4	8,6
Other	0,8	1,0	1,2	1,3	1,3

Source: Directia Centrala de Statistica 1982, cited Shafir (1985, p.47).

These changes in labour allocation to sectors reflect the modification on the structure of economy and the composition of the nation's income. Industry soon became the relatively dominant sector by overtaking agriculture as the principal source of national income in Romania (Sharif 1985). As Turnock (1979) points out, during 1950-1980 industry managed to raise its contribution to the national income from 44% to 56.2% while the agriculture fell from 27.8% to 16% over the same period. The communist government had great expectations from the contribution of agriculture without however investing much in modernising it and this was reflected in the figures quite clearly (Georgescu 1991, p.235). In spite of this decrease however, it is argued that agriculture facilitated the industrialisation process in Romania not only by providing the necessary means for industrial expansion but also by incorporating the failures to meet the production targets (Shafir 1985). This lack of emphasis on the important contribution of agriculture, resulted in the perpetuation of the core-periphery dichotomies between urban and rural areas (Gilberg 1990), which in turn maintained and even increased the spatial disparities within the country (Turnock 2007).

#### ***5.3.4 Economy in Trouble***

Despite the criticism of the Stalinisation model after the death of Stalin (March 5, 1953) in USSR and the following –not so significant- reforms triggered by this critique (Korbonski 1989 cited Young 2001), the fundamental characteristic of this model, such as the ultimate privilege of the central government to determine the investments decision and the priority of industrial sectors, remain unchangeable across the CEE states. Among these states, Romania was arguably the most strongly attached to the core elements of this model (Nientied and Racoviceanu 2000; Gallagher 2005; Dragos and Neamtu 2007). As a consequence, the economic growth via heavy industrialisation had remained top priority throughout the communist period.

The period from 1950 to 1975 Romania succeeded in achieving the highest growth rate among the CMEA and one of the highest in the world (Turnock 1989, 2007). The engine of this economic performance was the continuously increasing levels of investment, mainly in heavy industry whilst other sectors remained largely neglected,

and reduction of consumption, and consequently of the prosperity level of the population (Gilberg 1990) as Table 5.2 illustrates. Skalaski(1990) however, questions these numeric growth rates as he argues that they were referring, to a greater extent, to statistical only measures used to serve mainly political propaganda goals rather than an accurate estimation of the economic activity. Similarly, Ionita (2007) supports the inadequacy of these indexes to describe the economic growth because the socialist regime had consciously selected to undertake over-investment in prestige projects and under-investment in basic infrastructure, maintenance and human capital.

Table 5.2: Investment by Sector in Romania (1951-1980)

<b>SECTOR/ YEAR</b>	<b>1951-55</b>	<b>1956-60</b>	<b>1961-65</b>	<b>1966-70</b>	<b>1971-75</b>	<b>1976-80</b>
<i>Heavy Industry<sup>1</sup></i>	48,9	40,0	41,9	43,0	43,5	43,4
<i>Light Industry<sup>2</sup></i>	4,8	4,9	4,6	7,0	7,0	5,8
<i>Agriculture and Forestry</i>	11,3	17,3	19,4	16,1	14,4	13,8
<i>Housing and Construction</i>	15,0	21,2	17,9	16,1	16,9	20,0
<i>Transport and Distribution</i>	12,8	10,3	11,3	13,1	13,7	13,4
<i>Education and Service</i>	4,2	3,7	3,0	2,6	2,6	2,1
<i>Health Services</i>	1,8	1,7	1,2	1,2	0,9	0,7
<i>Administration</i>	0,3	0,5	0,6	0,6	0,6	0,8
<i>Total (billion lei)</i>	61,9	100,2	199,7	330,8	549,0	931,9

Source: Directia Centrala de Statistica, cited Turnock (1987, p.231)

<sup>1</sup>: Includes fuel and power, metallurgy, engineering, chemicals, building materials and wood processing

<sup>2</sup>: Includes textiles, clothing, leather and footwear, food processing, ceramics and printing

Nevertheless, the appreciation of a positive relation between industrialisation and growth allowed the expansion of heavy industry across the country. A complicated network of cross-subsidies and cross-trade flows between industries and regions made it extremely difficult to diagnose what was economically sustainable and what was not (Turnock 1989). The creation of new industries, usually under the general trend ‘one industry for each region’, that was poorly planned and frequently influenced by non-economic factors, led into industrial ‘white elephants’ (Ionita 2007) and resulted in the emergence of mono-industrial towns and/or regions. These towns and regions relied on a single large company or industry, surrounded by a backward periphery, a phenomenon that is similar to the western experience of ‘cathedrals in the desert’.

The economic insufficiencies became visible from the mid-1970s and the early 1980s, when the growth rates started slowing down. Moreover, the growth performance in

comparison to Western Europe was significantly poorer. It was after 1975 when, for the very first time in the economic planning of Romania, the achieved growth rate fell short of the planned (Table 5.3). And the same negative tendency continued during the 1980s despite the continuous decline in the desirable (planned) growth rate. This mis-match of the development targets resulted in worsening standards of living for the population across the country (Georgescu 1991; Kideckel 1993).

Table 5.3: Planned and Achieved Growth 1971-1983 in Romania

<b>YEAR / GROWTH RATE</b>	<b>Planned</b>	<b>Achieved</b>
1971-1975	9,0-10,0	11,3
1976-1980	10,0-11,0	7,3
1981	7,0	2,2
1982	5,5	2,6
1983	5,0	3,4

Source: Shafir (1986, p.110)

Romanian central government attempted to respond during crisis by pushing for further industrialisation. However, as the credits from increasing inputs were not adequate to improve growth rates because of the immobility of Soviet funding resources, the only way was to increase the efficiency. But this potential was hindered by outdated technologies and production methods (Gros and Steinherr 1995). In other words, the continuity and enforcement of the industrialisation program had gradually outgrown the country's resource base. This situation was obviously in the energy sector, where Romania passed from a net energy surplus in 1936, when oil production was equal to 8,7 millions tones per year, turning Romania into the main oil producer of the world in this period (Nadejde et al 2001), to a net energy deficit for first time in 1972-73 (Turnock 1987; Gallagher 2005). This shift in the energy balance led to a pressing international debt problem, which in turn resulted in a dramatic repayment programme during the 1980s (Gilberg 1990).

Several other factors related directly the historic legacies in Romania have associated with the economic decline of the country. Corruption at all levels of production and administration has been steadily increasing throughout communism times mainly because of the 'coupon' system for the acquirement of goods and the central decision of pricing that resulted eventually in a queuing system or party patronage (Young 2001).

Moreover, there was a problem of misinformation and lack of co-ordination among those involved in the development policies' authorities. Many times, official authorities manipulated the original data and needs in order to satisfy the upper level of power, and even the central planners for the output targets. This situation created several inconsistencies in sectorial demand and supply, where, in the absence of any other feedback mechanism to correct them, an intervention in various departments and/or the central planner power was necessary. And because of the low level of co-ordination, the usual tactic was the adjustment of targets at a lower point. Thus, the achievement of targets became possible again and the party was satisfied with the achievement of goals (Turnock 2007).

Although these kinds of shortfalls could be identified across the CEE states, the substantial foreign debt and its negative impact on domestic policies was a Romanian peculiarity. By 1981 the foreign debt of Romania amounted to almost US\$ 10bn which represents the 20-30% of its GDP (OECD, 1998). This tremendous international financial obligation had its roots in the independence declaration against the Soviet influence by Ceausescu. At that time, because the Soviet Union funding faucets were closed for Romania, the only choice to preserve and accelerate industrialization was to turn to the West. However, the dangerous prospect of increasing foreign debt and falling creditworthiness led Ceausescu to state that the payment of National debt was the top priority as 'we must understand that we cannot consume more than we produce' (Ceausescu, 1/6/1980 cited in Shafir 1985). Consequently, an austerity policy combining simultaneously, reductions of imports and increases of exports resulted in significant drops of both domestic consumption and investment levels, having in turn, very serious side effects for people and the economy (Cernicova-Buca 1998, p.107). Further reduction of the already deprived citizens, especially those of the rural population and decapitalisation of the economy were symptoms that highlight the existing spatial and social disparities within the country (Georgescu 1991, p.271-273).

## **5.4 Aspects of Local and Regional Policies during Communism in Romania**

### **5.4.1 Overview**

The abolition of any kind of discrimination and inequality among the citizens/proletariat constituted from the very beginning the basic ideological element and the main policy goal of the communist theory and practice (Turnock 1987). In this sense, the aim for balanced local and regional development and convergence policies would normally be expected as a top priority from the central planned system. Indeed, it was claimed that the State Socialism would lead to the creation of a more equal society and the emergence of the homogeneous socialist man (Turnock 1987; Smith 1998).

Although, local and regional development policies could represent a very fruitful framework towards an equal and developed society, regional equalization in communist Romania had been sacrificed in favour of rapid economic growth at the national level (Turnock 1997; Ianos 2001; Cretan et al 2004). In terms of factors allocation, the policy followed was synonymous to further enforcement of few and already developed industrial centres instead of a broader and perhaps more equal distribution of production means across localities in the country. As a consequence of this political choice, the existing disparities (rural –urban, core-periphery) across different regions and sub-regions of the country were further increased (Turnock 2007). The only evidence of spatial convergence strategies that can be identified at this period are the result of initiatives from the various sectorial ministries under the prism of personal and political gains (Enyedi 1990).

Romania followed a particular development pattern with regards to both national and sub-national economic development. Dedication to traditional and rigid central planning practices for the distribution of investments on the one hand, and rationalisation of rural settlements and population on the other, comprised the main development strategies of this period. Thus, the ‘planificare’ and ‘sistemizare’ programmes, which are going to be analysed in more details in this section, were the practical implementation of policies relating to local and regional policies and resulted in the communist legacies of development and government at the sub-

national level. Planificare refers to allocation of resources across the country while Sistematizare refers to the policy of regional organisation on which to base allocated decisions.

Between 1950 and 1975 interregional disparities in Romania, as in many capitalist countries as well at the same period, were basically overlooked in favour of national rapid growth. Industrialisation was driven by expanding levels of investment under the logic of increased returns and ignoring any spatial or environmental dimensions (Young 2001). Simultaneously, high levels of urbanization and agglomeration was achieved through the transfer of agricultural labour to industry (Turnock 1987). The high growth rates of Romania in this period (Turnock 1989, 2007) functioned as a cover for the spatial and the sectorial disparities within the country. The temporary success during the first two decades of State Socialism permitted authorities to openly proclaim the reduction of regional inequalities because of this economic growth (Georgescu 1991; Turnock 2007). Local and regional development was viewed as an integral part of the wider development of the country, and the expansion of industrial activity to the most backward areas was the means for reducing the development gap (Fisher-Galati 1969; Ratiu 1975; Turnock 2007)

The actual performance of the Romanian economy however, illustrates a rather different picture. Polarised industrial activity and increased urban agglomerations maintain or even increase the regional divergences (Turnock 1970). Six of the most developed regions formed the 'axis of development' from west to east (Banat, Hunedoara, Brasov, Ploiesti, Bacau and the capital Bucharest) which accounted for 68.1% of the national output in 1950 and 67.5% in 1963, while they received around 55% of total investment for the period 1950-1963 (Young 2001). Localities and regions not located in this development corridor lagged behind in terms of industrial activity, employment and income. Especially the agricultural regions in the northern and southern Romania were particularly largely deprived of industrial investment and experienced income disparities compared to the national average (Ronnas 1987 cited Young 2001).

By the end of 1970s however, regional economies and local development patterns were at the forefront of the political agenda. After the high growth rates of the



previous years, it became increasingly apparent that income and employment generated by the industrialisation process affected the various areas differently. Thus, local and regional equalisation, mainly in terms of available income, had become a significant political issue for the new regime. Even, N. Ceausescu has recognised that a more coherent regional policy should be implemented concerning mainly the fairness allocation of investment and production within the country (Turnock 1970). Industrial growth was still the ultimate goal, but this time was dressed with the need to increase the proportion of the better paid industrial employees in the less-developed 'Judets'. This co-ordination of labour movements and industrial investments together with restrictions to further agglomeration in large urban centres, especially to capital city Bucharest, it was expected to produce a more balanced development model (Turnock 1979).

This more balanced model of spatial economic development and the income convergence, formulated the official central policy for local and regional development in the second half of the communist regime (Turnock 1979; Young 2001). An even or at least more even spatial development of economic activity is a precondition for the reduction of per capita income inequality levels. However, the criteria to be used by the authorities for assessing economic performance, the method of comparison and the extent of compromised national growth rate and substantial investment growth to poorer areas were far from clear (Smith 1998). Moreover, the pattern of equal development could imply a more even allocation of investments which will maintain and hopefully not increase the existing regional imbalances but not necessarily reduced them. Alternatively, the term 'equality' could be interpreted as a replacement of the polarized model with a more balanced one, which of course will turn in favour of the regions that lagged behind.

Young (2001) suggests that the growth pole theory could adequately explain the local development pattern in the communist Romania. The state's central planners selected particular geographical areas as the location for the establishment and/or consolidated of local industrial centres based on various criteria, which were not always characterised by economic rationality (Turnock 1989; Gallagher 2005). Subsequently, bulks of production factors were directed at these locations such as investment in infrastructure and labour's movements. The rational behind this choice was the

attempt to exploit agglomeration and economies of scale. It was believed that the development of these poles was a necessary pre-condition for the later development of other regions through the accumulation of growth process and the diffusion of development (Turnock 1989).

Similar to western policy paradigms, the growth poles strategy failed to fully materialise and impacted on local and regional inequalities (Young 2001). One of the main reasons for this failure was the administrative structure and the strategy making mechanism, which was based on the soviet hierarchical model without taking in consideration the Romanian legacies, experiences and anticipations (Stenning 1997; Gallagher 2005). The vast majority of decision concerning national and regional economy was strongly centralised, leaving no space for regional and local authorities to actively participate in the decision-making process (Nelson 1988). As a consequence, local and regional development policy suffered from a discrepancy between local needs and central programmes (Hoffman 1967; Ianos 1994).

An equally important issue for the nature of local and regional development policies was the scale and the size of the sub-national units. The size of regional and/or county administration was very closely related to the degree of disparities (Ianos 1994). Naturally, the larger the unit, the more homogeneity there tends to be, and conversely, the smaller the unit, the greater heterogeneity will emerge. After several changes on the borders and the levels of regions during the first half of the communist period, the ‘volatile regional map’ of Romania (Helin 1967) had succeeded by the re-emergence of the smaller Counties (Judets) as the basic territorial unit for policy intervention (Turnock 1970). As a result of this personal decision by Ceausescu, local disparities within the country have significantly risen and clearly depicted within the forty Judets administrative structure (Turnock 1987).

#### **5.4.2 *Planificare***

Planificare program referred to the allocation of resources across the regions and it could be translated into English as a ‘sectorial and/or overall national planning’ system. The central aim of this program was to improve the economic performance of

localities in Romania in order to achieve the double aim of equity and efficiency. By deploring the inherited spatial contrast in development levels and recognising the uneven distribution of investments during communism, Ceausescu himself claimed that ‘an intensive development of the productive forces in all parts of the country, in a unitary and long-term perspective, is a precondition for the creation of a socialist society’ (Ceausescu 1969 cited Turnock 1987, p.230).

Directly related to the manner of the production means distribution among the regions is the administration system of the country, as all the post-war local and regional development initiatives ‘was undertaken in the context of a new administrative system’ (Turnock 1987, p.232). The regional administration system in Romania has frequently changed. Up until 1950, the local government structure comprised of 58 Judets. With the formulation of the first five-year development plan (1950-1955) the Judets were replaced by a system of twenty eight (28) ‘reguini’ (regions). Successive further reductions to 18 in 1952 and 16 in 1956 followed. The official argument for this re-organisation was the establishment of ‘macro-regions’, a larger territorial unit where the national and regional development plans could be better coordinated. The aim was to merge areas of similar economic structure to create a national economy comprising of a small number of localised economies (Turnock 1970, p. 557).

Following the principles of growth pole theory, each region should have at least one big urban-industrial core. If not, huge investment was directed in selected locations towards the reassurance of a modest base in these regions (Turnock 1987). This shifting pattern in the establishment of new plants resulted in a considerable new distribution of industrial activity in the country (Gilberg 1990, p.112).

However, the support of less developed regions should be set against the investment needs of the more advanced regions. Nevertheless, the more prosperous regions continued to absorb a disproportionate share of the investments funds that were beyond the levels which would have been expected with regards to their population (Hermansen 1972 cited Turnock 1987, p.232). As a result, from 1955 to 1965 there was only a marginal drop in the contribution of the eight more developed regions to national output, falling from 77.6% to 76.4% (Turnock 1979), which indicate a relatively stable pattern of distribution of investments and consequently, a

perpetuation of the existing disparities. Furthermore, the bulk of investments were concentrated disproportional in the capital cities of the regions (Turnock 1987, p.232) generating in this way another level of disparities between the advanced 'core' and the lagging behind 'periphery' within the regional districts (Turnock 1970, p.555).

The necessity for a more equal distribution of industrial activity among the regions was one of the very first concerns of Ceausescu when he became the leader of Romania in 1965. Despite him recognising the need to promote growth in those regions lagging behind, he was clearly arguing in his speeches that this could not be achieved at the expense of the national economic development (Nelson 1988; Turnock 1987; Young 2001).

In order to deal with this dual aim, Ceausescu attempted a further re-organisation of the country's regional structure. He introduced a system of 39 Judets and the municipality of Bucharest as the territorial base for the formulation and implementation of the 1971-1975 economic development plans. This movement to scale intervention sought to focus on investment at a smaller scale instead of the larger reguini (region) where the centre tended to dominate (Turnock 1987). From another point of view however, the shift to smaller and more heterogeneous territorial units uncovered the real degree of intra-local and intra-regional inequalities and increased the gap between less- developed and more prosperous areas, which had been masked in the past under the more homogeneous and larger regions (Helin 1967). In 1965 for instance, the most advanced region of Brasov had nearly five times higher industrial output from the most backward region of Suceava. However, after the introduction of Planificare and its new administrative structure of Judets in 1967 the same most developed County had no less than twelve times higher industrial output from the County of Salai, the most backward of all the counties (Turnock 1987, p.233).

In practical terms, the economists of the planning committee had grouped the new territorial administrative units into several categories according to their development levels, responding in this way to the need for identifying the degree of disparities and setting the priorities for the new allocation of investments across the country (Turnock 1987, p.233-34). A similar categorisation by Trebici (1976 cited Turnock 1987,

p.234) and a diachronic comparison (from 1951 to 1980) of the spatial distribution of investments, job creation and demographics confirm the more even allocation of investment after 1967 with the implementation of planificare within the new system of Counties.

Overall, more strong evidence arguing for a uniform development rates has never been widely confirmed (Ronnas 1984 cited Turnock 1987), which in turn supports that local and regional convergences did not do as well. Once again, economic efficiency, growth and development have overcome equity. However, regional equalisation always remained at the top of the political agenda, several times leading to irrational decisions concerning the economy. In many cases, the attempt to boost development in less developed regions resulted in located industrial plant in non-optimal areas (Turnock 1987), and as that creating additional problems than those that it supposed to solve (for instance the iron factory made in the Galati instead Constanta). Without managing to substantially remove spatial inequalities, in some cases however, these irrational decisions did integrate some of the less- developed regions more fully into the national growth process (i.e. Dodrogea and Maramures).

Nevertheless, the introduction of Planificare policy demonstrates the shift of attention and priorities in communist Romania. After the initial phase of heavy industrialisation had been completed, the authorities focused on policies to establish a more even pattern of development (Turnock 1987). However, there is an alternative explanation for that. According to Ronnas (1991) Planificare was not a policy to increase regional convergence but an attempt to alleviate short-term rural unemployment. And the best way to do that was the rapid establishment of an industrial base in agriculture areas so there would not be any need for large-scale and long-distance migration.

Notwithstanding the different explanations, available data suggests (Young 2001, p.92-92) that Romania made some progress towards facilitating a more even pattern of development across the country on the 1970s. Planificare did result in a more even spread of industrial activity and employment from 1970 to 1980. This of course did not imply that regional disparities were removed but they have slightly reduced. The data (Young 2001, p. 113-122) also indicates that the planned strategies fail to

establish universal economic development in the country, supporting perhaps the argument that this was not actually the main goal of this policy.

### **5.4.3 *Sistematizare***

Sistematizare was also a policy with strong influence on the local and regional patterns of development in Romania. The basic aim of this program was the radical change of rural settlements to urban style settlements in order to support and promote economic development (Ronnas 1991). It was officially adopted in 1972 by the Romanian Party Congress and it referred to the spatial planning of towns and settlements in line with the present and future demands of society (Turnock 1979; Young 2001).

Sistematizare could be broadly viewed as a sequel of programs driven by Ceausescu's intention to reduce social and economic disparities across the country. The main concern of this program was the 'wiping out (of) the differences between rural and urban areas' (Cernicova-Buca 1998, p.107) that have been caused by 'extensive industrialisation' of the previous decades (Gilberg 1990, p.112). In addition to spatially equal distribution of investments, the urbanisation process across the country was also perceived as a fundamental force towards the creation of the 'new socialist man' (Deica et al 1976 cited Turnock 1987, p.249). Thus, alongside Planificare, Sistematizare was the final step in attempting to reform the existing policy and/or establishment of a new one (Turnock 1979; Young 2001).

According to the communist leadership of the time, the main reason for the instigation of the programme was to address the issue of isolation for the agricultural population (Turnock 1987, p.249). The termination of this isolation not only in distance but also in economic and social terms was considered as a necessary condition to overcome the traditional urban-rural contrasts (Khodzaev and Khorev 1973 cited Turnock 1987, p.249). The elimination of this dichotomy in turn, would reduce inequalities in living standards and employment opportunities across the country (Turnock 1987, p.250) and contribute significantly to the creation of the 'Romanian Socialist Society' (Ronnas 1991).

Another major concern of this period was the loss of agricultural land through urbanisation. For this reason, planning of spatial settlements was considered as a very useful tool in which the development process could be influenced (Dawson 1987). The program as such, was aimed at restricting the large urban growth to ensure a more rational and balanced distribution of population. Thus, the development of an integrated network of towns and urban centres throughout the country was the ultimate goal (Turnock 1979, 1991).

Similarly to the Planificare case, there has not been unanimous agreement regarding the motivation behind this programme. According to Ronnas (1991), this program was a purely ideological response that incorporated most of Ceausescu's personal views regarding balanced development. The ultimate aim of this program was the creation of a homogeneous socialist man and local development was the determining factor. In a rather different political approach, Georgescu (1991) believes that the main incentive of this policy was the tightness of control and the restriction of domestic immigration. New legislation listed towns to large cities with a special committee to regulate who might live in them made it almost impossible to change jobs and illustrates the central control argument (Georgescu 1991, p.261). On the contrary, Turnock (1987) suggests an explanation based on economic rationale for this program. Rural infrastructure was much poorer than the urban, but the cost of equalizing these was very high. Thus, it was decided that the cost would be less if the rural population were concentrated in fewer villages. Furthermore, this concentration would release a significant amount of land for agricultural use, and finally, these settlements would generate the necessary critical mass for the diffusion of development produced by the existing industrial centres (Turnock 1991).

In a slightly different approach, Anton et al. (1996) argues that the replacement of numerous small villages by several towns allowed political control and direction to be tightened. This may give an explanation for the reversal way of central government control in Romania compared with the rest of the countries of the communist block. Whereas in many other cases we witness a gradual loosening of central authority control before the downfall of communism, Romania, in the Ceausescu regime became progressively stricter and reached complete autocratic rule by the beginning of the 1980s (Georgescu 1991; Phinnemore 2006).

The restructuring of many rural and urban areas constituted the core element of the program. The main aim was the creation of a centrally decided hierarchical structure of settlements in order to influence positively their levels of development (Ronnas 1991). More attention was given to the very small rural areas, as the proliferation of small villages was considered a serious obstacle to a bid of modernization. And without modernisation of villages, no convergence between urban and rural standards of living could be achieved (Turnock 1979).

In practice, during the implementation of the program between 300 and 500 villages were selected for conversion into towns in order to exploit economic agglomeration. In addition, some 13,000 villages were classified as 'non-viable' and had to be phased out. The final phasing out of several thousand villages (estimated to be around 5.400 to 6.400) and the creation of new, artificial towns had a disproportional effect on different Judets as the majority of the 'non-viable' villages were located in least progressive regions (Turnock 1979). The latter proved to be a more difficult issue for the central government to deal with than the industrialisation of some large villages (Ronnas 1991).

Under the programs' provision, the new villages were anticipated to be structured like towns, with strict settlement perimeters and land zoning. Maximisation of the efficient use of available land was the top priority. For this reason, population densities were also expected to increase in villages and the personal plots of collective farms to be removed to the city peripheral area (Turnock 1979). A further urbanisation and agglomeration effect was the desirable final outcome that would remove many regions from a mono-dimensional focus on agriculture (Young 2001).

An innovative element of the Sistematisare programme was the provision for the active engagement of local communities. The planning offices in each of the newly established Counties were expected to produce a strategic plan covering all rural settlements in their territories. This plan consisted of a series of documents for each commune with regard to its background profile, development potential, the spatial pattern proposed and detailed plans for each building (Turnock 1987, p.252). Before submission to the central planning committee, this plan had to be scrutinised by the local People's Council, the special National Committee for the Problems of local



People's Councils and the relative Supervision Committee of the Party. After final approval by the Central Planning Committee in Bucharest, local citizens were called to participate in the implementation of the plan relating to their locality, having however no power to negotiate at any stage, as these decisions were reflected a national policy, which anticipated the subordination of 'their inspirations to the general good' (Turnock 1987, p.253).

Notwithstanding their diverse views with regards to the pragmatic aims of Sistematzare program, several scholars agree that the overall impact of the program was limited or even counterproductive (Ronnas 1991; Ianos 1994; Anton et al 1996). The program that has never been fully implemented, demonstrated serious delays from the beginning (Turnock 1991), and which slowed down by the late 1980s (Ronnas 1991) caused directly by the economic stagnation of the 1970s (Turnock 1991). Ceausescu however, reiterated the importance of the Sistematzare program during the late 1980s and called for an even larger number of villages to be phased out (Turnock 1991).

Nevertheless, in the few cases that Sistematzare was actually implemented, the democratic deficit of this process, in combination with competitive claims by neighbouring communes reinforced the well-established Romanian legacy of personal connections and networks. The bidding competition regarding either the granting of urban status or the foundation of small to medium industry among communes has often been resolved on the basis of the local elites, mainly party officials, better connections with the administrative hierarchies of the County and the Party (Turnock 1987, p.254), a more effective 'horizontal' integration (Nelson 1981) as analysed in the following section.

#### ***5.4.4 Local Participation***

The idea of enhancing decision making power to local communities was a systemic axiom of the Communist dogma. The participation of local and regional actors comprised not merely a reflection to Communist ideological principles but also an expectation of a significant contribution on their part to the fulfilment of the

communist takeover, with the change of social structures to representing its overall objective (Nelson 1988; Gallagher 2005). Thus, the expansion of the people's participation in the country's administration, especially at the sub-national level was an ideological imperative (Nelson 1979, p.25) and a pragmatic condition for differentiation and development (Nelson 1981, p.210), at least at the beginning of the post war years.

Nicolae Ceausescu addressed the issue of mass involvement and local political institutions very often in his speeches:

‘...an essential condition for the success of the whole activity of the Party is the ever closer link with the masses, a live and endless dialogue with the working class, the peasants and the intellectuals, with all the working people and a broad consultation with the whole population on problems that concerns the fate of our nation...’ (Ceausescu 1973 cited Nelson 1979, p.25).

Hence, despite the identification of several Nationalist Socialism (Nelson 1979) references in his words, it becomes apparent that the idea of engaging stakeholders and organised networks at the local level, within a framework of collective dialogue and common pursuit of goals, was already established very early on the communist era, at least theoretically (Kideckel 1993). Besides, even Lenin's perception of democracy could have not ‘been imagined without representative institutions’ (Lenin 1968, cited Nelson 1979 p.24).

The actual implementation however of all the previous declarations resulted in a completely different reality. In terms of territorial administration, as Palne et al (2004) explain, the Soviet inspired types of organisation have completely excluded the genuine self-governance as such. As a consequence, the needs and inspirations of local societies have never been efficiently asserted by the local institutions. The main reason for this failure is laid down to the elimination of the boundaries between politics and administration in Romania at this period (Constantin 2002, 2006; Palne 2004; Dragos and Neamtu 2007). The Communist Party and Local Authorities relationships were extremely strong, resulting in the transformation of the latter into a mere mechanism used in order to implement the dominant party's will (Mihai 2005). Several other parts of the public administrative and legislative organs also, were clearly subordinate and apparently highly politicized by the Communist Party (Stan

2003). Also, the status of civil servants and the recruitment or career requirements were dependant on political affiliation rather than under the provisions of a special law (Nelson 1981; Ionia and Inan 2008).

However, this failure of local actors to actively participate in the decision making system because of the Party control does not imply a complete de-politicisation at the sub-national level. On the contrary, a different relationship between local and central has been established in clear pragmatic views: the Communist Party was 'served' by local political institutions and simultaneously, local politics, mainly via a particular form of rivalry localism, were increasing demands and problems for the central Government. The former part of this relationship has named 'vertical' and the latter 'horizontal integration' by Nelson (1981, p. 211-212). In the first case, local political actors were used to organise the community's resources and connections in order to promote central policies at the local level (Nelson 1979, 1981). Throughout this top down channel of communication and control, the Communist Party was able to direct the decision making processes towards the fulfilment of the central regime's goals, which however were not usually identified with the needs of these local communities (Hoffman 1967; Ianos 1994).

On the contrary, in the case of 'horizontal integration', sub-national institutions were attempted to influence decision making at the higher levels by mobilising the existing community ties and communication channels in order to achieve the fulfilment of local needs and interests (Nelson 1981, p.211). In this process however, the final output of the locally exercised power was rooted not necessarily towards the achievement of local needs but the fulfilment of personal pursuits by members of local and regional elites (Gallagher 2005; Mihai 2005). The factors behind the gradual increase of local actors' ability to 'serve' and 'be served' by the national authorities varied considerably. They range from entirely idiosyncratic aspects, such as the rise of a charismatic leader within the local society, to more tangible and structural reasons, such as the economic resources, the national or ethnic identity of local units and the historical cleavages and rivalries among localities (Nelson 1979, p.33-34).

As far as the administrative rationality is concerned, the previously described two-directions of related system between local and central government had functioned

efficiently during communism, given of course the peculiar features of the political situation at this time (Palne 2004). Nevertheless, this efficiency should not lead to mistaken conclusions about an equal sharing of power between the two partners. On the contrary, two clear hierarchical schemes existed at this period: the first referred exclusively to the local level, that between the local self-government authorities and the Regional People's Planning Councils from one side and the Central Communist Party apparatus on the other side (Turnock 1987), and the second was between institutions at the national level where all the ministries and organisations were subordinate to the State Planning Committee of the Socialist Republic of Romania (Hoffman 1967, p.641-642; Nelson 1989; Gallagher 2005). This imbalance of power did not negatively affect the final outcome of the decision-making system in terms of efficient guidance and control of policies as all the networks, either those focused on the local or at the national level, were characterised by clear internal structure, spatial integration and the application of strict legality and control methods (Palne 2004).

The work of David Kideckel (1993) on the collectivism characteristics in Romania demonstrates clearly the tight unity of local institutions and the influence of social networks and community status in the decision making process. From Kideckel analysis concerning the dimensions of the Hirseni Village Agricultural Association, it becomes apparent that the sharing of common social characteristics such as blood relatives, neighbourhoods, size of land occupied and of course the Communist Party affiliation were crucial for creating a boundary that kept other people out, as no specific criteria ever existed for membership in these local institutions (Kideckel 1993, p.88). In that sense, the ability of someone to be part of a local institution and/or network was of great importance for both, professional promotion and personal prosperity (Georgescu 1991, p.272; Nelson 1988, p.19). What is also evident from the structure of this local organisation is the appearance of members that already had an official role and status in other local institutions, i.e. the Mayor, the Party Secretary, the president of local cooperation, etc. This duplication of roles for some people, which illustrates another type of 'informal' or 'soft' institution, explains and confirms the strict legality and control methods of the regime for the sake of efficiency in the relational interaction of central authorities with local actors (Gilberg 1990, p.83-86; Nelson 1988). It also demonstrates that the real holders of power and privilege at the

sub-national level, the 'local nomenclature', was probably one of the smallest political classes in Romanian history (Georgescu 1991, p.272).

Alongside the local government structures, workers and farmers were engaged with local development issues through their membership of a number of Assemblies of workers, people's councils and trade unions. What has been broadly announced as the turning point to the 'democratisation' of political life in Romania by the Communist in 1978 was the introduction of 'autoconducerea'-roughly 'self-management' (Nelson 1988, p.21). The creation of an additional Worker's Council in each County, which would be composed, not only of appointed officials but of elected workers as well, was supposed to be responsible for the management and labour of each factory and production unit within the County (Nelson 1988). The substitution of monthly meetings by weekly meetings of the local Party bureau with the participation of a small delegation from the Worker's Council and the transformation of these meetings to 'perfunctory lectures' by local Party officials illustrates that the self-management concept was actually an 'illusion': '...most of the participation in workers' councils is not by workers; they know few if any of their elected representatives to such councils, and have some rather strong negative assessments about the councils...' (Nelson 1988, p.21)

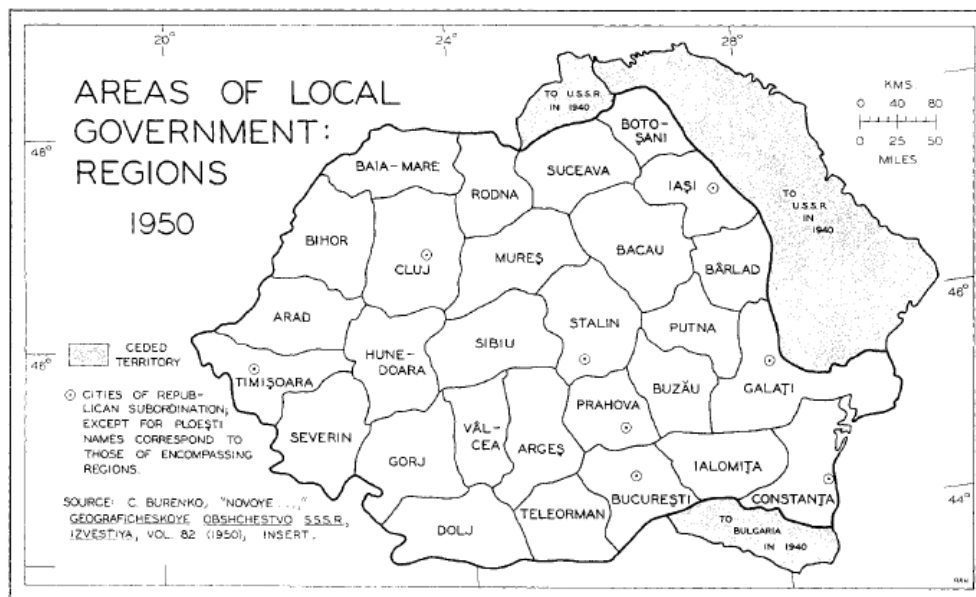
Furthermore, there were no signs of decentralisation regarding the decision for the approval of investments. Despite the frequent reforms and the introduction of the self-management concept, the central government had actually managed to increase overtime its responsibility in deciding investment projects (Turnock 1970, 1979; Nelson 1988; Spigler 1973). Even on the very limited cases of decentralising the design and proposal competences to local authorities, either of administrative/political or economic nature, central government safeguarded control via special legislation, credit and input controls, and sales of the products (Spigler 1973, p.113). The provisions through the self-management legislation for instance, that allowed the industrial associations and enterprises to set up their own design offices (Nelson 1988) were later specified regarding the project proposals as they should be accompanied by 'proper technical designs', which is 'closely related to technical-economic documentation' and that in turn, both the design and the documentation, are

going to illustrate the ‘investment efficiency’ and determine its ‘approval by the ministry central institutes of design’ (Spigler 1973, p. 113).

### 5.4.5 The Volatile Local/Regional Map

As far as the local/regional administration structures are concerned, in the aftermath of WW II, the newly formed non-Communist Government resurrected the 1923 constitution and consequently the institutions of County and Prefecture in the administration system. This administrative structure remained in power for several years even when communists took over the power. The critique however, concerning the origin and the reflections of these ‘capitalistic’ local government bodies led to another re-organisation of the country along with the new economic and political requirements. Thus, in 1949-1950 the communist government, inspired by the Soviet model, introduced 28 regions in the place of 58 Judets significantly changing the tasks and role of the elected councils and the appointed committees in favour of the latter (figure 5.5). Following minor reforms in 1952 (reducing the regions to 18), 1956 (reducing the regions to 16), 1959 and 1960, frequent territorial exchanges between regions resulted to reduction of distance between the energy source and the administrative centre for industries as their main goal (Helin 1967; Nelson 1988).

Figure 5.5: Regions in 1950 (Communist reform)



Source: Adapted from Helin (1967, p.495)

Several authors have argued that this frequent change of administrative maps and divisions between the two World Wars and, more importantly after 1944 when the communists came to power, in a way reflects the lengthy struggle between centralists and regionalists in Romania (see, for examples Georgescu 1991; Turnock 1997; Baga 2004; Badescu and Sum 2005). From one side, the centralists are related to the traditional-feudal elite originating from the territories of the 'old Kingdom', whilst on the other side, regionalists are linked with the commercial and early industrial elite from Transylvania and without strong connections with the Bucharest nomenclature. Thus, the former was in favour of a strongly hierarchical central organisation whereas the latter was more positively on some scale of devolution to the sub-national levels.

This correlation of the administrative changes with specific political and economic interests, although useful for pre war development, seems a poor explanation of control during the communist reign for two basic reasons: first, it ignores the importance of the external pressures from the USSR (Spigler 1973, p.19) and second, ignores the fact that in most of the cases, these changes referred to slight territorial shifts only (Helin 1966, p.498).

In this sense, the post-war reforms were not the result of successive new governments backed up by specific interests or elite groups, but the product of the communist regime planned adjustments. A few years later however, for a plethora of reasons and an equally significant number of speculations (Spigler 1973, p.3-6) Nicolae Ceausescu and the State leadership chose to establish an alternative way, a Romanian model of a 'truly humane human being... a communist human being' (Ceausescu 1982 cited Kideckel 1993, p.173).

An essential component of this turn in Romanian politics was the administrative reform in 1968. The Soviet inspired spatial division of regions and districts had been abolished for political and economic reasons. Politically, the discharge of any Soviet influence was perceived as imperative at that time and the establishment of a new administrative system was a clear manifestation of contradiction (Turnock 1991). In economic terms, comparisons of economic performance among regions verified the existing disparities as in 1968; a fifth of the total industrial output was produced in Bucharest and another fifth in the remaining 15 capital cities of the regions. The

number of districts, on the other hand, was far too big to permit an expansion of industries and in many cases they lacked the necessary urban centre to support wide industrialisation (Turnock 1970). In other words, the simultaneous problems of over-concentration and expansion of industries made the current regional system questionable.

In order to redress these economic inadequacies and political aims discussed earlier, thirty-nine counties were established as the core element of the new administrative structure with specific provisions of tasks and responsibilities for the local government. The new division and delineation had a double aim: firstly, to bring a balance between clustering and dispersal of industries, and secondly to combine economic potentials with functional links and historical associations (Turnock 1991). The level of output after the completion of three successive plans and the need to incorporate poorly developed areas in the allocation of industries generated the necessity for relatively larger counties compared to the 1925 structures yet smaller than the current regions. Therefore, instead of the 58 Judets of the pro-communist era, only 39 had been created this time.

In parallel to the new administrative delineation, a new system of economic planning and leadership was adopted in 1967 for the modernisation of the economy. Although this system enforced theoretically the decision making power at the local level by reducing the number of central planning directives, in fact it centralised further the planning procedures by increasing the Party's involvement in the planning process (Georgescu 1991, p.252). This is probably explained by the dominant belief at this time that the economic system could be modernised faster with central bureaucratic control than under decentralisation.

Hence, new people assumed the reins of government. Contrary to what was used to characterise the pre-war political elite, the new protagonists did not necessarily have either higher education or greater knowledge of economics or political history. The basic requirements were Party membership and loyalty and especially in the first period, the worker or peasant origin (Nelson 1988). These new political elites in all levels of government have replaced or transformed the previous main actors to such a degree that actually increased the confidence of the communists leadership for local



authorities and led Gheorghiu-Dej to suggest, a few months before his death, that ‘the old state of things will never return to Romania’ (Jowitt 1978, p.150).

On those grounds, it seems logical to assume that local authorities and political elites did not have the opportunities, the will, or both of them to develop necessary and efficient mechanisms to undertake political initiatives for local development. The frequent changes of government and administrative systems are arguably one of the most important reasons for that omission (Dawson 1987, Palne 2004). Instead, it seems that they directed their efforts in developing personal and direct links with central government as this action had been proved more efficient and useful throughout the centuries, dating back to the era of Phanariots. As Nelson (1988, p.36) has observed ‘citizens are conscious of what is needed to survive and when possible, to prosper in such regimes’. Local elites and authorities were able to create these links with central authorities by participating in the party structures and by doing only what is minimally necessary, aiming of course first of all in their personal benefit and not the general progress of their locality (Hoffman 1967; Ianos 1994).

## **5.5 Summary**

As a consequence of the ‘heterodox’ approach adopted by this thesis, the impact of national legacies in shaping local and regional policies has a specific weight and it has been thoroughly analysed in this Chapter. The theoretical and analytical framework presented in earlier Chapters emphasises factors such as the inherited administrative structures, production capacities and policy paradigms alongside elements of the national and local history and culture. The incorporation of this peculiar set of factors into the analysis of the changing politics of local policies in Romania does not imply the rejection of the dominant economic variables and statistic indices. On the contrary, it counterbalances the prevalent economic tendency by supplementing the analytical framework with non-economic variables.

Thus, this Chapter has highlighted the various hard and soft institutional traditions in Romania from the pre-1945 and communist period. What is inferred from this retrospective analysis is the volatile administrative map of Romania, not only in terms

of fixed boundaries and scalar hierarchies but also in relation to competences and external influences behind these frequent changes. Most importantly however, is the impact that these changes had on local development policies as both, the calculation of disparities and the allocation of investments to confront them amongst localities, were based on these frequent shifts in borders. Consequently, individuals and organisations have adjusted their behavioural norms and action models towards the satisfaction of their interests on the basis of these changes. Hence, the lack of stable local institutions had led to the development of direct personal networks with the central government and the fragmentation of development initiatives at the local level.

The historical reviews have also revealed the existence of local administrative traditions across Romania, directly related to the process of the national consolidation and state formation. These kinds of traditions offer a significant explanation tool in the difficulties which appeared in certain localities to accept particular administrative reforms and the constant attempts of others towards the restoration of previous structures. In addition, these reviews illustrated that whenever local and regional development policies existed, they normally constituted part of a broader, either territorial or sectorial national development plan. This subordination of local needs and aspirations by the national priorities and goals, no matter if it was justified on nationalistic or ideological grounds, has resulted in a lack of experience and administrative capacity for the design and delivery of autonomous local and regional development projects.

Closer examination of aspects of the communist experiences of local and regional development and government reveals that even under the ideological commands for spatial equality; growth remained the major aim of any implemented policy. Despite the different system of economic and political governance, the means for the achievement of these policies' goals appeared to have several similarities to the western type of local and regional development policies. Allocation of industries with the foundation of new factories into localities lagging behind was the main re-distributing policy, without significant convergence results however. Similarly, in spite of the proclamations for broader participation, the lack of freedom to participate and express did not permit the establishment of an active civic society and the development of a joint participation attitude in Romania.

## CHAPTER 6. NEAMT UNDER CHANGE

### 6.1 Introduction

This Chapter comprises the beginning of the second part of the thesis in which the case study of Neamt County is used in order to investigate the changing politics of local and regional development in Romania. Having already described the theoretical and methodological framework of the study and reviewed the literature regarding the broader forces in power, this Chapter focuses on the local conditions and characteristics of the Neamt County. In this way, a clearer and more detailed appreciation of the pragmatic conditions of local development and government in Romania until the collapse of communism will be depicted.

The Chapter describes the historical development of Neamt County (Judet) until 1989. Based on secondary data from various local sources (official documents, books and economic reviews) and empirical material generated in the field (interviews and observation) it analyses the socio-economic and political structures that have been developed in Neamt before and during the communist period. The basic aim of this Chapter is to establish what has determined Neamt's development over time. Thus, it starts by exploring the pre-1947 economic and government structures and development level of Neamt and next goes on to investigate the local impact of the communist idea of planning and development in Romania.

The information presented in the first section highlights the ways that the historical developments and legacies of the country, which have already been analysed in the previous Chapter have influenced the locality of Neamt. The next section uses the insights presented by the communist experience of Romania to reveal the local impact of the national economic and regional development policies in practice, the links between local and national development/interests and to highlight the actors behind these policies.

The summary synthesises the findings of this Chapter and argues that the development trajectory of Neamt has always been determined by the broader socio-political and economic conditions in the region. The broader historic transformations

in CEE and the national consolidation process of Romania had determined the pre-1947 patterns of development in Neamt but they had a minimal impact on the norms and practices of development strategies after the establishment of communist type of organisation. Communist rule has changed the economic and socio-political framework in Romania dramatically and consequently, it has determined the development model and level of Neamt throughout the second half of the 20<sup>th</sup> century. The degree in which the local impact of the communist idea of planning and development has continued to determine Neamt's development in the post-socialist era will be analysed on the next two Chapters.

## **6.2 The Foundation of the 'Moldavian Pearl'**

### **6.2.1 Overview**

Neamt County is situated in the Eastern Carpathian Mountains, between 46°40'N-25°43'E, very close to the natural geographical borders with Transylvania. In terms of physical appearances, Neamt County could be imagined as a miniature of Romania: the overlaps with the Eastern Carpathians, the Moldavian Sub-Carpathians and the Moldavian Plateau together with the plains and the flatlands along the Siret River represent all the physical features existing in Romania (figure 6.1). The mountains are the main feature covering 52 per cent of the County's area and the forests covering 44 per cent, ranking Neamt in the seventh place in Romania in this respect. A vast natural landscape oriented in the west (1907m), Ceaclau Mountain, towards Siret Valley in the East (180m). This diverse landscape creates a plethora of beautiful and seductive places, villages and cities (Turnock 1990) that visitors and inhabitants alike refer to Neamt County as 'The Moldavian Pearl', although this title was initially used only for the capital city of Piatra Neamt (Neamt Judetul 1974).

Figure 6.1: The Neamt County



Source: Neamt Judetul 2007, p.12

What is now Neamt County was previously two counties and/or just a part of larger region depending on the particular territorial and/or administrative system adopted in specific historical periods. The present Neamt County is composed of 74 administrative territorial units including two municipalities (the capital city of Piatra Neamt and Roman), two towns (Targu Neamt and Bicaz) and seventy communes with 347 villages. Together with five other Moldavian Counties (Suceava, Botosani, Iasi, Vaslui and Bacau) they constitute nowadays the North East Development Region. The County covers an area of 5,896 km<sup>2</sup> or 2.5 per cent of the national territory and the population is 585,385 or 2.4 per cent of Romania's total population.

### 6.2.2 Earlier History (until 17<sup>th</sup> Century)

One of the most characteristic features of the Neamt County area is the great sense of local identity (Turnock 1990). This strong connection of people from Neamt with their place of origin is related to the rich history of the area that can be traced back to the higher Palaeolithic era, about 100,000 years before Christ (Neamt Judetul 1995;

Dumitroaca 2005). The Cucuteni culture, whose development lasted approximately one thousand years (3600-2600 BC), is evident by a remarkable number of settlements (around 150) within the territory of Neamt County. Many centuries later, Petrodava was emerged as an important economic, political and spiritual centre in the area during the Dacian civilisation era and is mentioned by the Greek geographer Ptolemy in his *Geographica* in the 2<sup>nd</sup> century AD. Archaeological excavations in the area revealed ruins that located Petrodava just outside the current capital of the County, the city of Piatra Neamt, a fact that demonstrates both the great importance and the rapid development of the area (Dumitroaca 2005).

After a period of gradual but constant decline, the area started to regain power during the second half of the 13<sup>th</sup> century. The first urban settlements, which emerged under Petru I Musat, were Piatra lui Craciun or Camena, which means ‘the market town’, Roman and Neamt. Several local sources from the late 13<sup>th</sup> and early 14<sup>th</sup> century verified the agricultural basis of the economy in the area (Neamt Judetul 1995). By the end of the 14<sup>th</sup> century, which is actually the consolidation period for the Moldavian Principality, a significant expansion in the existing urban centres and also in economic activities was witnessed, accompanied by the erection of important buildings and monuments under Stephen the Great: the Neamt citadel, the Princely Court, the Princely Cathedral and the Bell Tower (Dumitroaca 2005).

In 1504, Neamt, like all the other areas of the medieval Moldavian Principality, was forced to accept Ottoman suzerainty. Despite the limitations of domestic autonomy, the tributary to Ottoman Empire created new development opportunities for the region. Although noticeable wealth had been accumulated in the past decades from trading between the Baltic and Black Seas with the German settlements in Transylvania (Turnock 1987), the focus had been re-orientated towards various domains of the Ottoman Empire and mainly Constantinople. The growing commercial activity and exports of raw materials improved furthermore the prosperity of Neamt while manufacturing, which was still limited to small-scale production by village craftsmen, began to expand (Turnock 1978).

This shift in trade orientation and specialisation of Neamt is directly related to the changing political and administrative environment of this period and illustrates the

importance, not only of the internal fixed boundaries but also of the national borders for patterns of local development. Furthermore, the ability to maintain and even to increase the prosperity levels of the County throughout these changes has been interpreted by Cherasin and Marin (1972) as proof of 'hard working character' (p.157, translated) and also as 'flexible adaptation in changing conditions' (Neamt Council, p. 159) of the local residents. Although these descriptions derived from sources published during the communist period, which means that there is a danger of a propaganda bias, the references to 'wonderful people of the cities' and the 'efficient supervisors of the Moldavian land' (Neamt Judetul 1974, p.14) indicate the presence of local elites, originating in the feudal economic organisation and the urban structure of the area.

At the beginning of the 17<sup>th</sup> century, Neamt County was an important economic place and its largest city, Piatra Neamt, was one of the most dynamic economic centres of Moldova (Acrismaritei et al 1971; Dumitroaca 2005). Over time, the economy of the local area had changed from solely agricultural to a more varying composition. In particular, economic sectors such as food processing, forestry and the extraction of raw materials marked a considerable increase in terms of variety and output. The textile and leather industry also achieved great expansion without however being able to develop an export orientation as they were only capable of covering domestic demand (Cherasin & Marin 1972). The industrialisation of the area was limited and rather slow mainly because of the instability that the protracted war between the Ottomans and the Russians had created (Turnock 1978), an early indication of the negative impact of the external border location and influence of the regional conflict.

The positive economic growth and the increased diversity of the local economy had not a uniform form in Neamt. The impact of the economic progress in Neamt during the 17<sup>th</sup> century was asymmetrical not only among the urban and rural settlements but also between the urban centres of Neamt County. Notwithstanding the widespread development in the County, the city of Piatra Neamt had managed clearly to broaden the distance from the other competitor cities, mainly Roman, and from the smaller rural settlements (Cherasin & Marin 1972). The co-existence of various economic activities and major administrative bodies transformed Piatra Neamt from a medium sized and important city to a major economic and social pole of the Moldova

Principality (Turnock 1978). It is probably not a coincidence that the first paper factory (1841) and the first public school (1832) in Moldova opened there (Neamt Judetul 1974).

### **6.2.3 Modern Times (18<sup>th</sup>-20<sup>th</sup> Century)**

The political importance and economic diversity of Neamt County had increased further due to various ethnic, military and political changes during the 18<sup>th</sup> and 19<sup>th</sup> century. Over time, alongside the Romanian ethnic population which constituted the vast majority, other national, ethnic and religious minorities with more or less numerous communities were settled in the boundaries of Neamt County. During the first half of the 18<sup>th</sup> century, the south eastern territory of Neamt County was inhabited by a relatively large community of Armenians who were scattered in the existing rural settlements and/or within Roman city, the second largest urban centre of the County (Dumitroaca 2005). In addition, numerous groups of gypsies settled down around the local monasteries and boyar domains. Smaller ethnic groups such as Russians, Greeks and Turks had also a remarkable presence in various aspects of the county's life and profile (Neamt Judetul1995).

What however, comprised the most important impact on the patterns of local development in Neamt County was the significant arrival of the Jews in the last quarter of the 18th century and especially in the first quarter of the following century (Dumitroaca 2005). The Jews of Neamt accounted significant demographic changes during this period: from 1,008 individuals in 1803 to 14,960 in 1859, 23,440 in 1899, and 17, 898 in 1942. Moving out mainly from Galitia and other areas surrounding the Black Sea, most of the Jewish population were already experienced in international trade, industrial production and urbanisation. Thus, their arrival in Neamt had changed not only the economic norms towards the post-feudal patterns of economic organisation but also the 'social, cultural and religion status' of the County (Dumitroaca 2005, p.82-83).

The relatively high economic prosperity of Neamt County in the second half of 18<sup>th</sup> century was also impressive on the cultural and religious life of the place. The particular political and economic circumstances of this period allowed boyars, priests,



monks and yeomans to erect, generally exclusively out of their income, places for praying and monuments. At that time a large number of wooden churches were erected all over Moldavia but more than half of these churches were, and many of them still are, on the territory of the current Neamt County (Turnock 1990). Thus, the surrounding area acquired a unique cultural and religious identity, together with a powerful clerical group (Dumitroaca 2005).

Several events of the 19<sup>th</sup> century have positively influenced the evolution of the local society, which in small but determined steps, reached out for a capitalist development. The campaign of the Turk armies against the 'Filiki Eteria' in 1821<sup>3</sup> which was supported by native Moldavian elites as part of the pan-Romanian anti-Greek campaign, resulted in a significant destruction of countless localities and monasteries and consequently in the creation of larger economic and administrative units (Gallagher 2005). A few years later, the area came under a temporary Russian occupation (1830-1854) with multiple positive effects as it already mentioned in Chapter 4. The first constitution for Moldavia and new prospects of stability boosted the economic and social life of Neamt. Agricultural exports increased and the intensification of commercial life was marked by a growth of the old towns, emphasised by the number of Jewish immigrants (Dumitroaca 2005) and the founding of many new markets in the countryside (Turnock 1978).

Although military conflicts were still present in the following decades, local entrepreneurs attempted to take advantage of the existing valuable raw materials. Thus, mainly forests in the western part of the County and then oil fields that were allocated near the borders with Bacau County started systematically to be exploited by local entrepreneurs (Neamt Judetul 1995). The development of the timber trade for example, is considered an initial response to the needs of western markets, associated with the advantages of the internal production base at that time. It was not only the large areas covered by forests but also the use of the water transport system on the Bistrita River that allowed and facilitated this particular development (Turnock 1989). Traditionally in Neamt, the tree trunks were linked together forming a raft and a raft-

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<sup>3</sup> FILIKI ETERIA was a secret organization that was founded with the aim of liberating Greece through simultaneous uprisings in three places, the Peloponnesus, the Danube Principalities (Moldova and Wallachia) and Constantinople.

man (pluta in Romanian) used to drive the raft on the Bistrita River from Vatra Dornei downstream to wood processing facilities in Piatra Neamt, and was a very efficient in terms of time and cost way of transportation (Bicaz 2007).

Despite these local competitive advantages however, a regional industrial specialisation and/or further development was not achieved, mainly because of the proximity problems and backwardness of the area and the ineffective representation of local interest in the decision making mechanisms of the time (Neamt 1995). The great distance separating Neamt from the Danube prevented any significant industrial expansion until the axial railway was completed in 1872 (Turnock 1978). The most important industrial agglomerations up to this time were the paper factories in Piatra Neamt and the clothing companies in Tirgu (or Targu) Neamt. Both of them were based within proximity of raw materials (wood and cotton respectively) and the availability of skilled labour but they proved short lived due to transport problems, lack of infrastructures, low technology and competition from the neighbouring cities of Iasi and Bacau. The failure of these economic undertakings and the social structure of that time did not provide the right conditions for a rapid growth of an urban working class, slowing down in this way a greater capitalist transformation for Neamt (Turnock 1970).

The geographical distance from the capital Bucharest seems to have influenced the interventionist power of the local elite to the national level as well. The unification of the Romanian principalities (1859), which was heartily supported by the majority of the local population, peasant masses and power elite, played a deciding role in the socio-economic development of Neamt (Neamt Judetul 1971). Many of the political initiatives during the reign of Alexandru I Cuza, such as the appropriation of monastery assets, the agrarian reform, the change of the education system and the administrative reform had significantly influenced the local economy triggering its modernisation, corresponding to western European patterns of development (Turnock 1978; Georgescu 1991; Gallagher 2005). In the late 19<sup>th</sup> century however, growth was constrained by protective tariffs that were introduced in 1886 and by the economic primacy of Iasi in the region, and Bucharest in the country (Turnock 1990). For instance, the small scale measures to encourage industry in Moldavia allowed Iasi to expand its textile industry, Galati to specialised in engineering and Botosani to

agglomerate milling whilst Neamt was left out of any financial incentives by the state (Turnock 1978).

The selective financial assistance within the Principality towards specific places and sectors demonstrates the prime existence of spatial and sectorial competition in the wider region of Moldova (Turnock 1970; 1979). Although a clear and adequate historic explanation for this incentive discrimination is not available, the fact that Neamt failed to get any fiscal support during this period could be interpreted in two main ways according to NB (ex sub-Prefect, interview, 24/07/2008): firstly, it could be appreciated as the result of weaker position of local elite and authorities in relation to those from the neighbouring counties; alternatively, it could be argued that this allocation of funds and allowances depicts the priorities and interests of the central authorities and did not include support for any of the main economic activities in Neamt. The common denominator of both the alleged explanations is the insufficient representation of local interests to the decision making centres, a phenomenon similar to what House (1980) has described as the 'dual peripherality'.

In spite of this failure in public finance allocation, development had been reinforced in Neamt after the completion of the rail expansion where the railway ran parallel to the river Siret crossing the majority of Neamt County's urban centres: Roman, Piatra Neamt and Biczaz. As a result of the improved connectivity, new sawmilling, cellulose and paper production units were established in Piatra Neamt, sugar refining in Roman and milling industries in Targu Neamt (Turnock 1978). Consequently, the total capital of Neamt County in 1887 was more than 50,000lei, slightly above the national average, derived from 23 different types of industries and providing a concrete base for further development in the future (Cherasin & Marin 1972, p.153). Hence, despite initial problems of geographical proximity and political representation, Neamt demonstrated clear signs of self-reliant economic trajectory, which in turn illustrates a well established and performing business class (Dumitroaca 2005).

Additionally to the problems mentioned, the limited power resources in the area made the aim of industrialisation, even harder in the beginning of the 20<sup>th</sup> century (Turnock 1978). The near but poor reserves of coal at Comanesti and oil at Moinesti were not enough even to support the expansion of Bacau County where they administratively

belonged (Turnock 1990). It was clear that another power resource was needed to sustain local development in Neamt. Hydro electricity was the profound answer, notably in the Bistrita valley, but the limited availability of capital discouraged large investments in hydro power stations until the end of World War II. As a consequence, progress in Neamt County in the beginning of the 20<sup>th</sup> century and even in the inter-war period was fairly modest (Turnock 1978). Neamt managed however, to retain most of the established industries and to avoid the decline of other areas in Moldova, such as Botosani and Vaslui, during the difficult years of the early 1900s (Cherasin and Marin 1972).

Although there is a considerable lack of data, a combination of evidence provided by Georgescu (1941) and Madgearu (1940) (both cited in Turnock 1989, p.247) with regard to large-scale industries, it supports that Neamt was relatively advanced County during the 1930s. According to these calculations, Neamt was among the regions classified in the second group out of four in terms of production value and capital investment per capita (Georgescu 1941, cited in Turnock 1989). Employment in all industries was also above the national average and the axis Piatra Neamt –Bacau was considered as one of the more dynamic industrial regions (Turnock 1989). Compared however to the huge growth of the central axis Bucharest-Banat at this time, Neamt could probably be characterised as a backward area similar to the North and East regions of the Greater Romania (Turnock 1970). The relatively narrow range of manufacturing and the almost complete dependency on imported machinery remained the main issues of concern for this period (Turnock 1978).

Complementary to agriculture and industry, tourism was added to the economic sectors of Neamt a few years before the beginning of World War II. As part of the road expansion programme during the years 1936-1938, a new road was driven through the Bicaz Gorges aimed at linking Piatra Neamt with Gheorgheni in Transylvania. The new transport artery crossed Lacu Rosu, a lake created by a landslide that displayed petrified tree stumps. The picturesque setting and the beautiful environment together with easy access through the new development made possible the construction of a small resort for tourist exploitation (Turnock 1990).

As far as the socio-political conditions are concerned, Neamt encountered the same challenges as everywhere else in the new formatted unitary state at that time. Radical and arguably necessary policies were limited by the association with communism and the national scepticism towards the Hungarian ethnic minority in Transylvania, although no serious ethnic problems existed within the County (McIntosh et al 1995; Dumitroaca 2005). The main outcome of these circumstances across Romania at that time was a strongly centralised administrative system where the capital city of Bucharest, in spite of its peripheral position within the boundaries of the new state, concentrated all the power and major responsibilities. Thus, any ideas for formulating an autonomous local development policy in Neamt, as elsewhere in Romania, were foredoomed. Although a short period of decentralisation attempts occurred between 1929 and 1931 when seven regions were delineated (Neamt was part of the North Region), the effectiveness of local policy initiatives were obscured either by fragmentation or indirection (Helin 1967).

### **6.3 The Communist Experience of Planning in Neamt**

#### **6.3.1 Overview**

The counties of Neamt and Roman were strongly affected by the two World Wars in several aspects, dominated by the bloodshed of soldiers and residents who died, especially in the battles in the south of Moldavia, during the hostile period of the first World War, and in the east and west campaigns in the second World War, where thousands of people perished and an even greater number of military personnel were taken prisoners. The devastation of these periods remains intense in the memories of older people but even the younger generations are very much attached with the past (Dumitroaca 2005).

After the end of WWII, people in Neamt had to deal with a destroyed economy and a ravaged social structure. The freezing of industrial and agricultural enterprises, requisitions, work obligations, refugee population and the absence of any social infrastructures led to a full load of grief for a long time (Turnock 2001). The reality of the new economic orientation and political apparatus became apparent across

Romania in the final moments of WW II. In economic terms, the acquisition of various types of equipment, food and livestock by the Soviets, either in terms of war loot or armistice agreements, deprived the necessary means for a fast recovery. Politically, the attachment to the sphere of influence from the Soviet Union had been closer after 1947, responding in a way to American initiatives in Europe at that time and resulting in the establishment of controlled party leadership (Turnock 2007).

The communists officially came into power in December 1947 when Romania was declared a 'People's Republic' and King Michael were forced to abdicate (Nelson 1981). As a result, the main industries, mines, banks and transport enterprises were nationalised in 1948 and an economic plan for the following year was drawn up (Dawson 1987). In the following decades, features of socio-economic and political life underwent great changes following the political changes upheaval taking place across Romania at that period. Some of the most important characteristics of the new socio-political and economic organisation in Romania were the setting up of the repression militia and security organisations in place of historical political parties, the foundation of Sovroms (joint Soviet-Romanian companies), the establishment of some large industrial sites (either by expansion or completely new), the starting and the completion of the agricultural co-operative societies and the implementation of monetary reforms and compulsory quotas (Dumitroaca 2005).

The local impact on the economic and social conditions in Neamt by the communist establishment in Romania is presented in the following sections. Following the emphasis that has been placed on the administrative and economic reforms in Romania in the previous Chapter, the same themes are analysed at the local level of Neamt's County. The importance of these reforms was not consistent throughout the communist era and for this reason the investigation of their impact on the nature of local and regional development policies in Neamt are investigated in two distinct time periods: from 1947 to 1965 when Gheorghiu-Dej was President of the country, and from 1965 to 1989 when Nicolae Ceausescu became the leader of Romania.

### **6.3.2 *Development of Neamt during Gheorgiou-Dej (1947-1965)***

Communist leaders at the local level have repeatedly underlined the disparities caused by the capitalist type of industrial development in Neamt County. These pre-war development patterns have resulted in ‘huge inequalities and anarchic geographical distribution’ of income and economic activities across the county of Neamt (Cherasin and Marin 1972, p.154). Thus, local leaders of the new regime revealed their intentions of overcoming the inherited inequalities by modernising the society and reducing, if not eliminating, the existing disparities among people and places (Turnock 1989). For the communists, the fundamental step for addressing any physical or spatial inequalities was the abandonment of the free-market and the adoption of the planning system. A parameter of great importance in the new planning system was the government and administrative structures and more specific the administrative regions as they incorporated elements of the new decision process. Administrative regions must be large enough for justifying the alternative industrial allocations but not so large that would prevent an effective planning mechanism (Turnock 1989b). This great importance and attention of local government to the planning and development process could probably explain the frequent changes, as already analysed in the previous Chapter, in Romania’s administrative map (Helin 1967).

Being part of the historical region of Moldavia, Neamt County was always part of the Romanian State, from the establishment of the Romanian Kingdom in 1877 until the creation of the Romanian Republic in 1947. Even when Moldavia was partitioned through the transfer of the northern part (Bukovina) to the Habsburg Empire in 1774 and the annexation of the eastern part (Bessarabia) to the Russians in 1812, Neamt never fell outside the historic boundaries of the medieval state of Moldavia. As a result, the residents have been engaged with and used to the same administrative pattern for a number of centuries. Central features of this highly centralised administrative system were the Judets (Counties) representing the local elected government and the Prefectures (Prefects) articulating the centrally nominated local authority.

In the aftermath of WW II, the newly formed non-communist government resurrected the 1923 Constitution and consequently the institutions of County and Prefecture in the administration system (see figure 5.4, p.108). This administrative structure remained in power for something less than three years after the communists took over the power. The critique however, concerning the origin and the reflections of these 'capitalistic' local government bodies led to another re-organisation of the country along the new economic and political requirements (Acrismaritei et al 1971). Thus, in 1949-1950 the communist government of Romania, after been inspired by the Soviet model introduced twenty-eight regions in the place of fifty eight Judets changing also significantly the tasks and role of the elected councils and the appointed committees in favour of the latter (see figure 5.5, p.134). Neamt and Roman Counties found themselves within new administrative borders, being part of the Bacau Region. Succeeding minor reforms in 1952 (reducing the regions to 18), 1956 (reducing the regions to 16), 1959 and 1960 had no substantial impact on the Bacau region with the exception of some territorial exchanges between Bacau and Iasi regions in favour of the former, aiming to reduce the distance between the energy source and the administrative centre for some industries (Turnock 1989b).

The delineation of the new region focused on the industrial centre of Bacau, encompassing a traditional homeland (part of Moldavia) and the transportation network between the rest of the urban centres in the region and the capital city of Bacau (Turnock 1989b). The chemical and timber industries constituted the production speciality of the new region where Neamt and Roman made a significant contribution but not the most important as they were lagging behind Bacau especially in terms of infrastructures and energy supply (Turnock 2005). The development of adequate transportation was top priority for many years in the newly formed regions and it was aimed at connecting each town with the capital city of the region, emphasising the central role of the Bacau city and omitting the interconnections among other cities. In Neamt's territory for example, even nowadays, a direct train connection with Bacau city is available for all the urban settlements of the County but, there is no direct line between cities and towns within the country. For example, there are no connections between Piatra Neamt and Bacau, Piatra Neamt and Tirgu Neamt and between Bicaz and Bacau.



The changes in the administrative map when the communist came to power, continues in a way the lengthy struggle between centralists and regionalists in Romania, as it has already analysed in the previous Chapter (see p.134). Although Neamt and Roman Counties had a tradition and were in favour of centralisation as part of the Old Kingdom, they enjoyed substantial autonomy in periods of regionalist dominance. Even then however, they did not find adequate free space for local development strategies as they had to confront the primacy of the capital of the region (Iasi) or of the district (Bacau) that they belonged to (Spigler 1978; Georgescu 1991).

On those grounds, it seems a logical assumption that local authorities and political elite in Neamt had no opportunities, the will, or both to develop efficient mechanisms to undertake political initiatives for local development at this time (IB, President of 'CIVES'-political thinking NGO, interview, 08/06/2008). Instead, it seems that they directed their efforts in developing personal and direct links with central government officials as this way of action proved more efficient and useful through the centuries, dating back to the era of the Phanariots. The local elite and authorities were able to create these links with central authorities during communism by participating in the party structures and by doing only what is minimally necessary, personal benefits being their first aim and not the general progress of their locality (Nelson 1988). Thus, similarly to the case across Romania new people have elevated into Neamt's and Roman's local political scene (Kideckel 1993).

The economy of Neamt and Roman Counties was problematic in the aftermath of WWII due to the destruction in infrastructures and human resources. Regardless of the devastation, several companies of various sizes and interests managed to operate during and after the war years. For 1944 and only in the city of Piatra Neamt, the local Chamber of Commerce and Industry recorded eighty four industrial and other significant enterprises that are depicted in Table 6.1 according to their specialisation and legal personality status.

Notwithstanding the absence of economic details concerning the production levels, the employment and the capital used by these companies, Table 6.1 provides evidences of a capitalistic structure in Neamt in the aftermath of WWII. Different business entities with regards to the law and large financial institutes, necessary to

support new investments and economic transactions were also established in the area. Concerning the specialisation of the companies, the relatively wide range of economic activities gives the impression of a rather diverse economy. Certainly, enterprises related to the raw materials and natural resources of the area dominated the list either in terms of number or of size and importance (i.e. the timber industry). Interestingly, the small participation of the third sector in the economy (banks, restaurants, groceries) reveal an existing emphasis on manufacturing but, could also be related to the social and economic conditions after the war.

Table 6.1: Allocation of Industries and other significant companies in Piatra Neamt according to their specialisation in 1944

<b>ECONOMIC ACTIVITY - SECTOR</b>	<b>COMPANIES</b>		<b>TOTALS</b>
	Public Limited Company	Sole Companies or Partnerships	
<i>TIMBER INDUSTRY</i>	4	6	10
<i>PAPER ELABORATION</i>	1	-	1
<i>CELLULOSE PROCESSING</i>	1	-	1
<i>OIL EXPLOITATION</i>	1	-	1
<i>FABRICS</i>	1	-	1
<i>FOUNDRY</i>	3	2	5
<i>CLOTHES</i>	1	2	3
<i>BANKS</i>	3	-	3
<i>BEVERAGE</i>	1	5	6
<i>FOOD INDUSTRY</i>	-	8	8
<i>CHEMIST</i>	-	12	12
<i>BRICKS</i>	-	2	2
<i>WOODEN APPLICATIONS</i>	-	2	2
<i>MECHANIC CONSTRUCTIONS</i>	-	4	4
<i>SHOES &amp; LEATHER</i>	-	8	8
<i>GLASSWARE</i>	-	1	1
<i>PRINTING HOUSE</i>	-	2	2
<i>GROCERY STORES</i>	-	2	2
<i>BAKERY</i>	-	2	2
<i>RESTAURANTS &amp; COFFEE SHOPS</i>	-	7	7
<i>OTHERS</i>	-	3	3
<b>TOTALS</b>	<b>16</b>	<b>68</b>	<b>84</b>

Source: Based on data derived from Camera de Comert si Industrie (1944) and Cherasin & Marin (1972).

In this sense, the economic structures before communism in Neamt remained similar to the pre-war patterns, based mainly on the limited capitalist expansion and improvements during the first half of 1900s. Without ever reaching Western Europe's performance or fully identified with their patterns there are examples in Neamt of private industries and companies that managed to keep operating for a long period

until the communists came to power (Cherasim and Marin 1972). The timber company 'Bistrita' for example, which was founded in 1886 as a private unlimited company, was transformed into a limited company in 1921 and still functioned till 1947. In contrast, there were cases of companies that functioned with interruptions or they had stopped working completely due to the tremendous difficulties they encountered. A paper manufacture that was founded initially in 1908 under the name 'Comuna din Paris' for instance, worked for only a year, and then closed, opening again under the new brand name 'Gustav Eichler' and finally going bankrupt in 1937.

What is most noticeable however, for this period, is the shifting meaning of 'familiocracy' in the area of Neamt. Contrary to the political context of the term in which it refers back to the Phanariot and other political aristocracy-closed circuits of power, the case of Lalu family in Neamt offers an example of 'economic familiocracy' in the region. Starting with a small personal wooden processing company under the name 'Moldova' in 1888, George P. Lalu became the symbol of Neamt's entrepreneurship (Prangati 1997, 2004). Lalu's family business expanded in the beginning of the 1900s to such a degree that it led to the creation of a 'family group of companies'. Their economic activities covered nearly every aspect of economic life in the geographical zone of the present Neamt's County for almost forty years (Cherasin and Marin 1972). This economic family domination created a contrasting appreciation of the reality for the local residents of the time. While some of the locals were admirers and/or supporters of the economic 'Moldavian Lion', some others were clearly opposed to the workers' economic and political repression by the family's monopolies (Cherasin and Marin 1972).

The criticism against this type of monopoly and disparities has constituted the ideological platform for the promotion of the communist theory and practice that was aiming to reverse the situation in favour of the workers (Cherasin and Marin 1972). However, the transition to communism was not undertaken overnight, and economic reforms were not always free of protests in Neamt. Nevertheless, the various enterprises of the Lula family, which has been described as the end of 'a loop in workers heads' (Cherasin and Marin 1972, p. 155, translated) were among the first companies to be nationalised in Neamt. The decision to focus on this family's properties was probably based, not only on the special economic weight of the

particular group of companies, but also on the symbolism of the new era and/or new elite in power.

Another crucial dimension for the economy of Neamt during the transition to communism was the impact of the hybrid companies of 'Sovrom'. Sovrom were actually a 50-50 mixed Romania and USSR set of companies aiming, theoretically at least, in the facilitation of Romanian's industrial development (Turnock 1997). In practice however, instead of providing the necessary capital and technology to Romania, the USSR had manipulated the bilateral agreements for war reparations and had been exploiting the raw materials of Romania for many years transforming Sovroms into the 'most onerous burden for the Romanian Economy' (Ratiu 1975, p. 23).

A typical example for the Neamt County is the case of CAPS, a joint German-Romanian Company founded in 1939 aimed at supporting simultaneously the industrial development (mainly timber and paper industries) and to maintain a sustained production of the 'green gold' (forests) at the south-western part of the Neamt's County. In 1948, CAPS was transformed to 'Fabrica de Charistea Sovromlemn' allowing the USSR to take over the organisation and the management of a forest covering 34.000 hectares (Turnock 1989a). A massive exploitation of the eastern Carpathian's raw material took place in the following years, completely ignoring the sustainability of the eco-system (Turnock 1970) and illustrating the local exploitation of 'friendly' countries and alliances (Gallagher 2005, p.56).

Despite the criticism against the capitalistic inequalities, the communist Plans did not succeed in having a homogenous and equal spatial impact in both, inter and intra County terms in Neamt (Young 2001). Generally, some areas have been extremely favoured whilst others have not, by the allocation of investments. Specifically, the Neamt County had partially benefited from this set of policies. The completion of various development schemes left over from the inter-war period, improved the railway network, mainly for Iasi and Bacau city and secondary for Roman city, which started to function as an interchange hub but not for the rest of Neamt County. Priority at that stage was direct access to the most important industrial centres to Bucharest and the reduction to a minimum of transportation to and from the Soviet Union

(Turnock 1978). Therefore, any sense of connectivity within the Neamt County was basically ignored.

Projects of considerable impact for local industrial development were those targeting energy supply in the area. Power production had seen massive improvements by the more systematic exploitation of the oilfields in Roman in combination with the expansion of Bacau oilfields (Borzesti and Comanesti). The greater effect however was the new policy of hydro-melioration. The construction of 'Hidrocentrala V.I. Lenin' in Bicaz in 1952 consisted of a dam (figure 6.2) and a water reservoir (figure 6.3) that permitted a more integrated development in the surrounding area (Bicaz Primului 2007). Complementary to hydro power production, the new infrastructure had been used for drainage and irrigation of the valley near Bicaz and Piatra Neamt. A significant power capacity of 450MW was the combined output of a series of thirteen low-capacity hydropower stations across Bistrita River (Turnock 1997).

Another sector that had attracted emphasis in the early stage of communist rule was the reconstruction of the iron and steel industry. Having already increased production in traditional centres of metallurgy (Banat, Hunedoara, Galati) the planning commissioners directed their attention to other potential places according to the decentralisation theory (Turnock 1979; Dawson 1987). The completion of tube works at Roman in 1958 made possible the establishment of a medium size iron and steel industry specialising in finished products. These units, along with a similar development in Iasi a few years later (1963) hoped to constitute the third development pole of metallurgy in Romania (after Transylvania and Galati), an expectation that has not been confirmed however from the production levels in the coming years (Turnock 1970).

Supported by the use of natural gas and justified by the communist doctrine of heavy investments, new and large production units for the chemical sector had been created in several places across the country. In Neamt, one of the first large scale investments was the construction of a large unit to produce nitrogenous fertilizers in Piatra Neamt. Also, a few kilometres away, the existing plants at Savinesti had been expanded and transformed so they could use natural gas to produce hydrogen cyanide, which then would be used in the production of synthetic fibre (relon) (Cherasin and Marin 1972).

Figure 6.2: The ‘Hidrocentrala VI Lenin’ dam constructed in 1952



Source: own picture

Figure 6.3: The ‘Hidrocentrala VI Lenin’ water reservoir in Bicz



Source: Own picture

The expansion of chemical industries had a crucial impact in terms of local and regional development. With interventions after the 1950s but especially during the Third Plan (1961-1965) period, planners in Romania used the chemical industry as the basis for decentralisation and development in the less favoured areas. Moldavia, in general, and the spatial zone of Neamt and Roman, in specific, were part of the less developed areas in Romania according to various demographic and economic indices during the 1960s (Turnock 1970) and consequently received the attention from the central planning authorities (Gallagher 2005).

Moldavia received particular attention and helped to foster local development in the area. It was anticipated that because of the widespread natural resources in the region and the completion of railway and road networks, Moldavia could be the eastern development pole of Romania, balancing in a way the more advanced areas of Banat and the lower Danube, which constituted the other two development poles at that period. It became apparent however, that the original motivation of these policies was the exploitation of unused resources of the area and not the decrease of inequalities among different places (Turnock 1970).

Indeed, Neamt and Roman received a considerable flow of investments in their territory supporting mainly the traditional sectors of economic activity in the area such as timber and chemical industries. In addition to this support and necessary infrastructures in the region such as the Roman tube and the Iasi welded pipe works during the First and the Second Plan, several other endowments took place in the Third Plan (1961-1965) (Turnock 1970). Starting from the small town of Bicaz, where a brand new cement factory was founded, through to the traditional timber town of Piatra Neamt, where firms processing ammonia, paper and pulp and machinery were established, and to Savinesti (raylon artificial fibre), Roznov (fertilizer), Buhusi (textiles), the industrial expansion reached further down to Bacau town where next to traditional industries new food and clothing manufactures have been created

As a result, the analogy of urban-rural settlements and the proportion of farm-workers in the population changed dramatically. The installation of new factories pushed urbanisation further and raised the demand for industrial workers. Thus, small villages like Bicaz and Roznov were transformed into 'modern urban centres' (Cherasin &

Marin 1972) providing housing for the large cement factory and Savinesti chemical complex. In demographic terms, the new investments (in combination with the progress of collectivisation) managed not only to change the proportion between workers in agriculture and industry in favour of the latter, but also to increase substantially the birth rate in the area (almost 15% compared to national average of 5%) and to reduce immigration movement towards Transylvania and Bucharest (Turnock 1970).

The spatial allocation of industry related to the time and the Development Plans that took place reveals another dimension of the decision-making process during that period as NB underlines (ex sub-prefect of Neamt, interview 24/07/2008). Indeed, there is a quantitative and qualitative shift in the preference of investment distribution within the wider Neamt and Roman area. Despite that Roman was selected for basic infrastructure projects, necessary for the development of the broader region (tube, gas pipe lines, train railway, etc), during the First and Second Plan it appears to have been omitted in the Third Plan where various factories have been set up. Neamt instead, experienced massive proliferation of new installations and substantial expansion of the existing industries after 1958. This spatial concentration is explained by Turnock (1970) as the result of the emphasis being placed on the creation of the eastern industrial agglomeration by the planning commissioners. This approach could explain why these particular sites have been selected for this specific type of investments. However, the question of why other similar or even more attractive locations have been ignored in this capital distribution has not been fully clarified.

The unclear criteria used for the allocation of investments by the Central Planning Committee led to irrationality regarding the economic theory decisions concerning the setting up of new factories (Gallagher 2005; Ionita 2007). For instance, while the concentration of heavy industries around Bacau may be justified by ample water supplies available at the Bistrita-Siret confluence, the administration capacity and the developed transport links, it is harder to explain some of the choices in allocating light industries around Piatra Neamt (Bicaz, Savinesti, Roznov) and not closer to Roman where the latter presents similar or even better features for some kind of investments, especially in terms of road and railway connectivity that would allow direct processing of raw materials and finished products.



An attempt to explain these decisions relies upon the nature of the decision-making process in communist Romania. This process was not exclusively economic but also, if not mainly, a political one. The location of the factory was a decision where both regional and national factors were influential and despite blaming the capitalist spatial antagonisms, competition among different locations was present and important in planning systems as well (Turnock 1978). For SG (Head of the Programming Unit in NE RDA, interview, 12/06/2008) and MN (Specialist Adviser of the Neamt Statistical Office, interview, 02/07/2008) the differentiation of the amount and type of investments could be explained by the different political powers that the Piatra Neamt's members of the Party had acquired and used in comparison to their colleagues from the Roman city. Whilst the former had proved extremely useful to the Communist Party, a very positive 'vertical' (top-down) integration in House's (1980) terminology, the subsequent local Party's officials were constantly creating problems with their 'obsessive demands for local autonomy' (SD, Head of the Environmental Directorate of the Roman Municipality, interview, 24/05/2008).

### **6.3.3 *The Ceausescu Era (1965-1989)***

Although local communist rulers kept blaming the pre-war capitalistic system as the generator of spatial inequalities in Neamt and were proclaiming planning as the best solution to this problem, there is no strong evidence of convergence between the more and less developed areas in Romania, at least during the first two decades of the communist rule (Young 2001). This is probably because the general objective of ensuring equality of life in the entire country has never been explained in specific local and regional development policies (Baga 2004). The elimination of disparities in economy and living standards was usually implied by the central planners (Shafir 1985) or anticipated, in a rather optimistic scenario, as a result of continuous and significant growth rates (Turnock 1997).

As a consequence, the initial aims of building up the necessary infrastructure and encouraging fast growth rates in national production and income determined the allocation of investments, which was primarily directed into more developed areas (Ratiu 1975). After the Second and Third Plan periods (1955-1965) the share of

production for the more developed half of the 16 regions at that time only fell from 77,6 to 76,4 per cent whilst most of the regions lagging behind had been almost ignored (Turnock 1978). Some places however, Neamt County included, had improved their prosperity level, in relation to their own past performance only, and not to the current levels of other regions, as Romania experienced a significant development rate of 11,9 per cent for industry and another 3,3 per cent for the agricultural output from 1950 to 1960 (United Nations 1972, cited in Turnock 1978, p.176).

In 1965, Nicolae Ceausescu became the leader of the Communist Party after the death of Gheorghiu-Dej. Although there was a semblance of collective leadership with Chivu Stoica as chairman of the Council of State and Ion Cheorghe Maures as Chairman of the Council of Ministers, Ceausescu nominated himself first among equals. In the following years, he further increased the concentration of power in his hands and members of his immediate family perpetrating in that way the notion of 'familiocracy' at the highest and most formal level (Gallacher 2005, p. 47). This consolidation of power in combination with the 'rotations of cadres' practice (top party leaders being transferred to government posts) resulted in inefficient management and irresponsible government at all levels of administration, and had negative side effects in economic development at all levels (Larrabee 1984; Gilberg 1990 p.83-84).

Among the new leader's priorities were the promotion of balanced development and the encouragement of progress in those less-developed areas. A much better distribution of industries in accordance with the criterion of economic efficiency was believed to be the best approach towards the balanced development (Turnock 1987; Stan 2003). However, the focus on equal opportunities among the regions did not necessarily mean that inequalities would cease to exist within the region (Turnock 1970; Young 2001). In Neamt County for instance, the installation of new factories and the expansion of existing ones, together with the urbanisation policies had certainly increased the overall prosperity level. However, the difference in living standards between urban and rural populations had not declined but, on the contrary in some isolated mountain villages in the North-Western part of Neamt, near Targu Neamt, it had actually got worse (Stan 2005; Dumitroaca 2005).

An indirect consequence of the gradual reduction of the 28 regions in 1950 to 18 and down to 16 in 1965 was the ‘statistical’ elimination of disparities due to larger and homogenous administrative units (Helin 1967). Despite the more balanced figures produced by these shifts in size of the administrative units, the existence of the regions was heavily questioned as they were considered too small for macro-economic needs and too large for complex local problems (Turnock 1970), creating in this way the problem of ‘passive’ regional and urban development (Turnock 1978, p.193). On these grounds, a few years after assuming power, Nicolae Ceausescu introduced in 1968, a new administrative system with special provisions for local government in all towns and cities, attempting in this way to underpin development in secondary centres (Helin 1967) .

The formulation of the new administrative structures in Neamt should be appreciated however, as it has analysed earlier in Chapter 5, as part of the general wind of political changes, described generally by the term ‘de-Sovietisation’ of Romania, and not as a unique point of interest in the Ceausescu period (Georgescu 1991; Young 2001; Gallagher 2005). As far as the territory of the pro-communist Counties of Neamt and Roman is concerned, the new local administration system redeems both of them finally from the shadow of Iasi and/or Bacau primacy. The new boundaries of Neamt County included the main urban settlements of both the previously different Counties of Roman and Neamt. The city of Piatra Neamt became the head of the county giving a second strike blow to city of Roman that had not only lost its Judet territory and capital status but had also become a secondary urban and industrial centre in the newly unified county (Roman Municipality 2007). The different prospects for economic progress generated by these developments resulted in a hostile environment between the two cities, which is easily recognised by outsiders even nowadays.

The amalgamation of the two counties resulted, not only in population and area aggregations but also in significant increase of the industrial capacity of the new spatial division. Disparities within the county had not been reduced dramatically but, at least in statistical terms, some trends of convergence were present, based mainly on the elimination of extreme values (Young 2001). The exclusion of the more advanced

areas of Iasi and Bacau on the one hand and those areas of Suceava villages on the other, created a more balanced county than the former region.

In spite of the problems concerning the capital nomination of the county, both the cities had a moderate size of population and economic activities. Researchers of that time have concluded that this particular type of urban centre showed considerable success in industrialisation and managed to achieve faster growth rates compared to large cities (Hoffman 1967; Turnock 1970 p.557). In this way, the primary aim of equality in local and regional development under the new government structures is questioned by the profound expectations for further increases in economic growth through the construction of more effective locations.

Notwithstanding any hidden aims or targets, it is accepted that the following years of the administrative reforms, the economic performance of the newly formulated Neamt County considerably improved, leading many people to refer to that era (1965-1975) as the 'prosperous communist time', although several authors believe that these improvements were actually the result of policies planned several years earlier and are not related to the new governmental structures and decisions (Gilberg 1990; Georgescu 1991; Turnock 1997).

The administrative merging of the pre-communist counties of Neamt and Roman into new Neamt County by Ceausescu significantly influenced its economic profile. During the first two decades of communism, next to traditional timber and steel making industries, new larger units of the chemical and metallurgy sector expanded the industrial capacity of the new county (Neamt Judetul 1974). In the aftermath of Ceausescu leadership, it was realised that the simultaneous growth of chemistry and steel was impossible due to the lack of investment capital (Turnock 1997, 2001). This fact inevitably resulted in competition across Romania among different sectors and areas concerning the allocation of available development resources. This competition was quite intense in the case of the new Neamt County as the two major urban centres, Piatra Neamt and Roman city were following different approaches in the development of the area. The former was in favour of chemistry and the latter advocated the expansion of steel (Turnock 1997). This conflict of interests provides an additional explanation for the scepticism of the Roman side regarding the

symbiosis of the two localities as one (SD, Head of the Environmental Directorate of the Roman Municipality, interview, 24/05/2008).

In terms of regional development strategy, it seems that the priorities of the new communist leadership coincided, not accidentally according to David Turnock (1997), with the degree of industrialisation in the country. The political willing to include poor developed areas in the allocation of investments (industrial and manufacturing) via a new administrative map was in agreement with the current economic environment after fifteen years of rapid industrialisation. During the first three Planning Periods (1950-1965) the necessary infrastructure and the major industrial concentration had been completed reasonably successfully, providing the opportunities and the means for sub-regional complexes to be developed (Turnock 1970).

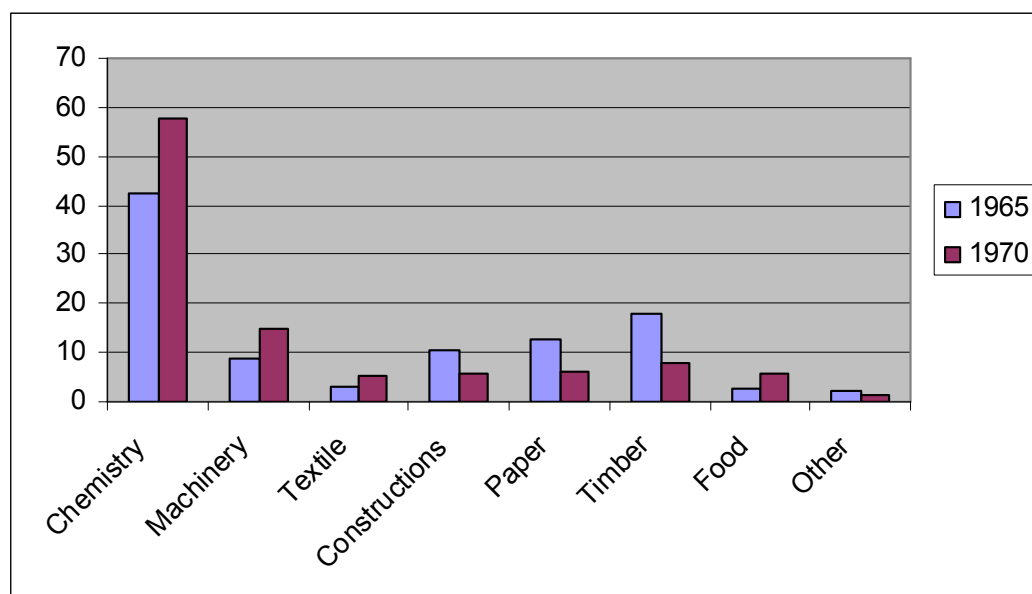
The amalgamation of the new Neamt County in 1968 could be seen as representative of the new philosophy on regional policy. The unification of two small adjacent counties Neamt and Roman (according to 1938 administration system) into one larger entity had, among other reasons, the aim to foster the development potential and to counterbalance the growth of the stronger urban centres of Iasi and Bacau in the area. Thus, the new dogma of development strategy towards the elimination of inequalities was expected to be fulfilled by enforcing the existing industrial concentration in the main urban centres and by promoting new manufacturing activities in secondary centres across Neamt County, in other words, by creating new development poles in smaller cities (Young 2001).

Indeed, during the 1965-1975 decade (4<sup>th</sup> and 5<sup>th</sup> Plans) the area achieved an impressive growth rate that generated higher levels of prosperity. The average annual economic growth during the 1960s (15,2 per cent) in excess of national average (13,4 per cent) despite the low percentage of urban population (30 per cent) in 1966, the urbanisation process was considered satisfactory given the very low starting point several years earlier (Turnock 1970). In terms of Gross Industrial Output per capita in 1970, Neamt County was equivalent to the more advanced counties of Bacau, Cluj, Timis and Galati with a range of 15,001 – 20,000 lei compared with the national average of 15,140 lei (Spigler 1973). Piatra Neamt, Roman and Tirgu Neamt

underwent serious reconstruction with the erection of not only new blocks of flats but also various other buildings (shops, nurseries, hospitals, museums, etc) while Bicaz, one of the first socialist cities in Romania, and the new settlement of Roznov-Savinesti witnessed vast expansion, offering housing services for the new workers (Neamt Judetul 1974).

In the years following the leadership change in 1965, the County of Neamt witnessed an impressive increase of its industrial production, based on the technological revival of the former companies and the setting up/development of new enterprises (Dumitroaca 2005). As a result, minimum levels of self-employment and unemployment have been achieved in Neamt (Neamt Judetul 1975). Additionally, limited movement of immigrants, especially in the northern part of the County was achieved, as the successful case of Tirgu Neamt illustrates (Cherasin and Marin 1972). From the middle of 1970s until the early 1980s, the planning authorities managed to drastically reduce migration from the town by creating new factories for furniture, rubber and textiles in the area (Turnock 1997). At the same time, central planners aimed at creating a new agro-industrial centre in the north part of Neamt consisting of the existing sawmills and potential new enterprises (Opris 1987 cited in Turnock 1991, p.82-84).

Figure 6.4: Changes in the industrial employment by sector in Neamt County



Source: Based on data from Cherasin and Marin (1972).

Figure 6.4 depicts the significant rise of the already high proportion of employment from 45 per cent in 1965 to 75 per cent in 1975, in metallurgy and chemical industries, demonstrating in this way, the major expansion of the existing sectors compared with new alternative types of industry (Cherasin and Marin 1972). This trend can be interpreted in different ways, without however, the available information to lean towards a common acceptable explanation. The disproportionate emphasis on these two sectors could be equally describes as a sign of dependency or a specialisation response to the local economy. Available data regarding the serious decrease in the installation of new machinery (from 38 percent to 32 per cent between 1965-1975) however, might weaken the argument for local specialisation and would rather support the idea of local dependency and lack of diversification in Neamt's industrial composition (calculations based on data from Turnock 1979, p. 194 and 195).

In the aftermath of the agricultural reform that led to the collectivisation of farming, an extensive development of the agriculture sector took place. In Neamt County, many of the agricultural co-operatives were based on family ties or villagers' network connections, keeping alive the 'familiocracy' tradition of Moldova (Gallagher 2005) and attracting the suspicious attention of the local political party officials (Kideckel 1993, p.88). Notwithstanding important increases in the agricultural production of the county, the 'Agriculture Production Co-operative' did not succeed in ensuring a decent lifestyle for the village inhabitants of Neamt (Dumitroaca 2005). Wages were substantially lower compared to those in industry and the provision of basic amenities and social care remained at pre war standards widening the gap further between urban and rural areas in Neamt (Stan 2005).

Nevertheless, the decade from 1965 to 1975 has been described as the 'golden period of prosperity' (Table 6.2) for Neamt County from communist and post-socialist scholars (Cherasin and Marin 1972 Judetul Neamt 1974, 1995; Dumitroaca 2005) as well as most of the middle and older interviewees in the field. The timing coincides with the reign and takeover of power of Nicolae Ceausescu. However it is rather coincidental and misleading, as the investments and developments taking place in this decade had been already decided by the spatial and sectorial development decision incorporated in the previous 5-years plans (Turnock 1970, 1989).

Table 6.2: Evidence from the ‘golden years of prosperity’ in Neamt

<b>INDICATORS</b>	<b>1951</b>	<b>1960</b>	<b>1965</b>	<b>1970</b>
<i>Commercial Production (mil. Lei)</i>	810	4000	9300	17240
<i>Working Productivity (mil. Lei)</i>	9	16	28	43
<i>Commercial Spending (per 1000 Lei)</i>	920	883	875	829
<i>Wages Growth</i>	90	245	332	402
<i>Growth of Technic-engineering Personnel</i>	8	13	26	26
<i>Growth of Activities</i>	3	8	22	28

Source: Cherasin and Marin (1972, p.172, 178, 181, 186)

The national government’s decision to drastically reduce the foreign debt during the 1980s resulted in severe economic problems that reduced living standards and intensified the social and political repression across Romania (Gallagher 2005).

Neamt County was not an exception, although there are signs suggesting that it was one of the counties areas with the weakest political opposition against the Ceausescu regime (Dumitroaca 2005). FH (Chief Editor of the Ceaclau Newspaper, interview, 24/06/08) recalled on his memory slogans referring to the ‘glorious Moldavian peasants and workers’ and the ‘gratefulness of Moldavian people’ that were used by the communist regime not only at the local area but also for the needs of propaganda at the national level. Turnock (1989b) however, provides another explanation, which is not necessarily mutually excluded from the previous. He argues that the informal networks of family and friends had been very effective in some areas of Romania, such as Neamt, so that ‘difficulties over provisioning have not developed into a politically volatile food crisis’ (p.39) and consequently has not developed into a political criticism and demonstration against the regime.

The austerity measures during the 1980s impacted not only on the economic and social life of people but also on the environment of Neamt County. One of the most characteristic features of Neamt, the large areas of woodland seriously reduced in the last decade of Ceausescu rule. The main reason for this was due to economic pressures of this period that led to serious increases in demand and usage of wood rather the physical conditions and constrains (Turnock 1990). As in the past, instead of using the wood exclusively as raw material, for the local timber industry demands, large amounts of wood were required for fuel and construction (Dumitroaca 2005). At



the same time, pressures for agricultural expansion resulted in the elimination of forests even high up in the mountains in order to increase land for crop production. This increased demand for agricultural expansion and the complete ignoring of conservation principles were the key factors for the significant reduction of woodlands in Neamt (Turnock 1997).

#### **6.4 Summary**

This Chapter introduces the second part of the thesis, which refers to the closer examination of the local and regional policies in Romania through the examination of the case study of Neamt County. By following the general principles of the ‘heterodox’ approach, the emphasis has been placed on the factors that have determined Neamt’s development over time. In this way, the broader national and historical legacies presented in the previous Chapter have been linked to specific local peculiarities and characteristics.

The pre-1947 patterns of development in Neamt have significantly been influenced by the broader socio-political and economic transformations in the Balkan and CEE region. The demarcation of the Danube Principalities and the Romanian state during the earlier and recent times respectively had negatively impacted on Neamt’s development because of the external border location and the difficulties with proximity of the capital, Bucharest. Despite the problem of ‘dual peripherality’ and the absence of coherent local development programmes, Neamt has managed to achieve a relatively advanced level of economic development during the first decades of the 20<sup>th</sup> century and to preserve the greater sense of local identity.

The entirely different economic and political framework during the communist period in Romania has significantly impacted on the local development model and patterns in Neamt. The stabilisation of external borders in the post-war era has moved the emphasis to the influences that domestic boundaries have exercised on local policies in Neamt. During the first period of the communist rule and as part of the Bacau Region, Neamt has witnessed a major improvement of transportation system, which however, primarily aimed at solving the infrastructure problems of the Bacau

industrial centre. Furthermore, the economic familiocracy inherited had gradually transformed into an administrative and governmental familiocracy through the elevation of new elite and the establishment of different institutions. Overall, although various investments had been allocated to the locality of Neamt, the aim of spatial and physical equality that was anticipated to be achieved through the establishment of the 'third' development pole in Moldavia has never been accomplished.

The takeover of power by Nicolae Ceausescu signalled the second period of communist rule in Romania. Neamt's local development had once again been significantly influenced by the choices and decisions at the local level. The launch of Ceausescu's de-Sovietisation policy had negatively impacted on the carrying out of investments in the area, as the fear of a Soviet invasion had brought the external border problems back to the region. The lack of any new investment and the delay in accomplishing planned investments had generally worsened Neamt's prosperity level during the austerity period and increased the inequalities within and across localities in Romania. Furthermore, the new administrative delineation in Counties and the merging of the previous Neamt and Roman Judets into the broader Neamt County might have increased industrial diversity and statistically reduced disparities, but at the same time has undermined the sense of identity as a result of the topical conflicts between the two largest urban centres of the County. Finally, the perpetuation of administrative familiocracy and the development of personal links and networks of local institutions with the central government have weakened the promotion of local interests and the formulation of an autonomous local development strategy.

Certainly, the characteristics of the pre and post-1947 development patterns have influenced the nature of local development and government in Neamt after the collapse on communist rule in Romania. The degree that these inherited legacies, traditions and norms have continued to exist, eliminated or amended during transition, as well as their degree of impact in the post-1989 era, is examined in the next Chapter.

## CHAPTER 7. THE TRANSITION PERIOD (1989-1997)

### 7.1 Introduction

Following in chronological order, this Chapter investigates the post-1989 attempts at local development in Neamt County as formulated and managed within the new socio-political system. Having already stated what the revolution and the return to Europe meant for the whole country in Chapter 4 and having analysed the peculiar characteristics and legacies of Neamt until 1989 in Chapter 6, the focus will be on the impact of transition in terms of local development and government.

This Chapter covers the period starting in the aftermath of the collapse of the Communist regime until 1997, the so-called ‘first stage’ of transition in Romania (Ianos 2001; Turnock 1997; Young 2001). The division of the Romanian post-socialism experience into two stages using 1997 as the dividing line is based on three major and interconnected developments : in political terms, after the national general election of 1997 the new government of Emil Constantinescu, leader of the Romanian Democratic Convention (DCR), signalled the clear defeat of the ex-communist leadership of Ian Iliescu and the transformed Social Democratic Party (SDP) (Gallagher 2005); in economic terms, directly related to the change of government, in 1997 the gradual transformation of economy is abandoned in favour of a fast and radical ‘shock therapy’ (Ianos 2001; Constantin 2006); in foreign relations terms, once again directly related to the new government and with significant implications to local and regional development, a strong commitment towards the EU perspective had been launched in 1997 leading to creation of the eight Development Regions in the same year (see, for examples Constantin 2002, 2006; Davey 2003; Ghinea and Moraru 2005; Dragos and Neamtu 2007; Palne 2008; Ionita and Inan 2008) that are analysed in the next Chapter.

The Chapter begins by exploring the relationship between transition and local and regional development. Since the perception of local and the appreciation of development problem are determined by legacies, culture, and socio-economic environment and political decisions from place to place and over time (Pike et al

2006) the systemic change that took place in Romania in 1989, is expected to have influenced the context of local and regional development. Thus, after a broader description of the degree and pace of change during the first stage of transition in Romania, a diagnosis of the 'new' development problems at the local level and the specific challenges that Neamt's County had to cope with are investigated. These developments and government challenges are related both to the inherited weaknesses and the emerging inadequacies within the new economic and socio-political environment.

Following the identification of Neamt's development problems, the next section of this Chapter analyses the methods adopted by authorities at national and local level to confront these problems. It becomes obvious that because of the inability of local authorities to undertake any serious development initiative at this particular time period, the national state interventions remained the only attempt to confront these problems. The lack of action at local level and the reliance on the discretionary power of the national level, through centrally-planned ad hoc interventions, has resulted in a negative discrimination of Neamt County compared to other counties and areas of the country.

This kind of discrimination was basically expressed in terms of supporting funds and is directly related to the government of development politics across all levels in Romania. Thus, the following section investigates the transformation of the territorial decision-making system and underlines the creation of democratic institutions without however, appropriate democratic functions. It also analyses the negative impact on the local development initiatives of continuing to exclude certain groups and the persistence of the 'dual peripherality' phenomenon.

In summary, the form, the context and the procedures (ad hoc by central government) of local development policies are compared to the communist patterns leading to the conclusion, that despite the systemic transition in Romania, hardly anything has changed in terms of Neamt's development politics. The most noticeable change is arguably the major improvements in democratic institutions, with regards only to their foundation and not necessarily to their role as an authentic democratic representative body for local interests and aspirations.

## 7.2 Transition and Local Development

### 7.2.1 *The Systemic Change in Romania*

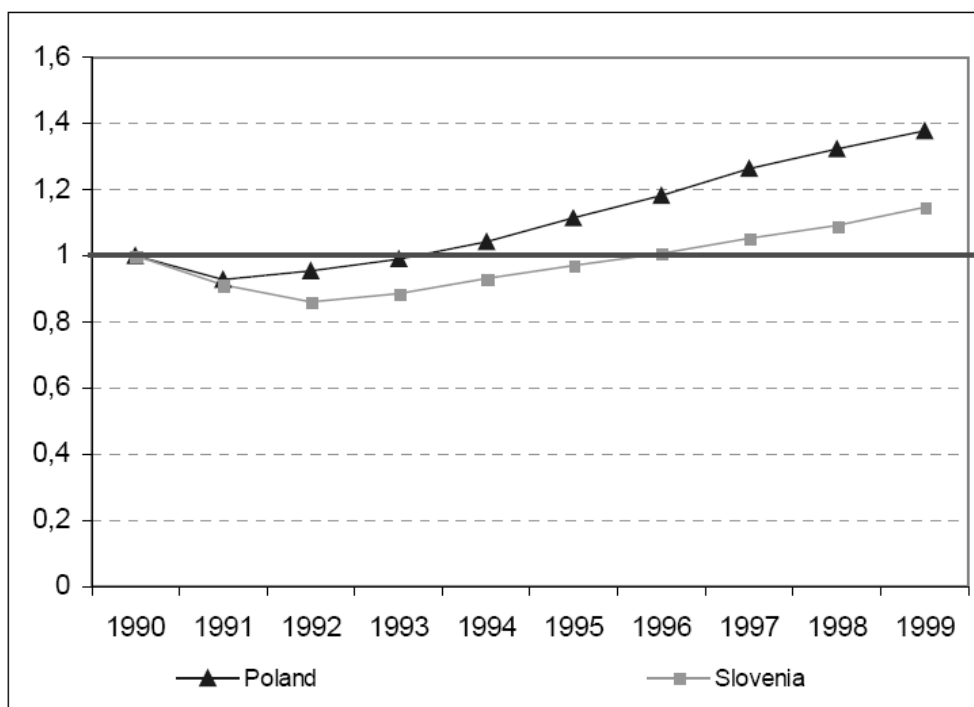
As already analysed in Chapter 3, the transition from a centrally planned economy towards the free market system constituted a dramatic shift in economic development (Bird 1992; Ferris et al 1994), democratic government (Kaldor and Vejdova 1999; Ianos 2001) and international relationships (Swain and Hardy 1998; Leopord 2006) terms. Any attempt to investigate Romania's transition trajectory should incorporate the peculiar characteristics and legacies of both the pre-communist and communist experiences of the country as presented in Chapter 4. In short, back in 1989 Romania's national economy was extremely state-oriented with a plethora of negative characteristics for a free market economy such as an extensive central planning committee, a dysfunctional bureaucratic mechanism and an excessive industrial capacity regarding the GDP per capita level (Stan 1997). Furthermore, the particular severity of the former 'dictatorship' was exacerbated by this challenge of transformation (Ianos 2001). In addition, alongside the immediate pressures to establish a market system and a democratic government, Romania faced the challenge of successfully recapitalising and revitalising the national industrial base (Ferris et al 1994).

The shift towards a free market system was anticipated to have a negative effect on the national economy in the initial transition period (Gorzalak 1996; Cernat 2002). Indeed, the economic performance worsened significantly in all the post-communism states leading to what is describing by Bradshaw and Stenning (2000) as 'transition recession' across post-socialist CEE states. The critical question then for those countries was related to the time needed for their economies to recover from this recession. In spite of the mainstream hopes that the accumulation of capital and consequently, better allocation of resources through the free market would signalize the exit of the recession, the pace of reaching and/or overcoming the previous development level remained uncertain for the post-socialist countries (Cernat 2002; Petrakos 1993, 2001)

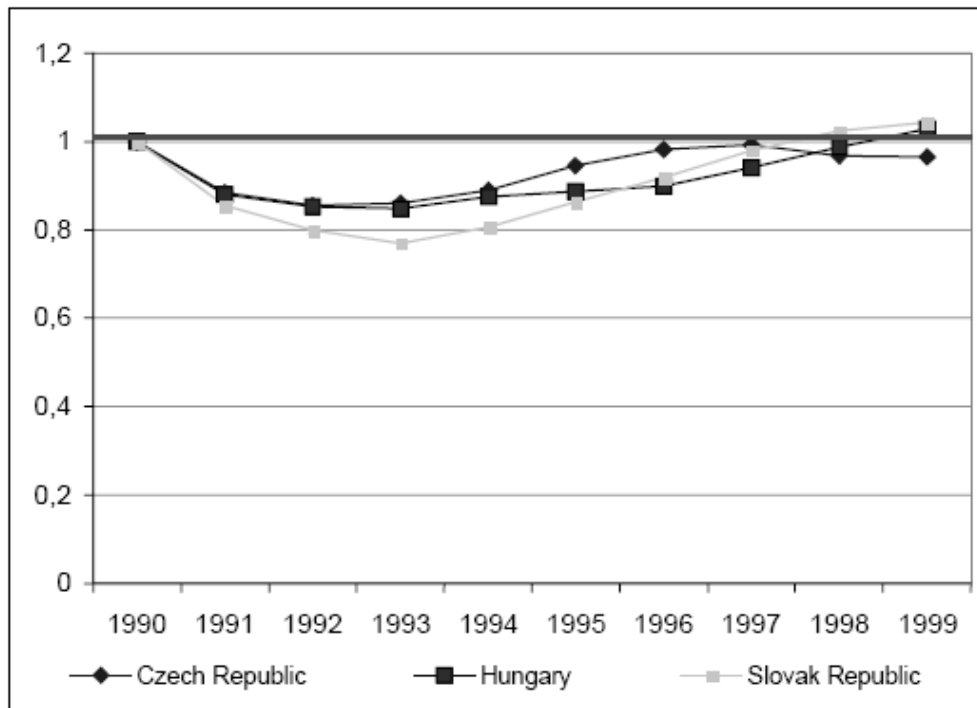
The usage of the ‘J-curve’ technique offers a clear representation of the starting point, the depth of recession and the pace and strength of recovery for each post-socialist country as it depicts the usual initial worsening and the subsequent upward improvements of a national economy in a diagrammatic representation that resembles a ‘J’ (Worthington 2001). As the post-socialist countries traverse the ‘J-curve’ they move towards economy recovery under the successfully introduction of a modern, more-balanced market economy (Bradshaw and Stenning 2000). The curve can have the shape of ‘U’ in case of a longer and smaller recovery, or the shape of ‘L’ in case of a long term recession and hard recovery.

Figure 7.1: Growth in selected transition economies: (Real GDP Index (1991=1))

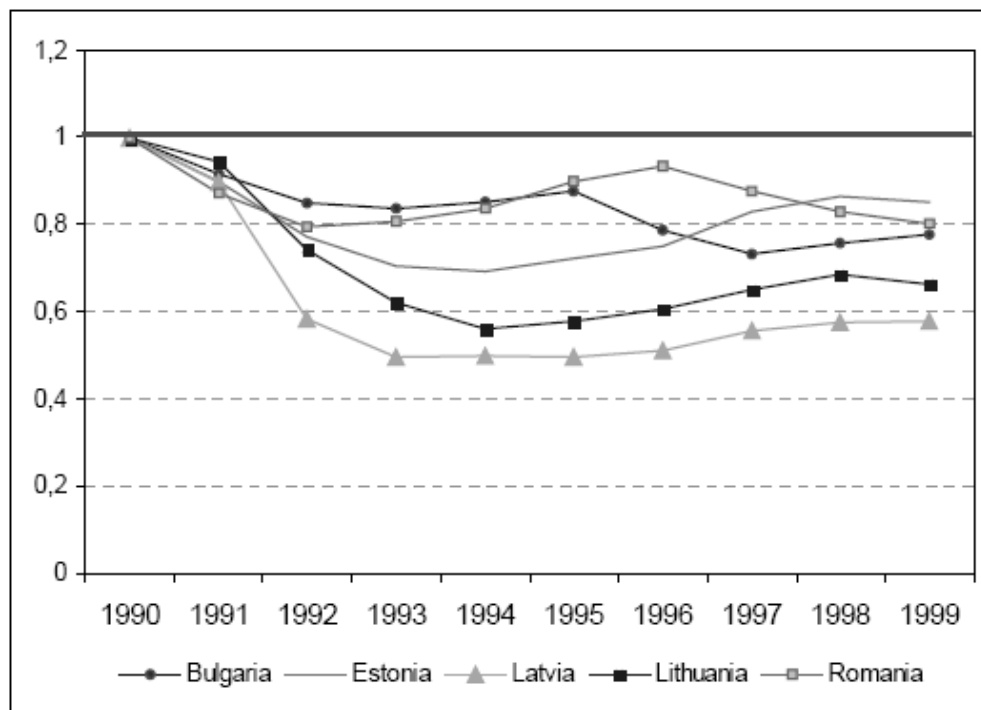
a. Poland and Slovenia (a smooth and quick recovery, J-shaped evolution)



b. Czech Republic, Hungary and Slovak Republic (a later and smaller recovery, U-shaped evolution)



c. Bulgaria, Estonia, Latvia, Lithuania and Romania (long term recession and hardly recovery, Flat J-curve or L-shaped evolution)



Source: Economic Survey of Europe 2000 cited Cermat (2002, p.19, 20)

From figures 7.1a, 7.1b and 7.1c it becomes clear that despite the fact that Romania has the same, chronological starting point of transition; its progress is less satisfactory than many other post-socialist CEE states. According to Stan (1997) there are three fundamental reasons for this: the dominant role of ex-communist nomenclature, which attempted to retain as much power as possible and resisted economic and political reforms; the unwillingness of successive governments to implement the necessary measurements concerned about the social implications and political cost; and, the choice of the State Ownership Fund (SOF) committee to postpone the adoption of free market measures fearing bankruptcy of 'sensitive' and influential firms. In addition, Ianos (2001) highlights the lack of an adequate legislative base, the resistance to change not only from the politicians but also among the population and other socio-economic actors, and the ambiguity in setting priorities as barriers to a more successful transition to a market economy for Romania.

In this way, the significantly less satisfactory transition path of Romania has been linked not only to the inherited dysfunctional characteristics but also to the selected reform strategies. The common goal of transition to free market for the CEE post-socialist countries does not imply that they should, or did actually follow the same pattern (Petraikos 1993, 1997, 2001a, 2001b). Individual states have adopted different strategies for a plethora of reasons as these various 'winds of change' (Gros and Steinherr 1995) respond to different experiences, endowments, economies and choices from each post-socialist country (Teodorescu 1991). Homogeneity in both economic and political conditions and transition patterns was certainly not the case for the post-socialist CEE countries.

As far as Romania is concerned, its economy had three distinctive features at the beginning of transition, compared to the rest of the post-socialist countries: it was an extremely centralised Stalinist-socialist economy that had never loosened its tight control; it had managed, no matter how painfully for the people, to repay the international debt only a few months before the revolution; and it had the lowest standard of living in terms of material prosperity and personal freedom, with the exception of Albania (Dawson 1987). In addition, Romania is the only case in which the existing socialist administrative and productive structures, together with the



domination of ex-communist officials, remained untouchable for such a long period (Gallagher 2005; Ionita and Inan 2008)

These peculiar features of Romania's profile at the onset of transition impacted on the shape of its reform strategy during this first period. The usual contrast of transition policies between the neo-liberal 'shock therapy' approach and 'gradualism' (Amsden et al 1994; Gros and Steinherr 1995; Stan 1997; Smith 1998) has been overcome in Romania by the adoption of the 'third way of transition' (Cernicova-Buca 1998; Baga 2004; Constantin 2006). Although Romania's transition to a market economy is recognised as closer to the gradual approach (Gros and Steinherr 1995; Turnock 1997; Ianos 2001) when compared with the rest of the CEE states, its final form looks more like an uncertain combination of those two approaches (Cernicova-Buca 1998; Gallagher 2005; Constantin 2006). Dominated by the old ways of thinking and a lack of clarity, Romania was not able to adopt a credible and confident transition strategy (EIU 1997). It is believed that the fear of social turbulence and the poor situation of major macroeconomic indicators were the reasons to designate this choice (Shafir 1985; Pasti 1997). The nature of the transition process in Romania and the sequence of changes in reform strategies could be described adequately as a 'stop and go' policy (Cernicova-Buca 1998, p.110).

The serious attempts of Ceausescu to repay the national external debt during the 1980s had a significant negative impact on people's living standards. The inherited low level of consumption and purchasing power was borne in mind and very limited price liberalisation took place during the first years of transition process (Chiaburu 1999). Thus, price was liberalised on very few goods while state subsidies on consumer goods were retained until 1995 (Young 2003; Ianos 2001). Consequently, the reverse of GDP decline to positive growth rate from 1993 onwards was actually misleading due to continued hidden policies of industrial and energy subsidies, price and currency exchange control and debt protection. Furthermore, institutional reforms at the micro-level of the economy were very limited resulting in extremely low productivity (Kelemen and Lightfoot 2000; Rizov 2004). In short, this peculiar 'gradualistic' strategy of reform aimed at minimising social and political costs might have secured the available income for some categories of people and workers in the

short-term but failed to generate sustainable economic gains in long-term (OECD 1998).

However, Gros and Vandille (1994) support the idea that the speed of reform, which is directly related to the strategy followed, is explained better by the amount of time spent under communism and the extent of pre-transition liberalisation. Thus, Romania had a less effective transition than the other CEE states not simply due to a different strategy adopted at that period, but mainly because of the rigid adherence to the Stalinist development model and the tight control on individuals' freedoms. In other words, the transition in some countries was faster because it had started, in a modest form, many years earlier. On the contrary, Romania (together with Albania) has rejected all economic and political reforms (Teodorescu 1991) and this is why the transition process was slower and more painful compared to the other CEE states but also faster and more successful compared to the former Soviet Union states (Gros and Vandille 1994).

### ***7.2.2 The Economy in Difficulties during Transition***

Despite its proclaimed disagreement with the Soviet regime after 1965, Romania remained a full-member of the COMECON and, consequently the rest of the countries of the communist block were the most important receivers of Romanian exports. Intra-COMECON trade was responsible for almost half of Romanian's industrial exports, and hence, its collapse triggered almost a 50 per cent decline in its external trade (Cook and Nikson 1995). This catastrophic impact of losing markets in intra-COMECON trade was a major external shock, not only to Romania (Nadedje et al 2001) but to the rest of the CEE countries as well (Gros and Steinherr 1995; Turnock 1997).

The Romanian balance of trade was worsened also by *the poor competitiveness of* Romanian products. Low quality and relatively high prices of Romanian products affect negatively the demand and consequently the production and the employment in the country (Nadejde et al 2001). Furthermore, out of date technology and industries, lack of knowledge and experience of a free competitive system, and an international

economic malaise throughout the 1990s created a negative mixture for the Romanian external trade balance (Gallagher 2005). In terms of quantity there was a tremendous decline in the total amount of Romanian exports and a rather significant increase of imports (Turnock 2007). Table 7.1 reveals the growing importance of the EU as a trading partner on both the sides of the External Trade Balance Sheet of Romania and illustrates the re-orientation of trade partners. Equally important is the problem regarding the sectorial allocation of exports, as Romania concentrated mainly on labour intensive industries and agricultural products.

Table 7.1: External Trade of Romania in 1995

<b>MAIN DESTINATION OF EXPORTS</b>	<b>% OF TOTAL</b>	<b>MAIN ORIGINS OF IMPORTS</b>	<b>% OF TOTAL</b>
<i>Germany</i>	17,9	<i>Germany</i>	46,1
<i>Italy</i>	16,6	<i>Italy</i>	12,5
<i>France</i>	5,5	<i>Russia</i>	21,6
<i>Turkey</i>	5,5	<i>France</i>	4,5
<i>Netherlands</i>	4,2	<i>USA</i>	8,9
<i>China</i>	3,2	<i>Egypt</i>	3,8

Source: EIU Country Report (1997, p.24)

*Inflation* constituted another serious economic problem during the first transition phase in Romania. In the central economy, prices were set by the state and usually remained steady for a long period. In this way, any increases in demand did not result in price rises and the only inflation affected was the ‘repressed inflation’ where the price remained officially the same, creating however, the black market and long queues (Nordhaus 1992 cited Young 2003, p.156).

As soon as Romania liberalised its economy, repressed inflation became open inflation raising the prices in both private and public goods and services. The abandonment of central price control, which was a necessary condition for the marketisation of the economy and a fundamental step towards economic reform (Gros and Steinherr 1995), combined with the increase in demand led to prices rises and consequently to inflation.

However, the removal of price control was not the only reason behind the high rates of inflation in Romania. The lack of any anti-inflationary policies when market liberalisation was imposed and the adoption of a very weak monetary policy, under

the fear of recession, have contributed as well, to the increase of prices (Gros and Steinherr 1995). The first governments after the revolution in Romania continued to inject money into the economy as well as retaining subsidies in industry and incomes (Turnock 2007). Indeed, as Table 7.2 illustrates, Romania had increasing amounts of money added every year into the economy, not only from the more advanced CEE states but also from Bulgaria, a country considered similar to Romania, in terms of the transition process and success.

Table 7.2: Money Supply in post-communist countries (1990-1996)

STATE / YEAR	1990	1991	1992	1993	1994	1995	1996
<i>Bulgaria</i>	<i>n.a.</i>	125,6	50,2	39,1	78,6	39,6	124,5
<i>Czech Republic</i>	0,5	26,7	20,7	19,8	19,9	19,8	9,2
<i>Hungary</i>	29,2	29,4	27,3	13,4	13,4	18,4	21,2
<i>Poland</i>	160,1	47,4	57,5	38,2	38,2	34,9	29,3
<i>Romania</i>	22,0	101,2	79,6	138,1	138,1	71,6	66,0

Source: National Commission of Statistics 1997, cited Turnock 2007, p. 213

*Privatisation* constitutes one of the most important policies during the transition from a central to free market economy. The approaches to the process and the main outcome of this policy however, are rather diverse. According to Gros and Steinherr (1995) the main objective of privatisation is the achievement of efficiency. And there are two main strategies in promoting this: firstly, by establishing an incentive-based economy (profit) and private ownership of means of production and secondly, by separating the economic and political sphere of the decision- making process.

The main responsibility for privatisation in Romania was held by the National Agency of Privatisation (NAP), which had been established in August 1990. NAPs' mission was the selling-off of state industries but it seems that part of the 'hidden agenda' of this process was the creation of an ownership class in the country (Young 2001). For this reason, 30 per cent of the equity of the state -owned companies was distributed to all Romanian citizens over 18 years old, while the rest was made available to foreigners and domestic investors. This causes a very wide spread of ownership, usually of very small amount of equity, restricting in this way the ability to improve a company's competitive base (Gallagher 2005). The remaining 70 per cent was held by the State Ownership Fund (SOF) which governed the privatisation process.

However, the privatisation policy is conceived as a failure during the first period of transition (Turnock 1997; Nadedje et al 2001; Voinea 2002). Turnock (1997) argues that the privatisation programme had very poor results due to the voucher books trade, public apathy and inflation. Moreover, according to Voinea (2002) unfriendly market conditions, unfair competition union pressures, unfamiliarity with compensatory mechanisms and the inability of new owners to turn the companies into a profit were the important reasons for the privatisation's failure in Romania. Similarly, from a longer-term perspective, the emphasis by the first private companies on the immediate creation of profits repressed any thoughts about medium and long term development and marketing strategies. Consequently, many of them encountered difficulties when the openness of Romanian economy became wider and the market competition harder. Nevertheless, the quick and urgent privatisation process did not permit the build-up of an authentic capitalist -type entrepreneurial spirit in the Romanian economy and society as a whole. Thus, Romania lacked a dynamic and necessary qualitative element from its transition process (Nadedje et al 2001).

*The labour market* was a main issue for both communist and post-socialist periods in the CEE countries. Prior to transition, planning authorities were only concerned about the sectorial and geographical allocation of the labour force. Following the ideological principle for zero unemployment, they created virtually full employment, stigmatised however, by relatively low productivity (Georgescu 1991; Turnock 1989b). After the collapse of communism, unemployment problems appeared and the labour market issues became a very important concern for all the CEE states (Gros and Steinherr 1995).

Romanian's unemployment is largely the result of the decline in industrial production. Firms that were under state control which changed to private ownership laid off, on average, a quarter of their workforce through restructuring of production (Young 2001). In order that these companies increased their competitiveness, they reduced both employment levels and wage rates. This choice could also, be interpreted as an indirect response to the absence of a developed capital market (Gowan 1995).

A basic characteristic of unemployment in post-socialist Romania was the uneven geographical distribution across the country. Unemployment rates varied a lot

between and within regions with the higher rates of unemployment concentrated in traditional industrial areas of the country (Turnock 1997, 2001). However, it is argued also, that the rise of unemployment did not exclusively derived from industrial restructuring (Gros and Steinherr 1995) but mainly from the reductions in output when the intra-COMECON trade collapsed, which in turn resulted in fewer working places and eventually higher unemployment.

*Foreign Direct Investments* (FDI) are considered to offer the crucial and necessary resources in the shifting process of the post-socialist countries as the domestic market is by far underdeveloped (Voinea 2002). FDI have potentially a doubly beneficiary role to play in the local economy. First, they provide the necessary and scarce capital for investments and development. And secondly, they encourage inward direct investment contributing in this way to the improvement of economic life of its citizens (Dunning 1993). In other words, FDI offer important externalities and important ‘spillover’ effects as well, in the economy (Dunning 1993; Gros and Steinherr 1995; Turnock 2005).

During the first years of transition (1990-1992), levels of FDI in CEE states rose from US\$2.3bn to US\$11bn. Romania however, continuously failed to attract a significant proportion of these funds, contrary to what the rest of the transition states managed to do more successfully (Table 7.3). The reluctance of successive Romanian governments to adopt a reliable economic reform policy and the subsequent disintegration of Romania in the world economy were the main reasons for this failure (Gallagher 2005). In addition, the low quality of infrastructure in Romania led to inadequate levels of FDI and less than the actual requirements for the Romanian economy (Turnock 1997).

Table 7.3: FDI in post-communist countries (1992)

STATE / FDI	FOREIGN CAPITAL (millions US\$)
<i>Bulgaria</i>	290,0
<i>Czech Republic</i>	1321,5
<i>Hungary</i>	2993,7
<i>Poland</i>	832,3
<i>Romania</i>	386,9

Source: East European Statistic Service 1993, cited Gros & Steinherr (1995, p.220)

### **7.2.3 In what sense a Neamt's Development Problem?**

The aftermath of the 'Romanian Revolution' found Neamt County with the same problems as those in any locality across the country. Echoing Massey's title and work (1978) however, this section explores the relation between the specific peculiar characteristics of Neamt County and the general challenges of the post-communist era. The fall of Communism had triggered the transition to a free market economy and inevitably led to serious *de-industrialisation* in the area which, in turn increased the *unemployment* rate dramatically in Neamt. Salaries and living standards encountered significant reductions whilst the number of investments fell sharply. All these events topped with poor social security benefits and an inadequate healthcare system made life for the inhabitants even harder (Stan 2005). Disappointment, anxiety and even fear for the future were so evident that people became pessimistic for the future of the 'Moldavian Pearl' (Piatra Neamt 2009).

The economic and social problems in the county became worse due to the political instability, fiscal restrictions and opening/introduction of Romania to a global and far more competitive market (Turnock 2005; Hilber and Voicu 2010). On top of that, the lack of sufficient representation in the decision making system in Bucharest that stigmatised the area in the pre and post socialist period and the insufficient development of the local infrastructure and capital, despite the increased diversity in some industrial sectors during the communist times, signalled worrying messages concerning the capacity of Neamt as a locality to deal with the tremendous problems of transition (CCIN 2000). Hence, the development potential of Neamt remained attached to the discretionary power of the central government, continuing in a way the inherent highly centralised government of development policies.

The industrial diversity of the County, based mainly on the merging of Roman and Neamt into one single administrative unit in 1968 and the various factory installations during the 1970s, had proved extremely important for the local economy during the transition period. Although *unemployment* in Neamt County was over 15 per cent in 1994 it could be considered as moderate as many other counties encountered rates of over 20 per cent (Cretan et al 2005). The fact that the main urban settlements of the County specialised in different industries in combination with the diverse nature of

the new factories in smaller cities and towns, resulted in less traumatic impact of de-industrialisation in Neamt than other mono-industrial Counties (Stan 2005). During the first period of transition, there were several waves of de-industrialisation and the various industrial platforms of Roman, Piatra Neamt, Savinesti, Biczaz, Roznov, Targu Neamt and Vanatori-Neamt were not affected simultaneously.

Furthermore, the dismissal of the industrial workers took place on the basis of governmental ordinances that provided a number of salaries as compensation for job losses. Neamt's workers were privileged in getting their compensation payments with very little delay, a fact that is probably related to the strong support that the Socialist Party of President Iliescu acquired in the county, especially during the first general elections in 1990 (SI, Director of the Romanian Academic Society, interview, 22/03/2008). This compensation process lasted more than five years (1994-2000) and allowed a relatively more gradual and less painful adjustment of Neamt County workers into the free market (Stan 2005).

The situation was even better for the residents of very small villages who remained owners of their land during communism. In the village of Piatra Soimului for instance, the residents used to work in Piatra Neamt's factories and also to cultivate their own land that has been excluded from the programme of collectivisation. The reason for this exception was the very small arable surface (around 900ha only) and the topography of the area (Stan 2005 and the article for migration), criteria that have been used frequently and rather effectively by the community's leaders in order to retain possession of their land (IR, member of the Hungarian Minority Union, interview, 16/06/2008). As a result, villagers had the chance to substitute income losses from their jobs in industry by working on their land and farms.

The relatively large rural population of Neamt benefited also, from the speed of progress on *land reform* in the county that restored peasant proprietorship (Sporea 1999; Turnock 2001). In several small localities in the county, especially in the mountain areas, the assets of the agricultural cooperatives, contrary to what was the norm during the communist period, remained under the private ownership of the farmers. The reasons behind this 'exception' for Neamt's farmer are related to the period when these cooperatives were formed and the ability of the local farmers to



implement in a rather liberal way, the instructions of the central planning committee. As NB (ex sub-prefect, interview, 24/07/2008) explains, Neamt and the neighbouring Iasi and Bacau Counties were amongst the areas that had been selected to initiate the agriculture cooperation programme under the rule of Georheou-Dej and because of the lack of experience, local farmers and local authorities in general, managed to press for an exception from the absolute collectivisation of means.

According to Roper (2006) however, this peculiar situation for several farmers in Neamt, and some other places in Moldova as well, occurred due to micro-political facts, such as Georgeou-Dej originating from Moldova (Gallagher 2005) and/or personal links of local politicians with the party's hierarchy in Bucharest (Baga 2004), in other words, an effective 'horizontal integration' (Nelson 1969). Nevertheless, the fact that a considerable amount of equipment and land never belonged to the state, made it easier to dismantle these schemes in Neamt, without the obstacles of the privatisation process (Turnock 1997). Therefore, under the provision of the Land Law 1991 each family who contributed in the cooperation programme retained whatever position they had during communism, and in addition, they received up to 10 hectares of the cooperation land, whilst the unassigned land was returned to several other groups such as those deported and expropriated citizens and workers of the cooperation during the last three years (Meurs 1999). However, several accusations were made with regards to the whole procedure, referring to illegal transactions having taken place by the farmers against local ex-members of the communist party (Frydman 1993). On these grounds and despite the severe poverty problems, the situation could be described as relatively stable, especially when it is compared with scenes of violence in other neighbouring Counties (Cretan et al 2005).

The operation of local industries during the first transition phase did not follow a uniform pattern in terms of the sector and the size of the industry. The first law for the reorganisation of state enterprises in 1990, divided firms into two basic categories: those operating in strategic areas of the economy that must remain under the state's control (armament industry, energy plants, physical resources, etc) and all the others that were free to proceed to the *privatisation* process (Frydman 1993). Based on this classification and according to political choices at the national level, most of the

Neamt's industrial firms were privatised sooner or later during the 1990s whilst some others were liquidated and finally terminating their function (CCIN 2000).

However, following the central idea of the 'Romanian third way' of transition (contrary to the basic dilemma between 'shock therapy' and 'gradualism' in reforms) during the first years after the revolution, and the political reluctance for massive changes in the structure of the economy, the majority of enterprises remained under state ownership in Neamt for the first five years (CCIN 2000). It was only after 1995, when the more realistic approach of 'gradualist' changes in economy were adopted and many of the companies passed into private ownership, either by domestic or foreigner investors.

In terms of *employment*, transition exercised a diverse impact on the productive sectors. For instance, most of the food companies managed to cope well in the new conditions as the general increase of consumption boosted their economic activity. The chemical industries however, especially in Savinesti and Roznov, were hit hard due to the loss of the state monopoly status that they had during communism and their inability to deal effectively within competitive markets (Turnock 2007; Young 2001). During the first years of transition, more than 14,700 jobs were lost in the industrial sector across the Neamt County (Young 2001). Some of them have been replaced by the rapid development of the service sector. However, the level of 'compensation' by extra jobs in services between the decade 1992-2002 was never enough to cover the decline in jobs in industry, and in the extreme case of Bicaz, there were not even enough to counterbalance the losses from the communist service sector itself (Table 7.4).

Table 7.4: Decline of jobs in Industry and simultaneously increase of jobs in the Service sector (1992-2002)

TOWN/CITY	POPULATION (2002)	DECLINE IN INDUSTRIAL JOBS 1992-2002	INCREASED JOBS IN SERVICE 1992-2002
<i>Piatra - Neamt</i>	104.914	12%	7%
<i>Roman</i>	69.483	9%	3%
<i>Targu – Neamt</i>	20.496	15%	7%
<i>Bicaz</i>	8.643	9%	-2%

Source: Based on Turnock (2007 p.256) and Neamt Statistical Office 2002, own elaboration

At the other extreme, some companies attracted huge interest from the beginning of the privatisation process; they passed into private control, usually by multinational companies, and they managed to achieve significant development, ranking from the very beginning among the top ten companies in terms of profitability (i.e. Mittal Steel) (Turnock 2007). There are also examples of SMEs that have been developed from scratch in Neamt and constitute nowadays, one of the largest groups of companies in the country (for example, ALTEX).

Overall, Neamt seems to suffer from the same general sorts of problems that harass and hinder Romanian society as a whole, namely massive de-industrialisation, a fragmented primary sector and consequently high levels of unemployment with a low degree of prosperity. Thankfully for Neamt, the peculiar political circumstances within which, as well as the relative slow pace at which, such problems unfolded cushioned slightly the effects on the local society in the post-Socialist era. This somewhat illusory advantage, however, is shattered when issues of recovery and development on the one hand and huge waves of emigration on the other are taken in consideration. The ‘pseudo-prosperity’ of the County is founded on a micro-political trade-off of interests, which occurs usually in election years only, and migrants' remittances from abroad. This means that the domestic production base, in terms of both production levels and employment, has not managed to recover substantially. In addition, political forces in the region have not succeeded in directing their efforts towards the satisfaction of local needs and aspirations.

## **7.3 Neamt's Development Policies**

### ***7.3.1 Responses from Below***

The main characteristic with regards to the local authorities' involvement in Neamt during the first transitional period is their inability to contribute significantly regarding local development problems (MV, Head of the Programming Office at Neamt County, interview, 02/04/2008). At that time, the vital concern for Neamt was the future developments around local industries. However, the newly elected and appointed local government institutions in Neamt were by no means involved in the design and delivery of any strategy concerning these issues (Neamt Judetul 1995). The decisions taken upon the future of local companies were, almost completely, under the jurisdiction of the central government authorities (Turnock 1997).

Enterprise managers and workers were left without any initiative and influence in the final decisions. A marginal exception to this pattern was the sporadic engagement of some managers and employees in the sale of state company shares to private businesses during the very early privatisation period (Frydman 1993). But again, the persons included in the decision-making process were the managers or the presidents of these companies, which meant the highly paid party members that, had managed to retain their positions for a long time after the revolution. For this reason, these types of initiatives have been heavily criticised by the majority of local people in Neamt because of the lack of transparency in their transactions: 'people became owners of companies, land, hotel, shops, cars, lorries, animals and anything you can imagine just in one night, with a paper signed by their relative, friend or by collecting several "Certificate of Owners" in the name of people that don't exist or they have died' (CF, Owner of the Hotel Bulevard, interview, 04/06/08).

As far as the institutional framework of local government in the first post-socialist period is concerned, it remains grounded in the inherited County system. The Judets as administrative institution have never been questioned during the transition, although several claims have been made either for border restoration by old counties suppressed after the 1950s and 1960s reforms, or for the introduction of an intermediate tier between county and municipality by counties with large minority

groups (Sageata 2003 cited in Turnock 2005). Within Neamt County, noticeable attempts for restoring the Roman County with Roman city as its capital took place after the fall of communism without any successful decision for change (Roman Municipality 2009).

The central claim of this protest was the restoration of the Roman County, with Roman city as its capital, according to the 1925 administrative systems of Romania (see figure 5.4 in page 108). The unfair and neglectful attitude towards Roman by both the Bucharest and Piatra Neamt during the communist period regarding the allocation of funds, were used as the main argument in order to support the claims for autonomy, accompanied by references to heroic Roman citizens and their fights contrary to the communists. The decision to stay with the inherited administration system however was not based exclusively on the Roman case but was part of a specific central strategy against any kind of local demands for autonomy across Romania and especially the Transylvania localities with a significant ethnic Hungarian population (McIntosh et al 1995; Roger 2002). Nevertheless, many people from Roman put the blame on Piatra Neamt's contrasting claims in favour of the retaining of the existing county borders and continue to be very sceptical about their economic and political relations with the 'tyranny of capital' (SD, Head of the Environmental Directorate of Neamt, interview, 24/05/2008). Most importantly, these contrasting views and internal competition of power between the two major urban centres in the county illustrates the completely different appreciation of interests within a locality and the seriously fragmented strategies of domestic politics, which in turn might seriously undermine a common representation of the local development needs in Neamt.

This contrast of interest within Neamt County became more obvious when the central government decided to implement some local and regional development programmes during the first year after the revolution (see next section). One of the most important actions of these policies was the potential offered to local authorities or private entrepreneurs to set up industrial parks, a measure that is significant not only in economic terms but also in political terms as it was the first time of actual decentralisation of regional policies. Within Neamt, the Ceahlau Industrial Park had been founded in 1994 by the SC Mecanica Ceahlau SA, offering for rent 10,44ha of

industrial area for machine building, metal fabrication, electrical installations and storage spaces (C.I.P. 2008). However, the final approval and completion of this project was delayed for nearly three years and risked being cancelled twice, mainly because of the objections by Roman City Council that hoped this Industrial Park would be founded within Roman's territory (SC, Head of the Project Development Office, NE RDA, interview, 25/03/2008).

The lack of competence to deal effectively with local development problems during transition restricted the role of local authorities in Neamt to the inherited responsibilities (from the communist time) as providers of social services. The problematic economic environment in the transition period and the additional side effects in the social life of the residents have enforced this direction (DA, Head of Local Agenda 21 Department, Neamt Municipality, interview 18/08/2008). Inequalities had never disappeared during communism but they were usually referred to as differences in living standards and job opportunities between the four urban centres and the numerous rural settlements within Neamt County. Under transition however, the decline in employment due to de-industrialisation and the lack of investment to create new job opportunities has impacted heavily on the urban areas as well (figure 7.2). These facts in combination with the high birth rates of Neamt can be traced back to the 1970s and the consequent rapid increase of population led to the migration of people not so much towards other places in Romania, as unemployment figures were significantly raising everywhere, but mainly to a different country (Stan 2005). As a result, the context of social inequalities and social problems confronting local authorities has been dramatically changed during this transitional period.

Figure 7.2: Social Inequalities from the daily life in Piatra Neamt



a. On the road between Piatra Neamt and Roman



b. On the posh neighbours of Piatra Neamt



c. Selling lemonade and herbs



d. The biggest electronic retailer in Romania



e. Searching for food near the central station



f. Restaurants on the hill of Piatra Neamt

Source: own pictures

The practice of working abroad became in a very short time a widespread strategy for the citizens of Neamt County. Although initially, this type of migration was only temporary and usually illegal because of visa requirements, immigrants started to settle down in various European countries in a permanent ways as there were no job opportunities back home (Stan 2005). This phenomenon was common across Romania, but more intense in Neamt as the county ranked at the top of the list with the highest migration rates in Romania. It has been estimated that almost 30 per cent of the households from Neamt have at least one member who is working abroad, mainly in towns across Italy (figure 7.3), which is three times more than the national average (Open Society Foundation 2004).

Figure 7.3: Employment Agency in Piatra Neamt offers work (unskilled) in Italy



Source: own picture

As far as the typology of migration in Neamt is concerned there are several differences in the patterns that have followed as well as their socio-economic consequences (for details see Stan 2005). Particular characteristics of the people such as religion, type and size of family, rural or urban origin, level of education, etc led to different migration strategies and practices for the people of Neamt. Final destinations also varied, with Italy and Ireland representing the most popular choice for the vast majority of immigrants (Figures 7.4 and 7.5).



Figure 7.4: Travel Agency in Piatra Neamt offers trips to Italy



Source: own picture

Figure 7.5: Travel Agency in Roman offers trips to Italy



Source: own picture

The common denominator however, of the different strategies of migration is their important impact on the socio-economic life of Neamt. Phenomena like the brain drain (Murray and Armeanu 2005) might have contributed to keeping unemployment rates low in the county (Neamt Statistical Office 2000, 2004) but, at the same time, have undermined its development potential as the vast majority of people moving away were young and of a very good education/well-educated (Ionita 2007). From the point of view of local authorities in Neamt, all their representatives in the research have expressed the opinion that the lack of means and also their inexperience of this kind of labour mobility did not allow the implementation of any local/regional strategy for the confrontation of migration in Neamt (MV, Head of the Programming Office, Neamt Municipality, interview 02/04/08).

Similarly, as BP (Director, Romanian Commercial Bank, interview, 17/06/08) explains, the substantial financial support of the local economy due to the huge amounts of remittances from local migrants was the only way for Neamt to overcome capital shortages during transition. People working abroad have not forgotten their families and they send significant amounts of money back home, which due to higher wages and exchange rate differences had considerably higher value in Romania. Even people that have no direct relationship with migration are advocates of the opinion that 'Neamt is still alive, not only because of this 5-6 foreign companies that came after the communists but because of the thousands of migrants sending money back; if they all come back together one day, then Neamt and probably all Romania will die' (MM, General Director, CoC, interview, 08/04/2008). A relatively small proportion of this money is used as subsistence and the rest is usually invested in various ways. The most common investment was in housing and the development of small or medium enterprises related either with construction materials or tourist and travel services (Stan 2005).

### ***7.3.2 Responses from Above***

Local and Regional development policies at the first stage of transition (1990-1996) had the form of ad-hoc interventions by the central government in some ‘extremely’ problematic regions and later on in a few more specific areas (Cretan et al 2004). Under this status of assistance, Moldova as the geographical region was the latest among three (first, the Carpathians – Apuseni and second the Danube Delta) of particular attention, but Neamt County was completely out of those areas entitled to receive considerable help (the focus was mainly on Botosani and Vaslui Judets in Moldova). The main criteria for state intervention was decided by the unemployment rate, the mono-industrial structure and the potential danger for social disorder in an area (Turnock 2007) along with the political ‘sympathy’ or ‘antipathy’ of the central government towards a geographical area or a population group (Gallagher 2005). Although Neamt seems to fulfil the unemployment rate and the danger for social cohesion criteria adequately, as well as the mono-dimensional economic structure (dominance of the chemical industry) and despite the traditional sympathetic feelings towards communist and ex-communist parties, the local representatives did not manage to secure an adequate and regular state funding flow.

Supplementary to the ad-hoc interventions, also were the first government’s attempt to establish more stable development policies. Quite soon, it became evident that economic activity depended on the attractiveness of each locality. Therefore in addition to conventional economic profiles of a place, several other policies of incentives that could increase the attractiveness of certain locations were adopted (Cretan et al 2005). The first initiative of this type was, the establishment of free economic zones in 1991, although these did not have a major impact in Neamt as it was mainly focussed on ports and other border areas on major international transport routes (Caraini and Cazacu 1995 cited Turnock 2005, p.229).

It was only many years later that various other development initiatives, such as the ‘industrial restructuring areas’ and the ‘less favoured areas’ boosted restructuring in Neamt County. The whole of Neamt County was eligible for support in terms of industrial restructuring and professional conversion (2001) while the city of Roman,

which was considered to have suffered badly from the opening up of the Romanian economy to globalisation, was entitled to assistance (2002).

The main purpose of all the previous restructuring incentive policies was the attraction of FDI. The final output however in Neamt County, but also in the North East Region more generally, was not so successful compared with other counties or even post-communist areas in Eastern Europe (Hilber and Voicu 2008). Cretan et al (2005) believe that this poor performance in Neamt is related to the highly spatial concentration of FDI, in particular, in more developed areas of Romania, such as the capital Bucharest and the advanced region of Banat, and the avoidance of foreign capital to invest in regions which lagged behind, mainly because of poor infrastructures. Ianos (2000 cited in Turnock 2005, p.113) also mentions the serious technologically outdated industries in the area, especially those related to wood processing and food production that deterred many potential investors from European countries.

#### **7.4. Neamt's Local Government Practices**

##### ***7.4.1 The Rescaling of the Decision Making System***

The systemic change of 1989 has dramatically influenced the territorial restructuring of development politics, although at a different pace and degree for each of the CEE post-socialist countries. This restructuring process was not solely exhausted with the state and administration reconstruction but also with the rescaling of the decision-making power. The answers to the question of who would be involved and in what ways in the local development policies during transition becomes more complicated when the emphasis is put on the sub-national level, because of the high degree of its dependency from the national and supranational decisions.

In Romania, like most of the CEE states at this period, attempts to re-organise the territorial decision-making system went through under the spectrum of a threefold challenge. First and foremost, there was a strong desire and necessity to establish a democratic state and a plural political system. This task was not referred to as a

simple implementation of the democratic principle, as it is well embedded in the Western European countries, but underlined the need for establishing an efficient mechanism for confronting problems within the new transitional framework (Palne 2007). Alongside the ‘efficient democratic establishment’, the territorial and administrative rescaling appeared as the second challenge. The simultaneous abandonment of the old and the adaptation of the new system had to be driven by specific paradigms and concepts. Thus, the spirit of decentralisation and devolution of power that represented not only some of the most serious inherited deficiencies (because of the ways that have been put in practice during Communism in Romania) but also that comprised the dominant trend in Western Europe at this period, have been in theory at least, fully adopted by the post-socialist governments in Romania (Constantin 2002, 2006; Anastasakis and Bethcev 2003; Romanian Government 2006; Dragos and Neamtu 2007). Last but not least, the European Union perspective created an extra challenge that is described perfectly by the ‘*acquis communautaire*’. Any ideas of change, especially in terms of state administration and institutional modelling, should have been seriously taken into consideration in the requirements put forward by the EU in spite of the fact that accession seemed to be a long-term goal in this period (Gallagher 2005).

However, in pragmatic terms, the simultaneous challenges of the democratic imperative, the decentralisation paradigm and the EU *acquis* constitute a hard task to fulfil by any post-socialist state (Palne 2004). This multi-purpose goal becomes even harder for countries like Romania due to the slower pace of reforms undertaken, the oppressive time pressures and the extremely problematic communist legacies. Thus, contradictions and problems were far from sure to emerge through out these processes (Palne et al 2004).

Furthermore, the pursuit of these challenges in Romania during the first years of the transition refers mainly to the formal structural and organisational changes leaving out the soft type of institutions such as behaviours, beliefs norms and anticipations. This means that any changes that are planned to be implemented on the surface of institutions are only able to reshape the structure but not the content and the values of them (Palne 2007). In the case of Neamt County for instance, according to the vast majority of the interviewees, the ‘communist mentality’ and ‘communist practices’

have been used, when referring to the relative or absolute failure of the attempted reforms related to the hard institutions, namely the governmental and economic organisations.

In addition, the constant interventions with the method of proposal and suggestions by supranational bodies and mechanisms led to a high level of homogenisation of the rescaling process across post-socialist states (Hughes et al 2004). At the same time, the administrative space had become a normative narrative, relying on the relationships between different tiers of government (Olsen 2003) but in a relatively static way, ignoring the importance of local history and legacies (Badescu and Sum 2005). Social relations and interactions however, are social processes that are historically and spatially articulated and generally do not change at a specific time (Moulaert and Mehmmod 2010). For this reason, the next section analyses the reforms of the local decision- making system in Neamt County by examining the most important changes in both the formal and informal institutions.

#### ***7.4.2 Transformation of Local Government***

Amongst the major changes produced by the Iron Curtain's collapse at local level was the introduction of a different model of local self-government. This model reversed the main concern compared to the priorities of the previous regime, from administrative efficiency to political freedom at the local level (Palne 2007). Thus, the substance of the local institutional base comprised of the greater ability of local societies to intervene in the selection of their governance, even though this intervention was not usually accompanied by greater efficiency and rationality on the development decisions (Palne 2004). The main questions arising from this transformation are related to the nature and the consequences of these changes in the internal structures and external relations of the local institutions. In other words, what appears of great interest to be analysed, is whether and in which ways this change of the major local institutions composition and function would affect the organisation of local decision- making system on the one hand, and the effectiveness of the 'horizontal' and 'vertical' integration of local authorities (Nelson 1981) on the other hand.

One of the first decisions of the first post-socialist government in Romania was the assignment of legal personality within the local administration system and the arrangement of the future form and role of the numerous 'people's' organisations, bodies and cooperative companies (Turnock 2001). In addition, further details concerning the allocation of powers and resources had to be arranged. Thus, after a transition period of administrative inertia, where the emergency committees of the National Salvation Front were running the country at all levels, the New Constitution of Romania (1991) attempted to solve many of these issues. As far as the local authorities were concerned, the main direction was the enforcement of the unlimited right to create local government. This increase of political freedom and democratic liberation resulted in the proliferation of smaller units of self-government as every village, no matter how big the population, had the right to elect its own body and mayor. In addition, every single local authority gained the right to join in or step down from broader administrative coalitions, even in between the electoral circle, without the necessity for an application to be submitted or for permission to be granted by superior or central governmental bodies (Ishiyama 1997). At the same time, most of the organisations related to the Communist Party, especially those at the political and social sphere, were completely abolished. Only co-operative farms and several businesses continued to exist in the new era under (of course) the perspective of either the restoration of their properties to the former owners or the public in general, or their privatisation as quickly as possible (Turnock 2001).

The implementation of such a liberal spirit has several benefits in political and democratic terms, especially when it is compared with the absolute character of the Soviet type of local administration (Palne et al 2004; Turnock 2001). However, in terms of administrative and relational cohesion between institutions at different levels or even within the same level, this regulation led to an extreme disintegration of the internal and external connections of the local decision-making system. Internally, almost double the number of local authorities and the frequent changes in their composition, as small and large villages were continuously 'jumping' from one administrative agglomeration to another depending on where they believed their best interest could be fulfilled, have created a very fluid platform where no permanent, trustful and valid relationships could be established (SA, Director of Coordination Unit, Neamt Prefecture, interview, 05/04/2008). This institutional gap assigned local

authorities with additional roles to play and greater expectations to meet in this historic transitional phase in Neamt.

Similarly, the external structures in both the directions (bottom-up and top-down) of communication between the local and the national level that existed during communism, had no more reasons to continue and/or specific goals to achieve. As a result, the 'horizontal' and 'vertical' integration' (Nelson 1981) of the local networks were not even considered important. Consequently, no initiatives aimed at the preservation or transformation of these relationships has been undertaken by any actor at any level of government.

The local actors, mainly the governmental agents, started to use more frequently idiosyncratic mechanisms such as personal connections or the political affiliation of the leader, in order to influence the decision-making at the central level towards the promotion of their interests (Ionita and Inan 2008). On the contrary, the national government continued to use more structural and institutionalised means, such as the allocation of resources to the local actors (Palne et al 2004). Thus, it becomes apparent that the mutual relational dependency existing in the Communist time between local and national authorities, which was directly related to the ideological imperatives of this era, has been dramatically altered and not simply been abolished during the first years of the democratic transition in Romania. It is obvious also, that this alteration influenced the balance of power in favour of the national actors, namely the government as the Communist Party no longer existed. The Communist Party's abolition and the consequence disconnection of the successive political formations from the unique Communist Governmental aims meant that the continuous and maximum mobilisation of local networks was not an imperative condition for the new political framework. Central government in Romania, free of any rigid and strict ideological pursuits was now able to exploit and exercise its power over local communities either with the method of political and legitimate compulsion or with budget allocation (Mihai 2005).

At the local level, the smaller number of institutional actors, although realising this negative disequilibrium of power with the central government, turned their attention almost exclusively to the securing of their place and role in the new era (Gallagher



2005; Dragos and Neamtu 2007). As mentioned earlier, given the absence of several socio-political organisations in the post-socialist Romania, the attention of individuals and groups turned towards the local self-government bodies. Even the dispute over competences and resources between these institutions was relatively moderate at that time as most of the local actors were anxious to establish their personal position in the next day's political arrangement and not pursue their local needs and interests via the institutional way (IB, President, CIVES political thinking NGO, interview, 08/06/2008). In terms of administrative layers, the final output found both, the municipalities and the counties satisfied as the former gained the control of additional responsibilities and tasks whilst the latter managed to secure the supervision over the resources and actions of the lower level administrative bodies. The communes and especially the small villages however saw their position worsening, as apart from the political, no other serious kind of autonomy was allocated to them. In fact, even this broadened political freedom had no guaranteed effects as the electoral law adopted made it extremely difficult for their representation at the higher administration tiers of the local level (Ishiyama 1997).

From a different point of view, an extremely difficult challenge for the local decision-making schemes in both individual and collective form at this period was the 'total overhaul from principles to practice' (Mihai 2005). As it has been mentioned earlier, despite the broad domestic consensus for radical reforms at any level, Romania has witnessed one of the slowest reform progresses among the post-socialist states. This small progress however has applied not only to formal procedures but also to everyday informal attitudes. Local elites demonstrated a lack of political will to support the reforms (Stan 2003; Gallagher 2005) and administrative organisations presented a very low capacity to implement these changes once they were adopted (Dragos and Neamtu 2007; Ionita and Inan 2008). Hence, in terms of power and effectiveness in promoting local interests and needs, the local institutions presented a not-active role in shaping local development agendas during this early stage of post-socialist transition. The main reason for this failure lies in the fact that network structures, operation and hierarchy have been emulated by the successors of the Communist Party, the National Salvation Front from 1990 to 1996, and even, although to a lesser degree, by the ruling alliance from 1996 to 2000 (Stan 2003).

The democratisation of territorial administration by allowing the free participation of every individual and locality to come closer to the decision-making system, which constitutes the main achievement of this transitional period, has been criticised for its side effects on local development and government. Palne et al (2004) mention a set of 'side effects' that are related to the inefficiency and ineffectiveness of local actors to confront their problems without the intervention of central government. In addition to that, several scholars point out the fact that this democratisation process at local level did not have any serious impact on the leadership of local institutions, as those persons who administer power and their way of thinking, remained exactly the same, even when direct election procedures were followed (Gallacher 2005; Ionita 2007; Stan 2003). From Neamt's first elected County Council for example, thirty eight, including the president and the two vice-presidents, out of forty five members were participants in the last Communist Council, members of the Party and high-ranked managers on the Savinesti Chemical Plant (NB, ex sub-Prefect, interview, 24/07/2008), while twenty one of them shared the engineering profession. Interestingly, all of them were divided among the three larger political coalitions, while from the nine political formations that participated in this first election only five managed to acquire a seat at the Council (Neamt Judetul 1995).

Overall, it could be argued that the importance and the role of local government at this stage have dramatically declined. Although at first sight several benefits seemed to have been gained in terms of political democracy, a closer look at Neamt's experience demonstrates exactly the opposite results and reveals serious side effects. The main drawback with regards to the local government's involvement in development decisions in Neamt was their inability and inefficiency to mobilise local resources towards the satisfaction of their needs and interests. However, the combination of the new governmental coalition in power in 1996 and the perspective of a strong accession to the EU in the beginning of 2000, created new hopes at the local level for a better position in the decision-making system.

## 7.5 Summary

The politics of local and regional development and government in Romania from 1989 to 1997, the so-called first period of transition, cannot be investigated thoroughly without references to the broader political conditions of this particular time framework. In this sense, the analysis of local development policies in Neamt has been directly related to the macro-changes taking place in Romania during the first decade of transition. Certainly, the most important feature of these macro-changes was the systemic shift to free market and liberal democracy as well as its impact on local development and government.

The extremely difficult transitional recession has exercised significant pressures on local strategies in Romania. Alongside the inherited problems of the centrally planned strategies and the dual peripherality isolation, Neamt has suffered from the perpetuation of the same people and strategies with regards to development and governmental aspects during transition. This domination of the local ex-communist nomenclature, which was in line with the broader continuation of the previous regime's elite in Romania, did not allow for significant changes in development policies at the local level.

Neamt's new local development problems seemed to be similar to the development challenges that every locality had to deal with in the post-1989 period. From one point of view, the economic difficulties at national level, such as poor competitiveness, inflation and unemployment have a distributive impact for Neamt County as part of the whole country. Additionally, from another perspective, Neamt's local development problem was gleaned from the national average due to particular local circumstances. The increased unemployment rates for instance could be appreciated as part of the general trend in the country. However, the fact that this percentage was considerably lower than the national average is explained attributed to specific local conditions such as the diverse industrial composition, the early land reform and the significant migration of Neamt's labour force.

The responses to these development problems in Neamt remained in the discretionary power of the central government during this first period of transition. Despite the

systemic change in Romania, local authorities in Neamt have not managed a high level of competence regarding the design and delivery of development programmes. To a certain degree, this lack of responsibility for development policies was the result either of the inability of local authorities to be involved or of their reluctance to cooperate with other, competitive localities as the dispute between Piatra Neamt and Roman city has proved.

In continuing the same pattern of the communist period, the main responsibility of Neamt's local authorities were reduced to the provision of certain social services, which were mainly, if not exclusively, funded from the central government. However, the nature as well as the target group of these services has significantly changed due to the new conditions of the post-socialist reality. For instance, the increase of social and spatial inequalities within Neamt, the high migration numbers and the large number of single and divorced mothers have changed the context of programmes in several local councils.

With regards to participation of Neamt County in the ad-hoc interventions of the central government during the first years of transition, the county lacked any financial assistance for a long period. In spite of the great support that Neamt had shown during the two first rounds of general elections in the post-socialist Romania, the central government did not include Neamt or any smaller unit of the county in its priorities. It was only when more stable structures of local and regional development had been formulated that Neamt, and especially the Roman City area, became entitled to economic assistance, without however significantly benefiting once again. In this sense, the problem of dual peripherality continued to exist and to dominate the local development politics for Neamt.

In terms of government, the introduction of free local elections in any single locality across the country has shifted the self-government model in Neamt. The aim for a democratic state and a plural political system at local level seemed to be achieved in Neamt as the right to create local government had wide-ranging recognition and application. Behind the political freedom and increased participation in local elections however, the continuation of the same people in charge, the limited competence and the failure of core institutions to put into practice the democratic principles

stigmatised the local government. The situation started to change in 1996, when the new government decided to implement the homogenous policies that the *acquis communautaire* prescribed for the state's administration and institutional modelling. The introduction in 1997 of important legislation that promoted local financial autonomy and launched the development regions in Romania has generated new dynamics for local development and government as the following chapter will analyse.

## **CHAPTER 8. THE PRE-ACCESSION PERIOD (1997-2007)**

### **8.1 Introduction**

The time from 1997 to 2007, the so-called pre-accession period, represents the second stage of transition in Romania where the changing politics of local and regional development and government are investigated. Although this time framework is very close to present day, the analysis of local politics during this period does not lend itself to the final outcome of local development strategies and government practices as additional dynamics are expected to appear in the post-accession era.

Continuing on from the previous Chapter that referred to the first phase of transition, this Chapter explores the development and government patterns and models in Neamt during the accession to the EU adventure in Romania. Certainly, the perspective of EU membership has had various impacts on local and regional politics but, what represents probably the most interesting aspect of this influence, as analysed in the first section, is the way that the EU accession has been presented as the solution, although in some other cases constituted the reason and the scapegoat, for local development problems.

The changes in the institutional settings, process and context of local development strategies and governmental practices under the prism of the EU accession are analysed thoroughly in this Chapter. The availability of resources and generated data for this period compared to the communist and transition periods, as well as the time proximity to present day allowed a more in -depth analysis of these issues for this particular time framework.

Following the major theoretical and analytical frameworks of the 'heterodox' agenda, this Chapter incorporates a Social Network Analysis in order to highlight the type and nature of networking relationships in the locality of Neamt County. Given the importance that networks and interactions have for local development policies on one hand and the peculiar nature of links and legacies that have been developed in Neamt and Romania throughout different periods on the other, the conduction of a SNA reveals the real dimensions of power and participation in the decision -making process.

## 8.2 The EU Accession as the Solution to Development Problems

The perspective of EU membership had significantly influenced the domestic, economic and political agenda many years before the official accession into this multinational organisation was finally achieved in 2007. The major implication of the acceptance of the EU accession strategy was the final abandonment of policies that were in favour of an exceptional Romanian way of transition. The abolition of 'Romanian's third way' (Cernicova-Buca 1998; Baga 2004), or 'Romanian's exceptionality' (Pipiddi 2006) in the post socialist era meant the dedication towards the creation of a functioning market economy (Phinnemore 2006). This aim became clearer after the national general elections of 2000 when the re-named Socialist Party regained power and almost immediately started negotiating an 18 months stand-by agreement with the IMF to underpin this target. The completion of this agreement in 2003, the first successful one from 1990 onwards, promoted the necessary and painful restructuring measures for the Romanian economy, such as privatisation or closure of large enterprises (usually with huge losses each year) and sales of gas and electricity distributors in foreign companies, in order to support the EU accession undertaking. .

It is commonly accepted that the EU accession was a national target with broad social and political consensus at that time (Constantin 2002, 2006). It is also generally believed that several political powers, either at the national or local level, have exploited this consensus for their political and economic benefits (Baga 2004; Gallagher 2005; Ionita 2007; SAR 2007; Ionita and Inan 2008). People seemed keen to accept painful measures in order to make their contribution to achieve this national target. At the same time they had great expectations for the post-accession period (SAR 2007). However, in Neamt, the initial political promises and people's anticipation of 'better days' have gradually been transformed in to impatient aspirations for the 'best time of our lifetime' (Monitorul de Neamt, 14/04/2004).

Figure 8.1: Examples of the strong impact of and high anticipations by the EU

<p>a. The local branch of PDL in Roman City combines EU's symbol and party's logo</p>	<p>b. The European Citizenship Advice Office in Piatra Neamt</p>
<p>c. The 'Good bye' sign in Bicazu Ardelean village uses the national and EU symbols</p>	<p>d. The EU flags dominate the Hellenic Community of Piatra Neamt's headquarters</p>
<p>e. The EU flag outside Neamt's County Library and the sign of EU info point</p>	<p>f. The EU flag side a side with the Romanian flag in front of the Piatra Neamt's central station</p>

Source: Own pictures



Certainly, this specific means of exploitation of the EU accession prospect was not an accident. The vast majority of the political parties, media, academics, state officials, local representatives and even artists have been engaged in an extremely intensive debate about the EU accession expressing their agonies and attempting to promote their personal interests, either political, economic or social (Gallagher 2005; Ionita and Inan 2008). Likewise, as in every locality in Romania, at the beginning of 2000, most of the residents in Neamt have associated their future dreams and plans with the national goal of the EU accession (Monitorul de Neamt, 03/08/2004).

In several cases, the negative impact of the restructuring policies has been justified by referring to the EU accession requirements (DC, Professor of Economics, Bucharest University, interview, 24/03/2008). The closure of companies and the consequent high unemployment levels have been theorized as necessary evils of the process, which however, will be rewarded in the future when Romania will be a full EU member state. Using the EU demands throughout the accession period as a scapegoat however, was not so much necessary for the case of Neamt where the negative impact of the restructuring process was rather modest compared to the rest of the country (Stan 2005). The vast majority of state enterprises in the area had either been sold to foreign investors or closed quite soon within the first stage of transition.

These kinds of measures had significant negative impact on mono-industrial counties with large engineering factories and mine (Turnock 2001, 2007), sectors which had a very small presence in Neamt. In fact, with unemployment rising in several other counties, Neamt had managed to improve its position in the ranking list regarding the largest unemployment population. This improvement however, was in relative and statistical terms only and was by no means related to any local and/or regional program supporting the employment. The large migration from Neamt and the worsening situation of several other counties in the country constitutes the reasons for this 'virtual improvement' (MN, Specialist Advisor, Neamt Statistical Office, interview, 02/07/2008). In fact, despite the relatively good portrayal of the situation, Neamt was among the counties that had never managed to cope effectively with its 'high long-term unemployment pockets' (Smith 2005), not even when employment was generally increasing in Romania (Neamt Statistical Office 2000, 2004).

From another point of view, the positive impact of the restructuring of Romanian economy has been reinforced and backed up by the EU accession funds, supporting in this way the view that the EU membership constitutes the ultimate solution to development problems (SAR 2007). However, this positive side of the EU accession has not been as influential on local development problems in Neamt as the representatives of all the local institutions, apart from the people from the RDA have underlined. Indeed, economic growth in Romania, with over 25 per cent in terms of GDP in the period 2001-2004 was not equally achieved by all the counties across the country (Smith 2005). Neamt was classified among the counties with the smallest growth rate. Notwithstanding this perpetuation of divergent trends, the influence of several large-scale infrastructure projects and the setting up of many new companies in the third sector has significantly changed the structure of Neamt's economy (Neamt Statistical Office 2004). Several roads, either national or provincial, have been improved and public utility networks (gas, electricity and communications) have been expanded and modernized with significant contribution of EU accession funds. Furthermore, large shopping centres, tourist facilities and tourist units (mainly hostels and guest-houses) have been developed hastily by individual entrepreneurs that have exploited the co-funding opportunities of the EU Structural Funds. In this way, the positive perception towards the EU membership as well as the optimistic future expectations has enforced the view that this will be the ultimate solution for the local development challenges in Neamt (Murray and Armeanu 2005).

According to SG (Executive Director, NE RDA, interview, 12/06/2008) and AC (Head of Funding Opportunities Department, CoC, interview, 13/07/2008), the frustration of the continuous decline in living standards in Neamt could not be addressed by any kind of short-term development strategies because of the limited availability of national capital resources and lack of the local authorities' resources. In this way, the recourse to the EU accession by local officials and people as both, a reason to envisage a hopeful future, as well as blame for the current problems seemed completely natural and justifiable. Therefore, the debate concerning the EU accession requirements, the local development policy and also the improved living standards remained in the front line of many institutional bodies, not only political but also administrative, cultural and religious.

In other words, it seems that the aim of the EU accession together with its connected dimensions and consequences has been used by local officials in Neamt not as an exclusive break-through mechanism but also, and arguably mainly, as the ‘only way forward for local development’ (SC, Head of Project Development Office, NE RDA, interview, 25/03/2008), a statement that constitutes a clear demonstration of the top-down character of the Europeanisation process that took place in Neamt. Certainly, one of the main reasons for this strategy was the increase of adaptability for the existing people in power (Ionita 2007). To suggest however that these people, the local elite of Neamt, have promoted the EU accession agenda at the local level in order to promote their own interests, does not imply that all members of this elite defined adaptability in the same way and/or adopted the same means of action. Reflecting on the opinions of the civic society and political organizations representatives in Neamt, it seems that by the time the pre-accession policies were formulated and implemented, there was something of a consensus among the local powerful people of the need for greater and closer cooperation in order to ensure their achievements from the first transitional phase and to create the new framework for future accomplishments. Indeed, by comparing the short Curriculum Vitae (CV) of several ‘important’ and ‘powerful’ people of Neamt (Prangati 1997, 2004), it becomes obvious that a specific group of ex-communist general managers and academic professors have chosen to become either senior public servants or local politicians or businessmen. Furthermore, it is interesting that some of them have preferred to stay in the forefront for a long time and despite their advancing years, whilst some others have already prepared their children to succeed them, continuing in a way the ‘familiocracy’ legacy.

### **8.3 Institutional Change: The Region on the Forefront**

#### **8.3.1 Overview**

In recent years, there has been an increasing amount of literature on the importance of an institutional framework for fostering local and regional development. As it has already been discussed, region has emerged as the most desirable institutional arrangement for development and government purposes at local level. Various notions

such as the ‘institutional thicknesses’ (Amin and Thirft 1995) and the ‘multi-level government’ (Cooke and Morgan 1993, 2003) refer to the advantages that the foundation and operation of regions can have on local development and government. Furthermore, the broader aims and rationality behind the creation of regions and their active role in the socio-political and economic life of a specific territorial area are the main criteria for distinguishing the two waves of regionalism and regionalisation in Europe (Keating 1998, Rodriquez-Pose 1998).

This sub-Chapter examines the emergence of regions in Romania in 1997 and explores how and whether this institutional novelty of the post-socialist era has influenced local development agenda in Neamt. Starting with the general provisions of the Law 151/1997 for the Regional Development (Romanian Government 1998) it also, analyses the relationship between regions and regionalism in Romania. Then, by accepting the great importance that the literature provides to the existence of regional institutions, this section explores the perception that representatives from all categories and groups of local actors (state, market, civic society) in Neamt have towards the emergence and the functional operation of the North East Development Region (NEDR). Moreover, it searches to understand why specific set of actors have adopted particular points of view regarding the two major bodies of the NEDR, namely the Regional Development Agency (RDA) and the Regional Board (RB), as well as to highlight the different types of criteria they have used for their evaluation.

The reason for focusing on the NEDR when the changing politics of development and government in Neamt are examined is threefold: firstly, it constitutes one of the most important institutional factors concerning the designing, managing and funding of local development policies in Neamt (Murray and Armeanu 2005); secondly, it represents a clear example of top-down Europeanisation process in Romania; and thirdly, it contributes to broader debates regarding the role of regions in local development. This focus on regional institution does not, by any means, imply that other, existing and/or newly created institutions and procedures have lost their meaning and value. On the contrary, traditional local authorities and new private organisations from the economy and civic society have also increased their importance at this time. However, it is the region and its diverse set of new skills, procedures, experiences, knowledge, opportunities and challenges that have played a

major role in the field of local development policies in Romania in this particular time period.

### ***8.3.2 Regions and Regionalism in Romania***

The traditional imbalance of power between central and local level of government, which has always been in favour of the former in Romania (Gallagher 2005; Turnock 2007), was, at least in theory, disrupted in 1997 with the creation of the eight Development Regions. Although, more than a decade after the launch of regional institution, researchers agree that regions in Romania are characterised by weak status and limited powers (Baga 2007; Ionita 2007; Palne 2008), they do acknowledge that the eight Development Regions (DR) provided a new framework for intervention at local level. Whether however, this institutional novelty in the post-socialist Romania manifested a coherent response towards the formulation of local/regional development policies and government or simply, a fictional adjustment of the central government remains an open and controversial debate, where this thesis aims to contribute.

A variety of internal and external reasons interacted until the configuration of a new regional structure in Romania developed, constituted by the 8 Development Regions as figure 8.1 depicts below. The establishment of the 8 Development Regions (DR) in Romania has been influenced by the New Regionalism ideas and resulted from the ‘Green Chart of Regional Development’ adopted in 1997 by the Romanian Government. Each region was formulated by formal<sup>4</sup> association agreements between four to six counties (Judets) and they were neither a distinct territorial community nor a de-concentrated institution of regional administration. Moreover, they did not have legal personality (Ghinea and Moraru 2005; ROP 2007)

Following the creation of Regions, two new institutions were established: the Regional Development Council or Regional Board (RB) and the Regional

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<sup>4</sup> Previous reports and official websites used the term ‘voluntary’ but it has been deleted after the administrative reform of 2007 where the former Ministry of Diagnosis and Prolepsis reorganised and renamed to Ministry of Public Works, Housing and Development

Development Agency (RDA). The first constitutes the deliberative body and consisted of representatives from the local governments. The latter represents the executive body of the region, and consisted of an unusual type of civil servants and appointment secretary in fixed term contracts.

Figure 8.2: The eight (8) Development Regions in Romania



Source: ROP (2007)

(1: North East, 2: South East, 3: South, 4: South West, 5: West, 6: North West, 7: Centre, 8: Bucharest-Ilfov)

At the same time, at the national level, the National Council for Regional Development was created, having responsibility for the decision-making process in the concerns of local and regional development policies at the national level. The responsibility of local development policy often moved between ministries as a result of the successive administrative reforms in government.

Initially, it was the powerful Ministry for Development and Prognosis that fulfilled the executive tasks, followed by frequent changes between the Ministry of Development, Public Work and Housing and the Prime-minister's Office, while nowadays is the Ministry of Regional Development and Tourism that has the

responsibility of coordinating the local and regional policies. These frequent changes regarding the central institutions being involved with local and regional development policies have been interpreted as 'lack of actual interest' and sign of 'limited attention' by the central government in local development, which in turn has resulted in limited interventions and low efficiency (Murray and Armeanu 2005, p. 202).

Generally, the creation of a new institutional and legal framework for local development in Romania could be better understood as part of the economic reform strategy during the pre-accession period. The ultimate goal of this reform was the integration of the country into European and international economic and political structures (Ianos 2001). Consequently, the EU has exercised a great influence on the process and the final outcome of the administrative reforms in Romania. In addition, several internal reasons relating both to legacies and practicalities have affected the final form of the administrative-territorial organisation of the country (Popa 2003; Alionescu 2004).

Popa (2003) advocates the idea of region suggesting that the existing Judet administration was associated by people with the rigidity of the previous regime on local/regional planning that inherited at least three unpleasant legacies: small villages that had been deliberately deprived of new development and infrastructure or even abolished from the map; mono-industrial towns that were totally dependent upon a single sector or factory; excessive network of service institutions that were insupportable in the new economic environment. All these reasons, combined with the negative political role of local/regional structures and government in the previous system, generated a demand to detach from the existing administration (Judet and Municipalities) and the creation of regional institutions. However, regions were also part of the communist legacy of planning as already explained in Chapters 5 and 6, and despite their abolition in the 1960s, they were also cited negatively as they used to constitute a profound example of Soviet influence in Romania life.

In a more technocratic framework, the existing division into Judet units did not seem to efficiently accommodate their economic and political missions (Ghinea and Moraru 2005). According to the new Romanian Constitution and the accompanying laws, Judets should be working on the creation of a non-subordination relationship between

the local and central authorities and the provision of appropriate support for local economic development. However, several studies support that neither of those goals has been achieved (Ghinea and Moraru 2005; Moraru 2003). Thus, the necessity for efficiency has been translated as necessity for another type of local/ regional administration.

In terms of external influences, the EU's 'acquis communautaire' condenses all the powers that have been expressed with the Romanian process of administrative reform. As a direct consequence of Romanian choice to accelerate accession attempts, the EU has responded by setting the appropriate enlargement criteria. The 'acquis communautaire' emphasizes to all candidate states that they must have the administrative capacity to apply the whole body of the EU law and practice, local and regional development policy included (Grabbe 2001). Especially for the case of Romania, the EU conditions have been even more demanding due to the fragile stage of their economy and society and took the form of specific roadmaps to membership (Anastasakis and Bechev 2003; Spendzharova 2003).

The asymmetrical power-relation between the EU and Romania (Anastasakis and Bechev 2003) was also based on the fact that the EU was already one of the major contributors in Romania's local development attempts through the PHARE and pre-accession funds (Martens 2001). Under these conditions, the European Commission sets criteria and evaluates the progress whilst Romania as the candidate state tries to fulfil them being very much aware of what has to be done. This obvious top-down Europeanisation in Romania pushed Romania towards greater convergence with particular institutional models than has occurred within the existing member states (Grabbe 2001).

The main issue for the EU was the administrative and judiciary capacity of the candidate countries to absorb effectively the assistance funds (EU 1997, 2000, 2005). Hence, additional assistance was provided to Romania in order to ensure managerial capacity and effective use of funds (Spendzharova 2003). Furthermore, as the European Commission does not have the right to define specific structures for the managing of Structural and Cohesion funds, this decision was left up to the member states. However, the state autonomy concerning the designing of administrative

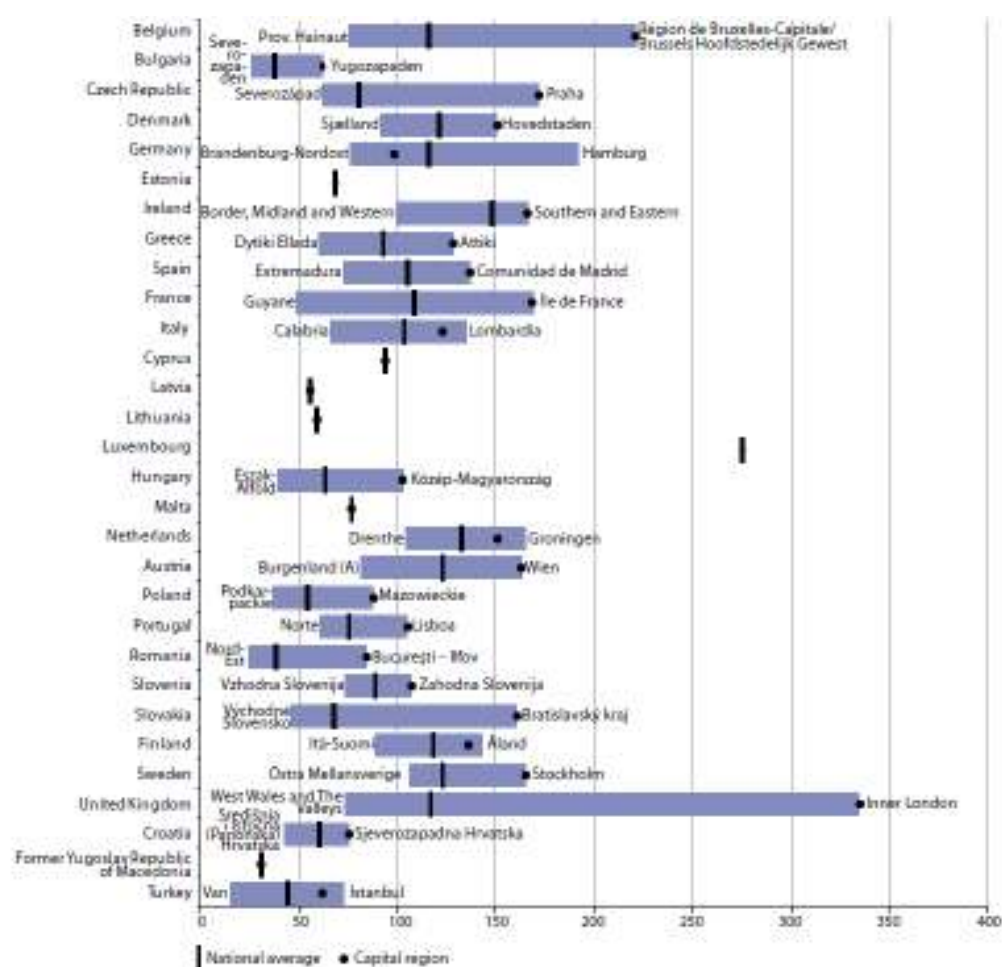


structures has been in a way infringed when the EU felt the need to create larger administrative units to be responsible for this allocation of funds (Hughes et al 2003; Ghinea and Moraru 2005; Palne 2007). Direct recommendations in favour of the NUTS II regions have never take place although the Commission has always commended positively the states which have adopted it, in its regular reports (Palne 2007). In this way, a strong signal about the desirable and appropriate model has been sent. Especially for Romania, there was a clear intervention in Commission's reference to regionalisation process in the country and the necessity to be accompanied from a homogeneity criterion with the existing structures in Europe, in the PHARE annual report of 1998 (Hughes et al 2003).

Since the regional policy in Romania was decided, the necessary institutions to coordinate this policy needed to be established. According to White (2004) and Moraru (2003) Romania had no experience and tradition of decentralisation and regionalisation processes. As a consequence, its governments were using these terms without being very clear in their intensions and simultaneously, were influenced by external supranational organisations. In this logic, the regional delineation looks more like a political compromise than as the result of a thorough analysis and exploration of the local development needs. The 8 Development Regions were based on geographical location and population density as having top priority to secure 'homogeneity' among the regions in both national and European level, and not in taking into consideration other functional parameters (Moraru 2003; Vidican 2004; White 2004; Ghinea and Moraru 2005).

Another criterion that has been used and is associated with regional development issues is the existence of regional discrepancies within and between them (figure 8.2). The official rationality behind this choice was the argument that economic and social disparities would be overcome through the implementation of the regional policy (Ghinea and Moraru 2005). However, it is broadly accepted that other aims relate to the EU's funding claim mechanism (Ionita 2007; Palne 2007) and to domestic ethnic-minority concerns (Baga 2004; Gallagher 2005) have affected the final boundaries of regions.

Figure 8.3: GDP/inhabitant, in PPS by NUTS 2 regions, 2007\*

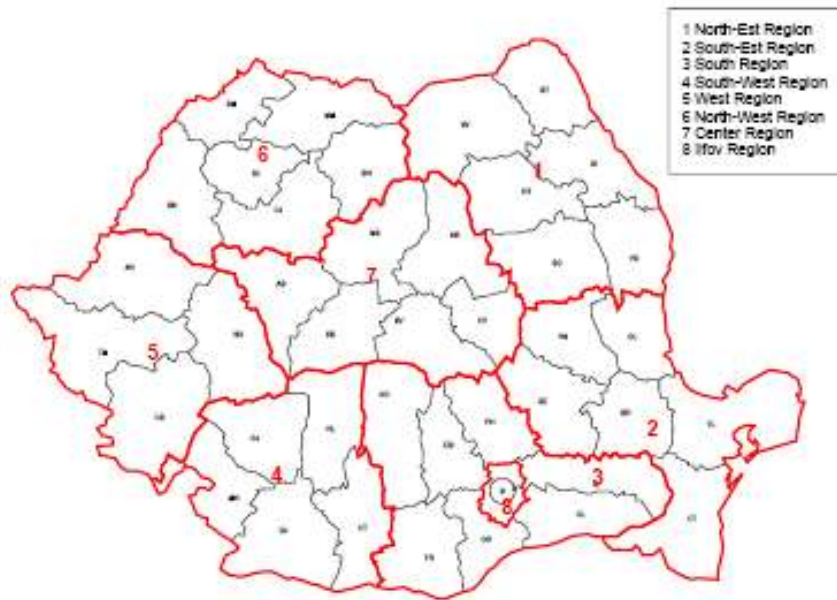


Source: Eurostat regional yearbook 2010  
 \*(in % of the EU-27 average, EU-27 = 100)

The criteria being used as well as the final output of the region's delineation have been criticised from different points of view. Ghinea and Moraru (2005) underline the different culture, interests and profile of the counties that constituted a region (figures 8.4 and 8.5). This omission to incorporate or decision to ignore the distinctive characteristics of Romania counties (Judets) when the regions were decided did not allow the formation of common regional identities, aims and efforts, which consist of the basic parameters for the success or failure of any local/regional policy intervention (Ghinea and Moraru 2005). Notwithstanding the importance of regional identity in development policies, Jeffery (1997) stresses the danger of overemphasis in this parameter. He argues that highly artificial regions may be equally successful despite of lacking common historical or traditional identity, when they are based on

democratic participation, quality of social and economic relations and social stability that counts more than the common identity.

Figure 8.4: The limits of the eight (8) Development Regions in Romania



Source: Ghinea and Moraru (2005, p.35 Annex 4)

Figure 8.5: Cultural Areas in Romania



Source: Ghinea and Moraru (2005, p.35 Annex 5)

In a different approach, the overemphasis on the covering area and total population, under the EU prism of homogeneity with the rest NUTS II regional classification in Europe, has also been scrutinised. It has been argued that the absence of any thorough research based on the analysis of relevant figures and the identification of functional areas has never taken place during the formulation of regions and undermines in this way, present and future efficiency of local development policies (Ghinea and Moraru 2003). On the contrary, topical interests and competition have significantly affected the final shape of the regions. For instance, the Alba County (Central Region) demands not to be included in the same region as its powerful neighbour Cluj County was finally accepted (North-West Region) (Cretan et al 2004).

Many questions have also been raised concerning the legal status and the capacity of regional institutions to deal adequately with development problems. The lack of legal personality and the fact that they do not constitute a level of public administration transformed them into what Ghinea and Moraru (2005) call 'NGO of public utility'. They believe that the problem lies more importantly with the RDAs. Regional Development Agencies have found themselves between two contradictory tendencies: On the one hand, they don't have the competence to work as public institutions that might collaborate with other institutions at local level due to the unwillingness of the central authorities to devolve any power. Central ministries believe that RDAs should become decentralised institutions of the government (Romanian Government 2006). On the other hand, RDAs fight to get the relative autonomy and power in both, economic and political terms, to manage local cases. Despite that the EU 'recommendations' are in favour of the second, it is not clear even nowadays which tendency will finally prevail (Ghinea and Moraru 2005).

Regarding the Regional Board (RB), there are concerns around the vulnerability of the body to external political influences and pressures. Although theoretically it constitutes an independent assessment committee, in practice, many decisions on large investments were the result of negotiation or imposition by the county public authorities that constituted the Regional Board (Ghinea and Moraru 2005). And certainly, the situation is even worse during election years (Cretan et al 2004).

In a step forward from criticism, Ghinea and Moraru (2005) propose four alternatives for the administrative-territorial structures of Romania scenarios: maintaining both Regions and Judets but reshaping their competencies; a new delimitation of Regions based on the principles of complementary and functionality; a new delimitation of Regions based on cultural identity; and, reshaping current counties (Judets) based on different types of localities (and) allowing an even asymmetrical structure. Similarly, Moraru (2003) supports the idea of administrative reform that will increase decentralisation and devolution of power to the local-regional authorities in an attempt to prevent conflict of interests at the local level and to promote more effective local/regional development policies. Bosnidis (2005) however, although he argues that Romania should have had more time to create its own institutions, he finally suggests the idea of a more centralised state as the optimal solution against corruption and dispersion of the EU funds.

### **8.3.3 *The North East Development Region (NEDR)***

The establishment and the operation of regional institutional bodies, mainly the widely promoted RDA (figure 8.6) and lesser but equally important yet not so widely recognised RB, in development discourses and practices have been accepted with mixed expectations and comments in the locality of Neamt. This section presents the views of various actors regarding their personal experiences, interactions and appreciations for the contribution of the region in the changing politics of local development and government in Neamt. Although the discussion with the interviewees referred to both, the anticipated contribution and the actual engagement of the regional institutions from 1997 until nowadays it appears that the vast majority of the responses constitute a kind of criticism of the present time (2008) rather than a diachronic comparison and evaluation of the role and the importance of regions. In this sense, and given the lack of relative data to compare with, the following analysis cannot have the character of a dynamic appraisal but only take the form of a static assessment of numerous actors' perceptions towards the North East Development Region with regards to Neamt's local development in the early 2008.

Figure 8.6: The North East Development Region Headquarters in Piatra Neamt



Source: Own picture

Overall, there is a negative perception regarding the expectations and the satisfaction from the region's operation and contribution to local development, with the representatives of the economic sector in Neamt being the most pessimistic of this perspective. All the major categories of people and organisations that outline the production capacity of the Judet, such as private entrepreneurs, business associations and commercial chambers seem to unanimously agree that the NEDR has not contributed effectively in confronting the local development needs, as the following paragraphs are going to illustrate.

Individual business people mainly coming from the construction and service sectors shared the same negative attitude for the operation of the region. Both when narrating their own experiences or verbalising rumours, businessmen in Neamt were very sceptical about the ethos of the region's staff and the transparency of their working style (SD, General Director and Co-Owner, Midras Wooden Construction, interview, 08/05/08). Furthermore, they accuse the region of promoting personal interests, both

as an organisation and individually, instead of assisting the private companies in Neamt (CF, Owner, Hotel Bulevard, interview, 04/06/08). Because of this unfavourable perception for the region, private entrepreneurs tend to adopt some of the most negative views for the importance and the necessity of the region as institution and to express relatively sympathetic feelings for the traditional administration levels of the Judet and the Municipalities.

Similarly, business associations and chambers of commerce have very few only positive experiences from the region. Although they recognised the necessity and the importance of the institution for facilitating local development and promoting local government, they are disappointed with the inadequate powers and the opaque mechanisms that the NEDR put in practice (MM, General Director, Chamber of Commerce, interview, 02/07/08). In addition, they have been highly concerned about the lack of accountability and the ignorance of the market mechanisms by staff of the RDA (TR, General Director, Neamt SMEs Association, interview, 09/04/08).

Their opinions have an added weight as they have developed stronger links than the individual businessman with the RDA, especially during the formation of the regional development strategies in North East. So, despite their close and in some cases frequent interactions, business associations and commerce express significant negative comments for the status and the operation of the regional institution. Contrary to individual entrepreneurs however, this frustration with the function of regional bodies does not impel business associations to negate the region as an institution. On the contrary, they seem to understand the role and the importance of the regional organisations in promoting local development in Neamt County, and for this reason they wish to see changes to enforce the regional autonomy in decision-making contrary to both, the central government from above and the powerful Judets from below (AC, Head of the Funding Opportunities Unit, Chamber of Commerce, interview, 13/07/08).

The vast majority of people related to the civic society have expressed in anything but a positive way regard for the NEDR actions in Neamt. The only exception to this trend is the comments from academics located and working in Bucharest that have not been engaged in any way with the local development in Neamt. Representatives from

several NGOs in Neamt shared the same negative comments towards region, especially against the RDA. The most important criticism was the ignorance by the RDA during the various consultation and information meetings that took place in Neamt in recent years (IB, President, CIVES Political Thinking NGO, interview, 08/06/08). Alongside the problematic de-centralised structures and the lack of accountability of the RDA, the representatives of the NGOs have accused RDA officials of 'biased selection' of specific NGOs that somehow have 'underground connections with each other' (CA, General Secretary, Chrysanthema NGO, interview, 29/06/2008).

The local journalist and local representatives of the academic society have expressed also negative comments concerning the effectiveness and the capacity of the region to promote local development in Neamt. However, they do recognise the importance of such an institution and the potential benefits for Neamt in terms of financing projects through the EU Structural Funds and improving the quality of interventions. Despite their positive appraisal for the region as institution, local journalists are very much concerned about the people in charge whilst local academics are worried about the legal framework of the current regional institutions.

In a similar approach, local academics with economic, political and geography backgrounds are well disposed towards the region as an institution but are still doubtful about the real impact of the NEDR in Neamt's local development. The participating academics who are all working in the University of Iasi, have agreed that 'regional level is a necessity in order to avoid local fragmentation and to encourage broader and integrated joint actions' from the North East local authorities (CI, Pr. of Economic Geography, Iasi University, interview, 29/03/2008). In real terms however, most of them believe that the current regional structures with the very limited powers and capabilities have failed to stimulate common initiatives from the Judets. They also, think that both the RDA and the RB operated without a clear development strategy and have been unable to attract capital investments, foreign or domestic. As a result, some of them have reached a negative conclusion about the role and the importance of the region at the current time (AG, Lecturer, University of Iasi, interview, 22/06/08).



As far as groups from the state category are concerned, there is a clear distinction between the strong positive perceptions of the central government and the regional institutions on the one side and the relatively negative opinions by the local authorities and the external participants/observers on the other

Central government and especially officials from the ministry of regional development and housing have been designated as the zealous reformer of the regional administration. Similarly to the academics from the Bucharest group, the representatives of the Development Ministry, made generic references on the regional institutions across Romania and did not comment specifically on the contribution of the NEDR in the local development of Neamt. As they explained however, their opinions cover the Neamt case as any other Judet in the Romanian state since all the eight Development Regions have exactly the same structure and mission to fulfil in the country (AP, Director, Ministry of Regional Development and Tourism, interview, 12/07/08).

The main arguments of the central authorities in favour of the regions have to do with their positive influences in the programming, implementing and monitoring stages of the regional strategies. The responsible ministry for the foundation of regions in 1997 seems to continuously support this institution as it appreciates that its previous experience with the PHARE funding could be of great importance for successful absorption rates of the EU structural funds. Interestingly enough, all the participants from the Ministry of Development did not mention any drawback and they were not even ready to accept any criticism concerning the operation of the regions. They have characterised any example provided as ‘micro-politics at the local level’, a natural and common phenomenon for less developed areas, as the Neamt in the North East, which occurs because of the ‘local power disputes and competitions’ (LR, Specialist, Ministry of Regional Development and Tourism, interview, 10/04/2008).

Maintaining serious reservations because of their profound subjectivism and bias of their opinion, the RDA’s positive comments can be summarised in the next three directions: firstly, the region promotes several development initiatives and local partnerships in every single locality of its territory, Neamt included. Secondly, regional institutions in the North East influenced local development in Neamt in both

quantitative and qualitative terms. The NE RDA in coordination with the RB did not only increase the total amount of available funds originating from the EU (PHARE and Structural Funds) aiming to support Neamt's development plans but they also ensured an effective allocation of this money based on the 'quality project standard list' (GS, Executive Director, NE RDA, interview, 08/02/2008) that applies in any development proposal. Finally, regional institutions are proud to declare that they manage to combine political and technocratic views in Neamt and also to support and promote the demands of local authorities for further autonomy and better governance (SG, Head of Programming Office, NE RDA, interview, 25/03/08).

The local administration in Neamt has an overall negative perception, not as much as the local economic actors and some NGOs but still distance long way from a neutral evaluation. The negative comments towards the role of the region in Neamt's development have two dimensions: first, that refers to the nature of the regional institutions and second, that deal with the relationship between the region and the rest of local authorities.

Concerning the structure and the operational effectiveness of the region, all the major local administrative bodies shared the idea that the lack of legal personality and territorial administration status is the most important weakness. Because of this weak legal framework, representatives from the Judet, the Prefecture and the Municipalities of Neamt believe that the NEDR has not contributed what was anticipated in local development as it has limited power in decision making and putting proposals forward. The reason for that lies in the 'economic dependency of the region, even for its salary payments' (MV, Head of Programming Office, Neamt County, interview, 12/06/2008).

People from the Judet and the Municipalities also mentioned the problematic relationship of the region, especially between the RDA and many of the local administration bodies. In addition, it seems that there is a serious scepticism and suspiciousness from the representatives of all the major municipalities that convey the region as a potential competitor of powers in the local political arena during the post-accession period. Most of them believe that the inability of NEDR to coordinate local authorities and to mobilise local synergies is not simply a lack of capacity to work in

this direction but probably an intentional strategic choice by the RDA in order to secure their role as intermediate bodies in the local development discourses and practices (CB, Head of Programming and Planning Directorate, Piatra Neamt Municipality, interview, 30/03/2008).

At the same time, local authorities recognised the benefits that the region has already offered in Neamt's development and identified several positive elements from its activity. The Judet and Municipalities' representatives highlight the RDAs contribution to the financial assistance from the EU whilst the officials from the Prefecture emphasize the potential advantages in the future through the enforcement of the political and economic powers of the regional institutions.

## **8.4 New Governmental Practices: The Partnership Principle**

### **8.4.1 *Overview***

The question of the traditional dichotomy between state and society constitutes the core subject of the partnership discourses. Davies (2002) and Bristow et al (2008) have emphasised the importance of 'state-society' synergy and described the necessity for strong social ties to be developed between them. Although they have not referred to partnership principle by name, they believed that these two parts should continuously negotiate and renegotiated their goals and policies through specific institutional channels. In this sense, partnership could be contextualised as synonymous to governance and networks in contemporary public policy making.

In terms of regional development, the idea of partnership can be traced in several other concepts. Notions and ideas such as the 'social capital', 'network', 'associate governance' and 'embeddedness' have been used not only to describe regional development problems but also to suggest alternative ways to confront it (Putman 1993; Amin and Thrift 1995; Cooke and Morgan 1998). The common denominator of all these approaches is the emphasis on the advantages of planning local and regional development strategies at the lowest possible level and with a wider possible participation. Hence, the development of partnerships between various actors from

different levels and social origin was once again the main component within all these discourses.

Partnership clearly became a necessary element in policy practice in the context of globalisation and marketisation (Bache 2010). The high complexity and uncertainty of contemporary development policies across different levels created the need for coordinating governance among all the involved actors. In such a demanding environment, the ability of partnership to provide capable knowledge generates the conditions for an effective response to development strategy dilemmas (Radu and Constantin 2007).

Overall, the idea of partnership reflects the necessity of involvement of various actors at all the decision making levels so that the identification of problems would be easier and more accurate and the implementation of solutions would be the optimal action. It is anticipated that strategies that have been set up and developed through-out the idea of partnership are going to have more effective results. This is because partnership ensures bottom-up orientation, optimum selection of choices and greater perspectives for networking across individuals, organisations, policies and sectors (Radu and Constantin 2007).

From its general content as an idea, partnership has developed in a concrete policy instrument for regional development by the European Union (EU). The EU has made it very clear in several documents how important the principles of regional networking and partnership are, not only for implementing the structural funds but also for the economic growth and the territorial-social cohesion in the European Union (EC 2006b; EC 2007). Although the notion of partnership has influenced the European Commission's (EC) regional policy since 1970s (Bache 2010) it was only in January 1989 that it introduced it as an autonomous instrument for the EU's regional policy. The main reason for this change was the major reform of all the structural funds in the previous year. From 1989 to the recent programming period 2007-2013, the partnership has remained a central element of the EU regional policy. The main aim of partnership was always to increase the number of actors involved in both the formulation and implementation of regional development projects. This wider participation however, implied not only a multi-level but also a multi-sectorial

interaction. In other words, the EC was promoting after 1989 not only for synergy between state organisations at different levels, but also for inclusion of social, non-state partners in the preparation, delivery and monitoring of regional policies (Bache 2010).

The Commission's intentions however, have been accepted rather sceptically by national authorities. According to Bache (2010) central governments were 'hostile' to the incursion into their policy-making territory and very often, especially during the first period (1989-1993), regional partnerships were set up only to fulfil the funding requirements whilst no significant changes occurred over the implementation of policies. Generally, the pattern of partnership across the EU continued to be uneven even after 1993 due to different national legacies and practices. The EU had also contributed to this uneven result with the rather lax provisions concerning the implementation of partnership 'within the framework of each member state's national rules and current practices, the economic and social partners, designated by the member state (EC 2006).

The necessity for deeper and wider partnership was still intense before the 2000-2006 programming period. The European Commission has concluded that the involvement of non-state actors remained limited and irregular and that the overall quality of partnership relatively low (EC 1997, p.11). Thus, in the most recent regulation concerning the 2007-2013 period, additionally to the previous provisions for each member state 'national rules and practices' the Commission suggested a particular set of actors that should be included in the organisation of partnerships. As a result, alongside competent national, regional, local, urban and other public authorities, a group of non-state actors should always been added to the decision making process. This group consisted of various social and economic partners such as civil society bodies, environmental partners, non-governmental organisations and bodies promoting equality between men and women. Hence, the EU has increased its efforts to promote not only the vertical cooperation (between state actors at different levels) but also the horizontal cooperation (between state and society).

Although national variations existed, the common feature of the regional development attempts in the post-communist countries in Europe were characterised by the

dominance of the communist state, the weak civil society and the low trust in political institutions (Cernicova-Buca 1998; Chebrea 2005; Sotiropoulos 2005). In a negative framework like that, the EU funding requirements concerning the partnership principle fulfilment, presented significant pressures and challenges. Ferry (2003) noted that despite the socio-political and institutional transformation of post-socialist states, domestic groups of interests prevented significant reforms in administration and decision making systems. Either way, it was a transformed ex-communist nomenclature or a newly constituted elite, the political forces of this period were not in a hurry to share or to pass the decision making power to sub-national and/or non-state actors.

In this problematic background, the EU had actually two potential paths to follow: either to continue the reform requirements at the same pace and strictness or to adopt a more loose strategy towards the potential new member states. Dieringer and Lindstrom (2002) suggest that the latest option was an imperative for a greater chance of change in the post-communist states and therefore a greater possibility of success in the enlargement process. The justification of their proposal was based on the fact that the current EU member states had a longer tradition of several policies where institutions and networks were firmly established and operated whilst the new member not.

The suggestion of a more flexible adaptation of strategies to candidate states compared to the existing members was actually widely accepted during the pre-accession time (Bache 2010). As far as the local/regional development policy is concerned, this flexibility resulted in a loose implementation of requirements and aims by the EU. Thus, the Commission was keen to ignore the strict conditions about partnership and multi-level governance for the EU pre-accession funding. The avoidance of any obstacle towards the enlargement process meant that the EU became more concerned with delivering programmes that support this goal and less concerned with the establishment of partnerships. Consequently, the Commission relied on central governments for exploiting the EU pre-accession funds without the obligation of promoting significant changes on local and regional cooperation.

#### ***8.4.2 Legislation for Partnership in Romania***

In Romania, the idea of partnership has been used in formal and informal way in the drawing-up process of regional policy. The Commissions' perception that partnership contributes to the success of programmes by giving them greater legitimacy and easier coordination, was the main reason for that choice. In addition, the Romanian Government hoped that through partnership a correct and regular implementation of the programmes and a clear distribution of responsibilities of the socio-economic and institutional partners could be achieved. Furthermore, a particular emphasis has been put on the sustainable development perspective where the implementation of partnership created the necessary conditions for the use of public funds in conformity with the policy and legislation for environment of the EU (Radu and Constantin 2007).

The great importance of partnership in fulfilling the EU financial requirements and domestic high efficiency expectations leads to the need for a clear framework for the application of this principle in various policy areas. Thus, the Government Decision No1323/2002 set up the legal basis for establishing and developing inter-institutional relations and the partnership structures in the country. The Decision provided the details for putting partnership in practice at two different levels: the national and the regional.

At the national level, the Inter-institutional Committee (IC) for the elaboration of the National Development Plan (NDP) was set-up having as a mission the discussion and coordination of the Regional Development Plans. The GD 1323/2002 arranged all the details concerning the membership of the IC that was constituted by representatives from all the ministries, the eight RDAs, other central public institutions, higher research and education institutions and also representatives of the economy and the society.

At the regional level, Regional Committees (RC) for the elaboration of the Regional Development Plans (RDP) have been established in each of the eight Development Regions. Regarding the composition of the RCs, the GD1323/2002 (Romanian Government 2002) was very detailed concerning the representatives of the central and

local state organisations but it was relatively liberal with regards to representatives from the economic sector and the civil society. Thus, representatives of the RDAs, the Prefectures, the County Councils, the Municipalities, the various decentralised services of central public institutions and the Universities were basic members of each RC. The choice of local representatives from the economic sector and the society has been left in the discretionary power of the local RDA in order to ensure the best possible composition of these Committees according to the local peculiarities and needs.

The national and regional partnership structures operate through thematic groups, in accordance with the issues analysed, whilst the Regional Committees organise additional groups based on the existing territorial organisation in the counties (Judets) in each region. A set of successive plenary meetings, at a significantly higher frequency at the regional compared to the central level, was considered to be the format which ensured an appropriated practice of the partnership principle and a balanced representation of the state, the economic sector and the society.

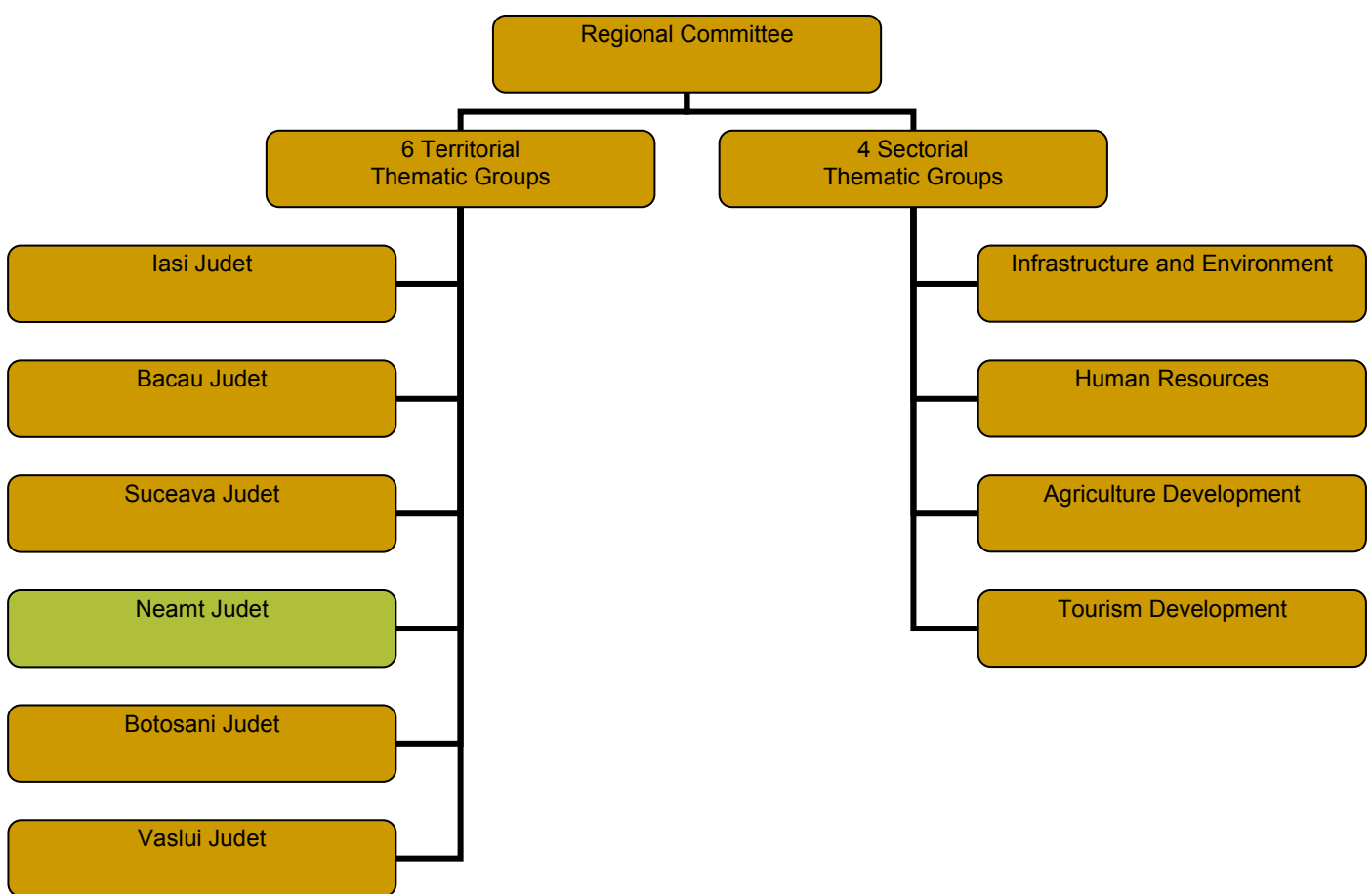
The partnership has had an essential role in the drafting of the Regional Strategies (2000-2006) and the Regional Operational Programme 2007-2013. According to the Romanian Government, the anticipated benefits of the partnership were not narrowed in establishing only the key areas of intervention and the priority axis but it was expanded in identifying the potential beneficiaries and the eligible projects (Murray and Armeanu 2005). From March 2004 to the late 2006 and through a five stage process, regional consultations have been carried out under the RDAs coordination with the participation of local, regional and national organisations and associations. The consultation comments have been distilled in specific opinions and most of them were taken into consideration. As a result, the Ministry of Development and Public Housing (ROP 2007, p.184) suggests that the ROP's final version reflects the common point of view of all relevant stakeholders.



### 8.4.3 Partnership in practice in the NEDR

The North East RDA has organised thematic groups at the County (territorial) and the regional level (sectorial) in order to elaborate the regional development plan for the period 2007-2013 (figure 8.7). According to GS, Executive Director of the NE RDA (interview 08/02/2008) this process commenced in the area well before the written documentation of GD1323/2002 as the North East RDA had the initiative to launch a consultancy stage for the 2002-2004 programming period.

Figure 8.7: The setting up of Partnership in the North East Region (thematic groups)

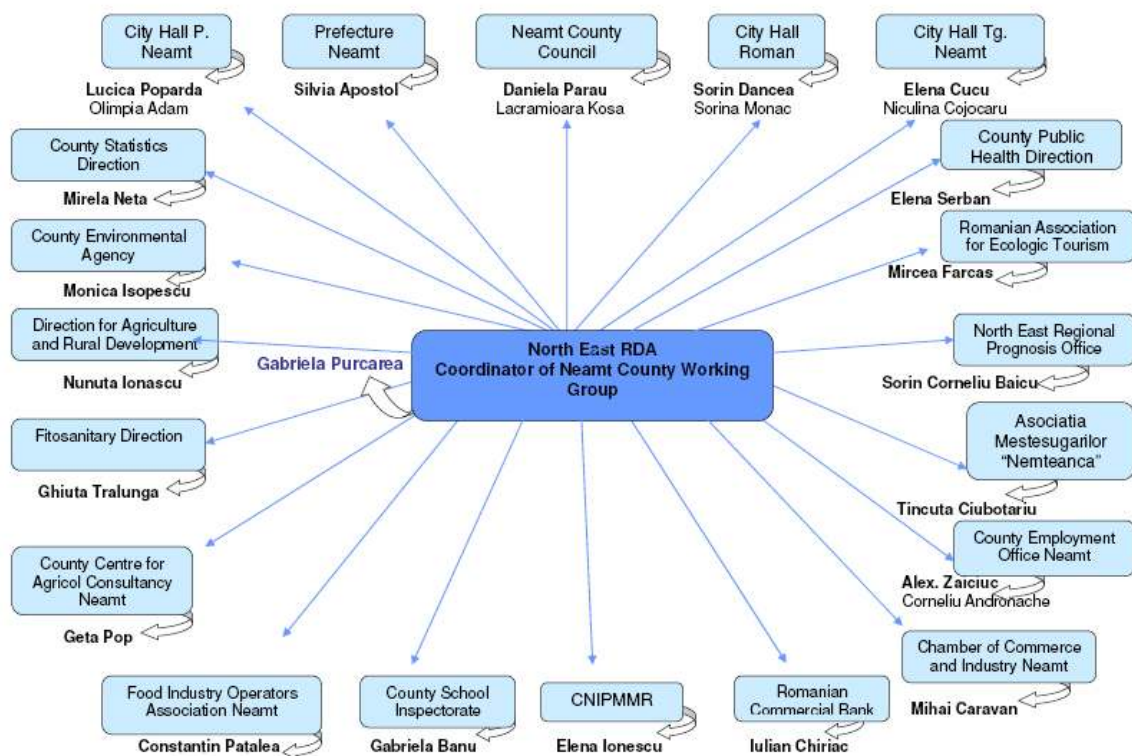


Source: ROP 2007, own elaboration

Figure 8.6 illustrates the partners of the Neamt's County Committee. This Committee was responsible for drawing up the development strategy of Judetul Neamt for the programming period 2007-2013, the first period of Romania as a full member state in the EU. Like any other of the Committees within the RDA, Neamt's County Committee had to bring together various local actors according to the provisions of

the GD1303/2002 and through a consultation process, that last nearly three years, to come up with the final proposals for the economic and social development of their locality. Then, the separate sets of proposals by each of the sectorial and territorial Committee would have to be put together by the RDA in order to create the Regional Development Strategy (RDS) for the NEDR. The final document of the RDS however, has to first be approved by the Regional Board, where a clearly political consultation takes place this time. After that, the local and regional actors can see their proposals being submitted to the National Development Committee where each element of the Country's development strategy will be elaborated into its final form.

Figure 8.8: The composition of Neamt's County Committee



Source: ROP 2007

Despite the RDA's proclamation of having developed partnership of their core principle and putting it in practice during the planning process of Regional Development Plan (RDP), the composition and the powers of the Neamt's County Committee supports the exact opposite. Regarding the dual balance of public and private sector on the one hand and representatives from the state, the economy and the civil society on the other the Committee's composition can be characterised as problematic if not as a failure.

An analysis based on the origin and the nature of each stakeholder in the Committee reveals the great imbalances: from the twenty one participating in this planning process consultation seventeen come from the public sector and only four from the private sector; Furthermore, with regards to the equivalent participation of different parts of the local society the output is similarly disappointing: from the twenty one participants in the Committee, sixteen are related to state institutions at different levels, five are linked with the economic sector, mainly indirectly through associations, and there is no connection at all with the civic society, in any general or specific form. As a result of these omissions from the Committee, crucial insights and useful comments for the local development might have been ignored and/or miscalculated. Also, the advantages of the partnership in terms of efficiency, common effort and legitimacy become questionable as well. Finally, the dominance of public sector in the Committee could constitute an indicator of the communist legacy that used to trust and work more with public officials instead with private stakeholders.

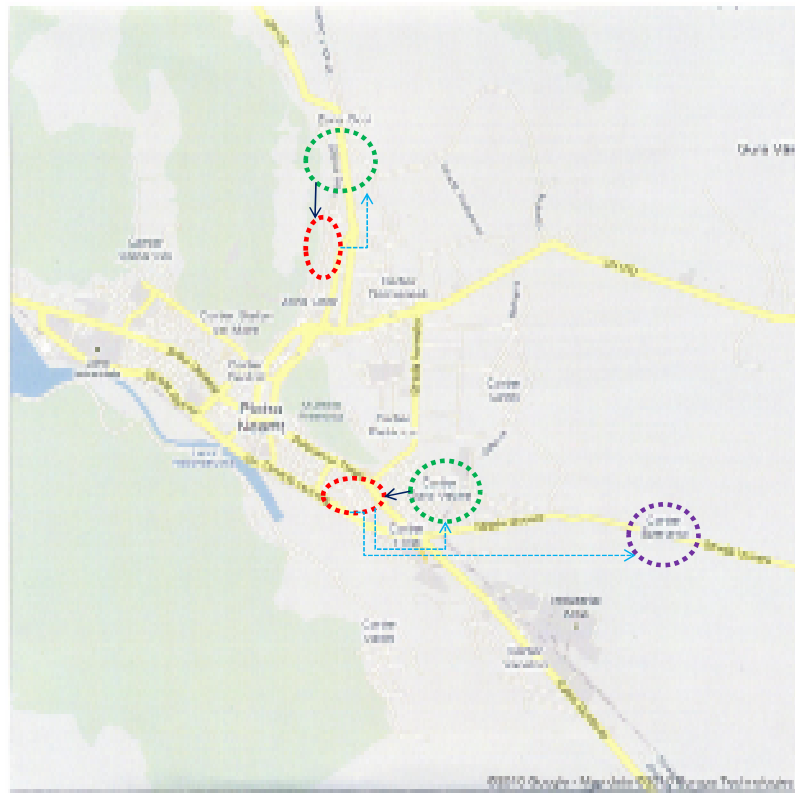
The problem concerning the imbalanced representation of the private local actors and more specific those from the civic society and the economic sector was one of the major questions that have been put forward to the RDA officials and MDPH specialists. The official response of the RDA, the responsible body for the formulation and operation of each committee in the region, is that everything has been done according to the provisions of the GD1323/2002. For the profound absence of civil society, the RDA comments that it was on its descriptive power to decide whether to include or not non-state actors and they decide not to do so due to logistic and coordination problems. As far as the MDRW, which constitutes the monitoring body for the implementation of partnership principle, is concerned, the failure to identify the mono-dimensional structure of the Committee generates questions about the importance that the ministry accredits to the Committee itself and also on its work as well. In fact, it seems that the main concern was to ensure the participation of several state institutions in order to control effectively the procedure and not to secure a place for the local economy and society representatives. Hence, the ministry's attitude supports the argument that this partnership and consultation process through the Committee's structure was actually only 'on paper' as there are no concerns about its proper establishment and function.

The lack of non-state partners in local policy design has a clear negative affect on the content and the success of local development initiatives. The cooperation between the Neamt County Council and the Piatra Neamt's City Hall for a program aimed at social inclusion of Roma represents a typical example of failure because of the exclusion of civic groups, and more specific of the exclusion of the final beneficiaries in the design and delivery of this particular local development policy.

This program was funded mainly by PHARE funds and also by smaller contributions from the Romanian Government, the Neamt's County and Piatra Neamt's budget and its ultimate aim was to 'bring Roma back in the local society' (MB, Special Advisor, Neamt Roma Community, interview, 14/05/2008). The basic measure of this action was the moving of significant Roma population into other parts of the town and their placement in regenerated multi-family houses. By moving from their traditional core areas it hoped to help the Roma start a new life style, more acceptable by average standards. The means used for this policy was the provision by the Municipality of rehabilitated flats within multi-family houses, for several Roma families, completely free of charge. The programme was initially considered successful as many Roma were persuaded to use the opportunity offered. Thus, large populations have moved from the Nicu Albu Street to the Subdarmanesti Street and from the Gara Veche neighbourhood to St. Michaii Street as figure 8.9 illustrates below (black arrows from Green to Red Circles respectively).

In a very short period of time however, the Roma returned to their previous establishments (blue arrows, figure 8.9) after the blocks of flats were totally destroyed and the surrounding area was degraded in social and economic terms. Furthermore, the implementation of this programme created additional problems as many of these families; especially in the case of the Gara Veche residents were not able to re-use their old houses as they have been occupied by other families. After weeks of violent conflicts between the old and new occupiers of these houses and security forces, the City Hall was forced by the circumstances to provide once again free, from the programme's budget, additional multi-family houses in the area of Cartier Sperada (purple circle, figure 8.9). These houses however aimed at covering the needs of single-parent families in the city of Piatra Neamt and a second wave of protests and demonstrations shook the city for nearly two months (Ceaclau, 13/10/2004).

Figure 8.9: The moving of Roma population through the Neamt's City Hall program



Source: Based on GDHD52022/2001, own graphic elaboration.

MB (Special Adviser, Neamt Roma Community, interviews, 14/05/2008) believes that this particular program failed for three basic reasons: firstly, the authorities did not aim at social inclusion but social alienation; secondly, the authorities targeted the wrong group of Roma as they were aiming to re-settled the entirely ‘problematic part of the population the 40 per cent that creates all the problems, instead of splitting them up and choose the most moderate of them’; and thirdly, the measure of free houses was completely inappropriate for this kind of program as they do not deal with the pragmatic conditions and reasons for the Roma’s social exclusion.

The Committee’s powers and mission challenge equally importantly, the partnership principle. First of all, contrary to western patterns, even ignoring the problematic composition of the Committee, the fact that their final proposals have passed the Regional Board, where a second round of political consultation takes place without the potential to intervene before the final proposals have been finalised, undermines their role and output. The Committee’s contribution to local and regional development

plan is further undermined, as any submission to the National Development Committee is merely a suggestion without any obligation to take the opinion and the proposals of the local authority into consideration.

Figure 8.10: Blocks of flats used for the re-allocation of the Roma Community in the area of Darmanesti in Neamt



Source: Own picture

Further malpractice of the partnership principle through the Regional Development Committee is its neglected competence concerning the integrated character of the Committee's intervention. Thus, instead of the stakeholders having the power to control the planning, monitoring, implementing and evaluation stages of the Regional Development Plan, their participation in this specific Committee only gave them the authority to have a say rather than to decide upon the first stage only. The other phases of the development strategy have either been kept under the control of the central government or been allocated to various public organisations.

The limited value of the partnership's output have also a negative affect on the success of local development policy because of the many changes throughout the

successive political consultations and the lack of power to intervene in later stages of the policy's design. The final abandonment of a programme aimed at rehabilitation of multi-family houses for energy-efficiency purposes constitutes an example of this failure.

This program was an initiative from the Piatra Neamt's City Hall in association with the Neamt Council and the North East RDA and was included in the intervention axis 5 of the Regional Strategy 2004-2006 (see the following section). The initial design of the local authorities was in agreement with both the relative regulations of the EU (EC No 1080/2006 and EC No 1828/2006) but the finally approved version of the ROP has not taken into consideration the peculiar conditions of Public ownership in Piatra Neamt. In short, the conditions of the last version of ROP for exclusively public ownership and/or an out-of-date character of the building were hard to fulfil in Piatra Neamt, as apartments and flats of these houses were among the first properties being privatised and rendered back to families. As far as the out-of-date buildings are concerned, although several exist on the outskirts of the city, they again cannot benefit through the ROP as most of them are in a very bad condition and energy improvement works would have no rationality at all.

This missing opportunity for the local authorities was, according to representatives from the Piatra Neamt's Municipality and the NE RDA, the result of the disintegrated character of the partnership working group in the NEDR. Both these institutions agree that the main problem was a matter of misinterpretation of the EC Regulation and false estimation of the market conditions with regards to multi-family housing in Piatra Neamt, problems that they could have solved if the local authorities had the chance to intervene in the later stages of the ROP formulation. Furthermore, they blamed this failure on the central authorities and the way the partnership principle was undermined by the Ministry of DPH: 'even if we (RDA) had prevented the problem here in Neamt', it is not sure that the people from the Ministry would have not changed it again' (SC, Head of Project Development Office, NE RDA, interview, 25/03/2008).

The lack of interventional power became obvious when the Piatra Neamt's Municipality came with an alternative proposal to get reduced funding from the ROP



and to cover the difference by constructing and selling additional loft-flats (figure 8.11). The project was abandoned with just one completed rehabilitation out of the thirty four initially approved.

Figure 8.11: Constructing a new flat on the top of the building



Source: Own picture

Although the planning procedure of drafting the regional development plan has been widely advertised by the regional authorities as ‘putting local democracy in practice’, the vast majority of the participants have a completely different point of view. With the exception of the regional institutions, namely the RDA officials that had the responsibility for organising and conducting the consultation phase, the rest of the participants have expressed a clear negative opinion for the process followed. Thus, despite the large amount of time and resources spend and contrary to RDA officials’ expectations and declarations, it is apparent that the core principle of ‘partnership’ encounters significant difficulties when attempting to put it into practice.

The representatives from the economic sector have exercised the most negative criticism for the Planning Committee in County Neamt. The criticism of this Committee operation and on its structure is the most important among the various reasons that contributed to these particular negative comments from the side of the



local economy representatives. TR (interview, 09/04/2008), the executive director of SMEs Association in Neamt and alternate representative in the Planning Committee was extremely angry about the way the sessions have taken place. In a strongly ironic speech she argues that the only positive aspect of these sessions was the refreshment offered whilst she concentrate her strong criticism on the absent of any real consultation process. She characterised the meetings as ‘for information purposes only’ and decried the appalling attitude of the RDA coordinator for not ‘asking our (SMEs Association) opinion or contribution in any strategy or any kind of development proposal’.

In a similar context, MM (interview, 08/04/2008), the General Director of the Neamt’s Chamber of Commerce and the main participant in Neamt’s county working group has expressed his scepticism about the functional operation of this Committee and did not hesitate to stigmatise the fact that ‘they (RDA) didn’t ask us to co-formulate the programmes, they just ask whether we like their new development plans’. Although he thinks that the session were useful in highlighting the differences between the PHARE and the Structural Funds funding procedures, he is still disappointed by the small attention given to business needs and the ‘infertile land for the companies’ interests’. His deputy in the Committee and head of the funding opportunities office, AC (interview, 13/07/2008) raises a very important issue concerning the structure of the Committee. He believes that the Committees output was one of very poor quality as it was ‘dominated by representatives of state bureaucracy’ and also because it did not ‘take into consideration the business sector’.

Representatives of the local authorities in Neamt’s County working group were also pessimistic about the process and the outcome of these sessions but in a more moderate way than the participants of the economic sector. Most of them stressed the absence of a common action and joint decision system as the main reasons for the relatively failed attempt of consultation in local development. It is interesting that delegates from the Judet and the main City Councils in Neamt although recognised their own share of responsibilities given the fact that ‘everybody works by his own’ and they only partially blamed, they put the emphasis on the RDA officials inability to explain the process in advance and to ‘coordinate our (local authorities) actions from the beginning’ (CB, Head of Programming and Planning Directorate, Piatra

Neamt Municipality, interview, 30/03/2008). They also recognise the difficulties for any new and innovative process in local development planning and they hope that this is more like 'learning by doing process' that would eventually be very helpful in the future.

As far as the participant of the local Prefecture is concerned, she came along with sarcastic statements concerning the meaning and the importance of her participation in this Committee. In a really disarming sincere way of speaking, SA (Director of Coordination Unit, Neamt Prefecture, interview, 05/04/2008) degrades the role of the Committee as she believes that 'the discussion upon others money does not make any sense' and reveals its problematic structure when commenting on the Prefecture's involvement: 'we did not have any proposals at all to make' as 'we cannot be beneficiaries for any kind of program.

From the other side, RDA officials, as was anticipated, have a completely different point of view about the consultation process that took place in Neamt's Working group. They usually start stressing the fact that this partnership creation process was an RDA's initiative long before the Governmental Decision No.1323, which of course has been used after that as a legitimate guide with regards to the composition of the working group. They also refer to it as a firm confirmation of 'the bottom-up approach' and as a strong demonstration of 'the emphasis put on the particularities of each county'. In a completely contradictory approach from the other participants, RDA officials that usually rank very high in the hierarchy, suggest also that Neamt's working group was quite successful in 'including private as well public bodies' and that the RDA 'has invited the most important representatives of the county' (Murray and Armeanu 2005, p. 225).

However, the overall positive criticism of the consultation process does not mean the absence of scepticism for particular matters, especially between junior consultants in the RDA. Thus, SC (Head of Project Development Office, NE RDA, interview, 25/03/2008) found very frustrating the fact that the whole procedure 'was undermined locally by the political consultation followed in the Regional Board' and also 'nationally by the necessity for a national ROP'. SG also (Head of Programming Office, NE RDA, interview, 12/06/2008) stresses the powerless nature of the partnerships as they 'refer only to planning and not to funding or any other phase of

the whole procedure'. Nevertheless, nearly all of the employees in the RDA recognise the necessity to 'follow the Law' even when they realised that some of the participants 'were coming just because they had been sent there'.

Several marginalised groups and NGOs are the greatest critics of both the procedure and the output of the working committee. As it was expected, their main complaint was the ignorance by the RDA officials and the fact that nobody asks for their opinion. In the case of Roma, this is just another incident in a long set of similar discriminated actions, just another confirmation that the authorities in Neamt, and presumably across Romania, have 'never been consulted with the (Roma) Community' (MB, Special advisor, Neamt Roma Community, interview, 14/05/2008). For the NGOs and the representatives from small ethnic and religion minorities, the absolute absence of any active civic society organisation in this Working Committee demonstrates the lack of 'connections with the simple people, the real world in Neamt' (CA, General Secretary, Chrysanthema NGO, interview, 29/06/2008).

In a more moderate way, several academics from Bucharest and the local press also express their scepticism about this consultation process. The academics diminish the importance of participation as they believe that it is not strong enough to influence the character of the development plan (DC, Professor of Economics, University of Bucharest, interview, 24/03/08). They believe that participation is a fiction as everything has to be negotiated between the central government and the EC at the national level (SI, Director, SAR, interview, 22/03/08). The local press share the same belief but they are of the opinion that it is the powerful Regional Board that undermines the consultation process of local development in Neamt County before central government (Monitorul De Neamt, 28.03.04, p.12).

Surprisingly, individual entrepreneurs have a generally neutral attitude towards the implementation of partnership at the County Working Group. Despite that a clear opposition in the way that this Committee has been structured and operated was anticipated, the individual entrepreneurs have only stigmatised the fact that the final output does not respond to the actual needs of entrepreneurs in the area but they seem not to be too concerned (AB, Director, Ambiance Tourist Office, interview, 05/07/08;

SD, General Director and Co-owner, Midras Wooden Construction, interview, 08/05/08).

The representative of the Ministry remembered the idea of devolution and decentralisation arguing that the Ministry cannot interfere at the local level as ‘regions and counties are free to determine upon the selection of partners’ (LR, Specialist, Ministry of Regional Development and Tourism, interview, 10/04/2008).

## **8.5 The Context of Local Development in Neamt**

### **8.5.1 Overview**

The basic dilemma concerning the character of local and regional development policy is between growth and equity (Armstrong and Taylor 2000; Pike et al 2006). Similarly to the West European patterns, Romania had to prioritise its development policies according to this dichotomy in the communist era (Nelson 1979; Turnock 1978, 1987), the first period of transition (Turnock 1997; Gallagher 2005) and in the pre-accession period (Gallagher 2005; Ionita 2007). The different socio-political and economic conditions of each period however led to a different appreciation of the local development problem and consequently to a diverse set of strategies proposed (Pike et al 2007).

As discussed in the earlier Chapters, during the communist era, the emphasis was put on the allocation of industries and urbanisation as the means for local and regional development (Turnock 1987; Young 2001). During this period, although equity was part of the dominant ideology, it has been proved that growth remained the basic goal of these policies (Young 2001). Moreover, the previous Chapter illustrated that despite their occasional and sporadic character, political interventions for local development during the transition time were also targeting mainly growth instead of equity (Turnock 1997). This time however, the means for local growth was not the national distribution of factories but the attraction of FDI from the global market (Hilber and Voicu 2010). In parallel, any attempts towards equity had the character of

social policies aiming primarily at preventing any further expansion instead of confronting the existing problems (Constantin 2006).

During the pre-accession time (1997-2007), the EU perspective has put in power new dynamics for the local and regional development and government policies. Without being possible for local politics to overcome their premature character overnight, because of the existing legacies and practices (Turnock 2007; Ionita 2007), the EU accession experience has offered an opportunity for change (Gallagher 2005) and modernisation (Pippidi 2006; RSA 2007). Whether and how this opportunity has actually been utilised with regards to the context of local and regional development policies is examined in this section.

### ***8.5.2 Development strategies at the local level***

There are no doubts that the enforcement of the EU perspective on Romania in the aftermath of the 1996 general elections was the catalytic factor towards reforms in public administration and local authorities (Mihai 2005; Constantin 2006; Dragos and Neamtu 2007; Ionita and Inan 2008). The final output of these reforms has been shaped by two distinctive but related processes. The first one, an internally induced process, is linked with the broader transition of the country and refers to new legislation for local authorities (Offe 1991) whilst the second, an externally induced process is related to the influences by the EU accession experience (Ionita and Inan 2008).

Within this framework, an intense debate about decentralisation, local autonomy, and the role of local authorities in development strategies was initiated in Romania. However, the political elites and civil servants have proved extremely reluctant to reform, for their own personal interest. Political elites in any level were trying to avoid administrative reforms as they generally challenged the 'notion of power in politics' (March and Olsen 1989 cited Ionita and Inan 2008), especially when the whole country is undergoing massive transitions. Regarding the local authorities and the civil servants, the fifty years of secrecy and manipulation, the interlinks between the role of administration and the party's willingness together with corruption and

debatable competences created a mixture of reasons that question not only their wish but also their ability to support the necessary reforms (Ionita and Inan 2008).

The EU on the other side has attempted to stimulate reforms in Romania through its 'soft power', following mainly the strategy of conditionality, a bargaining strategy of reinforcement by reward instead of a complete top-down imposition of policies (Schimmerlfennig & Sedelmeier 2004). In spite of the importance of public administration and local government reforms, this topic did not constitute an *acqui Chapter* but these sectors were incorporated in several other Chapters. As a result, the guidance and the suggestions from the EU through the monitoring reports have proven unable to influence the reforms at the desirable degree and direction with regards to a more active role of local authorities in development strategies (Sedelemier 2006).

From all the local authorities in Neamt County, the County Council and the Municipality of Piatra Neamt are by far the most important actors in terms of local development strategies. The Prefecture constitutes the representative of the central government with the duty to oversee that the administrative activity of the elected authorities is carried according to the Law and also to coordinate the administrative units of the ministries in the territory. This local institution remains highly political despite some legislative changes concerning the non-political status of the Prefects and given the lack of autonomous budget, there are no opportunities for contribution by any means to local development strategies.

Smaller authorities, such as communes and towns, although are legal entities with directly elected Mayors and individual budgets, their small size and almost exclusive financial dependency on central government's subsidies did not allow any considerable contribution to local development agenda. Alongside the lack of their own financial resources (Dragos and Neamtu 2007) and limited administrative capacity (Baga 2004), the electoral system neglects furthermore their ability in the design and delivery of local development policies. According to the existing legislation, the Mayor and the councillors are elected as a block list of candidates from a party list and in proportion of the votes received in the elections, a point that has raised several criticisms from academics, policy makers and civil society groups

especially for the extreme difficulties that rural or isolated areas have in being represented in the council (Ishiyama 1997).







The Neamt's County Council is by far the most important in terms of local development and government policies. The mission of the County is to coordinate the local public authorities for common interest projects or for operating public services. It has local autonomy and is run by a County Council elected directly by the local population of the county and on the basis of party lists, which its president is elected from among its members with a simple majority rule and his /her position is similar to that of a Mayor.

The municipality of the capital city of Piatra Neamt represents the other protagonist of local development in Neamt County. Enjoying a considerable amount of power due to its size, status and development level within the county, the budget orientation for the city has a substantial impact on the broader local economic agenda over time. The proportion of the revenues allocated to infrastructures and long-term investments in comparison to short short-term consumer services, and the selective assistance for specific economic sectors and activities has significant repercussions into the whole of Neamt's County development agenda, as even representatives from other local authorities acknowledged (AM, Head of Tourist Office, Tirgu Neamt Municipality, interview, 28/05/2008).

The development of tourist industry constitutes the major development strategy at the local level, where the Piatra Neamt Municipality has exercised a considerable amount of impact. However, these particular interventions have been characterised negatively by many interviewers due to the lack of a broader development strategic plan (MV, Head of Programming Office, Neamt Count, interview, 02/04/08), the ignorance of environmental damages ( CA, General Secretary, Chrysanthema NGO, interview, 29/06/08) as well as for the personal economic benefits of the Mayor, as the main contractor companies belong to his kids and other members of his family (FH, Chief Editor, Ceaclau Newspaper, interview, 24/06/08). Furthermore, nearly all the participants in the research have stressed the very close political affiliation of the Mayor with his party (PDL) that resulted in the 'orange transformation' of the city

(figure 8.12), where most of the tourist development interventions acquired a very distinctive orange colour, similar to the colours of the PDL party's logo.

Figure 8. 12: Examples of the 'orange transformation' of Piatra Neamt as part of the local tourist development strategy

	
<p>a. The Headquarters of the PDL Party</p>	<p>b. Renovation of blocks of flats in the city centre</p>
	
<p>c. Painting the Kiosks orange for free</p>	<p>d. The 'orange tele-gondola' in Piatra Neamt</p>
	
<p>e. The new football stadium</p>	<p>f. The new logo and colours of the local football team</p>

Source: own pictures



### **8.5.3 *Development strategies at the regional level (2000-2006)***

As explained earlier in this Chapter, the main purpose behind the establishment of the Development Regions (DR) in 1997 was the integrated management of European Funds. Hence, the DR is considered as the institutional output of the strategic agreement between the Romanian Government and the European Commission in 1996 (Baga 2004) and not as a result of domestic economic and political activity (Gallagher 2005). Nevertheless, in a short time, the DR became one of the most important parameters for local development and government policies (Murray and Armeanu 2005). Within this framework, Neamt's proposed interventions for local development were highly dependent and determined from the content of the North East Development Region's strategies.

From 2000 to 2006, three different regional strategies have been drafted by the NEDR covering periods of one to three years (2000-2002, 2002-2005, and 2004-2006). The relatively short time frames for these strategies have been preferred because of the inexperience of the responsible institutions with this particular type of regional strategies (RDA 2000, 2002, 2003). Clearly, both the EU and the Romanian government have treated these strategies as an on going practical exercise aimed at improvement of regional institutions' capacity in delivering quality projects for local development. Hence, short periods of two-three years constituted a suitable time for 'learning by doing' the procedures of designing, submitting and acquiring funding from the EU's Structural Funds. It was certainly 'a hard period for all the employees (in the NEDR) as we did not know actually what we were supposed to do and more importantly how to do it' (Murray and Armeanu 2005, p. 226). Furthermore, there was a need for Romania to synchronise its programming periods with the rest of the CEE post-socialist candidates and also with the existing EU member states.

The successive regional strategies in the North East constituted in a way the mean for the transition from the institutional foundation of Development Regions to tangible development interventions. Generally, the progress made during the formulation of these three strategies is acknowledged as successful by the NEDR executives. All of them agree that these short-time strategies have increased their capacity for drawing up local development plans and secure significant resources from the European SF.

However, it seems that this success only refers to the experiences gained with regards to formal procedures and not to the essence of the processes, which is the effective confrontation of local needs and expectations in the North East in general and in Neamt County in specific.

Table 8.1: Structure of the North East R.S. during the pre-accession period

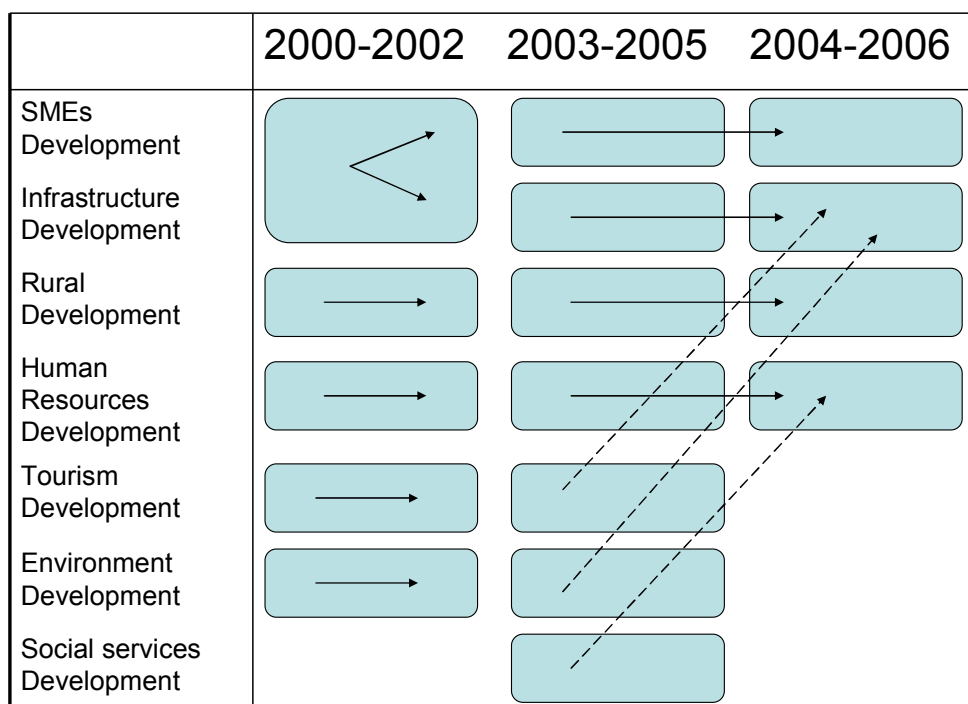
	GENERAL OBJECTIVE	SPECIFIC OBJECTIVES	PRIORITIES or INTERVENTION AXIS	MEASURES	STRATEGIC DIRECTIONS or PRINCIPLES
2000-2002	1	3	5	31	9
2003-2005	1	3	7	28	
2004-2006	1	4	4	14	3

Sources: RDA 2000, 2002, 2003

Table 8.1 depicts the different structure among the three regional strategies in terms of the final number of specific objectives, priorities, measures and principles. The accumulative experiences of the successive drawing of strategies and the influences from European regional authorities via the twining programmes are clearly obvious in the final programming period. Implementing the principles of integration and concentration of resources through the intervention axis and measures, the 2004-2006 regional strategy succeeded to having a similar structure and appearance to western European regional development plans. In this aspect, the regional authorities of the North East and especially the RDA that was mainly involved in the formulation of the plans proved they had gained the necessary ‘know-how’ to respond to the greater challenge of funding after the EU accession.

Diagram 8.13 represents the main thematic aspects of intervention by the different strategies. These themes were organised into one category that represents the intermediate channel from the general strategic objectives to specific policy measures. Although this category had different name for each of the regional strategies (priorities, strategic priorities, intervention axis), it had the same role and the similar agenda of interventions to carry out in each period.

Diagram 8.13: The Evolution of the thematic/sectorial intervention aspects of the North East regional strategies during the pre-accession time.



Source: RDA 2000, 2003, 2004, own elaboration

Notes: The unified ‘SMEs and Infrastructure Development’ (2000-2002) has been split between different axes (2003-2005 and 2004-2006). The autonomous ‘Tourism Development’ and ‘Environment Development’ (2000-2002 and 2003-2005) have been merged and downgraded to measures on the ‘Infrastructure Development’ (2004-2006) axis. The ‘Social Services Development’ axis (2003-2005) has been incorporated as measures on the ‘Human Resources development’ axis (2004-2006).

Thus, the content of the last strategy’s intervention axis is comprised by the content of the previous priorities or strategic priorities. Some of these themes have been put forward under the same or very similar goal and most of them have kept the initial name as well. Rural development and human resources development for instance, exist through out all the programming periods as autonomous interventions axis whilst the single SMEs and infrastructure development priority has split to business development and infrastructure development. Some other axes have ceased to exist separately and have merged with the remaining axes during the 2004-2006 strategy. For example, the tourism and environment development have been used as input into the infrastructure development axis whilst the social services development has been transformed in measures within the human resources development axis.

This change in the structure illustrates perhaps a variation of the importance for each priority but it could also mean a procedural application of the integration and concentration principles. Nevertheless, given the fact that the initial setting-up of these interventions themes was the result of eight RDA officials' brain storming (Murray and Armeanu 2005) demonstrates two facts: firstly, that the principle of partnership has not actually been applied and that the content was probably more the result of a simple 'copy and paste' process. This, in turns means that the formality of structure rather than the essential content of the strategies were the main concern of the involved actors.

Similarly, the money allocation of the intervention axis and measures suggest that the continuous re-drawing of regional strategies was actually a practical exercise for the post-accession period rather than an actual re-formulating of the development plans. SC (Head of Project Development Office, NE RDA, interview, 25/03/2008) admits that 'despite that two members of the team were responsible for updating the existing measures and preparing new actions for the next strategy, the senior officers never took our proposals' seriously into consideration. TR (interview, 09/04/2008), the executive director of the SMEs Association in Neamt, comments on RDAs 'persistence' on the same intervention axis characterising it as 'clear proof that they only change the order and the money and the titles but not the context of what they think is best for the region'. On the other hand GS (Executive Director, NE RDA, interview, 08/02/2008) although agreeing that the intervention axes are very similar in the description, she argues that there is a significant degree of diversity at the lower level of measures, which according to her 'is the most important, this is the details of the strategy'.

Even at these levels of measures however, there are significant similarities not only on the titles of the actions but also on the resources distributed among them. The axis and measures described table 8.2 manifests the coincidence of the measures that were anticipated to absorb the huge majority of the available funds in each strategy. Notwithstanding the small differences on the final definition, both the measures are referring to basic, large scale infrastructures for improving the living standards and facilitating the business creation.

Table 8.2: The two top priorities of the North East regional strategies

REGIONAL STRATEGY	INTERVENTION AXIS	MEASURE	CODE	MONEY ALLOCATED in millions €	PROPORTION UPON TOTAL BUDGET	TOTAL
2000-2002	SMEs	Assistance and support for SMEs	1.4	50 €	15%	30%
	Infrastructure	Physical infrastructure development	1.6	50 €	15%	
2003-2005	Infrastructure	Rehabilitation of access roads to industrial, touristy and mountains areas	7.1	538 €	48%	66%
	Infrastructure	Utilities infrastructure in urban areas	7.4	198 €	18%	
2004-2006	Infrastructure	Development of a tourism infrastructure in order to promote the tourism potential of North East region	1.2	15 €	11%	53%
	Infrastructure	Development of the infrastructure in order to improve the life standard in North East region	1.3	58 €	42%	

Source: Based on RDA 2000, 2003, 2004, own elaboration

Notes: The last column illustrates the high proportion of the total budget that ‘Infrastructure’ axis absorbed in all the Regional Strategies. In this way, the great importance conveyed in this particular intervention by the RDA is revealing.

Unfortunately, most of the regional strategies did not have a specific geographical location for each measure and none of them had an effective monitoring and reviewing mechanism. Also, the strategy itself had a kind of ‘symbolic’ character as many measures have never been funded and the intervention tools were not always associated with the strategy’s structure. As it has been mentioned earlier, the EU’s originated PHARE, ISPA and SAPARD were the main financial tools and programmes used complemented by several national programmes and other international organisations’ contributions.

The entire structure of the first two strategies and most of the third one implied that every single measure would be implemented all over the region and in a ‘fair’ proportion ‘according to the size and population of each county’ (GS, Executive Director RDA NE, interview, 08/02/08). What however matters are not the intentions but the actions. For the case of Neamt, its proportion as beneficiary of the development measures that took place during the period 2000-2006 is presented on table 8.3.

Table 8.3: Implemented Programmes in the Judetul Neamt by the North East RDA for the period 2000-2006

cn	Name of the Programme	Objectives	Number of Projects	Amount of Reimbursable	Worth of the Projects (total)
1	Policies for Development and Cohesion (PHARE RO 9807.01)	-increase economic activity, develop private sector -improve potential local tourism -develop human resources	20	1.052.914 €	3.668.602 €
2	Develop the North East Region (HG 1116/2001)	-creation of goods and services of higher quality -creation of work places -support the development of commercial companies with Romanian private capital	26	9.018.001 RON	
3	Schedule for consultancy and training of micro, small and medium enterprises, MSMEs (PHARE 2000 CES)	-promotion of market opportunities for MSMEs and stipulation of intra-firm cooperation -promotion of technical standards for MSMEs to meet international quality -improvement of information and communication access for MSMEs	1	29.052€	48.420€
4	Schedule for reimbursing recently created SMSEs (PHARE 2000 CES)	-support investments for MSMEs to introduce modern technology -support the creation and the development of MSMEs -support the development of industrial sectors where the area has a competitive advantage	15	616.195€	1.154.805€
5	Develop Human Resources within the context of industrial reconstruction (PHARE 2000 CES)	-qualify and retrain the work force -improve measures for active employment -promote social inclusion for disadvantaged groups	13	799.118€	1.298.574€
6	Provide Credit for MSMEs (PHARE 2000 CES)	Support the development, by this flexible and efficient financial scheme, only for viable MSMEs that can demonstrate an appropriate profit rate	4	62.215€	417.318€
7	Assistance for MSMEs (PHARE 2001 CES)	-support investments for the development of existed and recently created MSMEs -assist investments in existed MSMEs for creating work places in the target zones -diversify and improve the quality and the quantity of the products and services offered	16	898.205€	1.521.846€
8	Schema for investments in social services (PHARE 2001 CES)	-develop the capacity for social assistance -rehabilitate housed for elderly people -develop services for providing care at home for older people -support social inclusion and effective integration in work market for vulnerable social groups	6	644.178€	787.028€
9	Investment and Development – Institutional component: Professional and Technical Education (TVET)	-modernisation of the education system (professional and technical education) -adaptation of efficient mechanisms to coordinate the professional training -modernisation of current educational networks	4	816.709€	816.709€
10	Schema for financing projects of small infrastructures (PHARE 2001 CES)	-develop local infrastructure, rehabilitate urban environment and increase the quality of life within the zones of industrial restructure -rehabilitate historic and cultural heritage	2	1.049.895€	1.264.869€
11	Develop Human Resources (PHARE 2002 CES)	-develop skills of work force with emphasis on managerial and entrepreneurial skills -facilitate access to work market through intensification of measures for active employment	19	1.022.083€	1.150.125€
12	Regional Infrastructure (PHARE 2002 CES)	Rehabilitate touristic area of Monastery Agapia	1	4.253.371€	4.784.983€
13	Sub-programme 'Invest in Social Services'	-develop the capacity of social assistance system, measures for social services for vulnerable groups -creation, re-organisation and rehabilitation of care centres for elderly people and develop support services at their homes - creation, re-organisation and rehabilitation of care centres for teenagers in difficulties	6	1.701.287 RON	2.329.457 RON

Source: RDA 2006

Together with the name of the programmes in the second column of table 8.3 there is a reference to the funding mechanism and/or the funding source for each programme implemented. Clearly, the European Union's funds are by far the main source of capital for the development projects in Neamt County with a total amount of €11,243,835 or 81% of the total cost. The remaining 19% or €2,595,469 of the total cost for the development interventions in Neamt was covered by central government funds, leaving in that way no liabilities for the local authorities and private sector of the county.

The main EU funding scheme that has been exploited by the RDA, not only in the case of Neamt but for the entire region, was the PHARE. The capital absorbed by the PHARE for the Neamt's projects was in the form from different EU's allocations started in 2000, 2001 and 2002 with duration from two to five years. The capital finally absorbed for Neamt's development initiatives reached 66% of the total value of the programmes, a percentage which was appreciated by the RDA executives as really a big success given the small experience and the understaffed agency. ISPA and SAPARD on the contrary have not attracted such large interest by the RDA as they were considered 'more complicated to take money and with a very narrow subject' compared to the PHARE (SC, Head of Project Development Office, NE RDA, interview, 25/03/2008).

Referring to the earlier explanation, despite the formulation of the regional strategies with specific priorities and measures the implementation of actions in the field did not use this structure as a guide. The 'golden rule', as all the members of the NE RDA has comment on the practice applied during the pre-accession period, 'was (that) we (RDA) proceed with any action that has secured the money from the PHARE no matter if it was or not in the current regional strategy' (SC, NE RDA Project Development Office, interview, 25/03/08). This basically means that several actions that were predicted within the strategy have never been applied in reality and at the same time, other actions that were implemented at this particular period were not included in any of the regional strategies.

The very loose connection between the main priorities of the three successive strategies and the finally approved and funded programmes is clearly evident with a simple comparison. Generally, only the priority of SMEs or broader Business Support measures demonstrates a strong connection among the predicted and the implemented measures. There are also some coincidences in actions related to tourism (1.PHARE RO 9807.1 and 12.PHARE 2002 CES in Table 8.3) but to a significantly lesser degree than was anticipated in all the strategies of this period. The rural development is probably the most ignored priority notwithstanding the fact that it continued to constitute one of the four main intervention axes throughout all the regional strategies, yet there is not a single programme or even a measure funded to correspond with this provision. On the contrary, urban centres managed to secure financing for small infrastructures (10.PHARE 2001 CES), which however represent the only intervention in the highly promoted need for roads, airports, water, sewerage and heating infrastructure. Finally, human resources present some small degree of concurrence between actions requisitioned and accomplished. For instance, a measure concerning the development of managerial and entrepreneurial skills was part of all the strategies (measure 4.5 in 2000-2002, 1.4 in 2003-2005 and 4.2 & 4.3 in 2004-2006) and also a specific action of the developing human resources programme (10.PHARE 2002CES).

On the other hand, several actions that have been implemented in Neamt County by the RDA had never been predicted in any of the regional strategies. The main subject of these actions is social policy and they usually target specific groups of people. They have also been funded by both the EU and the national government programmes. For instance, although it was not part of any strategy, measures concerning the establishment of care systems for elderly people (8.PHARE 2001 CES and 13.INVEST IN SOCIAL SERVICES) and the improvement of care centres for teenagers in difficulties (13.INVEST IN SOCIAL SERVICES) were basic parts of the intervention policies in Neamt County during the pre-accession period.

In order to overcome the absence of territorial settings concerning the geographical locations of each intervention axis and measure, RDA officials suggest that all the strategies were formed based on the principles of 'fair and proportionate' allocation of the money among the counties. With no analytical description of the mechanism and



the criteria used in the final decisions of distribution, senior officers of the RDA explained that they ‘had in consideration values such as the area covered the population and the level of GPD per county, [...] the common acceptable and recognisable criteria for all the development policies’ (GS, Executive Director, NE RDA, interview, 08/02/2008). Table 8.4 presents all the details concerning the funding of each county in the North East region. In this way it allows the comparison about not only the level of funding for each county but also the priorities that have been put forward.

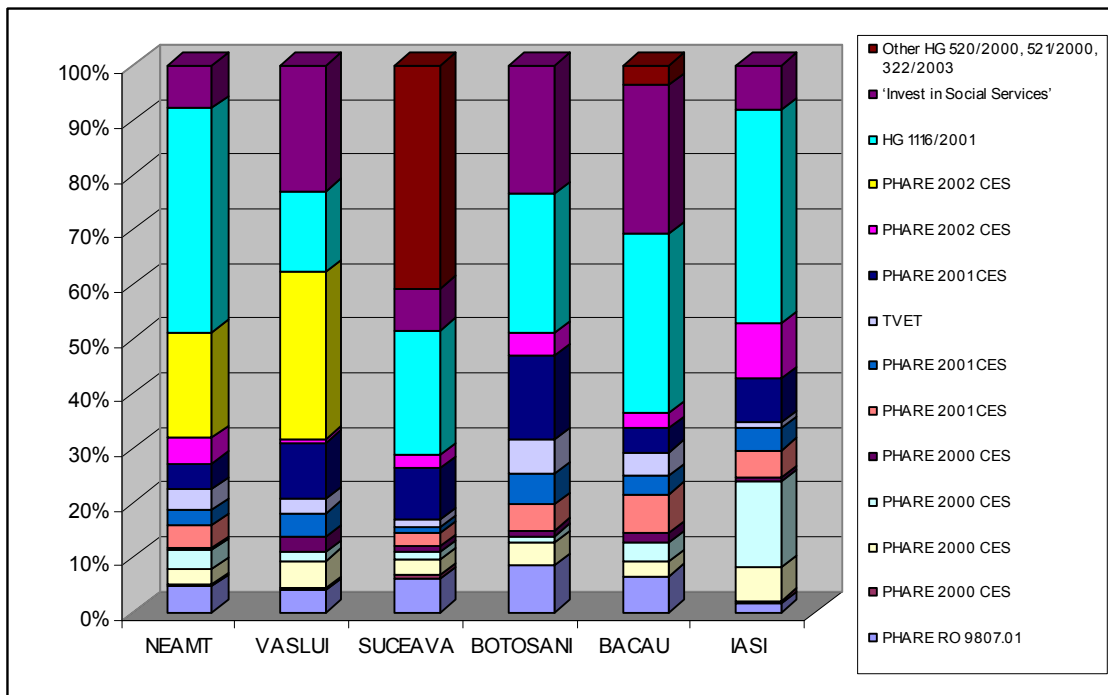
Figure 8.14 depicts the major priorities of intervention in each county in the North East region. Unfortunately, the incoherent description of the mechanism and the criteria used by the RDA officials do not permit the verification of the ‘fair and proportionate’ principle. It provides however, the opportunity to underline what the most important sectors of intervention were, based on a relative comparison with the rest of the counties.

For a specific set of PHARE funded programmes, Neamt is very close to the average level of allocated capital in each county. Programmes related to cohesion and development, the technology transfer to SMEs, the improvement of human resources and small scale infrastructures belong in this group. In several other actions related to SMEs’ quality improvements, social services and vocational training, the proportion of funding to Neamt is slightly above the average. On the other hand a group of measures referring to social services and SMEs training and credit facilitations have secured funding levels below the average. There are two specific programmes however, where Neamt was funded significantly above the average level. The first of them refers to human resources development and especially in the promotion of managerial and entrepreneurial skills and the other to general infrastructures that was directed to tourism development (10.PHARE 2002 CES & 11.PHARE 2002 CES in Table 8.4).

Table 8.4: Number of Projects, Amount of Reimbursable & Total Worth 2000-2006

			NEAMT	VASLUI	SUCEAVA	BOTOSANI	BACAU	IASI	NORTH EAST REGION
1	PHARE RO 9807.01	N.O.P.	20	11	27	19	16	31	124
		R.A.	1,052,914 €	484,711 €	1,334,465 €	839,687 €	885,234 €	145,457 €	4,742,468 €
		T.W.	3,668,602 €	989,399 €	5,389,727 €	1,769,825 €	2,685,778 €	3,492,307 €	17,995,638 €
2	PHARE 2000 CES	N.O.P.	1	1	2			1	5
		R.A.	29,052 €	41,750 €	123,392 €			39,943 €	234,137.000 €
		T.W.	48,420 €	79,450 €	205,772 €			67,700 €	401,342.000 €
3	PHARE 2000 CES	N.O.P.	15	16	14	12	8	13	78
		R.A.	616,195 €	633,622 €	639,404 €	430,975 €	351,413 €	555,139 €	3,226,748 €
		T.W.	1,154,805 €	1,156,584 €	1,273,775 €	898,320 €	737,434 €	1,149,814 €	6,370,732 €
4	PHARE 2000 CES	N.O.P.	13	5	6	4	10	24	62
		R.A.	799,118 €	189,811 €	324,954 €	114,616 €	457,318 €	1,421,339 €	3,307,156.000 €
		T.W.	1,298,574 €	289,536 €	505,093 €	157,234 €	692,738 €	1,999,277 €	4,942,452.000 €
5	PHARE 2000 CES	N.O.P.	4	4	10	2	4	2	26
		R.A.	62,215 €	349,050 €	195,720 €	99,907 €	258,000 €	82,745 €	1,047,637 €
		T.W.	417,318 €	649,250 €	1,353,942 €	676,326 €	1,722,842 €	584,716 €	5,404,394 €
6	PHARE 2001 CES	N.O.P.	16		7	7	12	6	48
		R.A.	898,205 €		540,995 €	467,969 €	942,473 €	452,280 €	3,301,922.000 €
		T.W.	1,521,846 €		931,884 €	881,718 €	1,648,487 €	775,619 €	5,759,554.000 €
7	PHARE 2001 CES	N.O.P.	6	4	2	6	5	2	25
		R.A.	644,174 €	541,388 €	237,282 €	546,430 €	453,555 €	356,185 €	2,779,014 €
		T.W.	787,028 €	624,250 €	312,745 €	614,430 €	531,934 €	403,356 €	3,273,743 €
8	TVET	N.O.P.	4	2	3	6	3	1	19
		R.A.	816,709 €	327,040 €	315,112 €	621,413 €	575,791 €	96,960 €	2,753,025.000 €
		T.W.	816,709 €	327,040 €	315,112 €	621,413 €	575,791 €	96,960 €	2,753,025.000 €
9	PHARE 2001 CES	N.O.P.	2	2	4	3	2	1	14
		R.A.	1,049,895 €	1,261,432 €	2,035,949 €	1,532,182 €	572,215 €	736,734 €	7,188,407 €
		T.W.	1,264,869 €	1,438,735 €	2,296,485 €	1,755,123 €	652,115 €	828,681 €	8,236,008 €
10	PHARE 2002 CES	N.O.P.	19	2	9	8	6	18	62
		R.A.	1,022,083 €	87,054 €	533,351 €	420,365 €	370,000 €	930,085 €	3,362,938.000 €
		T.W.	1,150,125 €	91,770 €	660,528 €	470,163 €	427,005 €	1,124,522 €	3,924,113.000 €
11	PHARE 2002 CES	N.O.P.	1	1					2
		R.A.	4,253,371 €	3,780,932 €					8,034,303 €
		T.W.	4,784,983 €	4,404,627 €					9,189,610 €
12	HG 1116/2001	N.O.P.	26	9	20	8	14	13	90
		R.A.	RON 9,018,001	RON 1,826,667	RON 5,007,341	RON 2,518,610	RON 4,395,608	RON 3,546,834	RON 26,313,061
		T.W.							
13	'Invest in Social Services'	N.O.P.	6	15	6	11	14	3	55
		R.A.	RON 1,701,287	RON 2,837,277	RON 1,676,859	RON 2,338,116	RON 3,678,900	RON 741,688	RON 12,974,127
		T.W.	RON 2,329,457	RON 3,547,234	RON 2,180,174	RON 2,803,931	RON 5,854,707	RON 884,230	RON 17,599,733
14	Other HG 520/2000, 521/2000, 322/2003	N.O.P.			25		4		29
		R.A.			RON 8,923,760		RON 472,556		RON 9,396,316
		T.W.			RON 18,538,264		RON 1,131,336		RON 19,669,600

Figure 8.14: Intervention per county and total funding 2000-2006



Source: Based on RDA 2006, own graphic elaboration

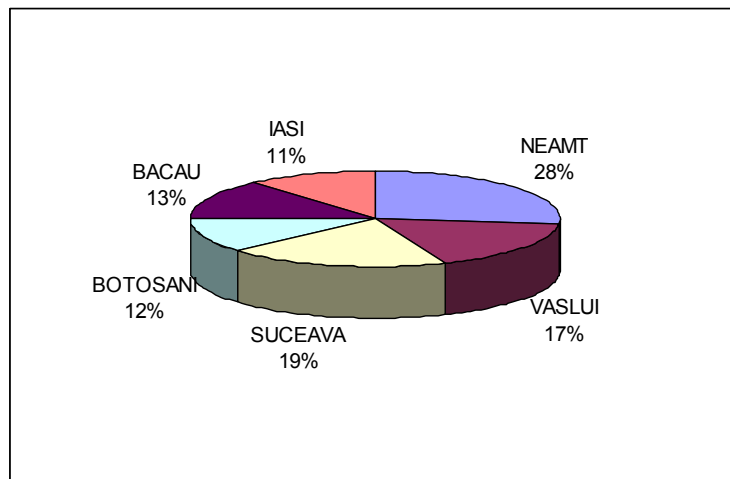
In relation to the other source of funding, the central government of Romania has only participated in two out of five development initiatives in the region (HG 1116/2001 with green colour and other HG with red colour in figure 8.14). In one of them, which was connected to the improvements on social services towards specific target groups, the funding proportion for Neamt was below the average allocation of money in the region. On the contrary, Neamt had been reinforced with significantly higher proportion of funds in a programme aimed at local development with simultaneous increase of new job placements.

It becomes obvious that the relative comparison of the allocated funds between Neamt and the rest of the counties does not lead to a clear conclusion concerning the priorities of the county. In some cases, such as the SMEs development, there are different rates of proportional distribution due to small differences in the description of the measures or the use of another's year PHARE budget.

Figure 8.14 however, could not confirm the implementation of the 'fair and proportion' principle in the money used by each county. Although the criteria

mentioned by the RDA officials cannot give a clear picture of what should be expected for each county, it sounds logical to assume that Neamt would be very close to the average line as this is its position shown by a set of various indices: Neamt has a covered area of 5896 km<sup>2</sup> when the average in the region is 6141 km<sup>2</sup>, population of 570.000 when the average is 620.000 and 1974€ GDP/inhabitant when the mean is 2020€ in the region. During the pre-accession period however, Neamt County appears to have been allocated to more than a quarter of the total, European and national funds allocated in the region. More importantly, Neamt has been funded by more than the double that of three other counties in the region while it is well ahead of the second Suceava and Vaslui with 19% and 17% respectively (figure 8.15).

Figure 8.15: The proportional allocation of funds per County 2000-2006



Source: RDA 2006, own graphic elaboration

#### **8.5.4 The Regional Operation Programme (ROP) 2007-2013**

Although the core concept of PHARE ECS was to constitute a useful exercise for regional institutions for the management of the Structural Funds in the aftermath of Romania's accession to the EU (ROP 2007, p.109), the ROP 2007-2013 was designed to cover the whole country within a uniform structure of priorities. In spite of the experience gained by the DR, central government in Romania believed that the effectiveness of interventions and outputs created the necessity for a centralized national planning of the local and regional development plans.

In a paradoxical way, although the ROP detects the distinctive socio-economic characteristics and disparities between regions, it finally proposes a common set of intervention axes for all of them. There is no provision for particular policies responding to specific problems and needs across the country. Similarly, despite the recognition of serious disparities within the regions there are yet again no special actions to confront particular problems for each case. Although following a different regional strategy pattern, the ROP has adopted exactly the same intervention priorities for all the regions. The only differentiation concerns the total amount of funds allocated in each region, which is an output based on abstract and even controversial criteria, such as the population density and the total distance (in kilometres) of national road, and not on measures tailored to specific problems. As a result, the regions and all the localities within the regions must align their needs to the priorities decided centrally by the ROP in order to secure the funding for their projects.

Having common priorities but separate demands for proposal submissions in each region means that a highly inter-regional competition for approval would be expected. This unfortunately means that the divergent trends would not only be preserved but also accelerated as the more developed areas of a region will have more chances to secure the funding approval compared to a less developed region because of their capacity in submitting 'good quality projects'. This unfavourable possibility has been identified earlier by the RDA officials and the international advisors/experts working in the area during the first stages of the ROP's consultation process. However, their proposals for the establishment of a separate category of action refer to the regions which are lagging behind and securing the funding without competition has been completely ignored and dismissed by the Central Regional Planning Committee in Bucharest.

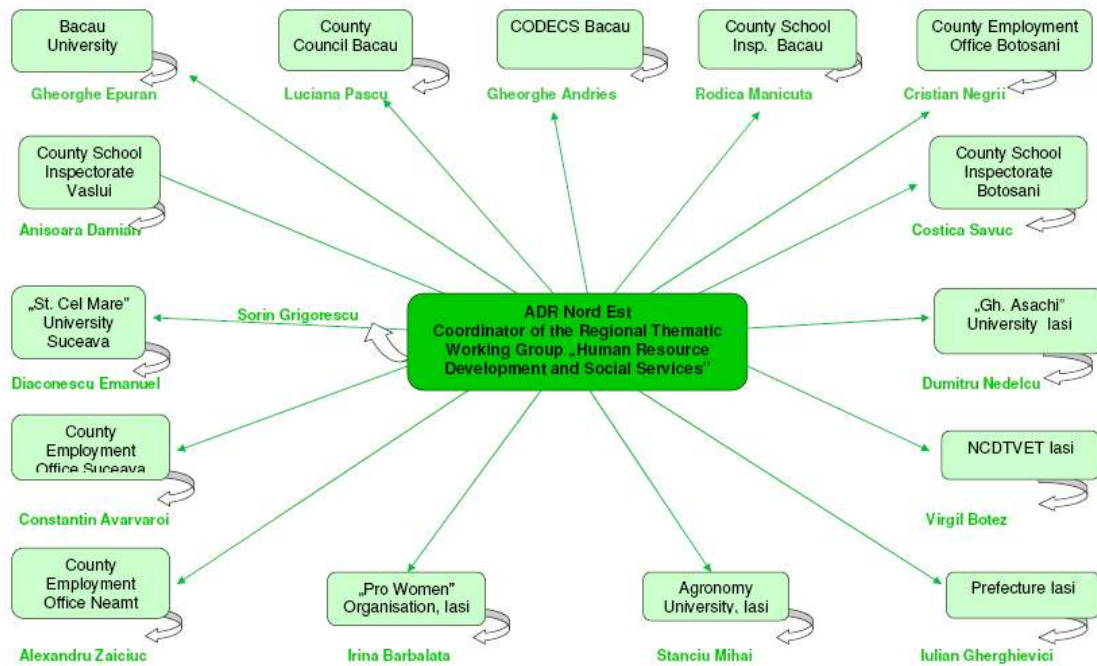
In this highly problematic environment it is extremely difficult to recognise any type of sectorial preferences for each county within a region. Hence, it is hard to distinguish specific areas of intervention that Neamt County would prefer to be funded for, especially when the average position of the county in nearly all the indexes and categories within the region is taken into consideration. Also, as the ROP intends to cover a period from 2007 to 2013, therefore payments continuing for

several more years, it is impossible to use data from the projects approved during a one or two year period of implementation.

An indicator however, that could provide useful insights about the interests of Neamt County and/or the role that the RDA has imagined for it in the regional economy and society, could be extrapolated by the composition of the sectorial planning committees of the North East Region. More precisely, the participation of either a small or large delegate from Neamt County with the composition of this delegation providing a suggestion about the importance that several actors from Neamt have recognised for each sector.

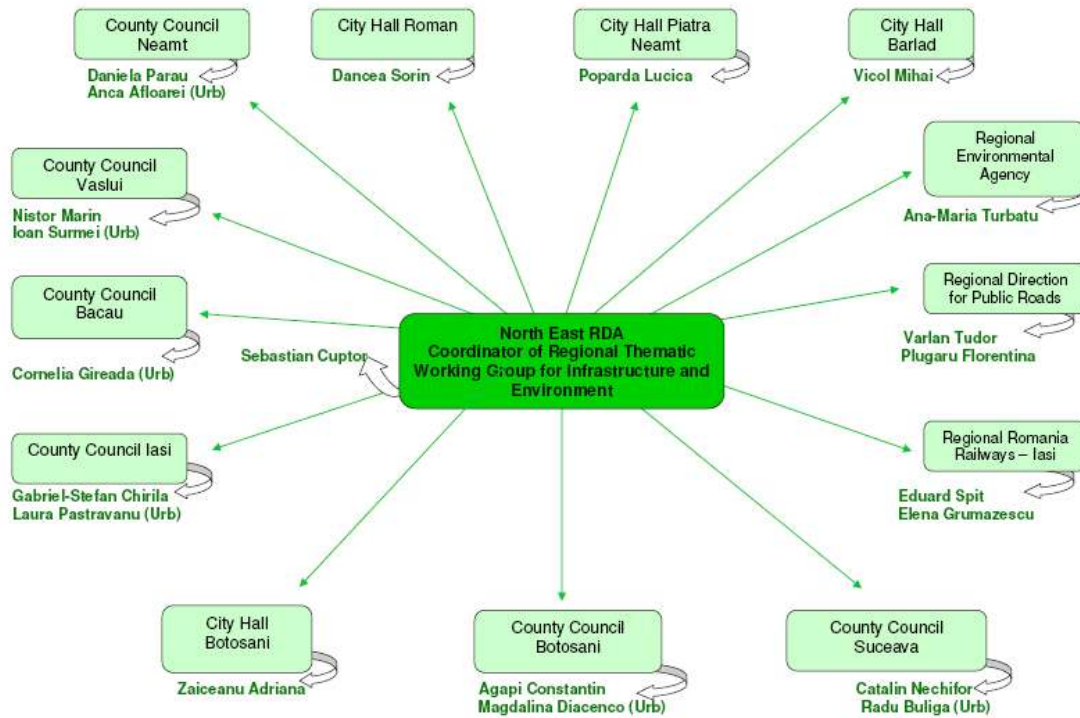
Figures 8.16, 8.17, 8.18, 8.19 illustrate the participate members of the North East Sectorial Committees, in other words the thematic working groups for various economic sectors in the North East. According to the GD1323/2002, there are detailed guidance rules that must be followed although the final decision concerning the composition of these groups belongs to the Regional Authorities, which means the RDA and the RB. Also, as the GD has underlined, each actor interested in a particular sector of the local economy could ask to participate in the relevant group, giving reasons and obtaining the approval from the RDA first.

Figure 8.16: The Composition of the thematic group ‘Human Resources’



Source: RDA 2006

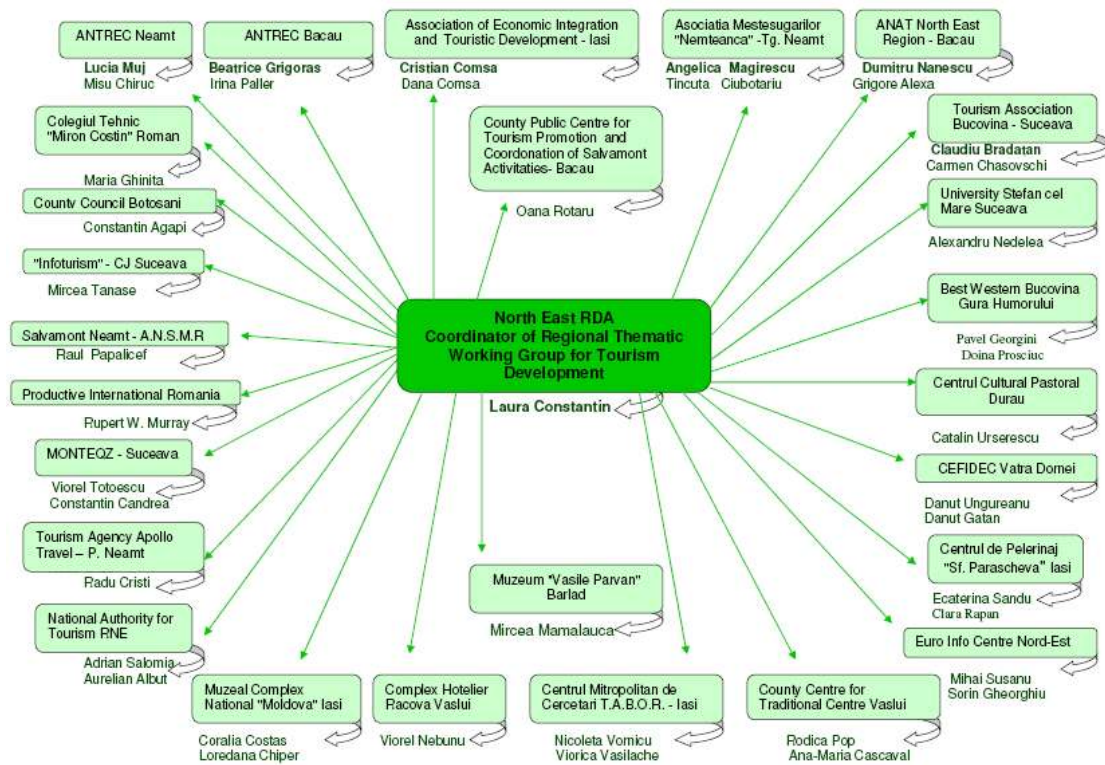
Figure 8.17: The composition of the thematic group ‘Infrastructure and Environment’



Source: RDA 2006

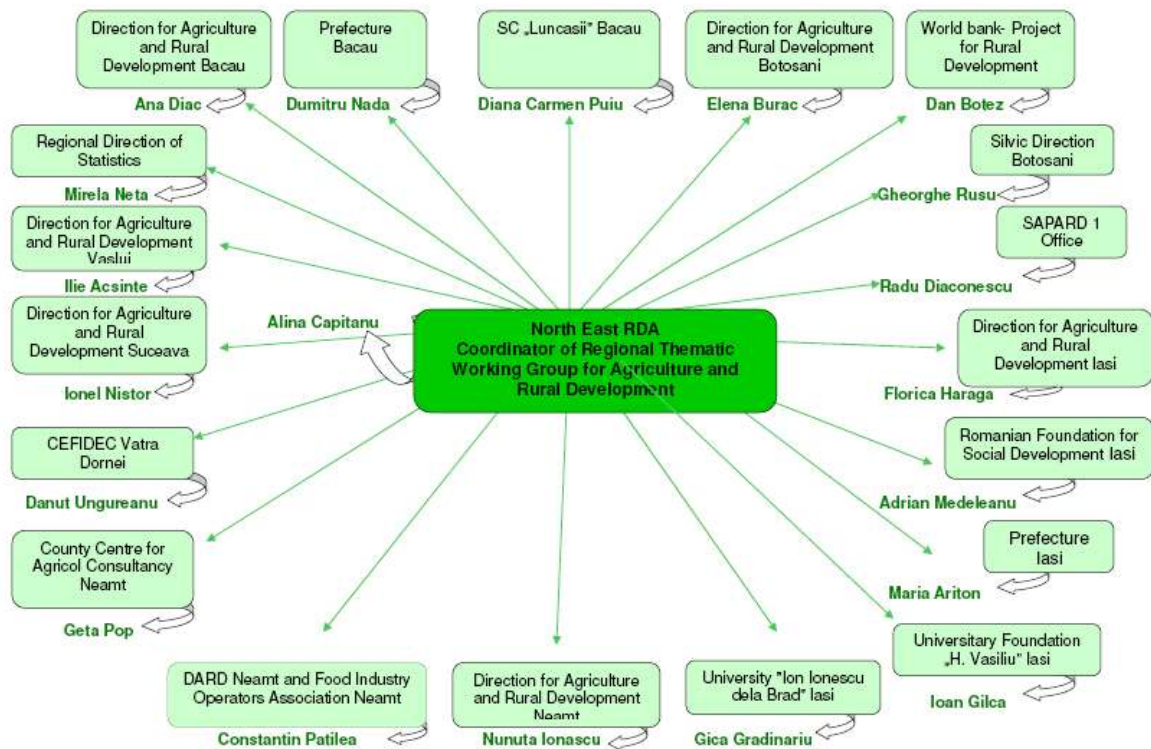


Figure 8.18: The composition of the thematic group ‘Tourism’



Source: RDA 2006

Figure 8.19: The composition of the thematic group ‘Agriculture’

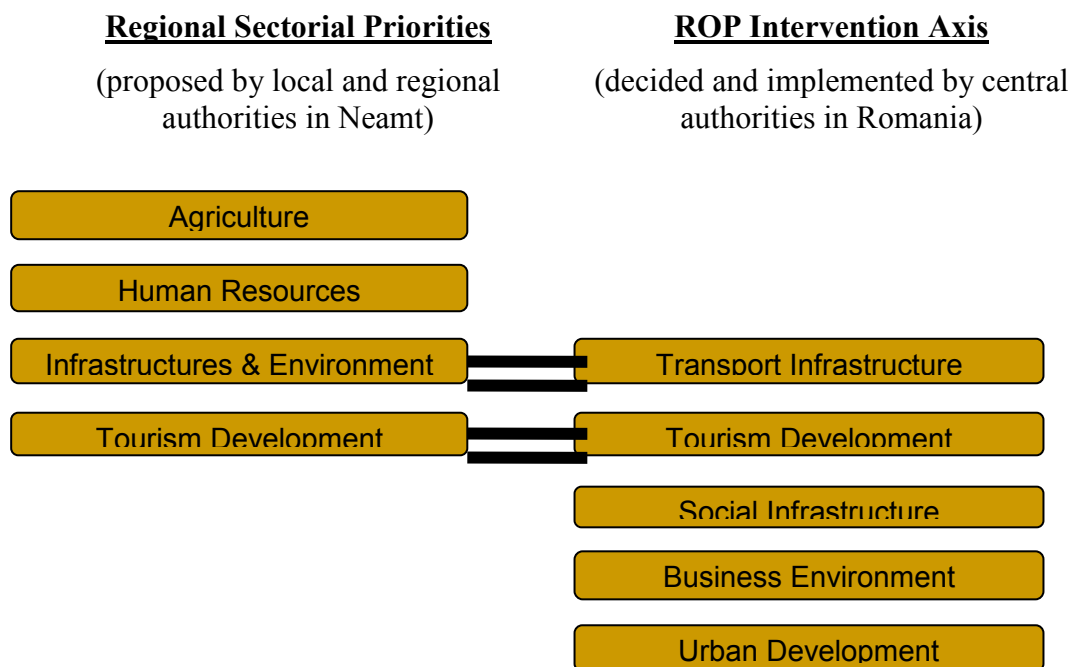


Source: RDA 2006



What is obvious from the beginning is the non-conformity between the ROP's thematic working groups in North East Region and the ROP's confirmed priority axes. There are only two out of the four working groups that slightly correspond to two out of five priority axes of ROP (figure 8.20): the 'infrastructure and Environmental' working group corresponds to the first priority axis 'improvement of regional and local transport system' and the 'tourism' group matches with the fourth axis 'sustainable development of regional and local tourism'. The remaining two sectors of the working groups might have, more or less, incorporated measures or key areas of intervention but they have not constituted a distinct priority axis. This dichotomy of priorities at the local and central level demonstrates clearly the absence of real power devolved to the sub-national authorities and also the controversial nature of their interests. In addition, it proves that the central committee has partially ignored in practice not only the different conditions in each region but also the proposals that the representatives of the regions have made

Figure 8.20: The mismatch between local Sectorial Priorities (based on the regional thematic groups) and National Intervention Axis



Own graphic elaboration

As far as the involvement of Neamt County is concerned, it seemed to enjoy a significant representation in the majority of groups. With the exception of the ‘human resources’ thematic group, Neamt County had the largest number of participants in the ‘tourism’ and ‘infrastructure’ working groups, which are those that have finally been included in the ROP, and also a satisfactory representation on the ‘agriculture’ thematic group (Table 8.5). The increased participation of delegates from Neamt in particular thematic groups would be an indicator not only of the County’s specific priorities but also of the Neamt’s increased ability to participate and influence the outcome of these groups in particular.

Table 8.5: Delegates in the thematic groups per County (Judet) for the ROP 2007-13

	BACAU	BOTOSANI	IASI	VASLUI	SUCEAVA	NEAMT	OTHER	TOTAL
HUMAN RESOURCES	4	2	5	1	2	1	0	15
INFRASTRUCTURE & ENVIRONMENT	1	2	1	2	1	3	3	13
TOURISM	3	1	4	3	5	6	4	26
AGRICULTURE	3	2	5	1	1	3	4	19
TOTAL	11	7	15	7	9	13	11	73

Source: RDA 2006

Notes: The increased participation (number of delegates) in specific thematic groups has been interpreted by all the interviewees from the North East RDA as increased interest of Neamt County’s local authorities in this set of actions/interventions.

The development of human resources could be interpreted as a relatively low priority sector in Neamt’s economy as the County was represented by the county employment office, the minimum number of actors that was actually imposed by the GD1323/2003. Although the direct relation of skills and knowledge with economic growth and development seems to have been understood by the local authorities, the absence of a university department in the county able to contribute to the human resources development has been mentioned as the main reason for this poor outcome. This argument is confirmed by the vast majority of representatives from the Iasi and Bacau Counties as the former constituted the traditional academic centre of Moldova and the latter comprised of the most developed industrial complex in region.

Agriculture seems to be more interesting for Neamt as its representatives involved in the relevant group were the second largest team after the Iasi’s delegation. More interestingly, one of the participants is originated by the private sector. The association of Food Industry Operators decided to express their willingness to

participate in this committee and the RDA had no objections at all as they believed that their job is directly related to the outcome of this committee. What makes the participation of this association in this working group interesting is the fact that it was the only private actor in the whole committee.

The 'infrastructure and environment' sectors proved to be relatively high on the priority list of the Neamt Authorities. In this working group, representatives from Neamt constituted the majority in the group having three members when the rest of the Judets had only one or two. The Neamt's delegation consisted of a member of the County and the biggest municipalities within the County, the capital city of Piatra Neamt and Roman. This composition is clearly oriented towards the local authorities with the largest influence in terms of politico-economic leverage and contribution to local development policies. Another important element of this particular committee's structure is the overall majority that the Neamt County has managed to acquire after the 'silent alliance' as SC (Head of Project Development Office, NE RDA, interview, 25/03/2008) has named it, with the delegations of the poorest counties in the region, the Botosani and Vaslui Counties. Although there are hints of political tendentiousness as all the representatives are related with the same political party, this informal alliance strategy demonstrates the priority that the poorest counties give to infrastructure investments and the great expectations they have from the ROP funding opportunities. In addition, it constitutes an indication that the political elite of the county are able to mobilise their power in order to secure a broader representation in a more interesting committee and to create a broader alliance with other actors in order to ensure and promote the development agenda of their preference.

Nevertheless the strongest presentation of Neamt's actors in several committees is on the tourism working group, that illustrates what the local authorities and other actors appreciate as the local development steam engine. In the most represented sectorial working group, Neamt County has a dominant role and the greatest influence of all the other counties in the formulation of the final output as it numbers 6 out of 26 members. Neamt's participation in this working group has also better geographical distribution as it is the only time that actors of the northern areas of the County have a seat in this delegation. Also, it is the only county that includes an individual entrepreneur next to business and trade associations.

## **8.6 The Key Actors and their System of Relationships**

### **8.6.1 Overview**

Romania enjoys the status of full EU membership since 1/1/2007. The successful completion of the accession undertaking generated new challenges, developments and potentials in the entire spectrum of policy repertoire. Inevitably, the local development and government paradigms experienced several changes as well. As it has already been analysed in previous Chapters, these changes have been characterised from the superiority of EU influence versus the domestic driving forces for reforms. As far as the final output and their contribution to improvements in the governance and development at local level are concerned, the majority of scholars remain deeply sceptical and dubious.

Among the various factors for this problematic drafting and implementation of reforms, the transformation of institutions and networking powers have been considered as crucial. This section examines closer the local/regional level of institutions as well as their networking interactions in order to reveal the driving forces behind power at this level. By doing this, it provides a set of explanations not only for understanding the new socio-political framework of local politics but also for comprehending the content of specific development initiatives. For this reason, the Social Network Analysis (SNA) is combined with information from the interviews' scripts in order to provide a better picture not only about the structure and the size of each institution and its relations with the others but also about the rationality behind specific choices and strategies.

As already stated previously, the effectiveness of local institutions on influencing national policies has been gradually diminishing from the communist time through the early transition and pre-accession period. In a form of counter-balance policy tools, the EU principles of partnership, subsidiarity and decentralisation, attempts to provide increased responsibilities and competences for local authorities and other 'partners' from the local level to decide upon local politics. Thus, in the pre-accession Romania, the interest has been diverted exclusively to the local/regional level and its actors. As

a result, the question about local politics has been transformed to whether, how and whom local actors are able to mobilise the available resources in order to promote local needs and interests in the local and national development policies.

Although personal connections and networks are of great importance for individual and institutional interests in a highly corrupted system where clientelism has been produced as a stable, pathogenic phenomenon, the social network analysis is mainly concerned with the institution's power, as this is depicted from their position on the domestic structure of relationships. At this stage of analysis, it should be clarified that the term institution is defined by the narrow meaning of organisation. However, through the comments and discussion of the SNA analysis, the 'informal' or 'soft' types of institution would be included when it is useful and/or necessary.

The core institutions for local development politics in Neamt are those that have participated on the thematic group, within the partnership structures that the Regional Development Agency (RDA) established during the drafting of the Regional Strategies 2000-2006 and the ROP 2007-2013. This group already constitutes a network of actors, which however, is based exclusively on legal regulation and not on voluntary and subordinates' willingness to cooperate. The representatives of different sectors and levels, although not with such a great division, are bound by law to participate in the thematic group. Taking into consideration however, the imbalances related to the type of institutions represented in this group (as it has been already explained in the previous Chapter), interviews were made with several other actors. Special attention was paid to incorporate the views of non-governmental and private institutions as they were completely absent or under-represented in Neamt's working group. All these additional institutions had or at least should have had an influence on local development politics, either directly or indirectly, and have been chosen either by the initial selection method or by snowballing, which of course represents the typical methodology for this kind of analysis.

The aim of the NSA is not only to depict the structure of the local network and the position/power of each actor based on the volume of their interconnections but to move beyond a simple classification of actors. It is important to answer not only who are the most powerful actors but also why this distribution of power happened and

how this power has influenced-if it actually has- the final outcome of local development and government policies. For this reason, the findings of SNA will be combined with explanations of the interviews in order to grasp the integral character of change in Neamt and more generally in Romania throughout this 'triple' transition process (Offe 1991).

### **8.6.2 *Conducting the Social Network Analysis***

The necessity to provide a better understanding of the types of actors/institutions as well as the degree and nature of their interrelations, advocates the conduction of a Social Network Analysis (SNA). The quantitative element that the SNA incorporates should not be seen as controversial to the highly quantitative approach of this study but rather as a supplementary insight to the research. Besides, as Philip McCann argues (2007, p.1209), 'one can regard certain aspects of regional analysis as raising topical questions and issues to be examined, while other methodological approaches always required in order to respond to policy questions'.

A major difference between the qualitative analysis of the interviews and the SNA is that for the latest requirements, the responses have exclusively been classified according to the institution instead of individual origin. The fact that nearly all of the representatives hold a high position (president, director, etc) within their organisation permits a relatively accurate display of the existence and frequency of their institution's interaction with the rest of the participants in this study. Thus, instead of thirty three participants, only twenty five organisations are included in the SNA.

Table 8.6 presents the list of actors that were interviewed with regards to local and regional development policies in Neamt County at the North East Region of Romania. The twenty five actors have been stratified according to their level (national, regional, local) and their sector (state, economy, society). An additional column provides the codes for each actor on the form which is going to be used in the SNA analysis by the UCINET6 special software. Thus, from the 25 interviewed entities, four take action at the national, ten at the regional and eleven at the local level. Similarly, nine of them come from the state sector, another seven from the field of economy and the

remaining nine represent the society/civil area. Finally, the last column provides the necessary information regarding their ‘employment relationship’ with the institution they represent. For instance, most of the actors at the national and regional level are appointed with one or other way, whilst the total of the local actors have a completely different relationship such as ‘elected’, ‘owner’ and ‘founder’.

Table 8.6: Actors/Institutions for local development in Neamt County

NATIONAL LEVEL (NUTS 1)	STATE	1	Ministry of Regional Development and Tourism	MNSTR	appointed
	ECONOMY	2	National Council of SMEs	NAT-SME	appointed
	SOCIETY	3	Romanian Academic Society	SAR	appointed
		4	University of Bucharest	UNIBUCH	appointed
REGIONAL LEVEL (NUTS 2 & 3)	STATE	5	North East Development Region	NEDR	in contract
		6	Neamt County Council	NMCC	elected
		7	Neamt Prefectura	NMPREF	appointed
		8	Neamt School Inspectorate	NMSCHL	appointed
		9	Neamt Statistics Office	NMSTAT	appointed
	ECONOMY	10	Chambers of Commerce	CoC	appointed
		11	Neamt SMEs Association	NM-SME	appointed
		12	Romanian Commercial Bank	BANK	appointed
	SOCIETY	13	University of Iasi	UNIIASI	appointed
		14	Neamt Roma Community	NMROMA	elected
LOCAL LEVEL (NUTS 4 & 5)	STATE	15	City Hall Piatra Neamt	CHPIATRA	elected
		16	City Hall Roman	CHROMAN	elected
		17	City Hall Tirgu Neamt	CHTIRGU	elected
	ECONOMY	18	MIDRAS Wooden Construction	MIDBUS	owner
		19	Hotel Bulevard	HOTEL	owner
		20	AMBIANCE Tourist Office	TOURSER	owner
	SOCIETY	21	Greek Community of Neamt	NMGREEK	elected
		22	Pentecostals	NMPENTIC	elected
		23	Hungarian Minority Club	NMHUNG	elected
		24	CIVES political thinking NGO	CIVESNGO	founder
25		CHRYSANTHEMA NGO	CHRUNGO	elected	

After the grouping of the participants according to their institutional origin, twenty five pairs of institutions have been created where the interaction of each one with the rest is examined (table 8.8). Using the transcripts once again, the responses of the interviewees have been evaluated in a scale from zero to five. When there was no

communication at all, the score of this particular pair was zero, whilst when interactions were taking place it was evaluated from one to five depending on their strength, estimated in ‘any type of communication and for any potential reason per week’ (Question D.6 from the Interview Schedule, Appendix C) as table 8.7 illustrates.

Table 8.7: The scoring of interactions among institutions in Neamt County

<b>VALUE</b> (number of any type and for any reason communications per week)	<b>STRENGTH</b>
<b>0</b>	<i>0</i>
<b>1</b>	<i>Very Weak</i>
<b>2</b>	<i>Weak</i>
<b>3</b>	<i>Moderate</i>
<b>4</b>	<i>Strong</i>
<b>5</b>	<i>Very Strong</i>

Additionally to the strength of interaction, information concerning the direction of this interaction was also incorporated. This kind of detail is extremely useful for the SNA as it can reveal important information about the role of each actor as the next sections are going to illustrate. Thus, table 8.8 summarises the data derived from transcripts as they were transformed in quantitative measures for the needs of the SNA. It should be underlined at this point that the actors on the vertical and horizontal axis of table 8.8 are exactly the same with a crucial difference however, at the vertical they appreciated as senders and at the horizontal as receivers of information. Also, instead of the whole code-name, actors on the horizontal axis appears only with their initial letter from their code name. For example, cell 1.2 shows a moderate interaction (3) of the Ministry of Regional Development and Tourism (MNSTR) with the National Association of SMEs (N), whilst cell 2.1 shows a strong interaction (4) of the National Association of SMEs (N) with the Ministry of Regional Development and Tourism (MNSTR). Furthermore, this is the reason of having the diagonal line always equal to zero as it shows the interaction of an actor/institution with itself.

Finally, it should also be mentioned that the numeric data of table 8.8 was the outcome of small auxiliary programmes been used. The use of two versions of the accessible free programme, Pajek (the txt2pajek and the excel2pajek) has allowed the transformation of data and the conducting of a Social Network Analysis through the



specialised UCINET6 software. Overall, notwithstanding the burden of additional training, the application of new technologies and specialised software serves two aims: firstly, it facilitates the organising of data and significantly eases the analysis and interpretation of the findings, and secondly, increases the reliability and validity of the research overcoming and refuting the stereotypical dichotomy, very often promoted by positivist approaches between qualitative studies and quantitative sciences.

Table 8.8: The strength and direction of communication among the participant actors\*

		1	2	3	4	5	6	7	8	9	0	1	2	3	7	5	6	4	8	9	0	1	2	2	2	2	2	2
		M	N	S	U	N	N	N	N	N	U	N	C	B	N	C	C	C	N	M	H	T	N	N	C	C		
1	MNSTR		3	2	2	5	3	3	3																			
2	NAT-SME	4			2	1	1			5																		
3	SAR	3	1		3	3	3		3		1																	
4	UNIBUCH	4	3	1		2	1	1	3		4	1																
5	NEDR	5	3			5	5	5	5	5	5	5	5			5	5	5										
6	NMCC	4	3			5		4	4	4	3	3	4	3	1	5	5	5										
7	NMPREF	5				5	5		5	4	2	5	4	2	1	3	3	3	1									
8	NMSTAT	2			1	5	5	5		3	5	5	5	3		5	5	5										
9	NM-SME		5			3	3	3	3		3	1		5		3	3	3		5	2	2						
10	UNIIASI	3	1		4	5	3	1	5	3		1	3	1	1	1	1	1	3									
11	NMSCHL				3	5	5	5	3		3		1		3	3	3	3										
12	CoC	1	1			5	5	5	5	1	4	3		5		5	5	5		3	2	2						
13	BANK					3	3	3	4	4		1	4		2	3	3	3	2	5	5	5						
17	NMROMA						1	1		2		3	4	2		2	2	5	4									
15	CHROMAN	3	3			3	3	3	3	3	3	3	3	3			1	1								1		
16	CHTIRGU	1				3	3	3	3	4	3	3	4	4														
14	CHPIATRA	4	1		1	5	5	5	5	5	5	5	5	5	5	1	1		1		2	3	1	1	1	1	5	
18	NMGREEK					3	2	4			2		1	3		2		4		5	5		1	1				
19	MIDBUS					2	2			5		4	5			1		4	5		2	2					2	
20	HOTEL					1	1	1		3		3	3	2				4	5	1		1	1	1				
21	TOURSER					1	1	1		3		2	4			3		4										
22	NMPENTIC															1		1										
23	NMHUNG															2		1										
24	CIVESNGO					2		1			1							2									4	
25	CHRUNGO					2	1	1										5								4		

\*The same actors appear in both the axes, once as senders (vertical) and once as receivers (horizontal) of information.

The social network analysis is intended to simultaneously reveal how the individuals are connected and what are the social structures within which individuals are connected. This duality of individual actors and network structure analysis are actually two sides of the same coin as both of them are based on one main question

that has to do with connectivity. The extent to which individuals are connected to others and the extent to which the network as a whole is integrated determines the constraints and opportunities for both of them ( Hanneman and Riddle 2005).

For individuals, differences among actors in how connected they are can be very useful for understanding their attributes and behaviour. A highly connected actor means that he/she is exposed to larger and diversified information. As a consequence, these actors would normally be more influential and also may be more influenced by others. Higher levels of connectivity could also mean higher ability to reach other actors and easier ways of being heard at the whole population.

Similarly, a more connected population, which means more coherent and dense networks, are usually able to mobilise their resources more easily and faster. In this way, they are able to import multiple and diverse perspectives for a better understanding and also to confront common problems more effectively. In addition, the level of cohesion and closeness of a network can provide information not only about the stratification of social groups but also about several macro properties of the network, such as diffusion, homogeneity and solidarity, which in turn can influence the degree of success in decision making and problem solving procedures.

### ***8.6.3 The Neamt's Network Dynamics – A Macro Perspective***

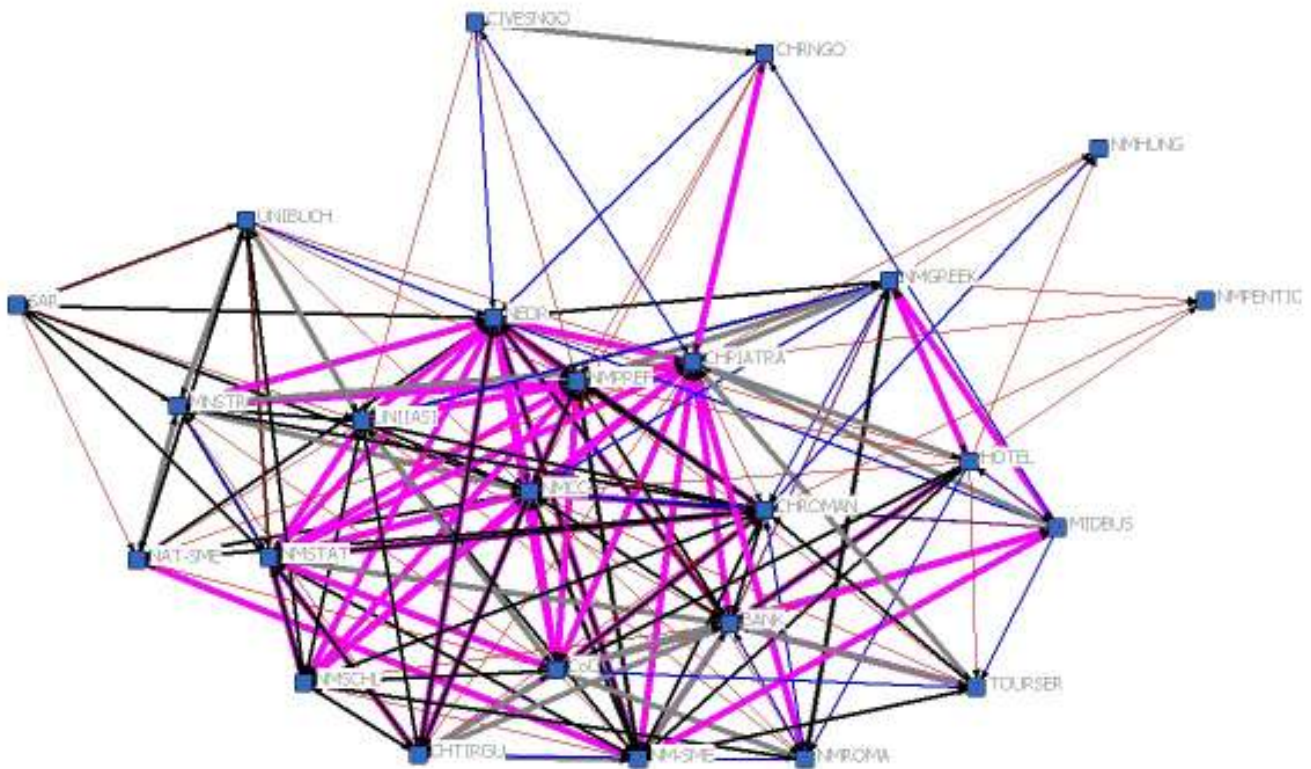
A synopsis of basic information regarding the relations among actors as well as the structures of the local information/communication exchange system can be acquired even by a simple graphic representation. Figure 8.21 describes the relationships among actors that interact for the local development policy of Neamt County. Choosing to incorporate directed type of relationships, this graph describes the existence of contact or lack of contact, and the direction of this contact among the actors respectively. Hence, it is possible to have a primary and visual appreciation of the existence and the degree of connection among the actors.



A better sense not only from the position of each actor in the network and consequently its ability to influence the local development agenda but also about the network's cohesion and integration arises when we introduce weighted value data about the actor's relationships in the analysis. In this way, additional evidences about the strength of the connections are calculated. This set of information has been derived by evaluating the responses of the interviewees in a scale from one (1) representing the very weak level of communications to five (5) declaring a very strong communication between actors. This detailed analysis (figure 8.22) moves beyond a simplistic quantitative reproduction of the links between actors. By using the references relating to the strength of each link, a qualitative dimension is also introduced that allows a more integrated representation of the opportunities and the constraints that each actor has to confront.

Thus, although the general delimitation between core and periphery is reconfirmed, the consideration of tie strengths can penetrate this divide in several cases. Several actors from the periphery may actually be able to overcome their disadvantaged position within the network because of the small number of connections with the rest of the actors by having very 'strong' connections with only a few or even just one of them. Similarly, the overall output of the network's interactions may differ completely due to the potentials for influence that some of the peripheral actors can exercise. For instance, the MNSTR has few only links within the network but, it could probably exert disproportion power to its position via its very intensive links with the major governmental institutions at the regional (NERD, NMPEF, NMCC) and the local (CHPIATRA) level. Similarly, the NAT-SME could exploit its strong relationship with the NM-SME, its local branch and the MIDBUS, a simple company, could influence the final decisions via its intensive links with the major business association and financial institution of Neamt, the NM-SME, BANK and CoC. Even CHRNGO, one of the most isolated actors could relatively overcome its seclusion by using the extremely high connections with CHPIATRA, the local authority of the capital's city.

Figure 8.22: The tie-strength network for Neamt's Development\*



\* The colour of each line demonstrates the strength of communication (purple=Very Strong, Grey=Strong, Black=Moderate, Blue=Weak, Brown=Very Weak).

Although the way that actors are connected can be really informative regarding their power and influence upon the decisions of local policies in Neamt, equally important if not more so, is the overall cohesion of the network as whole. Various attributes of the network can provide very useful insights into such phenomena as the speed at which information diffuses among actors and the degree of solidarity that individuals can demonstrate. These characteristics are vital for the network's ability to mobilise the majority, if not the total, of local actors and of available resources towards the promotion of local needs and interests. In other words, it is crucial for the creation, the development and successful exploitation of social capital.

One of the most useful tools in SNA for calculating a network's integration is the density. As Neamt's network relationships are valued, the density is defined as the sum of ties divided by the number of possible ties, which actually means the ratio of all present tie strength to the number of possible ties. Thus, the density algorithm

applied on Neamt's network reports a density of 1.36 with a standard deviation of 1.81. Given the fact that the maximum value for the tie's strength is five, the overall density of the network is 0.272 or 27.20%, (1.36/5) which could be interpreted as relatively low for a network. This low degree of density undermines the effectiveness of all the actors as individuals and the network as whole to confront successfully the local problems.

A much better picture is however, obtained by examining the reachability of the network. By applying an algorithm that finds whether a path of any length that connects each pair of actors exists, it turns out that all the actors are reachable by all others. This indicates little danger of permanent division and high potential for overall integration of the network.

In order to understand better the macro perspective of Neamt's network more emphasis is needed on the structures in which actors are interacted. For this reason, a more detailed analysis of a network's densities has been undertaken. This time, two separate attributes have been used in order to divide the actors into three different categories each time. The first partition is based on the administrative level of each actor and was divided in three groups: the national, regional and local (Table 8.9). The second partition refers to the type/sector of each institution and it has produced another three groups: the governmental/state, the economic sector and the civic society group (Table 8.10).

Table 8.9: Partition according to the administrative level\*

Block	Old Code	Members:
1	1	MNSTR NAT-SME SAR UNIBUCH
2	2	NEDR NMCC NMPREF NMSTAT NM-SME UNIIASI NMSCHL CoC BANK NMROMA
3	3	CHPIATRA CHROMAN CHTIRGU NMGREEK MIDBUS HOTEL TOURSER NMPENTIC NMHUNG CIVESNGO CHRNGO

\* 1<sup>st</sup> Block = national, 2<sup>nd</sup> Block = regional, 3<sup>rd</sup> Block = local

Table 8.10: Partition according to the type/sector\*

Block	Old Code	Members:
1	4	MNSTR NEDR NMCC NMPREF NMSTAT NMSCHL CHPIATRA CHROMAN CHTIRGU
2	5	NAT-SME NM-SME CoC BANK MIDBUS HOTEL TOURSER
3	6	SAR UNIBUCH UNIIASI NMROMA NMGREEK NMPENTIC NMHUNG CIVESNGO CHRNGO

\*1<sup>st</sup> Block=governmental, 2<sup>nd</sup> Block=economic, 3<sup>rd</sup> Block=civic society

By applying the administrative level partition, a blocked matrix is provided showing the values of connections (strength of ties) between each pair of actors. Next, the within-block densities and their standard deviations are produced (Table 8.11).

Table 8.11: Density/average values within blocks (administrative level)

		1	2	3
		1	2	3
		-----	-----	-----
1	1	2.3333	1.0750	0.0000
2	2	1.0250	3.1000	1.3545
3	3	0.2955	1.5818	0.8455

From within the densities table it is obvious that the three sub-populations appear to have significant differences. Actors from the national level have relatively strong strength of in-connections to one another but relatively low out-connections with the regional level and completely no connections with actors from the local level. The density of the external (vertical) connection density drops drastically as we move from the national to the regional (1.07) and then to the local level (0.00). This result reveals a ‘selective’ connectivity by national actors towards state governmental actors only from the regional level and complete ignorance of the rest. This finding confirms the centralised character of the decision- making system in Romania. It reinforces the argument that central government has chosen the necessary channels/actors to promote its policies at the regional level and this explains the redundancy of establishing additional connections within the rest of the actors at the local level contrary to the ‘all-inclusive’ communist practice. Besides, the influence of central government in local policies it is not only recognised in the form of present/absent or strong/weak connections with regional and local actors, but mainly with the distribution of resources to them, which remains its exclusive responsibility.

The sub-group of regional actors present an impressive high strength of in and out connections to one another (3.10), with the exception of NMROMA that seems to have significantly lower strengths and connections but still, not completely isolated from the group. In its external (vertical) connection density, the regional block seems to have a relatively balanced strength with both the upper (national 1.02) and the lower (local 1.35) level, although it is an interesting fact that ties with the local are more dense than the ties with national group of actors. This relatively stronger

connection with the local level in combination with the extremely high density within the regional population demonstrates the necessity for institutions at intermediate levels. This necessity is explained not only for the development of vertical connections in both directions but also for the increase of sub-national potentials of cooperation in local and regional policies.

As far as the local group of actors is concerned, the results are rather poor. The strength of in connections within the local actors is very weak (0.84). Likewise, the external strength of connectivity is also low, scoring 1.58 with the regional and only 0.29 with the national group. In fact, the local to regional density of connections is the only case in the whole network, where external (vertical – 1.58) strength is stronger than the internal (horizontal – 0.84). This can be explained as follows: local actors have realised the little potentials and power they obtain in this decision making system and have reacted by trying to establish connections with the next upper level, which is the regional level, instead of reinforcing their ties at the local level. As a consequence, the argument about the importance of regional level is reinforced further, whilst the local level have proved extremely weak to organise itself, to bridge together its members and to mobilise its resources. Concerning the ties with the national level, the poor density illustrates how extremely difficult it appears for the vast majority of local actors to establish any kind of relationship and have their voice heard at the central government.

The fact that the densities on the diagonal (illustrates the internal density) are much higher than the low densities elsewhere (illustrate the external density) reveals the highly clustered character of Neamt's network. The only exception is the local actors group, which seems to operate within relatively balanced social structures in both its internal (0.84) and external (0.93) relationships. Overall, it becomes apparent that the clear lack of strong connections among different levels of administration negatively influenced the potential for cooperation as well as the final output of any development strategy.

Within the same logic, it is also interesting to examine what are the strengths of connection between actors from different sectors. By using attributed values of the



type/sector instead of the administration level this time for each institution, the following partitioned matrix of densities is produced.

Table 8.12: Density/average value within blocks (type/sector)

		1	2	3
		4	5	6
1	4	3.5278	1.6190	0.7284
2	5	1.8413	2.3571	0.4603
3	6	1.1481	0.4921	0.5139

Once again, the differences in strength of connections among the sectorial sub-populations can offer useful inputs concerning the structure of the network in Neamt and the consequences, in terms of opportunities and constrains, for individual actors. What is easily identifiable by far is the strongest internal connection of state/governmental organisations (3.52). Apart for their high internal density, state institutions also have relatively strong ties with the economic sector (1.61) whilst their density with the civic society group (0.78) is much lower. This high density of in-connections in state institutions, in spite of their level, proves the preference of the government system to trust and use its own related actors and also in preserving the dominant role of the governmental sector versus the market and civic society, despite the successive reforms towards the opposite direction in Romania.

Following a similar pattern, the economic sector seems to have a dense set of internal connections (2.35), a relatively low density with the governmental sector, (1,84) and an extremely weak strength of connections (0.46) with the civic society group. Regarding its horizontal connection density, the existence of high competition, not only among individual businesses but also between business associations (i.e. CoC, NM-SME), and the lack of cooperation mentality could characterise this particular value (2.35) as satisfactory. Similarly, given the great importance that the state sector still retains in Romania, as already discussed,, the relatively high strength of connectivity between the economic and governmental sector can be interpreted as a normal result. In the same logic, the lack of interest for establishing more frequent contacts with the civil sector could be explained by the emerging lack of benefits, at least directly, for the economic sector.

The civic society group presents the lowest densities in any form of connections. What is impressive however, is the extremely low internal density (0.51) of in-connections between civic actors, which is almost equal or even lowest with any other external connection density (0.49 with the economic and 1.14 with the state sector). This actually means that the actors of civic society group prefer to pursue stronger connections with actors from other populations rather with actors from their own group. This lack of synergies has been explained by nearly all the interviewees, and emphasised by the representatives of the two NGOs, as the consequence of two major deficiencies: the absence of a clear legal framework regarding the operation of civic organisations and the lack of a co-operative mentality in Romania generally and in Neamt's people in particular. Thus, any attempt to promote their own needs and interests will have a chance only if the assistance of state organisations and occasionally some economic actors can be secured. In this way, the state and economic actors confirm and reinforced their predominant role over civic society groups, whilst the latter seems unable to escape of this virtuous cycle of dependency and vulnerability.

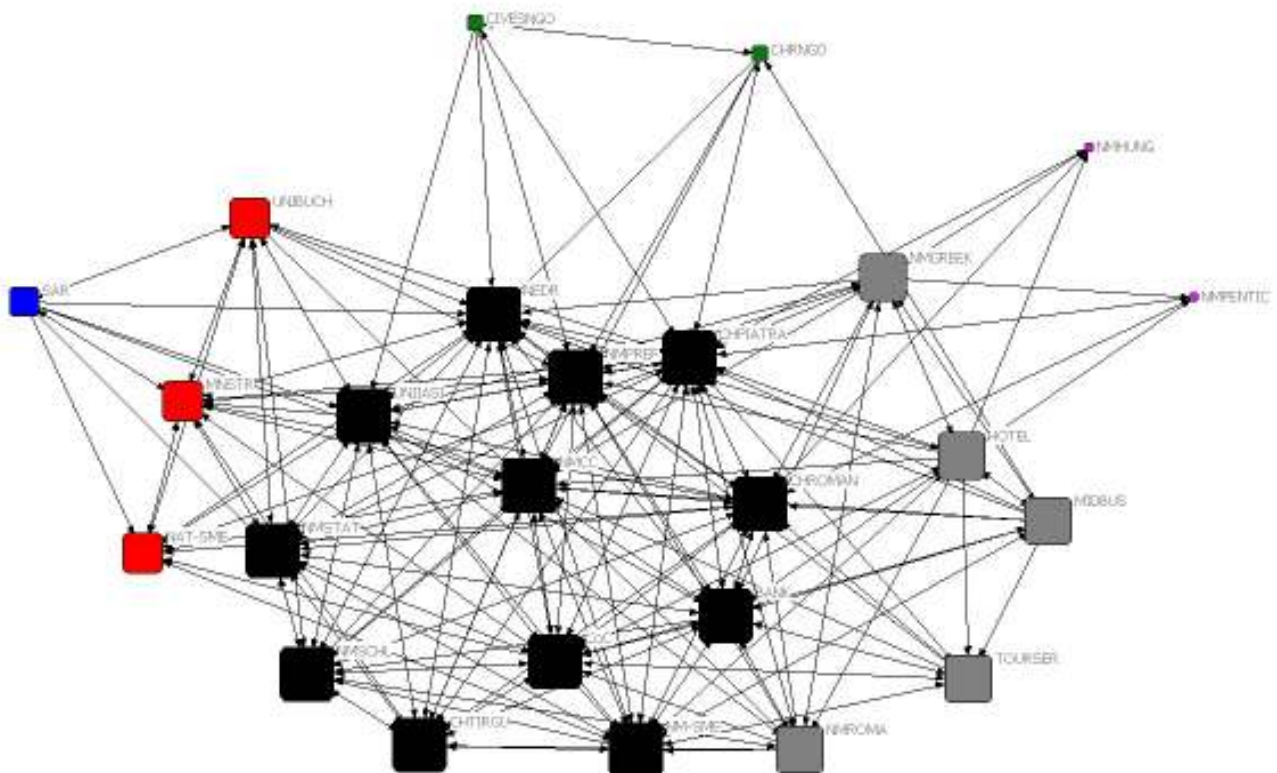
Another crucial aspect of the macro dynamics in network's analysis is the investigation of the role that each actor plays in the development structure through a closer examination of sub-groups or local clusters of actors that are tied to one another, but not to other actors or groups.

The central idea regarding the clustering of actors in groups is that within these groups, for example 'cliques', solidarity and cooperation for the promotion of common interests have a more fertile framework to be developed. This synergy of actors is very useful in order to better understand how the network as a whole and the actors as individuals are likely to behave. When actors are members of more than one sub-group there is more potential for mobilising and diffusing the information, connections and actions than when they are isolated in a unique cluster. Also, conflicts between actors and interests are less likely to happen when the sub-groups overlap each other.

For individual actors, the participation in one or more sub-groups as well as the degree of embeddedness in these structures could also be informative for their power

and their actions. Some actors may act as ‘bridges’ between other actors or among different groups and acquire more opportunities whilst others may be ‘locals’ or ‘insiders’ and have all their relationships within a single group. Furthermore, an actor might be part of tightly connected and closed elite while some others may be completely isolated from this group. Differences in all these ways of embedding in networks structure can have serious consequences on the way these actors realise their role and also what expectations they have from him/her and the rest of the members of the sub-group.

Figure 8.23: The K-core analysis for the Neamt’s development network\*



\* The colour of the squares identifies the member of each sub-group of the network, and the size of the squares demonstrates the internal strength of each sub-group (the biggest the size the biggest the internal strength)

Figure 8.23 shows six sub-groups, which are coloured to identify the actors that are members of each group. The criterion used for this classification of actors in sub-groups is the common strong strength of contacts among them (internal strength) simultaneously with the common weak strength with the rest of the actors (external strength). The different size of each group, which is proportional to the size of the K-core connections, is also shown. The largest group (black squares) contains nearly all

the actors from the regional level, with the absence of the Roma Community being the only exception, and also all the state actors from the local level. It becomes obvious then that the main characteristic of the largest sub-group, which clearly poses a dominant role in the network, is the state/governmental type and the local/regional origin of its actors. The economic sector from the regional level has also a very strong presence and it is only the regional university of Iasi representing the civic society in this powerful sub-group. The appearance of close connections among these particular actors can be explained by the institutionalised type of their interactions. This entire group of actors constitute the main stakeholders of Neamt's thematic group and their frequent and strong contacts is based partially or even exclusively (i.e. the County's SME Association and the Bank Branch) on legislative commitments and not so much on their willingness to cooperate.

A second group, coloured in grey, joins together all the economic actors of the local level together with the most influenced minority groups, which are Neamt's County Roma Community and the local Greek Community of Piatra-Neamt. The reasons for the most advanced role of these particular social organisations range from the influential role of their leader and the common acceptance by the local society (Greeks) to the majority population (Roma).

The next two groups contain actors from the national level. The SAR constitutes a separate group on its own due to the relatively weaker strength and larger diversity of its relationships that did not allow any grouping with other actors, not even with those at the national level or in the same sector (University of Bucharest). The lack of constitutional interactions, contrary to what exists for the other national actors of the third group (i.e. members of the National Regional Committee), explains the level's apostasy, whilst institutional competition and tension accounts for the small sectorial interaction between SAR and UNIASI, as both the representatives of the two academic institutions have confirmed.

Finally, the two smallest groups contain actors from the civic society at the local level. The largest of them is constituted by the two NGOs that despite their poor embeddedness with the network they have at least some channel of direct communication. On the contrary, the less recognisable religious group of Pentecostals

and the less favoured ethnic Hungarian minority club suffer for extremely weak connections with the rest of the actors and an absence of any direct connection between them. In terms of actual influence on the decision-making system by this network however, both these groups seem to lack any significant power, as all of them have recognised.

#### **8.6.4 *The Neamt's Actors – a Micro Perspective***

As the macro dynamics represent only one side of the coin, attention is now focussed on the other side, the actors of the network. The dual and high correlation between micro and macro perspectives is confirmed by the fact that the size of network is crucial for individual's connectivity as it places an upper limit on the number of connections that each actor can have. Usually there are only a few – if any – actors that approach this limit. Thus, when we analyse individual potential for exercising power, it is very useful to examine the distribution of actor degree or in other words, the distribution of how well connected actors are in this particular network structure. The use of univariate statistics provides a quick summary of the distribution of actors' ties. Because we have used directed data, which means that all the actors could be either a sender or a receiver or both of a link, two kinds of degrees are examined for each actor separately: the out-degree (sender) and the in-degree (receiver) level of connection to other actors.

The out-degree statistics (Table 8.13), which are based on the rows of the network's matrix table and in the directed graph of Neamt's network, inform us about the role that each actor plays as a 'source' of ties, a source of information. This is probably more important than the in-degree, at least for this stage of analysis, because beyond the simple indicators of how many connections an actor has, the out-degree is actually a measure of how influential the actor may be.

Table 8.13: Out-degree statistics for Neamt Network

	Mean	Std Dev	Sum	Variance	SSQ	MCSSQ	Euc Norm	Minimum	Maximum	N of Obs	N Mis
MNSTR	0.875	1.452	21.000	2.109	69.000	50.625	8.307	0.000	5.000	24.000	0.000
NAT-SME	0.542	1.290	13.000	1.665	47.000	39.958	6.856	0.000	5.000	24.000	0.000
SAR	0.708	1.207	17.000	1.457	47.000	34.958	6.856	0.000	3.000	24.000	0.000
UNIBUCH	0.833	1.312	20.000	1.722	58.000	41.333	7.616	0.000	4.000	24.000	0.000
NEDR	2.625	2.446	63.000	5.984	309.000	143.625	17.578	0.000	5.000	24.000	0.000
NMCC	2.208	2.041	53.000	4.165	217.000	99.958	14.731	0.000	5.000	24.000	0.000
NMPREF	2.000	2.021	48.000	4.083	194.000	98.000	13.928	0.000	5.000	24.000	0.000
NMSTAT	2.250	2.296	54.000	5.271	248.000	126.500	15.748	0.000	5.000	24.000	0.000
NM-SME	1.833	1.772	44.000	3.139	156.000	75.333	12.490	0.000	5.000	24.000	0.000
UNIASI	1.542	1.607	37.000	2.582	119.000	61.958	10.909	0.000	5.000	24.000	0.000
NMSCHL	1.542	1.848	37.000	3.415	139.000	81.958	11.790	0.000	5.000	24.000	0.000
CoC	2.375	2.137	57.000	4.568	245.000	109.625	15.652	0.000	5.000	24.000	0.000
BANK	2.083	1.847	50.000	3.410	186.000	81.833	13.638	0.000	5.000	24.000	0.000
CHPIATRA	3.000	2.000	72.000	4.000	312.000	96.000	17.664	0.000	5.000	24.000	0.000
CHROMAN	1.500	1.414	36.000	2.000	102.000	48.000	10.100	0.000	3.000	24.000	0.000
CHTIRGU	1.292	1.620	31.000	2.623	103.000	62.958	10.149	0.000	4.000	24.000	0.000
NMROMA	1.083	1.525	26.000	2.326	84.000	55.833	9.165	0.000	5.000	24.000	0.000
NMGREEK	1.375	1.703	33.000	2.901	115.000	69.625	10.724	0.000	5.000	24.000	0.000
MIDBUS	1.417	1.824	34.000	3.326	128.000	79.833	11.314	0.000	5.000	24.000	0.000
HOTEL	1.125	1.423	27.000	2.026	79.000	48.625	8.888	0.000	5.000	24.000	0.000
TOUSER	0.792	1.322	19.000	1.748	57.000	41.958	7.550	0.000	4.000	24.000	0.000
NMPENTIC	0.083	0.276	2.000	0.076	2.000	1.833	1.414	0.000	1.000	24.000	0.000
NMHUNG	0.125	0.439	3.000	0.193	5.000	4.625	2.236	0.000	2.000	24.000	0.000
CIVESNGO	0.417	0.954	10.000	0.910	26.000	21.833	5.099	0.000	4.000	24.000	0.000
CHRUNGO	0.542	1.290	13.000	1.665	47.000	39.958	6.856	0.000	5.000	24.000	0.000

Because the values of the relation among actors are all positive and reflect the strength of a tie between nodes, these statistics have a slightly different interpretation from a simple binary set of data. The mean for example, does not indicate the average level of connection (from 0 to 1) but the average strength of the overall connectivity (between 1 and 5). Similarly, the sum does not describe only the total number of connections from one actor to others but it incorporates information about the sum of the strengths (based on the maximum x number of odd value columns).

The existence of two separate blocks of actors is easily identified from table 8.11. In the first, the CHPIATRA, NEDR, CoC, NMSTAT, NMCC, BANK and NMPREF (scoring at Sum>44.00 and Mean>2.00) send ties that are quite strong in strength to large portion of the network's actors. On the contrary, the second group of actors, consisting of the TOUSER, SAR, NAT-SME, CHRUNGO, CIVESNGO, NMHUNG and NMPENTIC (scoring at Sum <19.00 and Mean<1.3) send only a few ties that are also weak in strength to the rest of the actors and they cannot be considered as important sources of information.

As a result, actors of the first group, which represent the main regional government bodies at Neamt, have a higher potential to be influential. Of great importance are also the followings two facts: firstly, that economic association from the regional level has also, acquired an important role and secondly, that the most powerful actor is a local authority, namely the City Hall of Piatra Neamt, the capital city of the County. In the second group, where a much lower potential to be influential existed, there is a mixture of actors from the national and local level, composed exclusively by representatives of the economic sector and the civic society. In between these two extreme groups, there is a diverse mixture of levels and types of actors. Their ability to exert influence is not obvious from the number of connections as it is neither very high nor very low. Thus, the crucial parameter for the actors in the 'neutral zone' of influence is whether they are connected or not to the 'right' actors. In other words, their potential influence depends not on the quantity of their connections but also, and probably more, on the quality of them. The importance of 'right' and/or 'proper' connections for the 'in-between' actors has been confirmed from nearly all the interviewees of the network, but, it has been strongly emphasized by the representatives of the economic sector at all the levels. This in fact, could support the argument that overall, political nodes are prevailing against the economic actors.

When the statistics for the in-degree (column-wise analysis of the data) are examined, actors are analysed as 'sinks' or receivers of information. In other words, we are looking at how many other actors send information or ties to the ones we are focusing on. Those actors that receive ties from many sources usually have a highly prestigious place in the network. They could also be more powerful as more information means more opportunities on the basis that knowledge is power. At the same time, however, actors that receive a lot of information could suffer from 'overload' or 'noise and interference' due to contradictory messages from different sources.

In the case of Neamt's network, the in-degree results produce a slightly different categorisation compared to the out-degree analysis, but only for the higher scoring group. With regards to the amount of information received this time, those in-between and the less powerful groups of actors, although there are some variations on their final ranking order compared with their out-degree results; continue to possess a similar power position within the network. Concerning the core 'prestigious' actors,

we have the incoming of NM-SME in the place of CoC and BANK. That means that the same state organisations preserved their image and probably their power versus the economic actors. Also, once again, nearly all of this group's members have originated from the regional level.

The fact that state and economic actors, mainly from the regional plus only one from the local level, have the ability to send and receive the largest amount of information means that these organisations represent a kind of communicator and facilitator in the system. It also demonstrates the hegemonic role they can play and the crucial influence they can express on the decision-making system within the network.

In contrast, the second group of actors appears to be 'out of the loop', as they do not receive information from many sources. Especially the NMPENTIC, the NMHUNG and the SAR, with the very small amount of information being sent to and received from other actors, seem to be something of 'isolated' actors. For those actors lying in-between the two extreme groups, the conclusions are similar for both, the in and out degree analysis. The influence, power and prestige for each of these actors that derive from the information send and received would be dependent not so much on the overall amount but mostly on the value of the information. This again means, that the ability to transform ties into opportunities has to do with the quality characteristics of the other actors, or in other words, with the power and importance of the relational actors.

The variations across individual actors in the way they are embedded in the social structures of Neamt's network are investigated through the analysis of their 'ego networks'. Usually, different degree of embedding means different sets of constraints and opportunities for each actor, and hence different behaviours. As a result, the individual's benefit from being part of a specific network as well as the final output of the network's decision-making processes depends on this variance of embeddedness.



Table 8.14: The ‘ego-network’ for each actor of Neamt Network

	Size	Ties	Pairs	Density	AvgDist	Diam	nWeakC	pWeakC	2StepRea	ReaEffic	Broker	nBroker	EgoBet	nEgoBet
MNSTR	7.00	29.00	42.00	69.05	1.38	3.00	1.00	14.29	91.67	21.57	6.50	0.31	6.45	15.36
NAT-SME	5.00	14.00	20.00	70.00	1.35	3.00	1.00	20.00	91.67	27.50	3.00	0.30	3.00	15.00
SAR	7.00	36.00	42.00	85.71	1.14	2.00	1.00	14.29	91.67	20.75	3.00	0.14	0.20	0.48
UNIBUCH	9.00	53.00	72.00	73.61	1.28	3.00	1.00	11.11	91.67	16.30	9.50	0.26	5.02	6.97
NEDR	13.00	125.00	156.00	80.13	1.20	2.00	1.00	7.69	100.00	11.37	15.50	0.20	6.69	4.29
NMCC	14.00	138.00	182.00	75.82	1.25	3.00	1.00	7.14	100.00	10.76	22.00	0.24	9.92	5.45
NMPREF	14.00	139.00	182.00	76.37	1.24	3.00	1.00	7.14	100.00	10.57	21.50	0.24	8.84	4.86
NMSTAT	13.00	125.00	156.00	80.13	1.20	2.00	1.00	7.69	100.00	11.01	15.50	0.20	5.79	3.71
NM-SME	14.00	118.00	182.00	64.84	1.37	3.00	1.00	7.14	100.00	10.86	32.00	0.35	19.84	10.90
UNIASI	16.00	165.00	240.00	68.75	1.32	3.00	1.00	6.25	100.00	9.68	37.50	0.31	9.21	3.84
NMSCHL	11.00	88.00	110.00	80.00	1.20	2.00	1.00	9.09	100.00	12.83	11.00	0.20	4.76	4.33
CoC	16.00	159.00	240.00	66.25	1.35	3.00	1.00	6.25	100.00	9.64	40.50	0.34	14.17	5.91
BANK	15.00	143.00	210.00	68.10	1.32	2.00	1.00	6.67	100.00	10.26	33.50	0.32	13.49	6.42
CHPIATRA	22.00	203.00	462.00	43.94	0.00	0.00	1.00	4.55	100.00	8.42	129.50	0.56	115.63	25.03
CHROMAN	14.00	130.00	182.00	71.43	1.30	3.00	1.00	7.14	100.00	11.06	26.00	0.29	13.35	7.34
CHTIRGU	10.00	78.00	90.00	86.67	1.13	2.00	1.00	10.00	91.67	13.17	6.00	0.13	1.01	1.12
NMROMA	10.00	75.00	90.00	83.33	1.17	2.00	1.00	10.00	100.00	14.20	7.50	0.17	1.54	1.71
NMGREEK	12.00	76.00	132.00	57.58	1.44	3.00	1.00	8.33	100.00	13.26	28.00	0.42	8.38	6.35
MIDBUS	11.00	76.00	110.00	69.09	1.31	2.00	1.00	9.09	100.00	13.79	17.00	0.31	3.77	3.43
HOTEL	13.00	90.00	156.00	57.69	1.44	3.00	1.00	7.69	100.00	12.90	33.00	0.42	5.67	3.63
TOUSER	8.00	55.00	56.00	98.21	1.02	2.00	1.00	12.50	100.00	15.79	0.50	0.02	0.14	0.26
NMPENTIC	2.00	2.00	2.00	100.00	1.00	1.00	1.00	50.00	95.83	54.76	0.00	0.00	0.00	0.00
NMHUNG	2.00	2.00	2.00	100.00	1.00	1.00	1.00	50.00	95.83	54.76	0.00	0.00	0.00	0.00
CIVESNGO	5.00	16.00	20.00	80.00	1.20	2.00	1.00	20.00	100.00	27.59	2.00	0.20	0.25	1.25
CHRUNGO	5.00	16.00	20.00	80.00	1.20	2.00	1.00	20.00	100.00	26.97	2.00	0.20	0.25	1.25

1. Size. Size of ego network.
2. Ties. Number of directed ties.
3. Pairs. Number of ordered pairs.
4. Density. Ties divided by Pairs.
5. AvgDist. Average geodesic distance.
6. Diameter. Longest distance in egonet.
7. nWeakComp. Number of weak components.
8. pWeakComp. NWeakComp divided by Size.
9. 2StepReach. # of nodes within 2 links of ego.
10. ReachEffic. 2StepReach divided Size.
11. Broker. # of pairs not directly connected.
12. Normalized Broker. Broker divided by number of pairs.
13. Ego Betweenness. Betweenness of ego in own network.
14. Normalized Ego Betweenness. Betweenness of ego in own network.

Table 8.14 describes the ‘ego network measurements’ for each actor in Neamt’s network. By comparing the values of the size and the numbers of directed ties of the ego network, which means the number of ‘one-step’ neighbours plus ego itself and the number of connections among all the nodes in the ego network respectively, we can easily identify various groups. First of all, CHPIATRA has by far the largest ego

network and number of connections as it has links with 22 out of the 25 actors of Neamt's network (itself included). A second group is formulated by actors that have links with another 13 to 16 actors and is constituted by the 'strong' members of the Neamt working group. Below this group, there is a mixture of regional and local actors with a relatively small size of ego networks. It is constituted by regional actors, the 'weak' members of Neamt's thematic group (NMSCHL, CHROMAN, CHTIRGU), and local actors from the economic and civic society sector with the largest size of ego-networks (HOTEL, NMGREEK, NMROMA, MIDBUS). In the last category, with an extremely small size of networks and a few numbers of connections, are the entire national and the local civic society group of actors.

The ego density (ties/pairs) is also very informative in describing the embeddedness of each actor. However, the reading of this index should take into consideration the number of sizes and ties, as they have been described earlier, in order to avoid any misleading conclusions. For instance, NMPENTIC and NMHUNG, with 100% density, seem to be the most well -embedded actors and it should be expected to be the most influential as well. Given the very small ego-network size and number of ties however, the high densities simply demonstrate a very dense local structure which does not necessarily leads to greater opportunities. On the other side, for actors from the first two groups it would be logical to expect a lower density in their ego networks due to the large size and number of connections. Indeed, CHPIATRA displays the lowest density from any other actor, an indication of weakness in mobilising their ego networks. In other words, although CHPIATRA looks to have links with almost everybody in the network, its ability to influence all of them or at least have an adequate level of cooperation is strongly questioned. Another interesting result derived by the combination of all the previous measurements is the more embeddedness of NERD, NMSTAT, NMPREF and NMCC compared to CHPIATRA and also CoC and BANK, which proves the existence of more constraints in the local governmental and the regional economic sector than the regional level of government. The rest of the actors have quite high levels of density, but in order to transform this fact to better opportunities they must have a relatively large size of network as well. Probably, the CIVESNGO and CHRNGO would have to confront the most constrains when they pursue their goals as the combination of small ego networks and relatively

low density means that they live in small worlds where even their few members are not tightly connected.

Contrary to the different opportunities and constraints derived for each actor from some of the network density measurements, there are also some indexes that support a kind of relative equality in opportunities among all the members of Neamt's network. For instance, all the actors index a relatively small degree of span or extensiveness of their ego networks, at their diameter, which shows how far apart the two furthest actors are, between one and three. These values in the diameter are still considered as a small distance, especially for these actors that have the largest size and number of connections in the network, and it is not very negative consequential. Similarly, the 'two step reach' indicates that the vast majority of the actors are within two directed steps of ego. This means, that with the exception of CHTIRGU, NMPENTIC, NMHUNG and all the national actors that have a small deviation, the rest of actors can get their message to all other actors within a 'friend of a friend' distance.

The ego network can also reveal significant information about the influential role of each actor. How much power can some actors exercise on its ego network, and consequently in the overall network, depends on its position and function. Thus, according to 'brokerage' values, CHPIATRA who is connected to almost everyone is in a position to broker many connections. By being the facilitator of links between other actors that are not connected directly increases the opportunities of CHPIATRA and determines its behaviour. Of course, the opposite stands for all the actors from the civic society sector across the levels. Also, the fact that nearly all the actors from the regional level are able to fall on the paths between many other actors suggests the large influence that these actors can exercise in the overall decision making process through their own ego networks.

## **8.7 Summary**

The decision of the newly elected government in Romania in 1997 and broader political and social groups to devote themselves towards the country's accession to the EU family has dramatically influenced local and regional policies in several aspects. Certainly, these policies have not been formulated from scratch as specific

and relatively strong legacies in both, the national and local level, were already in place and should not be ignored. Furthermore, simultaneous to external pressures for changes, domestic demands for re-structuring of development and government systems have been developed.

This Chapter attempted to give a pragmatic dimension to these changes and for this reason, next to official documents and the existing literature, has utilises the data generated in the field. From the information derived from the study of Neamt's case, a first-hand and on pragmatic terms appreciation not only of the changes but also of their actual impact on local development and government politics has been accomplished.

What is acknowledged from the analysis of this period is that the successive amendments of legislation, design of strategies and application of processes related to local development and government constituted parts of a transplantation strategy. Models, patterns and norms of development strategies and government practices that have been developed and tested in the EU for nearly half a century attempted to be established in Romania in something less than a decade. The ignorance of the different starting point, present needs and historic legacies of Romania however, led to hybrid formations and typically, only implementation of the reforms initiated. In this way, as the responses from Neamt County representatives underline, local and regional development policies were simply transformed into a subordinating and fully controlling part of the central national development plans, failing once again to create the necessary dynamics and conditions for an autonomous and more efficient set of local politics.

In conducting the SNA, it has also attempted to answer the second part of the question 'what kind of local development and for whom'. Based on their links and interactions, the SNA reveals the actors participating in the decision -making system, the characteristics of their cliques and the rationale behind their networking. Thus, the domination of the same state actors and the perpetuation of exclusion for marginalised groups despite all the changes induced by the accession undertaking, support the argument of layering effects.

## CHAPTER 9. CONCLUSIONS

### 9.1 Introduction

This chapter draws together the main arguments presented in this thesis. It summarises all the findings from the previous chapters. Attention is paid to reflect upon what the findings mean for the bigger conceptual and theoretical debates analysed and framed in the study.

The central aim of this research has been to explore the extent that a shift from a planned to a market economy has changed the nature and character of local and regional development and government in Romania. The thesis has adopted a combined micro and macro-perspective in the analysis of the factors that have influenced the changes in concepts and models of local development and government throughout the systemic change that Romania has undergone during the last two decades. Thus, it focuses on the impact of multiple variables with a wide range, from international processes such as the transition and EU accession to national and local peculiarities such as economy, culture, history, legacies, social norms and path dependency. Of particular importance to this study are the changes in the context, the procedures and the actors involved in the local and regional development policies in Romania, as the next section is going to present.

One of the central messages that emerge from this study has been the importance of alternative, heterodox approaches, in analysing local development policies.

Acknowledging the significance of both economic and non-economic factors, this thesis moves beyond a simplistic economic description of local and regional development issues and analyses, through a case study of Neamt County, the reasons behind the appearance of these issues as well as the ways selected to confront them.

Conducting this particular study is justified by the research gaps described in the first chapter. The lack of existing research concerning the politics of development and government at the local level, within a broader socio-political and historical context, with the focus on a Balkan state, and following a qualitative approach constitutes the

main motivations for undertaking this research. By selecting Neamt County as the case study, it is in line with the main heterodox nature of the study, aiming at an intensive research and a better understanding of the real conditions of the changing character of local development politics through first-hand experience.

Chapters 2 and 3 provided the methodological and theoretical framework. Directly related to the choice of the heterodox approach and the case study technique, the analytical framework of the study consisted of the experimentation of strategies and practices, the specification of context and the governance connection of local development policies in Romania. In order to explore these dimensions of the heterodox agenda, alongside secondary data derived from the relative literature, official documents and statistical reports, this thesis uses primary data generated in the field and analysed through the help of specialised software.

The broader theoretical perspectives around the local and regional development and government, together with the current socio-economic conditions at the local level in Romania, have been reviewed in Chapter 3. This literature review has been useful in fulfilling one of the main objects of the thesis, which is to challenge the uniform applicability of new regionalism. Although these theories have been developed based mainly on Anglo-American experiences, most of their advocates have supported a universal explanatory power. Using the case study of Neamt County, through an unorthodox agenda, this thesis challenges and finally rejects the narrow geographical and sectorial character of new regionalism, as its findings cannot explain the Romanian paradigm because of the differences related to space, time and socio-political and economic conditions.

Chapters 4 and 5 build on the analysis of this different environment in terms of spatial, timing, social, economic, political, historical and cultural dimensions in Romania, and more specific in Neamt County. Drawing on the theoretical discussions of the previous chapters, the changes that have taken place in other levels are incorporated in the study of the local and regional development policies. In this way, the influences of international processes and phenomena such as transition and Europeanisation as well as national legacies related to ethnic consolidation, economic development and state administration are analysed in depth. Both the analysis of the

external pressures and domestic characteristics argue in favour of a complex set of influences of all these factors and suggests the necessity for an in-depth investigation of the changing politics of local and regional development and government in Romania.

Echoing the methodological and theoretical challenges, findings and demands described in the first part (Chapters 1 to 5) of the thesis, the second part refers to the empirical analysis of Neamt's case study. The fact that the central aim of the study refers to the changing character and nature of local development and government policies, on one hand, combined with the selected approach that pay particular attention to history, culture and path dependency on the other, lead to a rather diachronic analysis of Neamt's local development trajectory. Thus, the investigation of the degree of changes implies a dynamic comparison of the context, procedures and actors of development politics throughout different time periods and socio-political and economic backgrounds.

In a similar way to the national level analysis of legacies in Romania (Chapter 5 ), Chapter 6 describes the historical development of Neamt County from an earlier time until 1989. This clarifies the development legacies of Neamt and their influence on the present time as well as the high interconnection of local and national politics of development in Romania that reach a peak during the communist period.

The post-socialist experiences of Neamt are examined in two distinct time periods in chapter seven and eight: the first covers the so-called first stage of transition (1989-1996) whilst the second refers to the pre-accession to the EU time (1997-2007). The year 1997 has been used as a dividing line due to the very important implications that the change in government of Romania at that year has to development politics. The clear turn towards the EU perspective for the country has exercised multi-dimensional impact on the nature of local and regional politics as well. The next section highlights these changes in the context, processes and actors involved.

## **9.2 The Changing Politics of Local and Regional Development and Governance in Romania**

As stated in Chapter 1, the central aim of this thesis has been the analysis of the extent that a shift from a planned to market economy has changed the nature and character of local and regional development and government in Romania. The main conclusion derived from the dynamic analysis of the context, the process and the actors involved is that despite the systemic changes in Romania, local and regional development present ‘layering’ effects. This argument however, does not imply that changes have not happened at all. On the contrary, many elements and features of local development policies have changed throughout the years, from the pre-1945, to communist, transitional and pre-accession period. Besides, one of the central messages of the theoretical framework presented in Chapters 1 and 3 and adopted for this study was that these particular policies are determined from place to place and over time according to specific political decisions. However, in the case of Romania, as the case study on Neamt County reveals, the different socio-economic and political frameworks have induced marginal changes, usually on the surface of these policies, without challenging their and dominant characteristics. In short, it is more a ‘change in the continuity’ that emphasises more on the continuity instead of the change on the politics of local and regional development and government. In this sense, this thesis argues that the combination of the important domestic changes and external shocks in Romania were not adequate enough to put a ‘delocking path mechanism’ (Martin 2010) for local and regional development and governance in operation.

This failure to instigate changes in local and regional policies constitutes an early indication of the New Regionalism inadequacy to explain how the ‘region’ and local and regional development policies have emerged in Romania. Thus, it is evident that the empirical findings from the Neamt County case study call into question the applicability of the EU’s flawed policy, which is mainly based on New Regionalism principles, as it has been analysed in Chapter 4. The inapplicability of ‘the New Regionalism doctrine’, as we can call it here, refers both to the policy paradigm on the one hand and the theoretical framework that has dominated the western understanding of local and regional development for several decades on the other. In short, both the policy and the theory lying behind it have been wrongly imposed not only on



Romania but also on Central and Eastern Europe more generally over the last two decades.

The dilemma between growth and equity constitute the core decision on the character of local and regional development policies throughout different time periods and places. During the communist period and despite the ideological proclamations in favour of equality, the main goal of local and regional development policies adopted was the acceleration of growth. Following a 'donor-recipient' model, it was anticipated that the surplus of capital would be adequate to cover both the demands for economic expansion and for re-distribution of income to the localities lagging behind. Although sporadic examples of re-distribution of income, mainly through the establishment of new factories in specific localities existed in literature, equality has never characterised the nature of the local and regional development in Romania.

In the post-communist period, the free market and liberal democratic system has changed several elements of these policies. During the first stage of transition (1989-1996), local and regional development policies hardly existed within the political priorities of this period. Strong impacted of the fluidity of its political situation, local development policies acquired an 'ad-hoc' character aimed at the achievement of neither growth nor equality, but the establishment and strengthening of central government's power. Thus, instead of well-developed or under-developed localities, the initiatives for local development targeted limited number of areas that were considered dangerous for the central post-socialist governments. When more stable policies for local development were formulated in the latter years of the first transitional period, they did not cover all the country, were aimed exclusively at growth and retained their 'ad-hoc' intervention character.

During the second stage of transition, the pre-accession period (1997-2007), local and regional development policies have been exposed to the influences of the EU's *acquis communautaire*. The strength of the EU requirements, combined with disequilibrium of power between the EU and the candidate member state of Romania has certainly made important changes in the way that local development policies were designed and delivered, in agreement with the New Regionalism principles as the analysis of the Neamt case suggests in Chapters 7 and 8. The formulation of three successive

regional strategies from 2000 to 2006 had more the meaning of practical exercise for the post-accession time than of a genuine intervention in favour of local and regional development. Moreover, strongly affected by the new-liberal agenda and the global competition, these strategies were clearly persuaded growth instead of equity. Besides, competitive advantage and local/regional growth are completely compatible with the central aims of the EU's Lisbon Strategy and the directions of regional development policy.

As far as the process of local development and government policies is concerned, there are certainly several changes over time. What appears as a common denominator of the design and delivery process throughout the different periods however, is the substantial gap between theory and practice. During communism for example, the ideologically supported equal and wide-ranging participation of people in the decision-making process had never been confirmed in practise. Party patronage, ideological propaganda and personal networks have dominated the formulation and implementation of local and regional development policies in spite of the professional planning of central authorities and the integrated networking (horizontal and vertical) of local and central level. Furthermore, the domination of family/relative ties and Party members in local authorities combined with the secret police's repression have undermined any idea of effective representation of local interests by the local and regional government institutions.

The political democratisation in the aftermath of revolution in Romania has significantly impacted on, at least in theory, the process of local development and government. The free elections and the freedom to be a candidate have been overshadowed however from the continuing domination of ex-communist people in power. From the national to local level, former high ranking people of the communist period have managed to retain and/or occupy most of the decision-making positions. The absence of coherent local development policy, combined with the same process followed in local government, has a minimal impact on the process of the local and regional development policy. The design, approval and delivery of development initiatives remained the exclusive prerogative of a few people in charge, raising important issues of transparency, accountability and jurisdiction.

The situation seemed to be improved during the pre-accession period. The adaptation by law of the EU requirements concerning the formulation, managing and implementation of local development and government policies has considerably changed several elements of the process of these policies. However, as the analysis regarding the implementation of the partnership principle has demonstrated, most of these changes remained on the surface without challenging the core essence of these processes. Any consultation at the lower level has an advisory only character that does not dictate the final outcome of the local and regional policy as the differences between the North East Regional Strategy and the uniform ROP 2007-2017 has proved.

Regarding the actors of these policies, either individuals or organisations, the combination of transition, Europeanisation and legacies have considerably changed the formal structures and institutions of the participants involved in local government and development policies. The communist model of ‘specialist’ and ‘experts’ in issues relating to local development policies continued to exist, under several typical adjustments, during the transition and pre-accession periods. Driven by the socialist ideology in practice and the needs of central planning in Romania, a specific set of actors had emerged in the post-1945 period throughout all the government levels and economic sectors. The central aim of this group of people was the elaboration of local development policies as well as the promotion of local democracy, according to the standards and the goals of the communist period in Romania. This rather diverse set of expertise, in terms of qualifications and skills, has transformed the professionals of local development and government in Romania, into something akin to the wise-people of planning. The communist technocratic background, the Party membership and loyalty and a peasant or worker family background were the most important common characteristics of these actors, alongside the lack of accountability and transparency for their actions.

Given the extremely limited degree of changes during the first stage of transition, the actors involved in local polices remained similarly stable. As long as the ex-communist nomenclature succeeded in remaining in power, without any significant changes in the process and the context of local development initiatives and local government practices, the set of individuals and organisations involved in the design

and delivery of these policies remained stable too. Furthermore, the inherited label of expertise and professionalism has often become synonymous with a lack of accountability and transparency.

The situation has significantly changed during the second decade of transition, once again, because of the Romanian dedication to the EU accession project. The compliance to the *acquis* requirements has, at least theoretically, widened the spectrum of actors that could potentially be involved in different phases of the local development and government policies. The pressures of the EU towards an institutional and administrative homogeneity in local and regional policy have produced considerable changes in institutional structures as well as their operation in Romania.

Certainly, the creation of the eight Development Regions constitutes the major institutional turn in terms of both development policies and government norms, despite the fact that regions existed in Romania during the first decades of the communist period. The emergence of regional institutions constitutes clearly an influence of the New Regionalism theory that characterises the EU regional policy and demonstrates the importance that both the EU and the Romanian Government attribute to the 'region'. Most important with the foundation of new institutions however, is their functional operation and contribution to local development and government paradigms. From one point of view, the loose connections of the Development Region with local societies and the failure effectively to represent the aspirations and needs of the localities challenge their role as actors of local policies. Moreover, its inability to influence the centrally planned and approved regional strategies, as the experience of the successive regional strategies 2000-2006 and the ROP 2007-2013 has demonstrated, question further their operation. Finally, the characteristics of the personnel appointed in these institutions, as well as the final role they acquired in the post-accession time as a simple intermediate body for the ROP, challenge the description as new and important actors. From another point of view however, the cumulative experience that the Development Region, especially the Regional Development Agency, has acquired concerning the procedures and standards of the EU regional policy rank this institution not only as a new but also a powerful actor in local development and government. These signs that argue for the

status of DRs as new actors are accompanied by questions of legitimacy, accountability and transparency.

As far as the existing actors of local development and government are concerned, they have managed to improve their status slightly, in terms of local government and development. Through successive legislative amendments and in line with better democratic functions, local authorities have strengthened their role in local politics. Although having not reached the Western European standards, the increase of the Municipality's financial autonomy and the direct election of the president of the County Council has, partially at least, enforced the autonomous role of these actors in local development and government politics.

Regarding the rest of the actors getting involved, phenomena of exclusion and being side-lined perpetuate the discrimination against certain social groups and undermine the effectiveness of local development initiatives. However, many of the excluded group present evidence of institutional maturity and through strategies of limited or broader alliances, as the local elections of 2008 in Neamt has shown, attempt to gain a formal role of participation in the sphere of local and regional development policies.

Overall, in spite of the partial changes regarding the context, the process and the actors, the major characteristic of local and regional policies in Romania remain over time and through different socio-political and economic conditions basically the same: a centrally planned strategy that allowed a very limited role to local and regional authorities, part of a broader national growth strategy that correspond to current economic, political, diplomatic and social interests of the State instead of the needs and aspirations of local and regional societies. Certainly, there are differences from period to period. These differences however, refer to the margins of local development and government in Romania and usually refer to typical amendments of each period and socio-economic system without challenging the dominant characteristics of these policies.

### 9.3 Theoretical and Conceptual Reflections

Regarding the broader theoretical conceptual and theoretical queries as developed in Chapters 1 and 3, the analysis of the changing politics of local and regional development in Romania question the uniform applicability of New Regionalism. This universal domination on the part of the theory and policy of New Regionalism has already been criticised strongly by several scholars in the context of work on Asian and Australian realities. However, in the case of regional studies in the Romanian context, what we have called here 'the New Regionalism orthodoxy' has been accepted and adopted fully by the Central and Eastern Europe countries with the enlargement policy of the EU acting as the main engine for this misplaced policy.

Echoing observations regarding the mono-geographical and mono-sectorial biases deeply embedded within the regionalism literature on the one hand, and having demonstrated the specific concerns and needs, as well as the different context and outcomes, that the Neamt case examined here has revealed in relation to the Romanian experience on the other, this thesis therefore strongly calls for a broader and more encompassing paradigm. Moreover, what is required in order to achieve this is more nuanced and sophisticated research - employing a paradigm that is open and receptive to the subtle regional variations that undoubtedly must be paid more attention to in studies of regionalism and the regionalisation experience across the world.

Starting with the problematic around the region, this thesis suggests that the Romanian experience refers exclusively to the traditional understanding of fixed scales and territorial regions. The emphasis of, the creators and the critics of regional institutions, on the boundaries and the delineation conditions and results demonstrates the understanding of regions in Romania as closed and bounded territorial entities. Furthermore, the false interpretation of the concentration and integration principles in the design of local and regional development strategies, which have resulted in a common set of actions for all the regions and the complete absence of intra-regional co-operations, revealed an understanding of regions as container spaces and not as connected and unbounded territories.

Being profoundly influenced by the national and local legacies on one hand and the external supranational pressures on the other, there is an on going process of region building in Romania. Although the stages of territorial shape and institutional shaping seemed to have progressed to a relatively advanced level, the symbolic shaping that refers to creation of regional identity and the establishment stage that depicts the acceptance of the region in the broader system have not reached a satisfactory degree of accomplishment in Romania. This retardation of recognition and acceptance of the regional institutions from both below (the local inhabitants and authorities) and above (the central and supranational institutions) is mainly, as the case of the NEDR has shown in this thesis, a consequence of the peculiar dependency path of Romanian local and regional politics in the post-socialist era, conditions that the advocates of a uniform New Regionalism application have not considered thoroughly. Moreover, this uncompleted region- building process, which can not be clearly characterised either as an early stage or a flowed to failure, has a negative impact on the effectiveness of local development initiatives and perpetuates the question of ‘what kind of regional policy and for whom’?

Concerning the relation between the establishment of the region in Romania and the broader phenomenon of regionalism, the thesis highlights first of all the difference, between regionalism and regionalisation, something not recognised and a common mistake in literature. From the views of local and central authorities in Romania, at least for the case study examined, it becomes clear that the Development Regions were the outcome of a totally top-down or the so-called regionalisation process. This of course does not imply that several localities within the North East Region or even anywhere else in the country were not in support of the idea of an intermediate level between the central and the local, but it underlines the absence of a strong demand from the bottom towards the creation of regions in Romania. However, the existence of demands and powers from the bottom comprises a crucial element of regionalism, either for the old or the new form of it, as has explained in Chapter 3. Consequently, the applicability of New Regionalism in Romania, a post-socialist Balkan state, suffers primarily from the lack of this ‘on the ground’ demand for the formulation of regional institution as well as the design and delivery of regional development policies.

The central conceptual message that emerges from this thesis is the inadequacy of both the Old and the New Regionalism and Regionalisation paradigms to explain the emergence and functional operations of regions in Romania as well as to explain the design and delivery of local development and government policies. The fact that these theory and policy paradigms have developed through the Anglo-American academic tradition and been promoted by the EU enlargement and local/regional development policies as well as the Romanian Government accession and local development policies raises further questions about the suitability of these policies within the Romanian context. First of all, the broader economic framework is completely different. The post-socialist Romania might have encountered a serious de-industrialisation problem but this was not related to the failures of the Fordist and post-Fordist economic models that took place in Western Europe during the 1990s. It was directly linked with the collapse of the whole economic system in the country as well as the destruction of the existing production structures and trade markets. Additionally to the nature of de-industrialisation problems, the prior industrial development's characteristics were also completely different regarding to the reasons, the aims and the stages of the industrial development. All these differences have created a completely different set of explanation and cause that supports the inapplicability of New Regionalism as the new orthodoxy of local and regional development in the post-socialist Romania.

Similarly, the diverse social and political peculiarities of the post-socialist Romania compared to the conditions and demands of the Western societies, reveals additional weaknesses of the existing regionalism and regionalisation movements to explain the emerge of Region. The existence of linguistic, ethnic and historical claims for instance, constituted the basis for the creation of regions in Western Europe during the 1960s but the same issues represented the major reason for the rejection of regional autonomy in post-socialist Romania. Furthermore, the involvement of state and non-state actors from all the levels in economic restructuring was one of the most important novelties of regional administrations during the 1990s in Western Europe, whilst in Romania the cultural and historical legacies did not allow a substantial engagement of actors with a similar orientation.



Notwithstanding the significant socio-political and economic conditions, reasons and outcomes, the peculiar globalisation phase in the post-1989 period and especially in the beginning of the 21<sup>st</sup> century advocates the rejection of the existing regionalism and regionalisation orthodoxies into analysis of the Romanian experience. Despite the failed transplantation of institutions and norms from the EU, the major characteristic of the emergence of region in Romania, as Chapter 8 has shown, was the fulfilment of the EU condition. This transplantation failure demonstrates the shortcomings of applying the theory and policy of New Regionalism, one that was developed in a western European political context, to Romania - a non-western European country. Moreover, the disequilibrium of power between the EU and the candidate state of Romania, combined with the trends of institutional homogeneity across Europe has led to the adaptation of regional institutions, or the so-called NUTS II classification, in Romania, not as response to the local and regional needs and demands but as a requirement to fulfil the broader political aim of accession to the EU. It is the first time in the history of regionalism and regionalisation that alongside the local and national authorities, supranational bodies have such an active role in the determination of local and regional development and government institutions. Together with the questionable effectiveness and efficiency of Development Regions of Romania emerging in that way, the decisive engagement of the EU in the creation and operation of regions generates further challenges related to the legitimacy and accountability of such an intervention.

#### **9.4 Limitations to Present Study and Future Work**

This work has followed a geographical political economy approach where the changing politics of local and regional development and government in Romania have been viewed from a realistic and pragmatic perspective. A range of different methodologies has been used to take account of the subject's associated data limitations and of the central aim's dynamic character and complexity. The usage of such a diverse set of mainly qualitative methods and techniques is directly related to the heterodox agenda adopted and the attention that this thesis paid to both economic and non-economic factors of local and regional politics. Furthermore, this thesis has

preferred to incorporate a creative synthesis of several opposing theories instead of simply accepted one or another extreme argument.

Nevertheless, other methodologies and approaches may have been adopted. The study of the changing politics of local and regional development and government may well have taken either a more theoretically/axiomatic approach or a fuller quantitative empirical approach. While an axiomatic approach would have offered a more close and thorough analysis of the theoretical model(s) used in Romania, it would have very little to offer regarding their application and relevance to the Romanian experiences throughout different social and political systems. Similarly, while a fuller quantitative empirical approach would have ideally contributed to the analysis, such extended empirical analysis was not desirable and not possible. It was not necessary because of the limitations that a positivist extensive research approach would have for the questions asked in this study. Furthermore, it was not possible due to significant data limitations and lack of credibility, which represents a wider recognised problem in any study of CEE economies.

It is accepted that a greater insight into post-war local and regional development and government would have been gained if more data and resources in English were available. The analysis of various aspects of local and regional politics during the communist period has disproportionably been based on the work of Pr. David Turnock, a fact which constitutes by default a restriction of this study. The problem for this period was exacerbated because of my limited knowledge of Romanian that did not permit a more extensive usage of local and national sources. However, sources in Romanian prior to 1989, and even during the first transition stage (1989-1996) was collated under different political and economic systems and conditions to that of post-1997 period, with propagandist bias more than obvious in the vast majority of texts, and therefore both the previously mentioned limitations were not of great importance overall. Most serious restriction proved to be the lack of sources referring to local and regional level, as the emphasis on these time periods was mainly at the national level.

It is further acknowledged that this thesis does not constitute an analysis of the entire Romanian transition and/or Europeanisation process. It is rather a study of local and regional politics subject to both the influences of the socialist past and the pressures of

these two processes and not an exclusive analysis of these two processes. As such it only represents a dynamic picture of the Romanian economy and society over one particular point of view and not a sociological, economic or political historic analysis over time at the national level.

The use of the case study of Neamt County in the North East Development Region of Romania could have been extended to include another county and/or region of the country in the basis of a comparative analysis. A Judet from the North West Development Region with completely different ethnic, social and economic characteristics could be an ideal comparison. Alternatively, the case study approach could have been deepened through the examination of the individual performance of more than two Judets, which however would not allow such an intensive analysis of the changing politics. Furthermore, the focus has been on the Romanian experience and it could have been extended to a comparative analysis with the experiences of another post-socialist state, either from the CEE or the SEE.

## **9.5 Final Remarks**

This thesis is a contribution to several continuing debates about local and regional development and government, regionalism and regionalisation process, Europeanisation phenomena and post-socialist experiences. The central theme of the study however, is the challenge of the ‘orthodox regional growth analysis’ with the adaptation of a rather ‘heterodox agenda’ that equally incorporates non-economic factors in the empirical and theoretical analysis of local and regional politics. Furthermore, by applying this approach to a less-developed Balkan country, that is undergoing transition from a centrally planned to a market economy, it offers the opportunity for analysing local and regional development under different resource allocation and decision-making mechanisms.

This work not only contributes to a better understanding of the powers in force that have shaped the Romanian local and regional politics, but it may also be seen as a framework for policy analysis and evaluation. In light of the current trends and priorities that local and regional policies are receiving from both, the Romanian

Government and the EU, their response and success can be gauged by the extent to which the acute problems highlighted in this work have been addressed. Thus, any possible failures of the present and/or future regional development policies would not be necessarily appreciated as a failure of the regions and/or regional development but probably as a failure of the existing politics around local and regional development policies. In this respect, the main conclusion of this thesis regarding the marginal changes of the current local and regional policies in Romania raises questions in relation to the effectiveness and efficiency of the EU local and regional policies. In addition, the arguments contained here underline the necessity to re-consider and reform several aspects of these policies. In short, a very different theoretical and practical policy orientation responding better to specific local and regional needs and aspirations is essential/of the essence.

Furthermore, this thesis could represent the basis for a reverse discourse on post-socialism and the European Union's local and regional development and government policies. The conclusion of layering effects on Romanian's local and regional politics, in spite of the generally accepted significant influences by the EU during the accession adventure could generate questions about the nature of the EU's regional politics. If the current local and regional politics in Romania constitutes a significant reflection and transplantation of the EU's regional politics and simultaneously a continuation of the communist, local and regional politics, questions regarding the 'Sovietisation' of the EU regional policies, the transformation of 'Homo-Sovieticus' to 'Homo-EUticus', and the shift from COMECON to COMERON (Council for Regional Economic Assistance) could easily be raised. All these questions could challenge the subordination of democratic local politics by the technocratic local polices and the de-politicisation of local politics within the EU framework of local and regional development and government.

Finally, the arguments about the 'change in continuity' and the 'inapplicability of the New Regionalism', as it is expressed through the EU's local and regional policies, to explain and support local development in Romania, all could have serious implications for the EU's enlargement policy. More specifically, the failure of EU local and regional policies to take seriously into consideration the local, regional and national particularities and legacies should be used to ensure that lessons are learnt in

relation to what are clearly very salient weaknesses that exist within EU enlargement policy more widely. The attempt on the EU side to impose homogeneity in respect of institutional and policy structures onto new member states, and thus taking advantage of the disequilibrium of power as analysed in Chapter 4, seems to have created the very opposite results from those desired.

In the same way that local and regional policies have failed not only to implement fully EU mechanisms and norms but also failed to change the context, procedures and actors of these policies in Romania, the EU's enlargement policy could have negative results if homogeneity remain its main goal. The conclusion of this thesis regarding the importance of non-economic factors in the case of Romania may constitute a useful example for future enlargement waves, especially for the countries of the western Balkans that arguably differ in many aspects from their potential partners in the EU family.

## Appendices

### Appendix A: North East Development Region and Neamt County Profiles

INDICATORS	Region	Counties <sup>1</sup>						Romania
		BC	BT	IS	NT	SV	VS	
<b>I. Population, employment, unemployment<sup>2</sup></b>								
I.1 Total population (absolute figures)	3,734,546	723,518	459,900	813,943	570,682	705,752	460,751	21,623,849
Urban population (%)	43.4	46.2	41.8	46.2	38.6	43.3	41.6	54.9
Rural population (%)	56.6	53.8	58.2	53.8	61.4	56.7	58.4	45.1
Migration sold	-4,783	-730	-576	-1128	-987	-484	-1328	-7,234
<b>I. 2 Employment</b>								
Active population in total population (%)	47.9							45.5
Employed population in total population (%)	33.8	31.1	33.3	36.4	35.2	34.5	31.9	38.8
Employed population by economic sectors:								
Agriculture (%)	42.7	32.6	52.9	34.6	45.1	48.1	51.2	32.0
Industry (%)	19.4	26.2	15.1	18.8	19.4	16.8	18.7	23.5
Services (%)	37.9	41.2	32.0	46.5	35.4	35.1	30.0	44.5
<b>I.3 Unemployment</b>								
Unemployment rate by December 31 <sup>st</sup> 2005(%)	6.8	6.3	6.2	7.2	5.6	6.0	10.1	5.9
Feminine unemployment rate by December 31 <sup>st</sup> 2005 (%)	5.2	4.9	4.3	5.4	4.6	5.2	7.1	5.2
Percentage of unemployed not benefiting from indemnities by 31 December 2005 (%)	63.3	55.6	65.3	72.5	62.3	60.7	59.2	58.8
<b>II. Economic development</b>								
II. 1. GDP / inhabitant (2004) – euro	2029.3	2441.1	1453.7	2307.3	1974.9	2027.1	1530.6	2932.8
II. 2. Labour productivity (2004) – euro	1811.9							6194.8
II. 3. FDI (mil. Euro)	292							21,885
II. 4. Business infrastructure (industrial, scientific and technological parks)	2		1		1			34
<b>II. 5. SMEs</b>								
SMEs / 1000 inhab (No.)	13.1							20.4
Total SMEs (absolute figures)	49,078							440,714

<sup>1</sup> BC (Bacău), BT (Botoșani), IS (Iași), NT (Neamț), SV (Suceava), VS (Vaslui)

<sup>2</sup> The data value is recorded at 1<sup>st</sup> of July 2005

Out of which :								
Manufacturing (%)	<b>15.1</b>							<b>13.2</b>
Constructions (%)	<b>5.7</b>							<b>7.0</b>
Services (%)	<b>78.9</b>							<b>79.5</b>
SMEs structures by size:								
Micro (%)	<b>87.7</b>							<b>88.3</b>
Small (%)	<b>10.9</b>							<b>9.4</b>
Medium (%)	<b>2.3</b>							<b>2.2</b>
Atractivity rate <sup>6</sup>	<b>19.7</b>							
<b>III. Infrastructure</b>								
III. 1 Transport								
Public roads density (km/100 sqkm)	<b>36.3</b>	37.1	42.5	43.0	30.6	29.0	40.8	<b>33.5</b>
Modernised public roads in total public roads (%)	<b>25.1</b>	25.8	16.4	17.6	25.3	37.0	26.8	<b>26.5</b>
III. 2 Public utilities								
Localities with water supply network in total number of localities (%)	<b>54.8</b>	72.0	64.1	48.9	54.2	38.9	55.8	<b>61.0</b>
Localities with sewerage network in total localities (%)	<b>24.3</b>	54.8	19.2	13.3	16.9	26.5	12.8	<b>21.9</b>
III. 3 Education								
Number of education units	<b>1,664</b>	392	271	362	231	240	168	<b>11,865</b>
III. 4 Health								
Number of hospitals* *)	<b>66</b>	10	11	20	7	11	7	<b>433**)</b>
III. 5 Social services								
Number of institutions providing social services	<b>916</b>	640	75	19	18	14	150	<b>13,747</b>
III. 6 Tourism								
Accommodation units (no.)	<b>402</b>	41	11	68	94	179	9	<b>4,226</b>
Existing accommodation capacity (places)	<b>18,718</b>	3,401	756	3,428	4,045	6,526	562	<b>282,661</b>
Functioning accommodation capacity (thou. places - days)	<b>5,285</b>	976	284	718	1,165	1,933	209	<b>54,979</b>

\* \*) Including the private sector

Source: ROP 2007, p. 188-189

<sup>6</sup> Survey, Romanian Business Digest, 2005

Appendix B: List of the interviewees

NUMBER	INITIALS	ORGANISATION	POSITION	LOCATION	DATE
1	LR	MINISTRY OF REGIONAL DEVELOPMENT AND TOURISM	DIRECTORATE GENERAL MANAGING AUTHORITY FOR ROP - SPECIALIST	BUCHAREST	10/04/08
2	AP	MINISTRY OF REGIONAL DEVELOPMENT AND TOURISM	DIRECTORATE OF STRATEGY AND PROGRAMME COORDINATION-DIRECTOR	BUCHAREST	12/07/08
3	CI	NATIONAL COUNCIL OF SMES	BUSINESS PROMOTION DEPARTMENT - HEAD	BUCHAREST	10/07/08
4	SI	ROMANIAN ACADEMIC SOCIETY	RESEARCHER - DIRECTOR	BUCHAREST	22/03/08
5	DC	UNIVERSITY OF BUCHAREST	PROFESSOR OF ECONOMICS	BUCHAREST	24/03/08
6	GS	NORTH EAST DEVELOPMENT REGION	EXECUTIVE DIRECTOR RDA NE	NEWCASTLE UPON TYNE	08/02/08
7	SC	NORTH EAST DEVELOPMENT REGION	PROJECT DEVELOPMENT OFFICE - HEAD	PIATRANEAMT	25/03/08
8	SG	NORTH EAST DEVELOPMENT REGION	PROGRAMMING OFFICE -HEAD	PIATRANEAMT	12/06/08
9	MV	NEAMT COUNTY COUNCIL	PROGRAMMING OFFICE-HEAD	PIATRANEAMT	02/04/08
10	DA	NEAMT COUNTY COUNCIL	LOCALAGENDA 21 DEPARTMENT - HEAD	PIATRANEAMT	18/07/08
11	SA	NEAMT PREFECTURA	COORDINATION UNIT – DIRECTOR	PIATRANEAMT	05/04/08
12	GB	NEAMT SCHOOL INSPECTORATE	SENIOR ADVISOR	PIATRANEAMT	15/06/08
13	MN	NEAMT STATISTICS OFFICE	SPECIALIST ADVISOR	PIATRANEAMT	02/07/08
14	MM	CHAMPERS OF COMMERCE	GENERAL DIRECTOR	PIATRANEAMT	08/04/08
15	AC	CHAMPERS OF COMMERCE	FUNDING OPPORTUNITIES OFFICE - HEAD	PIATRANEAMT	13/07/08
16	TR	NEAMT SMES ASSOCIATION	GENERAL DIRECTOR	PIATRANEAMT	09/04/08
17	BP	ROMANIAN COMMERCIAL BANK	DIRECTOR	PIATRANEAMT	17/06/08
18	CI	UNIVERSITY OF IASI	PROFESSOR OF ECONOMIC GEOGRAPHY	IASI	29/03/08
19	AG	UNIVERSITY OF IASI	LECTURER IN HUMAN	IASI	22/06/08



			GEOGRAPHY		
20	MB	NEAMT ROMA COMMUNITY	SPECIAL ADVISOR	PIATRANEAMT	14/05/08
21	CB	CITY HALL PIATRA NEAMT	PROGRAMMIN AND PLANNING DIRECTORATE - HEAD	PIATRANEAMT	30/03/08
22	MV	CITY HALL PIATRA NEAMT	TOURISM DEVELOPMENT OFFICE - HEAD	PIATRANEAMT	18/05/08
23	SD	CITY HALL ROMAN	DIRECTORATE ENVIRONMENTAL – HEAD	ROMAN	24/05/08
24	AM	CITY HALL TIRGU NEAMT	TOURIST OFFICE - HALL	TIRGU NEAMT	28/05/08
25	SD	MIDRAS WOODEN CONSTRUCTION	GENERAL DIRECTOR AND CO-OWNER	PIATRANEAMT	08/05/08
26	CF	HOTEL BULEVARD	OWNER	PIATRANEAMT	04/06/08
27	AB	AMBIANCE TOURIST OFFICE	DIRECTOR	PIATRANEAMT	05/07/08
28	FH	CEACLAU NEWSPAPER	CHIEF EDITOR	PIATRANEAMT	24/06/08
29	NB	GREEK COMMUNITY OF NEAMT	PRESIDENT	PIATRANEAMT	24/07/08
30	FH	PENTECOSTALS	SECRETARY	PIATRANEAMT	20/07/08
31	IR	HUNGARIAN MINORITY CLUB	MEMBER	BICAZU ARDENEAL	16/06/08
32	IB	CIVES POLITICAL THINKING NGO	PRESIDENT AND FOUNDER	PIATRANEAMT	08/06/08
33	CA	CHRYSANTHEMA NGO	GENERAL SECRETARY	PIATRANEAMT	29/06/08

## Appendix C: The Interview Schedule

### **Preamble**

I am interested to see the extent and the way that transition to free market economy and transition to the EU has influenced the concepts and models of local and regional development and government in Romania.

I am going to ask you a series of questions relating to this topic. In particular, our discussion will be concentrated on the context, the processes and the actors involved in local and regional development policies.

Your answers to these questions will be treated in strictest confidence and anonymity.

## Questions

### ***A. INTRODUCTION- OPENING QUESTIONS***

1. **Would you like to tell me few words, as an introduction, about yourself?**  
(name, origin, employment, position in the organisation, qualifications, etc...)
2. **Could you please describe briefly the organisation/institution/company that you represent and explain the way(s) is involved in local development policies?**  
(name, mission, object(s), aim(s), actions, etc...)  
(role, degree and type of involvement, contribute in design/delivery, etc...)

### ***B. CONTEXT OF THE LOCAL/REGIONAL DEVELOPMENT POLICIES***

1. **How important are local/regional development policies in Romania/North East/Neamt nowadays?**  
(can you recall local/regional development policies during communism?)  
(what is the link between national economy and local development?)
2. **What is the ultimate aim of these policies? Whether and in which ways they have changed overtime?**  
(growth Vs equity?)  
(donor-recipient or growth oriented model?)  
(change the situation or prevent getting worst?)
3. **What do you think are the main local development/government problems?**  
(unemployment, out-migration, etc....)  
(social issues...)
4. **What economic sectors constitute the main priorities of local development in Neamt County?**  
(infrastructures, SMEs, ...)  
(is there any conflict between local and regional/national priorities?)  
(Regional Strategies 2000-2006, ROP 2007-2013)  
(how important was/is the political affiliation/party in power?)
5. **Whether and in which degree, local/regional development policies have be influenced by international organisations? Was that a positive or negative influence?**  
(EU, OECD, WTO...)  
(consideration of local particularities, local responses to external pressures?)  
( regional identity
6. **What alternatives do you have to suggest for the context of local/regional development policies in Neamt/North East?**

### ***C. PROCESSES FOLLOWED AND PRACTICES APPLIED***

1. **How you will characterise in general the processes and the practices followed in designing and delivering these local development policies?**  
(in terms of direction -> top-down or bottom-up)  
(in terms of participation -> wide or narrow?)  
(can you recall the similar processes/practices during communism?)
2. **What constitute the main problems for an efficient and effective formulation and implementation of local development policies?**  
(bureaucracy, unproductive public administration in different levels)  
(degree of decentralisation and devolution)  
(competition or cooperation within the local level and between local and regional/national level?)
3. **Partnership has been promoted as the main precondition for a successful development intervention at the local level. What is your opinion concerning the way that this principle has been put in practice in Neamt?**  
(evaluate the establishment and the functional operation of the partnership schemes in Neamt/North East)  
(appreciate the ways that partnership has or as not affect the context of local and regional development strategies in Neamt/North East)
4. **Have you participated in any of the partnership schemes established?**  
(YES -> in which one, how you have been selected, your contribution  
-> experiences, degree of satisfaction, problems, proposals)  
(NO -> why not, did you make any attempts to participate, signs of exclusion  
-> will you be keen to participate in the future, aims, anticipations)
5. **What alternatives do you have to propose for the processes and practices followed in local/regional development in Neamt/North East/Romania?**  
(ways of improvement)  
(consultation, feedback mechanisms)  
(ensure transparency and accountability)

### ***D. ACTORS INVOLVED IN LOCAL/REGIONAL DEVELOPMENT POLICIES***

1. **Who do you think are the main actors/institutions that have been involved with the design and delivery of local development policies in Neamt?**  
(what level, who they represent, how successful have worked?)  
(can you recall the most important actors during communism?)
2. **How important is the role of these actors/institutions in success or failure of these policies?**  
(competencies and power, place in administration structure, level)  
(which seems to be more important and why?)

3. **How these actors/institutions have been emerged?**  
 (set up from scratch, inherited from the past, constituted or amended?)  
 (elite reproduction or elite circulation, via which mechanisms?)  
 (who took the initiative for that and why, top-down or bottom-up?)  
 (relevance with communism-transition- accession period and political parties)
4. **In which degree the local/regional actors/institutions express the local interests?**  
 (how wide and diverse is the participation of local population?)  
 (how participation, equality, accountability, transparency is ensured?)  
 (how strong is the demand for expressing local interests?)
5. **Region is widely accepted as one of the most important actors for a successful local/regional development initiative. What is your opinion for the North East Development Region (NEDR)?**  
 (reasons for its emergence, necessity for establishing, suitability for Neamt)  
 (evaluate the operation and contribution in local/regional development)  
 (compare anticipated contribution and actual engagement of the NEDR)  
 (suggest ways of improvement)
6. **Networking among several actors is considered also a necessary condition for an effective local/regional policy. Has your institution any communication at all with each of the following actors/institutions, as part of the local/regional network? \*\*\* \*\*Separate Table in Page 5\*\*\*\*\***  
**YES -> How strong is your communication with the rest actors?**  
 (any type of communication and for any potential reason per week)  
**NO -> What is the reason(s) for not contacting each other?**
7. **What alternatives do you have to suggest for the type, nature and role of the actors involved in local and regional policies in Neamt/North East?**  
 (changes on their status and composition, legal personality?)  
 (move from appointed to directly elected bodies, abolition of party lists?)  
 (active and wide participation, transparency, accountability?)

#### ***E. SUMMING UP- CLOSING QUESTIONS***

1. **After our discussion today, in which ways you think have local/regional development and government have changed over time?**  
 (from communism-transition-accession times?)  
 (context, processes, actors involved...)
2. **Is there anything else you would like to add or comment upon the local/regional policies in Neamt/North East?**
3. **THANK YOU VERY MUCH FOR YOUR PARTICIPATION  
 KEEP IN TOUCH, FEEL FREE TO CONTACT ME ANYTIME**

**\*\*\*\*\*Table for the Question D.6 (Networking-SNA Analysis) \*\*\*\*\***

<b>Nu</b>	<b>ACTORS / INSTITUTIONS</b>	<b>SNA CODE</b>	<b>STRENGTH (contact/week)</b>
1	Ministry of Regional Development and Tourism	MNSTR	
2	National Council of SMEs	NAT-SME	
3	Romanian Academic Society	SAR	
4	University of Bucharest	UNIBUCH	
5	North East Development Region	NEDR	
6	Neamt County Council	NMCC	
7	Neamt Prefectura	NMPREF	
8	Neamt School Inspectorate	NMSCHL	
9	Neamt Statistics Office	NMSTAT	
10	Chambers of Commerce	CoC	
11	Neamt SMEs Association	NM-SME	
12	Romanian Commercial Bank	BANK	
13	University of Iasi	UNIIASI	
14	Neamt Roma Community	NMROMA	
15	City Hall Piatra Neamt	CHPIATRA	
16	City Hall Roman	CHROMAN	
17	City Hall Tirgu Neamt	CHTIRGU	
18	MIDRAS Wooden Construction	MIDBUS	
19	Hotel Bulevard	HOTEL	
20	AMBIANCE Tourist Office	TOURSER	
21	Greek Community of Neamt	NMGREEK	
22	Pentecostals	NMPENTIC	
23	Hungarian Minority Club	NMHUNG	
24	CIVES political thinking NGO	CIVESNGO	
25	CHRYSANTHEMA NGO	CHRUNGO	

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