

## DYNAMICS ECONOMIC DISPARITIES IN NORTH-WEST REGION OF ROMANIA

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**Abstract:** *Even though over the years has enjoyed wide media coverage, with highlighted aspects, discrepancies and inequalities of economic potential between different regions of the world, or even parts of the same countries always remained topical. Difficulties arising from these differences were always felt, extremely painful by humans.*

*Analyzing distinctly, participation of each county to the GDP of the Northwest Region and the composition of all indicators, we can identify significant discrepancies between counties, regions and municipalities. This is one of the reasons that led us trying to identify the causes that generated the current situation. From the perspective of the contribution of each county in the Northwest Region to Region's domestic product composition, the first place is taken by Cluj county 32.3%, followed by Bihor with 24.3%, Maramures, with 14.9% Satu-Mare, 12.1%, Bistrita-Nasaud, 9.1% and 7.2% Salaj. Consulting of the Regional Operational Programme 2007-2013 indicates that the poorest areas in the Northwest Region are in Maramures and Bistrita-Nasaud.*

*An important part of the active population of North-West Region was employed in public enterprises and an increase of unemployment in the counties of Salaj, Satu Mare and Maramures became predictable, imminent amid restructuring of public enterprises with losses. Studies of employed population by sectors of the economy, shows a high rate of population employed in services in the counties of Cluj and Bihor and high employment in agriculture on other four counties. In a modern market economy, services are most concentrated labors, and how the workforce is distributed in the Northwest region also shows an imbalance. How Northwest Region is participating in international economic cycle has major effects on the population's living standards. Relevant for the inter-district disparities analysis is the human and agents behavior analysis and the savings and loan relationships. How people behave in these ratios in each county tells us much about their economic profile.*

*Attenuation of long distance gaps in the Northwest region remains a very complex problem, attempts to decrease it, is bringing into question, not infrequently contradictory strategies. Supporting the few remaining state-owned enterprises in the region could lead to a revival of activity, attracting attention of foreign investors can thus lead to recovery of much of the labor resources of the Region. Expansion and modernization of transport and distribution networks would provide a further chance to faster development of the North-West by exploiting the growing regional economic resources available, enhancing economic relations both intra and extra regional.*

*But we can not fail to mention the part state should play in orchestrating these measures. Despite the independence of regions, they are subordinated to the central administration, and strategic investment policy depends to an overwhelming extent of it. Only by linking effective measures at national, regional and local level will alleviate the sustainable economic gaps.*

**Keywords:** *disparities, restructuring, reforms, investments, consequences*

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The issue of disparities and inequalities of the economic potential existing between different regions of the world or even between regions of the same countries always remained valid, despite the fact that over time it has received wide media coverage. Difficulties arising from these differences were always felt particularly painful by humans.

Currently, the economy is characterized by an increased mobility of all its components, and economic disparities have begun to worry more and more economic researchers. As a result, simply finding the economic disparities is not satisfying anyone anymore.

Maybe that's why people who believe that it is necessary to identify the necessity to maintain and deepen the gaps identified cases depending on the particularities and specificities of each area. It must also decipher their consequences, because they are not limited to the current period, but designing, influencing economic relations on a longer period. In the spirit of the statement we want to present an analysis by geographical regions, North-West of Romania. Among the envisaged objectives we include: identifying the causes of economic disparities emphasis of inter-county geographic area North West of Romania, which are the economic effects of these inter-district disparities

According to information provided by the Regional Development North West Agency, the North-West region (northern Transylvania) is close to European markets, with good road access, rail and air has a strategic geographical position, being the gateway to Romania from the European Union and Ukraine. Even if the region is crossed by 7 European roads, has peripheral position over the European transport corridors, the connection with eminent poles in the neighborhood, with other regions is still difficult. According to the same sources,

the North-West of Romania has an area of 34,159 km<sup>2</sup> representing 14.3% of the total area of the country. Part of this region are the counties: Bihor, Bistrita-Nasaud, Cluj, Maramures, Satu Mare and Salaj having a population of 2,744,914 (14.32% of the total population of the country) and has an average density of 80.1 inhabitants per square kilometer. For that is the number of administrative-territorial units (421), distributed as follows: 42 cities including 15 municipalities, 398 communes and 1823 villages.

Analyzing separately each county participating in the formation of regional GDP and the composition of the indicators, we can identify significant discrepancies between counties, regions and municipalities. This is one of the reasons that led us trying to identify the causes that generated the current situation.

From the perspective of contribution each county has in North-West Region's domestic product formation, first place is taken by Cluj county with 32.3%, followed by Bihar with 24.3%, Maramures, with 14.9% Satu-Mare, 12.1%, Bistrita-Nasaud, 9.1% and 7.2% Salaj. Consulting of the Regional Operational Programme 2007-2013 indicates that the poorest areas in the Northwest Region are in Maramures and Bistrita-Nasaud. Here were identified most areas of industrial decline. Intra-regional differences are closely related to the degree of industrialization, the counties most powerful and industrialized early - Cluj and Bihor - having a high proportion of the employed population (44.5% and 45.7%), while less counties and later industrial - Satu Mare and Bistrita-Nasaud - have lower weights (39.6% and 38.0%). Un-industrialization has led to a restricted job use in industry in counties of North-west, but with large differences from one area to another.

**Table 1 Unemployment in North-West**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Bihor</b>	<b>2,4</b>	<b>3</b>	<b>5,8</b>	<b>5,8</b>
<b>Bistrița</b>	<b>2,4</b>	<b>2,8</b>	<b>8,2</b>	<b>6,3</b>
<b>Cluj</b>	<b>3</b>	<b>2,9</b>	<b>6,3</b>	<b>4,9</b>
<b>Maramureș</b>	<b>3,4</b>	<b>3,7</b>	<b>6,4</b>	<b>6</b>
<b>Satu Mare</b>	<b>2,6</b>	<b>3</b>	<b>6</b>	<b>6,3</b>
<b>Sălaj</b>	<b>4,4</b>	<b>5,5</b>	<b>10,3</b>	<b>8,2</b>

*Made by author based on information found on the website:*

<http://www.insse.ro/cms/rw/pages/buletinStatJud.ro.do>

An important part of the active population of North-West Region was employed in public enterprises and an increase of unemployment in the counties of Salaj, Satu Mare and Maramures became predictable, imminent amid restructuring of public enterprises with losses. Other areas in decline are: the Apuseni Mountains and the northern mountain area. Mining sector restructurations has affected this sector and led to massive layoffs in the area of Baia Mare-Borsa-Viseu.

A lower number of unemployed in Cluj and Bihor to the major foreign investment, which have diminished, even partially, the effects of industry restructuring. North-West has attracted a relatively high number of firms with foreign participation, sometimes grouped in clusters (eg major foreign investors in Bihor County - primarily producers of technological equipment). But we can observe that they are generally SMEs, who often work as subcontractors or contract work or operate based on business ties, traditional Western Europe. It should be noted that SMEs present in the Northwest region of the country accounts for 15% of the national total. The existence of foreign investors to operate in the same field at the same time can create both advantages and disadvantages. On Bihor 's labor market multinationals had a visible contribution to the unemployment rate and the constant increase in demand for qualified manpower, services development.

Studies of employed population by sectors of the economy, shows a high rate of population

employed in services in counties of Cluj and Bihor and high employment in agriculture on other four counties. In a modern market economy, services are most concentrated labors, and how the workforce is distributed in the Northwest region also shows an imbalance. Counties in which the employment of labor resources is higher in services, like Cluj and Bihor, also raises the level of economic development compared to other counties.

The presence, quite shy, of industrial parks in the Northwest Region counties, and also their unequal distribution in the Region, is supplying the gaps. We notice the early existence in Cluj County of three industrial parks: Tetarom1 Cluj-Napoca, Cluj Napoca Tetarom2 , Dej ARC Park, which attracted investments of hundreds of millions of euros. A significant impact on the local economy has the making of the industrial park of the Finnish giant Nokia (Tetarom3), Nokia investment reaching half billion euros. Existence in Bihor county of those two industrial parks, one located in Oradea and one in the west of the county, between Oradea and the border with Hungary, has created a domino-type effect, attracting other foreign investors and companies. So Shin Heung Precision of Korea, U.S. Plexus that made investments of over EUR 20 million and a Canadian company that produces equipment (Celestica) made an investment of over 84 million, those 3 assuring to employ over 3,000 people. In other county we could see 25 million euros invested by the French

company Michellin in a tire factory in Zalau, the Natuzzi Italian corporation in a furniture manufacturing facility in Baia-Mare in the amount of 40 million euros in Satu Mare Schemmer German company has invested 10 million euros in the production of tubes for cable protection, and in Bistrita-Nasaud a german company Leoni Wyring System's presence is noted, producing automotive wiring, but also companies with Italian capital such as Tesitura, Italtexil and Storia, active in textiles field. In all counties in the

region, except Bistrita-Nasaud, industrial parks have been established.

The top foreign investors in the county of Cluj is the leader of the Region, and placing their capital where conditions exist for achieving higher returns. All these elements lead to the development of the labor market, bringing financial resources, significantly reducing the unemployment rate, while generating an increase in GDP per inhabitant (Table 2).

**Table 2 Average monthly wage**

	Salariați (raportat la totalul populației) (%)	Salariul mediu net lunar(euro)	PIB (pe cap de locuitor)
Bihor	27,3	249	5550
Bistrița	19,2	261	4712
Cluj	28,5	345	<b>7100</b>
Maramureș	17,8	235	4090
Satu Mare	19,5	259	4459
Sălaj	17,6	265	4337

Source: National Commission for Prognosis <http://www.cnp.ro/ro/prognoze>

In the Northwest Region, we noted important differences between the counties both in terms of number of employees compared to the total population, the net average wage, and GDP per inhabitants. A cause of this situation may be the preference of investors to place capital in more developed counties, such as Cluj, at the expense of others. Another effect of the existence of gaps in the North West is population migration. If the external migration is already well known, became a phenomenon very carefully studied by the European institutions, migration between counties in the Region being seriously considered, to my knowledge, until now.

Relevant inter-district disparities analysis is to analyze the behavior of the population and the savings and loan relationships. How people behave in these ratios in each county tells us much about their economic profile.

The information presented in the table 3, allows us to identify different behaviors for each of the counties residents regarding loans and deposits. As expected, most of the loans (in absolute value) are in the county of Cluj, followed in order by Bihor, Maramures, Satu Mare and Bistrita-Nasaud. Perhaps more relevant is the percentage of outstanding loans, Cluj and Satu Mare, where only 9.8% and 9.1% of total loans, Bistrita-Nasaud most delicate position having 18.2% of total loans, while the values of Bihor and Maramures 13.2% and 11% standing in the middle somewhere.

Following the structure of loans, it is noted that in the Maramures home credits do not exceed 31.7% of total loans to the public. The explanation could be given by the fact that a large number of Maramures people are working abroad, money they send being used primarily to create new residential areas, so the necessary credits for this area is

smaller. Cluj in turn, has the highest share of housing credits in total loans, approximately 42.44%, this being due to increased development of the area in recent years, the number of students who chose Cluj as the city of residence after graduation, relatively high price of real estate in this area compared to other areas as well as greater employment and income more consistent work performed by

residents in the area. Bistrita, Satu Mare and Bihor have comparative value of real estate loans in total loans ratio, with values ranging between 34% and 36%, remarkable being the fact that in absolute value Bihor is ranked second after Cluj with a double value total loans and real estate compared to the other counties.

**Table 3 Information on credit report in the Northwest Region (mil. RON)**

	<b>Total credite Lei și valută</b>	<b>Total restante Lei și valută</b>	<b>Total credite populație Lei și valută</b>	<b>Total credite locuințe Lei și valută</b>	<b>Total depozite la termen lei și valută</b>
<b>Bihor</b>	<b>6071.9</b>	<b>1788.5</b>	<b>2575.8</b>	<b>645.3</b>	<b>2395.8</b>
<b>Bistrița</b>	<b>2135.5</b>	<b>809</b>	<b>1170.2</b>	<b>290.3</b>	<b>1026.7</b>
<b>Cluj</b>	<b>9197.8</b>	<b>862.8</b>	<b>4694.9</b>	<b>1574.7</b>	<b>5583.6</b>
<b>Maramureș</b>	<b>3107.9</b>	<b>264.5</b>	<b>1445.1</b>	<b>305</b>	<b>1524.9</b>
<b>Satu Mare</b>	<b>2632.1</b>	<b>193.1</b>	<b>1099.4</b>	<b>266.5</b>	<b>1040.1</b>

Source: BNR – Territorial structure of non-bank loans and customer deposits  
<http://www.bnr.ro/Indicatori-agregati-privind-institutiile-de-credit-3368.aspx>

Attenuation of long distance gaps in the Northwest region remains a very complex problem, attempts to decrease it, is bringing into question, not infrequently contradictory strategies. Supporting the few remaining state-owned enterprises in the region could lead to a revival of activity, attracting attention of foreign investors can thus lead to recovery of much of the labor resources of the Region. The level of resource utilization services sector should also be carefully considered.

Expansion and modernization of transport and distribution networks would provide a further chance to faster development of the North-West by exploiting the growing regional economic resources available, intensifying economic relations both intra and extra regional.

But we can not fail to mention the part state should play in orchestrating these measures. Despite the independence of regions, they are subordinated to the central administration, and strategic investment

policy depends to an overwhelming extent of it. Only by linking effective measures at national, regional and local level will alleviate the sustainable economic gaps.

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