A Cultural and Institutional Perspective on Regional Development Policy: The Case of Romania
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Introduction

The regional dimension of the transformation processes undertaken in East European countries is a new field of research and one of the sources of 'new combinations' in regional science (Geenhuizen van and Nijkamp 1995a). Problems such as those of restructuring regional economies, regional policy instruments in the context of an acute shortage of financial means, regional institutional frameworks, the question of decentralization, and the impact of European integration, represent central issues in studying the real world of regional economies in the countries in transition.

This paper proposes the case of Romania for analysis--it focuses on the institutional and cultural aspects of the regional development policy.

The starting point in this analysis is that the regional dimension of the transition strategy and reform in Romania has to be integrated in a complex outlook, which combines the need for local identity, self-reliance, and development with the challenges and opportunities of the globalization processes seen at both the national and international levels, with the aim of the future integration in the European Union's structures in view. Accordingly, any project in the regional development field necessarily has an interdisciplinary character: on the one hand it focuses on regional economics and policy issues so as to assess the actual situation of regional development, propose appropriate objectives, and to underlie realistic economic and social policies, with their corresponding instruments and mechanisms of implementation and result evaluation; on the other hand, it has to concentrate in the institutional framework and allocation of responsibilities within public administration organizational structures. If only one issue, the most important in such a project, had to be specified, in the author's opinion this issue would be: applying regional policy in a decentralized context, as an obvious tendency in the new Romania.

In order to offer a comprehensive image on the afore-mentioned questions, this paper has been structured into two main parts. The first part presents the institutional transformations at the regional level after 1990, as a component of transition to a new, democratic society. The second part addresses the cultural and behavioral challenges to implementing regional policy, trying to demonstrate that participation, communication, mentalities, and attitudes--even more than financial constraints--are crucial elements for the real success of regional strategy and policy.
Regional Development Policy in Romania: Institutional Transformations

Despite its undeniable importance for the complete success of transition, little attention was paid to the regional dimension of the corresponding Romanian strategy and reform for many years. Only in 1995, on the occasion of developing the strategy of preparing Romania for accession to the European Union, the government had to admit that the problems of regions and of local communities represent key elements of realism and coherence for this strategy. These elements are necessary to be considered for bridging the gap between words and facts relating to decentralization and local administrative autonomy on the one hand, and to European integration, trans-border cooperation, and spatial networks on the other hand. Accordingly, two special chapters of the aforementioned strategy have been focused on regional issues, representing the background of subsequent decisions and actions. These chapters refer to regional development strategies and to the national spatial plan, concentrating on large-scale infrastructure projects and rational land use, as a synthesis of the strategies developed by each county and the Bucharest municipality. They combine the concerns with transition and reform processes at the regional level with the actions that have to be undertaken for the future integration in the European Union's structures. Consequently, the whole strategy is organized into two stages: 1995-1999 and 2000-2004, when the EU standards will probably be met.

The development of this strategy has been followed by a program for regional policy analysis and development established within the framework of PHARE by the European Union and the Romanian Government. The program has been implemented by the Department for Local Public Administration of the Romanian Government, assisted by a team of foreign advisors. A Regional Policy Task Force has overseen the program activities with representatives from key ministries and regional authorities. One of the main tasks of this program has been the preparation of the so-called "Green Paper," including the proposals formulated by the Task Force to the government in order to design and implement the regional policy in Romania. The proposed policy has three essential objectives: 1. to prepare Romania for the EU membership and for eligibility for structural funds from the EU; 2. to reduce regional disparities among Romanian regions; and 3. to integrate public sector activities in order to reach a higher development of the regions (Green Paper 1997).

Of course, the challenges of transition at the national level—a new institutional framework, privatization, restructuring, technological change, new entrepreneurial relationships, etc.—specifically mirrored at the regional level, must be central issues in the Romanian regional development strategy and corresponding regional policies. On the other hand, as transition is not a purpose on its own, the strategy conceived for this period should take into account not only the objectives specific to this stage, but also the long-term goals, expressing the time-continuity of strategic choices. This means that the national and regional contexts have to be integrated in a complex outlook,
able to consider the global challenges too. They refer to globalization and regionalization, the European integration, the world-wide ecological crises and socio-political changes (Thierstein and Egger, 1995).

To Romania, a Latin country with remarkable contributions to European and global cultural and scientific progress, whose European 'ocation cannot be questioned, but obliged to remain behind the iron curtain 'or so many decades, the possibility to join the European Union and to integrate into the main European flows is an extraordinarily "big deal."

This explains why many Romanians see only one side of the coin, namely the advantages of integration that do not need to be discussed here. It is more important to the policy-makers to make clear the disadvantages of an insufficient and/or inadequate preparation of this process, as well as the key elements able to shape the relationships between Western and Eastern Europe in a way that contributes to an integration that will benefit both the West and the East (van Geenhuizen and Nijkamp 1995b). Even in the view of many least-European researchers, a reliable path to reintegration should be based on the basic needs of East and Central Europe and should not be guided by the existing shortcomings within the EU. Key elements in this process could be: assistance in the development of a democratic institutional framework based on the political heritage of these countries' market access for products and industries in which the new countries have comparative advantages (in casu agriculture, textile, and certain areas of manufacturing); knowledge and technology transfer to the industrial base of the receiving regions to avoid the creation of isolated development poles without links to surrounding society. (Cornett 1994:12)

As far as Romania's particular situation is concerned, the attention should concentrate on its relative advantages in a very dynamic environment: for instance its size and strategic geo-political location, the variety and quality of natural and human resources, the economic potential of agriculture, some industries, tourism, and political and social stability. On the other hand, policymakers should be aware of the drawbacks accumulated in nearly fifty years of centrally planned production and amplified by the difficulties of transition. In a period of unprecedented openness between countries and regions, which increases the competition between European regions in an merging network economy, a special emphasis should be put on the removal, in a reasonable time-horizon, of the main potential barriers (physical, economic, political, and socio-cultural) to trans-border co-operation so as to allow Romanian regions to gain by this competition. The most significant conclusion that can be drawn so far is that, 'however important the international support would be, the internal efforts and commitment to building a new society remain the basic requirements for
creating a competitive economy, regionally oriented, allowing for the obvious tendency to decentralization specific to the transition phase on the one hand and the clear option for integration in a Europe of regions on the other hand. An integral regional strategy and policy, market-oriented (Thierstein and Egger 1995, Hladovska and Vogd 1994) could be conceived as a cornerstone in accomplishing this goal. In general terms, the main objectives would be reducing regional unemployment, attaining an efficient geographical distribution of industry and employment and, last but not the least, providing a more equal geographical distribution of income and living conditions, (Han en, Young, and Cornett 1995).

From an integral perspective, a regional policy able to carry out these objectives should combine the efforts of all levels involved in promoting regional development, concentrate on actors and their behavior, co-ordinate electoral policies and environmental preservation in accordance with the complex relations between these and spatial organizations, and strengthen co-operative problem-solving instruments. This policy can directly influence regional competitiveness, contributing to the increase of the region’s potential to ensure high economic development levels and living standards.

The question of the levels involved in regional development is closely related to the renewal of the institutional and legal framework, seen as a crucial element of the Romanian structural reform. Within the clear tendency to decentralization the regional strategies and policies focus on regional (local) efforts to foster socio-economic development, taking into account the strengths and weaknesses of each county. But, ...viewed in the context of an unexpected intensification of spatial polarization tendencies in East European countries, it should be avoided in the discussions of local authorities, local initiatives, and local efforts and their role in regional development policy to see them as an alternative to the policy conducted from the perspective of the spatial organization of the whole country or of a group of countries. Both national and even supranational and local level of regional policy must complement one another. (BoUcher, Funck, and Kowalski 1993:25)

This complementarity is closely related to the scale, importance, and particularities of each project having a spatial impact. For example, in a complex network economy, with large-scale infrastructure projects, and increasingly more crossing of regional and international borders, there is a need for co-ordination between the national level and the county (local) level of regional policy.

Before 1990, despite the declarative formulation of local self-administration, Romanian local authorities and communities were treated as voiceless. executors of commands from the central level. Therefore, empowering the local, democratically elected authorities, and providing them
Legal, financial, and other instruments of basic action within their counties and localities is a necessary component of the basic social and economic reform, highlighting the tendency to decentralization. At the same time, the other levels (national, international) of regional policy must also be considered, as a response to the subsidiarity principle, which stands for taking decisions on the most appropriate spatial level (van Geenhuizen and Nijkamp 1995a). These overall requirements have been taken into account by the main institutional, legislative, and administrative acts having a regional impact in Romania. The most important ones that can be mentioned in this respect are: the Local Elections Act, the Local Public Administration Act, the Regional Development Act, the Local Taxes Act, the Local Budget Act and the Act of State and Local Community Patrimony.

After 1989, Romania has signed the European Charter of Local Autonomy, issued by the Council of Europe, and developed the regional dimension of the strategy of preparing Romania for accession to the European Union. The law regulating local elections (the Local Elections Act) was one of the first regulatory measures and enabled the first local elections to take place under the new democratic regime in 1992. Thus, in each constituency coinciding with the county and locality boundaries, the citizens vote simultaneously, but separately, for the county council and locality council, for four-year mandate. The elections are held by direct universal suffrage under list system of proportional representation, seats being allocated in accordance with the Hondt highest average method. This has been an remarkable achievement for a country where a few years ago the parliamentary and local elections were simple "simulations," almost all candidates winning by 90% of the votes.

Another major step needed to implement the local administrative autonomy was the construction of a basic legal framework for the local authorities: the Local Public Administration Act that settled the main elements with respect to the local government system. These elements refer to the allocation of functions, the organization of local units, the relationship between levels of government, and the financial framework. In fact, this act as represented the practical basis for building local autonomy. Concretely, the powers of basic local authorities mainly refer to local development programming, spatial planning, public service delivery (such as public transportation, roads, water supply, sewage disposal, refuse collection, etc.), financial participation in public/private projects in order to carry out actions, works of common interest, investments of local interest, fair organizing, building and demolition permits, nature and site protection, etc. The parliament also issued the Local Taxes Act regulating the sources of local funds and their destinations.

Even though these acts seem to be encouraging for the success of implementing local autonomy principles, the facts still show a quite important gap between words and action in this field, and many mismatches and rawbacks continue to exist. For example, various reasons (economic,
political, etc.) making local taxes difficult to work effectively, the revenue base being pretty weak so far. Moreover, there is no clear, systematic view on the real instruments that could be used to implement certain regional policies in economic practices. The specific tasks established for the local public administration institutions should be revised too, so as to avoid overlaps, interferences, and contradictions in terms of the goals to be achieved in a certain field of activity and the tasks of the institutions involved.

The government created after the November 1996 elections and representing the former opposition, has established a set of priority actions aiming to correct and complete the legal institutional framework of local public administration. They focus on the need of a real decisional, financial, and patrimonial autonomy of county and locality administration, establishing new ways of improving the system, ameliorating the relationships between levels of government, enlarging the scope of local action, and finding the legal forms able to give coherence and public unity to local actions in the field. Accordingly, the Local Public Administration Act is to be modified and supported by two new acts: the Local Budget Act and the Law of State and Local Community Patrimony. All these measures follow a relative autonomy model scheme, which gives independence to local authorities, without denying the reality of the nation state. The emphasis is on giving freedom of action to local authorities within a defined framework of powers and duties. Central government relations with local authorities are therefore determined largely by legislation. Control is limited. Within the relative autonomy model, local authorities may pursue policies that they share with the central government or that differ from those advocated by central government in some cases. The final result should be the so-called "reinforcement of local power," making the local administration able to act freely within a legally pre-determined framework. In this respect, the existing national association of municipalities could become a consistently demanding body, an active lobby, which is formally consulted in most government decisions about local authorities.

But the local autonomy is not to be seen in absolute terms. The co-operation between central and local administration for carrying out programs of national interest or local projects exceeding county/locality-funding capacity should also be considered, as well as the need of co-ordination between local authorities with regard to their development policies. This co-operation is required, since the benefits of such policies will spill over into neighboring counties/localities and "acting independently will lead to under-funding of local development, unless the free-rider problem can be overcome" (Armstrong and Taylor 1993:24). The co-ordination between local authorities can create the basis for local economic development partnership, possibly to be combined with public-private partnership in local co-operative networks. The experiences of Western European countries and the United States offer interesting lessons on the intergovernmental units (defined as combinations of counties that rarely finance, but frequently administer, local development programs) and on the special districts (units that include a specific population...
Jtilizing a particular service; exatnples are an airport district, a port authority) (Leven 1990).}

These overall requirements related to improving the administrative framework for a decentralized regional policy were reflected in the Green Paper (1997), which proposed a specific institutional structure for regional development policy. The requirements were included in the Regional Development Act, recently issued.

The central unit, responsible for national regional development strategy and the implementation of regional development policy is the National Council for Regional Development (NCRD), subordinated to the Government of Romania. In short, the tasks of this institution are: the elaboration of the National Regional Development Program; making proposals to the government regarding the amount of the National Regional Development Fund (NRDF) and its financial sources; making decisions regarding the allocation of funds from the NRDF to various Regional Development Funds (RDFs); administering the NRDF and monitoring the DFs; making proposals for legislation and new regulations in regional development; stimulating co-operative actions at regional level in order to reduce regional disparities, to diminish or eliminate the specific problems of some critical areas. The executive, operational body of the NCRD is the National Regional Development Agency (NRDA).

The idea of decentralizing parts of the responsibilities for the regional development policy to a regional/local level led to the establishment of regional councils and regional agencies, with specific responsibilities towards the NCRD and NRDA on the one hand and the region on the other hand. The latter responsibilities refer to: defining and implementing the regional development program; obtaining funding from the NCRD necessary for the implementation of regional development programs; and managing the RDF for tasks that can be best solved at local level.

Other proposals, which have already begun to be implemented, focus on defining the basic units for regional policy, namely development regions and priority areas.

The development regions (eight in total) will be a result of grouping the existing 40 counties plus Bucharest municipality in larger units with complementary development level/profile. They will be also able to function as statistical regions, as a response to mid-long-term purposes of integration in the Nomenclature of Territorial Units for Statistics (NUTS) of the EU.

The priority areas have been already identified by regrouping communes and cities of similar problems, as follows: poverty areas (the Moldavian Tableland, the Romanian Plain, Salaj county, Bistrita Nasaud county, etc.); industrial decline areas (metallurgical industry (Hunedoara, 3anat), oil and chemical industry, manufacturing industry (Ploiesti, Pitesti), coal mining areas (Jiu Valley, Sub-Carpathians-Oldenia); soil degradation areas (Vrancea, Buzau), highly polluted areas (Copsa Mica, Zlatna, Baia v1are); and complex problem areas (Apuseni Mountains, Delta of Danube).
According to a governmental ordinance, the areas confronted with the most severe problems in terms of industrial structure, unemployment, infrastructure, etc., may apply for a special status, that of assisted areas, enabling them to benefit from certain advantages such as:
- customs taxes refund for raw materials, equipment, know-how imported for investments and production activities carried on in these areas;
- exception from the payment of profit tax and/or taxes for modifying the destination of pieces of arable land (needed for the new investments);
- grants for stimulating exports, foreign credits guarantees, public-private partnership in local investments, and so on.

Cultural and Behavioral Challenges to Implementing Regional Policy

Undoubtedly, defining objectives, planning the strategy, and proposing economic policy actions are major components in the strategy process, but the most difficult time for most strategies is when plans must be turned into action. The international experience shows that many strategies have not made the transition; others have been only partially implemented. For some, the strategy process appears to have stopped dead following the preparation of the main document.

In the opinion of the author of this paper, the behavioral challenges—participation, communication, mentalities, attitudes—even more than financial constraints—are crucial elements for the real success of regional strategy and policy. A "people-centered" approach to regional development strategy can result in a more realistic strategy, with a broader base of knowledge, understanding and commitment from the groups involved and with better links to promising local initiatives.

All actors involved can be identified in this phase: the national government, local governments, corporate sector, nongovernmental organizations and, last but not least, communities and individuals. To think that participation is entirely a nongovernmental affair would be a big mistake: government is the one that can help provide the right conditions for participation (Carrew-Reid et al. 1994).

In a democratic political system, local government is a key element. In general terms, local government organizations provide a range of services that are central to the social and economic well-being of their citizens. They are large-scale spenders of public money and major sources both directly and indirectly of employment. But the local administration is about more than the delivery of services. It is the level of government closest to the citizens and has a role in representing the concerns and views of the locality (Batley and Stoker 1991). It should build structures and an empowering policy environment to support participation actively.

The actions concentrated on local administration reform, as presented in the previous section, cannot be considered completed without a real commitment to the renewal of the corresponding organizational structures, in order to essentially transform the existing mechanistical structures into organic ones, more flexible, more effective and, certainly, less bureaucratic (a
(PMG survey reveals that the major barriers perceived by the foreign investors in Romania are stifling bureaucracy (71%), poor infrastructure (60%), and corruption (55%). Accordingly, there is an obvious need to change the civil servant’s status and behavior on the one hand and mentality and behavior of the local communities on the other hand, so as to make possible their involvement in promoting local development projects in accordance with their major interests. Indeed, the modern approach in analyzing local government is a behavioral approach; behavior simply means what people do, as opposed to what they say they do or what they are supposed to do, in legal and institutional terms (Stayner 1980). Thus, democracy depends on democratic values as well as on the efficiency of officials at all levels. Democracy is a principle not just of political organization but also of human relations, meaning that the democratic reform is partly about the organization of the civil service, but also about attitudes (Ridley 1995). A civil service law is expected to be issued soon in Romania, but it will not of itself change the way in which civil servants act. This is the real challenge of democratization. Of course, the reform of legal and institutional framework is a starting point, but it is only a means to an end and "it is taking a great risk to think that is sufficient" (Ridley 1995:11).

An inquiry into the place of civil service in the democratic states and the implications for civil service organization reveals several models, but even the differences in culture, political climate and economic situation in Central and East European countries, they can be accepted only if they fit in. It is not the author’s intention to discuss these models here. However, there are several ideas of general relevance that are important to be noted: the need to increase managerial efficiency and to make public services and their personnel more responsive to the citizens they serve; the common focus on the human element rather than formal civil status and motivation for good behavior; and the democracy’s requirement of democrats. The longer-term essential in a democratization process is not constitutional reform but the read of democratic attitudes, and respect for people as much as respect for IIV, in public service.

The other side of the coin regards the participation of local communities in local development. The concept of regional culture (and identity) is a central theme in examining this issue, based on the analysis of new forms of a sense of belonging. Identity and solidarity among people or specific groups living in a region represent a key element in promoting the development by the people concept (which creates, beside development of the people and development for the people, the basis for a more comprehensive concept, that of sustainable human development (Blunt. 1995). His view implies that people, by right, should have access to a variety of ways for exercising power. Its logic suggests that participation is not just a means and an end and that the decentralization of public administration is desirable for its own sake. Research evidence shows that perceptions of what constitutes participation, as well as views concerning its desirability, vary
between cultures. This has much to do with the well-established differences that exist between culture regarding attitudes to authority, uncertainty, and group versus individual loyalties.

In Romania, the long communist period had a very negative influence on the local communities' actions as well as on the whole society: the way of perceiving democratic values and attitudes has been perverted to a great extent, so that the transition to a democratic society has to face enormous challenges in order to transform the mentalities and attitudes (Constantin 1997). Thus, on the background of an alienating gap between words and facts (e.g. a common, ownership by everybody, which is equal to nobody's ownership), supported by an economic policy based on forced industrialization, imposing the leading role of the working class and marginalizing the intelligentsia ("we work, don't think"), communism induced a lack of respect for longstanding, fundamental values and traditions, and blurred the intercultural variety and regional identities.

The rural areas, affected by phenomena of depopulation, aging, and predominantly female labor resources, were converted to an "urban" lifestyle only by imitation (food, clothing, music, etc.) whereas the living standard has remained very low, with a bad quality of basic infrastructural facilities. All of these induced serious disturbances in rural community life and decreased the capacity to benefit from the traditional advantages that many villages could normally have had.

The urban environment was altered too: immigration, factory work, life in small apartments-sometimes deprived of basic conveniences-the new, monotonous architecture that replaced many old, invaluable monuments after they were demolished overnight; such alterations made people lose the sense of belonging to a community with a well-defined identity in terms of values and traditions.

However, as an expression of the resistance to the communist dogmatism, a quite important number of rural areas, especially mountainous ones, have been very successful in preserving their old traditions, lifestyle, and fundamental values.

After 1989 many civil society organizations have been created, and the co-operation between them and the administrative structures could contribute to the fulfillment of this purpose. It has been demonstrated that the achievements of governments depend on the co-operation and involvement of other economic and social actors, such as "community organizations." Two broad types can be identified: people's organizations and non-governmental organizations. People's organizations (like self-help farming groups, urban housing and welfare associations, women's groups, etc.) represent their members' interests, are accountable to their members and tend to have participative organizational structures. At a local level they can make up the nucleus of increasing participation of local communities in promoting development programs corresponding to their own interests.
As regards the activity of NGOs, it would be substantially improved if a real, deep engagement with community groups and individuals was realized: the local level is the most practical one for public participation. A relevant example is the environmental preservation field, where the capacity of the local pressure groups to determine important decisions for cleaning up the environment was very strong when large information campaigns were undertaken (e.g. the campaign for sending back to Germany a big quantity of toxic waste imported as pesticides to an outstanding natural beauty area, Sibiu). However, after nearly fifty years of a monopoly on environmental information and a lack of real education in this field, it is hard to believe that a completely new way of perceiving environmental issues can be realized in a few years, in a country burdened with the difficulties of transition. Even though it cannot be denied that the efforts to create a real environmental culture are under way, the economic and social problems such as production decline and growing unemployment have made public concerns shift away from environmental issues to more stressful ones, in their immediate view: falling of real wages, growing job insecurity.

To conclude, the Romanian society still suffers the consequences of communism: they did not disappear at the same time with the totalitarian state. And, as a famous journalist wrote:

We will be able to talk about the failure of totalitarianism only when our souls, our minds will be completely decollectivized. This "privatization" is infinitely more difficult that that occurring in the economy and, in fact, it has started only at instinct and good will level. Under these circumstances how could one discuss post-transition? (Paler 1997:1).

Concluding Remarks
The regional dimension of transition implies a specific approach, showing for practical and theoretical aspects, in concrete time and space circumstances.

Considering the Romanian "real world," the application of regional policy in a decentralized context represents a basic condition for the success of reform at regional level. Therefore a special emphasis must be put on the institutional framework and the allocation of responsibilities within the public administration organizational structures. At the same time, there is an obvious need to change the civil servant's status and behavior on the one hand and the mentality and behavior of the local communities on the other hand, so as to make possible their involvement in promoting local development projects in accordance with their major interests.
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