

## **REGIONALIZATION, ELEMENT OF ECONOMIC AND SOCIAL DEVELOPMENT**

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### **Abstract**

*The regional process that is taking place in Europe in recent decades, was determined by the awareness of the important role that regional policies hold in the balanced development of territories, the goal being the revival of economic and social development, locally, the economic recovery of more underdeveloped areas, to reduce the differences existing among the levels of development of regions. The action is aimed at increasing the efficiency of public authorities (central, local) in the use of resources they dispose of, in the development of some economic and financial policies aimed at encouraging investments, employment increase, living conditions improvement, taking into account the determinants of balancing regional development (resources, the development of technological processes and knowledge, political and institutional framework). The paper briefly presents the concepts of regionalism, regionalisation, whose common denominator is decentralization, that involves a multilevel governance, as well as the importance which the new model of economic and social development, consisting in the transfer of some prerogatives of the central administrative systems towards local communities, hold in solving problems that occur in regional, local plan.*

### **Keywords**

regionalization; regionalism; region; decentralization; administrative-territorial reorganization

### **JEL Classification**

O10; R10; R11; R19

### **1. Introduction**

In the context of globalization process emphasis, some reconsiderations of the role of the State, designed as the main form of Government, emerge. On the one hand, the difficulties encountered in economic, monetary matters, and others, lead to over-state organizations creation, such as, the European Union, for example, and, on the other, it is feeling the need to increase the efficiency of State policy in finding solutions for solving problems that occur in regional, local plan. In the last decades, the European States have been targeted towards a new model of economic and social development, consisting in the transfer of some prerogatives of the central administrative systems to local communities, to this end, initiating regional development policies. The action was determined by the awareness of the important role which regional policies may hold in the balanced development of territories, the goal being the revival of the economic and social development, locally, the economic recovery of more underdeveloped areas, decrease the differences existing among the levels of development of the regions.

### **2. Regionalism, regionalization, conceptual elements**

The reason for regional policy can be regarded from the perspective of the efficiency which the public authorities (central, local) demonstrate in the use of resources they

dispose, namely, the way in which they develop economic and financial policies targeted toward investments encouragement, employment increase, living conditions improvement. Among the key factors, determinant for economic, welfare and innovation growth, to be taken into account in regional development balancing, there can be listed: natural and human resources, the development level of technological processes and knowledge, political and institutional framework. The regional process, taking place in Europe, is the result of an assembly of phenomena, actions which lead to the formation of a region in a certain territory.

**In region definition**, there are taken into account aspects related to knowledge about territorial issues, appropriate spaces for some activities, allocations of funds, cooperation, partnership. The region, perceived as an homogenous territory by those who inhabit it, is an administrative structure covering a geographic area with cultural, historical, linguistic, economic traditions. According to Community Charter of Regionalisation (art. 1) (Gorun, 2009), the region is considered "a territory that, geographically, constitute a net unit or a similar assembly of territories within there is continuity, where population possess certain common elements and wants to keep the specificity and to develop it, in order to stimulate the cultural, social and economic progress." In "Statement on Regionalism in Europe of the Assembly of the Regions" (Gorun, 2009) the region is "the political entity of a level immediately below the State, having certain competences granted by Government, its own political powers and responsible before an assembly that had been elected in a democratic manner." Referring to the region economic relations it is stated that these are not bounded by borders; there is a freedom in their manifestation, taking into account also the fact that the area of a region may contain a department, a province and an assembly of provinces too. From the perspective of movements that manifest in the regional plan, there are two processes having political and administrative character, that must be addressed: the regionalism and regionalization.

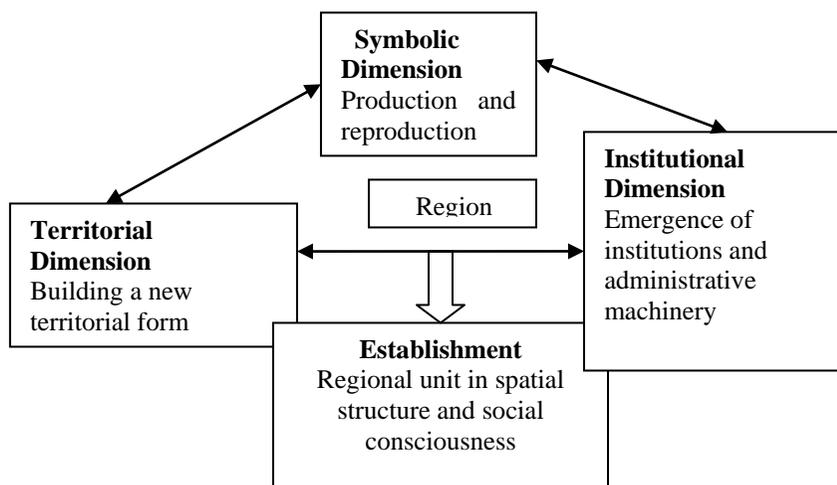
**Regionalism** appears as a shift from descendant to ascendant and expresses the desire and the need of communities to get involved and to assume responsibility for the administration of their own problems. Shortcomings, regional underdevelopment, community awareness of a better understanding of their own interests in relation to the central structure of the State, constitute elements which give rise to the emergence of regionalism. Regionalism is a response of the community towards centralism, the aim being to obtain the right of decision-making at the community level through regional institutions, a more effective formula than that in which the State would be able to establish a unitary framework of regional peculiarities.

**Regionalization** is the expression of a "top-down" approach, a consequence of a central political will on issues of local structures, the aim being to reduce regional imbalances. It is a process of administrative-territorial reorganization, initiated by the State, on the basis of a political decision, in which the regions are granted some competences, by the central apparatus, through decentralization or deconcentration formula, so that they should be able to manage their own interests. The perception of region as a homogenous territory and recognition of its identity is made by the State, which, through administrative acts, can act and take action which facilitates its participation in the management of its own affairs.

The two concepts, regionalization and regionalism, mutually interact, but they are distinguished by the shape of the movement in regional plan. Thus, the regionalization takes into account a development of the whole national territory by reducing economic imbalances, while the regionalism implies the possibility of decisions-making at the level of the region, regarding the regional interests and affirmation of identity (culture, traditions), this boundedness being determined by the ascendant path of movement in regionalism.

Regionalization is an administrative action through which the State creates a new level of a country's territorial organisation, a second level of governance, a new below-national entity, but over-local. The process aims at defining new administrative-territorial units, larger areas of cooperation – regions – with the aim to support the actions of balanced development, socio-economic growth of the geographical areas in question. As a process of mobilization, the regionalization is the action by which regions mobilizes themselves "from below", i.e., they become aware of the new opportunities and constraints in the context of international trends and policies (EU legislation) and mobilizes their resources to use the EU financial opportunities and to act strategically alongside the international partners (Lähtenmäki-Smith, 2004). Regionalisation can occur through the process of institutionalization in the relationship with that of mobilization, by which "a region develops itself from a territorial entity to a symbolic space, gradually, taking a more structured form, through the creation of institutions and the establishment of a regional unit, as part of a larger system of regions" (Lähtenmäki-Smith, 2004; Paasi, 1986). From a broader perspective, the phenomenon of regionalization is a process that joins states or regions on the basis of their geographical proximity, from the benefits related to savings in transport and cost information, or from some issues of security or environment. (Ciurcanu, 2005; Thomson, 1999). The action of regionalisation depend on taking into consideration of some factors referring to EU policies, systems and policies of spatial planning, financing policies, societal-geographical habitats etc.

Different from the various forms of regionalization definition, it is suggestive the graphical expression of its dimensions (Figure 1).



**Figure 1 Dimensions of Regionalization**

Source: Holger 2011, quotes Anssi Paasi (1996) mentioned by S.Tzschaschel&M.Michael (2008) in „Ist regionale idetitität machbar? – Zur Konstruktion von Räumen und Identitäten”

The two concepts, regionalism, regionalization reflects the shifts that are taking place in the regional plan, interacting each other; their common denominator is decentralization, which involves a multilevel governance. Regionalization is in a direct relationship with the territorial decentralization and it is a consequence of these, expressing a process by which the territory of a State is divided into administrative-territorial units, which have the status of legal persons governed by public law, their own heritage and budgets. Conceptually, decentralization refers to the transfer of

power, resources or autonomy, from a higher level, the central government, to a lower level, levels which relate to the territorial area, the institutional dimension. In the process of regionalization it interests the relationship that is established among regional structures, their positioning between central and local administration so that these have the necessary authority to balance the actions of central authority.

### **3. The importance of regionalization for local level economic and social development**

The creation of the development region in the European Union States, requested by the European Community, have mainly sought the possibility to develop and implement the strategies, policies and regional programmes of the Community, to assort the results expressed in regional statistics, to encourage and concur in attracting the Structural Funds by the regions of the same State or of different states. Within the regional processes, the transformations, the related actions are followed by the stage of regional institutions establishment, namely the regional powers. The change of governance paradigm by shifting to regional governance means reducing hierarchical control and, consequently, increase of self-control, self-determination.

Decentralization of authority to the regional level has been seen with caution at the EU level, in recent decades, being considered an alternative to traditional relations existing in the structures of governance, the transfer of authority and responsibility to lower levels of government, leading to an increase in the efficiency in setting up opportunities, in administrative problems solving, a better meeting of the regional/local interests and needs, the correct use of the financial resources in relation to established needs. The OECD appreciates the positive role of decentralisation in the strengthening of local and regional governments and of their capacity to formulate and implement policies which lead to competitiveness increase of the regional economy: "local and regional governments, worried that their economies are more and more exposed to world competition, are now expected to influence public policies, so that these can have a real impact on improvement of regional economy competitiveness and of the welfare of the inhabitants" (Mihăilescu, 2012).

In the context of the current policies of economic and social development of the process of European integration and regionalization, the EU Member States have adopted the **principle of subsidiarity**, introduced by the Maastricht Treaty, considered a form of social and economic expression of decentralization, local and regional autonomy. This implies the transfer of responsibilities and decision-making competences at regional or local level, but also at national and over-national level. The application of the principle of subsidiarity aims to create abilities for decision-making at a level close to the citizen and it reflects that in EU, these decisions respond to community interests and to its need of action, according to the possibilities existing at the national, regional, local level. Current relations between the central and local administration are of cooperation, based on the of responsibilities share. The State functions are exercised both horizontally by sharing and carrying out the tasks and responsibilities, among central bodies, and vertically, by share of power among different levels of public administration. The relationship between the central and the local level, concerning sharing tasks, involve changes determined by practical conditions in achieving them. There is the risk of arising significant differentiations among regions, what implies the need to find financial mechanisms able to ensure some offsets, directed to poorer in resources underdeveloped regions, so as to ensure harmonious development conditions, comparable living conditions throughout the country or even within the region.

Taking into account the importance of regional policies in balanced development of territories and the adjustment of imperfect actions of market mechanisms, in European states, there have been institutionalized regional policy instruments towards economic and social development at the local level, economic recovery of the most underdeveloped areas, reducing existent discrepancies. On this way on has been aligned the measures of the European Commission, which, paying particular attention to the problem of regional disparities, has initiated a series of actions at European level, referring to regional policies designed for the development of regions. The measures were embodied in the creation of funds designed for the development of regions and institutional mechanisms of their use monitoring, through regional programmes. The incumbency required by the EU Commission for the accession candidate countries, to implement the Community Acquis meant a challenge for the implementation of regionalisation policy, in the countries of Central and Eastern Europe. The rules, procedures and the directions contained in the chapters of the Acquis, to which every Parliament had to align its legislation, have been the Europeanization model, this process reflecting both the impact of these rules on the inland structures, and the variety of in-house actors and of institutions that should uphold the EU rules observance of. The EU has not imposed an exclusive model of regionalization for Member States while leaving them the freedom to decide on their own project. In this context, the Europeanization and regionalization have meant a "top to bottom" movement, where the states have conducted negotiations with the EU; the adoption of its rules is according to the specific socio-economic structures of the states, the Community Acquis being a major stake at that stage.

The relationship between the EU Commission and Member States involves rights and obligations, of both parties, in fulfilment of a topics referring to the EU's internal market guaranteeing, its borders securing, compliance with the obligations that come to the Member States, the support granted them from the Structural Funds. The transfer of internal competences of State to below-state levels, in the circumstance of the subsidiarity principle observance of, leads to an increase of the importance of regions and to reducing the State position with reference to its role in solving problems affecting society. Central power renounces to its authority exhaustive exercise on different areas, existing cooperative relations between local and State levels. In the meantime, however, regardless of the degree of decentralisation, the State is actual by the control which it exerts in some units of its structures. Ensuring the transfer of power towards regions, the process of regionalization, give the possibility to restate policies to meet the local requirements and needs, trend manifested on the entire European area by the variety of regional projects within Member States. Thus, it can be concluded that one of the aspects of regionalization is its complementary character with globalization.

#### **4. Conclusions**

The concept of regional development is centered on the issues of economic, territorial, areal development, through the use of local and drawn resources, in order to increase the competitiveness of the territory. By stimulating and diversifying economic activities and investments, employment increase, living standards improvement, this process contributes to diminish the gaps between areas and different structures of national economic area. Even though the reduction of regional disparities is a major goal, the current approach of regional development policy refers to ensure economic development throughout the national territory, as a consequence of the regions competitiveness increase to develop, each of them, locally. It must also take into account the existence of some differences in economic development, even within the same region. The areas of difficulty can be identified even in the area of some

prosperous regions and, conversely, it may be prosperous areas inside of some regions with a lower degree of development, such examples meeting in the case of large cities. In these situations, the development policy has a under-regional character. Actions started by regional policies prove their efficiency by improvement of economic issues, in the long term, with the proper functioning of the market mechanisms, responding, at the same time, to national economic development objectives in the medium term and long term.

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