CONTEMPORARY SOCIAL AND ECONOMIC COORDINATES OF THE
DISADVANTAGED AREAS OF BAIA MARE, BORŞA-VIŞEU, AND RODNA
OANA-RAMONA ILOVAN*

ABSTRACT – Our paper researches the economic and social causes which turned Baia Mare, Borşa-Vişeiu, and Rodna into disadvantaged zones, the initial and the extant legislation, the decision-making factors, the desiderata of the national and regional policy, and their consequences. This paper claims to identify the mechanism of a key phenomenon that has led to the appearance of several economic and, implicitly, social problems specific to the disadvantaged areas (the reform of the mining sector). It also claims to answer a very frequent question in the last 15 years: “What are the development desiderata and alternatives?” for the disadvantaged areas of northern Romania from the North-Western Development Region: Baia Mare, Vişeiu-Borşa, and Rodna. The economy of these areas is characterized by the dominance of the industrial activities and the underdevelopment of the service sector. This is why the loss of jobs in industry has been significant at the level of the local communities and has led to chronic economic and social imbalance (e.g. degraded economic development, long-term unemployment, the deterioration of the living standards). As we have pointed out in a previous study (Ilovan, 2005c), the economic rehabilitation of these disadvantaged mining zones has been possible only by granting them the status of “disadvantaged area”. At present, the “assisted zones” appear as an alternative to the disadvantaged areas where the fiscal facilities have disappeared. This leads to a status of normal functionality, observing the laws of competition. This way the implementation of several programmes with the involvement of local communities will eliminate the above-mentioned flaws and will solve the extant economic and social problems of these areas.

Key words: disadvantaged zones, social and economic coordinates, region, “lands”.

THE SOCIAL AND ECONOMIC CONTEXT FOR THE APPEARANCE OF THE
DISADVANTAGED AREAS IN NORTHERN ROMANIA

General Features of the National and the Regional Economy
In post-1989 Romania, the diverse social and economic systems have undergone economic transition and industrial restructuring. The Romanian industry has declined significantly, a similar involution has characterized the North-Western Development Region of Romania. This has led to the quantitative decrease of the labour force to half or even less from what it was before 1990 (Ilovan, 2005c, p. 87). Disadvantaged areas have been included in the typology of the Romanian problem-regions, for the first time, in 1998 (Benedek, 2004, p. 143). The three disadvantaged areas in the north (Baia Mare, Borşa-Vişeiu, and Rodna) are a specific feature of the northwestern regional industry of Romania.

The disadvantaged areas of northern Romania overlap a well-known tourist area: Maramureş (the Land of Maramures) and the Rodnei Mountains (part of the Land of Năsăud). Nevertheless, the object of this study is exactly the opposite aspect of this territory that is scarred by the following social and economic flaws (weaknesses): an important segment of the population made redundant or undergoing redundancy; high density of industrial sectors in crisis (mining, the textile industry); pollution problems with impact upon the health of the population as a result of the presence of the industrial areas (e.g. especially, the Baia Mare zone); insufficient development of the technical infrastructure of the territory (no sewerage system, no indoor

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plumbing for drinking water or electric power or their existence only at a low degree in many settlements; no gas network – e.g. Rodna zone), which has a negative impact upon the commercial and economic development opportunities of the disadvantaged communities.

Mining goes through a difficult period, a crisis. This economic sector has undergone, since 1989, a structural reform both at the national and the regional level. Still, G. M. Bârlea (2005) considers that up to 1997, the reform had an organisational character, the economic reform having only a secondary place. The same author (Bârlea, 2005) affirms that „one cannot talk of a real political will that has taken responsibility for structural reforms and restructurings”.

During the restructuring process, the basis for creating the new economy of these zones has been established. On the other hand, we must also take into account that the restructuring and the diminishing of the mining sector have affected the branches of other industries, too: the processing industry, the machine construction industry (mining tools – at present; due to the low demand, such companies have changed their profile). The predominance of these two branches is complemented by the wood and the textile industry that used to define the economy of these areas.

Among the obvious changes in the disadvantaged areas of northern Romania to be identified at a regional and national level as well, there are: the development of trade and service sector; the appearance of new industries that use modern technology; and university education (in Baia Mare). All these are alternatives for long term development if their dynamics is supported, but they cannot solve the serious problems generated by the restructuring of the mining sector and the implementation of economic reform in Romania.

The strictly delimited area of Baia Mare mining zone in Maramureş County is represented by the following settlements: Cicârlău, Tăuţi-Mâgherăuș, Baia Mare, Baia Sprie, Băiuț, Cavnic, and Șișesti. These administrative units have a total surface of 75,225 ha. The area of Borșa-Vișeu mining zone is represented by the settlements of Borșa and Vișeu de Sus, with a total surface of 86,718 ha. The area of Rodna mining and disadvantaged area includes the following settlements: Rodna, Șanț, Parva, Rebra, Lunca Ilvei, Maiereu, Ilva Mică, Rebrișoara, Feldru, and Sângeorz-Băi. It has a surface of 122,584 ha. In 1999 all these zones were declared “disadvantaged” areas for a period of 10 years.

Conceptual Clarifications – the Initial Legislation and the Extant One

The Urgency Ordinance no. 24 from 30 September 1998 on the status of the disadvantaged areas, approved by Law no. 20/1999 stipulated that a disadvantaged area is a strictly delimited area which fulfils at least one of the following conditions: (a) the percentage of the unemployed in the zone is at least three times bigger than the percentage of the unemployed at the national level, during the three months preceding the month when the documentation is made in order to declare the respective disadvantaged area; (b) the areas are isolated and lack the means of communication, the infrastructure is underdeveloped. Other definitions of a disadvantaged area include the following features: (a) it has a mono-industrial structure and it concentrates more than 50% of the population employed in the area in that economic activity; (b) it is a mining area where the employees have been included in a collective redundancy programme as a result of restructuring programmes; (c) after closing down, restructuring or privatising one or several economic agents, massive redundancy took place, affecting more than 25% of the employees who reside in the respective zone; (d) the unemployment rate is 25% higher than the national level; (e) the areas lacks communication means and the general infrastructure is underdeveloped. As a rule, in a disadvantaged area the people’s living standards is low and the income/person is lower than 75% of the national average (Erdeli, Ielenicz, 1999, pp. 352-353).

In order for the investors to obtain the stipulated fiscal facilities in a disadvantaged area, they needed to comply to the following: obtain a certificate in order to invest in the disadvantaged area from the Agency of Regional Development (ARD); the investment had to be made in several fields of interest; at least 10 persons had to be employed with individual labour contracts for an unlimited period, out of which, at least 5 persons had to have been previously unemployed and live in the respective disadvantaged area (Source:http://www.nord-vest.ro/). The financial assistance for these areas came from a special fund of the public budget. The facilities were meant to ensure equal chances of development for the disadvantaged areas as compared to the other regions of Romania. The “disadvantaged area” status had a positive impact.
especially upon the economy of the communities and was less obvious if we consider only isolated, individual cases.

The disadvantaged areas will disappear because Romania’s closing the “Competition” chapter in its negotiations with the EU entails the country’s commitment to gradually give up the facilities granted to the disadvantaged settlements\(^1\) these years (Ilovan, 2005c). Moreover, since 2001 the regional policy of Romania has focused on the declaration of the “assisted zones”\(^2\) and the promotion of national pilot programmes. The policy of the “assisted zones” consists in implementing economic development programmes. For the period 2002-2005, 11 priority zones\(^3\) were declared. They are zones where there was industrial restructuring\(^4\) and which have a potential for economic growth. Two of them belong to the North-West Development Region of Romania, i.e. the mining and the textile industry zone of Maramureș and Northern Transylvania, which includes the following settlements: Baia Mare, Sighetu Marmației, Borșa, Vișeu de Sus, Negrești-Oaș, Baia Sprie, Beclean, Năsăud, Sângеorz-Băi, Seini, and Cavnic.

The Origins of the Disadvantaged Areas of Northern Romania: the Decision-Making Factors Involved, the Desiderata of This Regional Policy and Its Consequences

In 1999 Rodna mining zone was declared a disadvantaged area by a governmental decision (no. 640/1999). The same happened to Baia Mare and Borșa-Vișeu mining zones (203/1999 and 204/1999, respectively). According to these governmental decisions, the disadvantaged areas are to function between 3-10 years. Several fields of interest in investment (e.g. agriculture, industry, trade, environmental protection, etc.) were established for each area, fiscal facilities were introduced for the potential investors.

For the beginning, one might wonder whether the mining sector has a future in these zones or not. In order to answer this question, this process must be considered within the regional and the national social and economic reforms. Moreover, one has to take into account the privatisation attempts. Two significant moments marked the evolution of the zones declared disadvantaged areas, (Ilovan, 2005c, p. 87): the year 1990 (beginning of the transition to the market economy) and 1997 (huge collective lay-offs in industry\(^5\)).

Mining has polarised the labour force of these zones since 1300\(^6\). Still, this activity was non-profitable before 1989, when extensive mining activities were practised in order to increase the extracted quantities, with no correlation between prices and labour quality (Adameteanu, Gónczy, 2005). In 1997 there were 175,879 employees in this sector. 119,185 miners became redundant after 1997. Approximately 100,000 persons have been declared redundant at their request, while another 8,000 have retired. As a consequence, mining related activities have been externalised and another 12,000 employees of the mining sector have been hired in the private sector. In 2005, after eight years of restructuring, only about 57,000 persons (56,794 at the end of March 2005) worked in the mining sector. Over 400 mines were closed in order to cut costs (Slevoaca, 2003; Preda, 2005). Still this sector has too much personnel and Romania has immense costs because of these direct subsidies. In 2005 subsidies were diminished by 25% (as compared to 2004) and until the 1\(^{st}\) of January 2007, the subsidies for metal ore extraction are to be eliminated.

In northern Romania, the National Company of Non-Ferrous and Precious Metal Ore – S.C. REMIN S.A. – has been responsible for the restructuring of the mining sector. The problem of the mining sector is specific to Maramureș County (Baia Mare and Borșa-Vișeu disadvantaged areas), but non-specific to Bistrița-Năsăud County (only in Rodna disadvantaged area, as a part of the Land of Năsăud). For Maramureș, the following areas are representative for the mono-industrial profile: Baia Mare, Cavnic, Băițuț, and Borșa, while the commune of Șanț is representative for Rodna disadvantaged area (Ilovan, 2005d).

A restructuring strategy of this economic sector has been designed. The restructuring in the extractive and ore processing industry is still going on, which suppresses a conflict between the economic and the social level because of the desiderata of each of the two. This process consisted in closing or

\(^1\) Baia Mare, Borșa-Vișeu and Rodna (in northern Romania) are among the 22 “disadvantaged areas” that were declared. Their status as “disadvantaged areas” will have disappeared by the end of 2009.

\(^2\) The priority zones are defined as groups of neighbouring communes, towns or counties with serious and similar problems in their regional development.

\(^3\) The industrial reconversion zone is characterised by high unemployment rates, dwindling population, etc. It is an area where a reorientation of production is needed, according to the new market trends (Erdeli, Ielenicz, 1999, p. 352).

\(^4\) The economic restructuring was necessary due to the involution of the dominant activity.

\(^5\) In Rodna, the traces of non-ferrous mining are identical to those used by the Romans in the Apuseni Mountains.
restructuring mines, quarries and poor deposits that up to then had received subsidies from the Romanian state in order to continue their inefficient activity (from an economic perspective). The closing down of these units was decided according to the technical and economic performance of each mine and each zone.

Unlike the period before 1989, when efficiency was not the issue and the state only wished to offer jobs and money, lately only the rich deposits have been exploited and the focus is on increasing the profit and the efficiency of the processing plants (e.g. the Central Flotation in Baia Mare is one of the most performant in Romania). Efficiency has decreased, but not in direct proportion with the number of redundant miners. Each year, the state subsidies decrease by ¼, but the company has begun to modernise its equipment, even with little money. The manager of REMIN (Gâlcă, O. in Brăileanu, Gâlcă, 2005) considers that this situation will cause a drastic decrease of activity, but REMIN will not disappear because the fight for survival supposes, in this context, favouring the mining units that do not need to receive subsidies.

Restructuring the mining sector has supposed a privatisation that G. M. Bârlea considers to have represented only 10% until 1997. The privatisation of the profitable sectors is included in the strategy of the mining industry. This process depends on the rhythm of redundancies. Privatisation has been beneficial, its result being economic growth at present.

Before 1989, the Mining Central in Baia Mare (REMIN) had mines in four counties, with over 31,000 workers (34,000 employees). In 2005, the number of employees was 5,000. Since 2000, REMIN has lost approximately 40% of its personnel. In 2004, the company lost 20% of its personnel, meaning 1,700 employees. Nevertheless, in 2005, REMIN was the greatest economic entity of Maramureş County, taking into account the number of its employees (4,500 persons, in comparison with other economic units with fewer than 1,000 employees) (Adameşteanu, Gönczy, 2005).

The professional reinsertion of thousands of redundant persons is problematic. All workers are aware of this. During the years when there were great waves of redundancies and subsidies decreased, the miners’ strikes and protests for social and economic rights were frequent. These were legal and non-violent manifestations.

Since 1997 redundancies have taken place every year. At the national level, social tensions and labour conflicts have been generated by the need to preserve jobs. The consequences upon the population have been significant. Job losses have affected many families whose only source of income was in connection with the mining sector. The psychological pressure upon the population has been high as people have been offered only few viable and long-term development alternatives, which has increased their anxiety. G. M. Bârlea (2005) estimates that, according to the redundancy policies, many miners “will be forced to retire, others will undergo professional reconversion or return to their rural native areas”.

In most of these cases, the people have volunteered to give up their jobs or have not opposed redundancy. In 2004, those who gave up their jobs were near an early retirement (they still had one year and eight months to reach their retirement age, according to Ordinance no 8). Moreover, it was necessary that those 1,500 workers to be made redundant in 2005 leave very fast so that they did not spend the small budget of REMIN.

The Romanian government encouraged people to give up their jobs with compensatory payments varying from 90 to 150 million lei/person (i.e. up to 4,000 euros) (a passive measure of social protection). Redundancies took place after discussions with the trade unions. There are three trade unions in the disadvantaged areas of northern Romania, in the North-West Development Region, one trade union in each disadvantaged zone: Baia Mare, Borş-Vişeşu, and Rodna. Compensatory payments encouraged most miners to accept redundancies and their status, although they very seldom represented long term solutions. In this context, one can discuss the problem of self-will versus manipulation. Still, the restructuring of the mining sector is necessary and beneficial. An edifying example is given by G. M. Bârlea (2005) who mentions the following situation at REMIN: „In 2000, the production was about the same as in 1997, but productivity was higher, half of the personnel having been made redundant”. The same author adds: “...in the mining sector there is a surplus of non-productive, bureaucratic personnel”.

The decision –making factors or those who have with an important role in drawing their attention to the disadvantaged areas, the mining sector and the disadvantaged communities are those responsible with governmental programmes, the regional and the national mass-media, etc.: the Ministry of Food and Agriculture; the Government; the National Agency for Regional Development; the Office of the North-West Regional Development Agency for each county; the International Monetary Fund; the European Union; the National Agency for Labour Force; the Ministry of Economy and Commerce; the National Central Mining
There was a permanent dialogue between company managers, trade unions and the local authorities (as representatives of the government). Nevertheless, there is a conflict between the government’s priorities with a view to Romania’s integration in the European Union (the accession act was signed in April 2005) and the inhabitants of the disadvantaged areas, so that it is necessary that local authorities depend less on the Government’s decisions. For instance, this year (2005), a new wave of 1,500 miners out of the 5,400 in Maramureș would be redundant (as a consequence of the 25% decrease of budget subsidies), according to the governmental programme. The project for applying the measures and actions in order to observe the provisions of the 2005-2008 governmental programme stipulates the gradual closing down of some mines and quarries, simultaneously with the gradual numerical decrease of the employees. In Romania 7,000 employees will be redundant in 2005 and approximately 9,000 in 2006. The project also stipulates that both subsidies and exploitation losses should decrease, this is a strategic goal welcomed by the International Monetary Fund and the World Bank.

G. Pașca (the representative of the trade unions in Maramureș) wishes that the Romanian restructuring of the mining sector had taken place according to the models from Great Britain, France, Germany, and Belgium, where the discussions with the trade unions had an important role. In 1997, the miners in this company conceived a 15-year redundancy programme which was accepted by the International Monetary Fund, but the redundancies scheduled by the Government to take place that year had turned the whole plan upside down. Trade unions consider that restructuring had been chaotic and complained that everything was imposed on them by the Government who was not willing to discuss the requirements of the World Bank, the International Monetary Fund, and the European Union.

THE RADIOGRAPHY OF THE DISADVANTAGED AREAS OF NORTHERN ROMANIA

The Impact of the “Disadvantaged Zone” Status between 1999-2002

According to the juridical forms, out of the total number of certificates issued in the Baia Mare–Baia-Sprie–Cavnic disadvantaged area, 90,92% belonged to businesses (SRL), 6,34% to SA, 8 to SNC, 2 to SCA, 8 to AF, and 2 to COOP. This was also true for the Borșa–Vișeu-de-Sus area, too: 90, 52% of the certificates were issued to SRL, 6,84% to AF, 3 to SA, and 2 to SNC. With some exceptions, the permanent certificates issued in Rodna disadvantaged zone, during the same period, were for SRL (146 out of the total number of 152). The exceptions are: 1 business in the SNC group (in 2001), 3 in the SA group (one every year between 1999-2001), and 2 in the AF group (both in 2001) (Ilovan, 2005d) (Figure 1).

Taking into account the main groups of activities between 1999-2002, the certificates for permanent investment point out to the fields to be further developed in the three disadvantaged zones and they are distributed as follows:

(a) **Baia Mare – Baia Sprie – Cavnic.** Out of a total number of 804 businesses that were given certificates for permanent investment, 523 were in the processing industry (65,04%); 5 in forestry; 64 in transportation and storage (7,96%); 14 in the extractive industry (1,74%); 6 in agriculture; 115 in the construction industry (14,3%); 66 in car trading, repairing, and maintenance (8,2%); 7 in hotels and restaurants; 13 in real estate transactions, rentals and services, especially, for industrial plants (1,61%); 2 in electric and thermo energy, gas, and water; 1 in fisheries, and 3 in collective, social and personal service activities.

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6 Another 30 mines are to be closed this year (2005), most of them are located in the Baia Mare, Deva, and Bucovina area (Botezatu, Claudia, 2005).
7 Ltd.
8 Business on shareholders’ actions.
9 Business under a collective name.
10 Business in limited/sleeping partnership based on shareholders’ actions.
11 Family association.
12 Co-operative company.
Fig. 1. The number of certificates for permanent investment issued in the three D zones during 1999-2002

(b) Borșa – Vișeu de Sus. Between 1999-2002, out of 190 businesses that were given certificates for permanent investment, 72 were in the processing industry (37,89%); 41 in transportation and storage (21,57%); 18 in forestry (9,47%); 17 in the construction industry (8,94%); 10 in car trading, repairing, and maintenance (5,26%); 8 in hotels and restaurants (4,21%); 5 in real estate transactions, rentals, and service activities, especially, for the industrial plants; 6 in health services and social assistance (3,15%), 2 in agriculture; 1 in collective, social and personal service activities and none in the extractive industry.

(c) Rodna. Out of 152 commercial companies, 96 were in the processing industry (63,15%); 15 in forestry (9,86%); 11 in transportation and storage (7,23%); 6 in the extractive industry (3,94%); 6 in agriculture; 5 in constructions; 5 in car trading, repairing, and maintenance; 4 in hotels and restaurants; 3 in real estate transactions, rentals, and service activities, especially, for industrial plants, and 1 in private health services.

Other interesting and relevant comparisons between the three disadvantaged areas refer to the following aspects: certified businesses according to the amount of the domestic social capital as subscribed upon their registration (Table 1); certified businesses according to the amount of the foreign capital as part of their subscribed social capital upon the certified companies’ registration (Table 2); certified businesses according to the number of their employees (Table 3); the total number of new jobs (according to the economic agents’ declarations) in the three D zones between 1999-2002 (Figure 2); the new jobs for the unemployed out of the total number of the newly created jobs (according to the economic agents’ declarations) in the three D zones between 1999-2002 (Figure 3); the amount of investments as declared in the three D zones between 1999-2002 (Figure 4).

Table 1. Certified businesses according to the amount of the domestic social capital as subscribed upon their registration.

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<th>Year</th>
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13 Certified as investors in the disadvantaged areas.
### Table 2. Certified businesses according to the amount of the foreign capital as part of their subscribed social capital upon the certified companies’ registration.

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<th>Year</th>
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<td>2001</td>
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#### Borșa – Vișeu de Sus Area

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#### Rodna Area

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### Table 3. Certified companies according to the number of their employees.

| Year | The structure of the certified businesses according to the number of their employees |
|------|-----------------------------------|-----------------|---------------|
|      | Up to 9                           | 10 – 49         | 50 – 249      | Over 250      |
|      | Baia Mare – Baia Sprie – Cavnic   |                 |               |               |
| 1999 | 45                                | 25              | 4             | 3             |
| 2000 | 281                               | 82              | 19            | 5             |
| 2001 | 215                               | 77              | 15            | 3             |
| 2002 | 0                                 | 30              | 0             | 0             |

#### Borșa – Vișeu de Sus

| Year | The structure of the certified businesses according to the number of their employees |
|------|-----------------------------------|-----------------|---------------|
|      | Up to 9                           | 10 – 49         | 50 – 249      | Over 250      |
| 1999 | 6                                 | 8               | 1             | 0             |
| 2000 | 67                                | 5               | 1             | 0             |
| 2001 | 85                                | 5               | 6             | 0             |
| 2002 | 0                                 | 6               | 0             | 0             |
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Fig. 2. The total number of new jobs (according to the economic agents’ declarations) in the three D zones between 1999-2002.

Fig. 3. The new jobs for the unemployed out of the total number of the newly created jobs (according to the economic agents’ declarations) in the three D zones between 1999-2002.

Strong points

Among the strong points of the three disadvantaged zones, the most significant ones are:

- The social pressure and the tensions of restructuring have been smaller than in other mining zones which are being disadvantaged now, too (e.g. the Valley of the Jiu). The explanation resides in the „double economic life” (Adameșteanu, Gönczy, 2005): miners and peasants – in the neighbouring settlements. So the
people have the alternative of returning to their traditional occupation and this has saved them (their attachment to land and their refusal of complete industrialisation);

Figure 4. The amount of investments as declared in the three D zones between 1999-2002.

- REMIN has no debts to the state budget, unlike other Romanian mining companies, but it has debts to the House for Health Insurance Company that are to be paid periodically;
- Foreign firms have relocated their production and invested in Baia Mare (e.g. Natuzzi-Italsofa – furniture) creating many jobs;
- Important forest areas;
- Maramureș ranks the third in terms of tourist potential at the national level (e.g. Borșa resort – winter sports), after the Black Sea shore and Bucovina (a CD – Tourist Maramureș, produced in Denmark, in four languages - advertises this region) (Adameșteanu, Mitru, 2005);
- Rodna disadvantaged zone has a diverse tourist potential (the Sângeorz-Băi area – health resort, well-known abroad as well for the curative effects of its mineral waters, two hotels and villas –, the Rodnei Mountains: the beautiful landscape of the mountain and the hilly area, pleasant climate, mineral waters at Anieș, Rodna, Maieru, etc.);
- The natural tourist potential is complemented by the anthropic one, which points out to the specificity of these areas. The cult for tradition, for the past of the communities, for the preservation of what is close to the people’s soul: customs, beliefs etc. make the communities from the Land of Maramureș and Năsăud spaces of an exotic Romania that invites discovery. The rich and diverse folk traditions, the development of modern arts and the architecture of the households could support an intense tourist activity;
- In Bistrița-Năsăud County, only, where the tourist phenomenon is less developed than in Maramureș, the network of tourist agencies consists of: 20 de firms, out of which 12 are in Bistrița (the main town of the county), 2 in Sângeorz-Băi, 2 in Rodna, and 1 tourist agency in Năsăud, Rebroșoaia, Ilva Mică (with the exception of Bistrița and Năsăud, all the other localities are in Rodna disadvantaged zone) (Source: http://www.nord-vest.ro/);
- The Rodnei Massif is a protected area with seven natural reservations;
- Fiscal facilities for investors (no tax on profit) during the existence of the disadvantaged areas;
- At present, Baia Mare is the city with the largest green space in Romania (Adameșteanu, Mitru, 2005, p. 13);
- Baia Mare zone is no longer a black spot as a result of pollution (after 1989, a dispersion chimney, 354 m high was installed at the metal ore processing plant).

**Weaknesses**

- Fiscal facilities have been unattractive in areas with low accessibility, no public utility equipment and (3) no capacity to manage the domestic natural and human resource.
- The content of the deposits is not rich;
- The high costs of the mining industry\(^{14}\);
- There has been no permanent correlation between the industrial restructuring and the serious social impact\(^{15}\);
- Bad management in creating alternative jobs and obtaining 2 million euros for modernization (providing new technology) and environmental cleaning, and the protection of the viable mining areas;
- The technical infrastructure of the territory is insufficient and cannot support a highly developed tourist activity;
- Tourism is chaotic, insufficiently exploited and tourist advertising is weak.

**Threats. The Threat of Redundancies and Its Consequences**

- In Baia Mare, the industrial sector has the highest potential for unemployment at the regional level (the North-West Development Region of Romania). Therefore, after closing the mines, Maramureş County will have a 12% unemployment rate. In December 2004 it was 4.6% (Adameşteanu, Mitru, 2005);
- Ordinance no. 8 stipulates the compensations for those who want to leave the mining sector. At present, many miners want to leave in exchange of 150 millions lei (4,000 euros) and, thus, they would lead to bankruptcy the firms working with REMIN, which, in turn, means tens of thousands of jobs depending on this sector (Brăileanu, Paşca, 2005). Therefore, the unions (trade unions) ask that Ordinance no. 8 (valid until June 2005) should be extended until subsidies are no longer received (2007). In this unsure context, many workers are willing to receive the compensatory payments in advance and give up mining, because beginning with June 2005 they do not have the safety of this money either;
- Lohn manufacturing ready-made clothes and tiles has increased a lot during the redundancies in the mining sector (Adameşteanu, Mitru, 2005, p. 13). Thus, very many women have been employed and that is why in Baia Mare, the unemployment is only 4%. Therefore, it is easy to foresee that the massive redundancies from the mining sector will double the number of the unemployed: miners plus women (6,000-7,000 unemployed women) when the lohn system will dwindle as a result of outsourcing after Romania’s accession to the European Union in 2007;
  - Bad management of funds\(^{17}\);
  - The furniture industry may stimulate the irrational exploitation of the forests;
  - The ageing of the population as a result of the young people’ emigration for work, in the context of a degraded economic environment;

For instance, in the commune of Rodna, which has given its name to the disadvantaged area as well, the period between 1990-2003 was characterised by fluctuation in the evolution of the inhabitants’ departures and arrivals (from the point of view of the place where they resided) (Figures 5 and 6) (Ilovan, 2005b). This had an impact upon the number of inhabitants (in decline at present) (Figure 7).

\(^{14}\) In Boroş region, costs are ten times higher than in other areas, therefore, it is non-profitable, the same for Băiuţ.

\(^{15}\) E.g. people cannot be credited by banks as there is no guarantee that they will keep their jobs.

\(^{16}\) E.g. In downtown Baia Mare, there are ten heaps of sterile (Adameşteanu, Mitru, 2005, p. 13), and around the airport there are cyanide lakes. These appeared when the town had the highest number of industrial sites in Romania.

\(^{17}\) In 2002, 19 billion lei (500,000 euros) were destined to building a business centre that was not necessary to the commune.
On 30 January, 2000, in Baia Mare, there was an accident at the decantation pond of the gold processing plant caused by building flaws, bad risk management, and extreme meteorological conditions. This cyanide accident has been considered the biggest ecological catastrophe in Eastern Europe since Chernobyl. The second accident took place, in Baia Boroșa several weeks later, on 9 March 2000. A breach in the Novăț pond caused 20,000 tones of mud and heavy metals to flow into the local river. The cause of the accident was technical, there were no financial resources for investments in safety equipment.

Inventory of High Risk Sites in the mining, extractive and ore-processing industries in the Somes-Tisza sub-basin, containing heavy metals and other toxic substances used in metal ore mining and processing: SC AURUL SA (pond); SM BORȘA (Colbu pond); SM NOVĂȚ (Novăț pond); SM BAIA MARE UP Central Flotation Unit, UP Sășar (pond); SC AURUL SA (pond); SM BAIA MARE – EM Baia Sprie (pond); SM BAIA MARE – EM Cavnic (pond); EM AURUM – Ilba Sector; SM BAIA MARE – EM Herja; CMNPN REMIN BAIA MARE – EM Turț (pond); EM AURUM – the Dniester Section; CMNPN REMIN SA BAIA MARE – Mining Subsidiary Rodna (pond); SM BAIA MARE – EM Băiuț (pond); SC COMINEX NEMETALIFERE SA – Mining Subsidiary Aghiereș (ponds) (Garvey, 2000).
Opportunities or Alternatives with Major Social and Economic Impact upon the Sustainable Development of the Disadvantaged Communities

Opportunities

-Situated at 70 km from the European Union border, Maramureș County, the main „host” of the disadvantaged areas in northern Romania, has to take this strategic position into account when planning its development directions;

-Baia Mare ranks the third in terms of development rhythm in Romania. Baia Mare has the best services, culture, and education in northern Romania. The metropolitan zone of Baia Mare creates jobs for those who were made redundant;

-Investing in the viable mining zones (those able to compete after 2007);

-Initiating co-operation (private–public sectors) with the firms that could save or create jobs in the mining sector from Maramureș County after 2007;

-The people that were made redundant intend to unite in a trade union;

-The miners will be included in a reconversion programme, so that before redundancies they already have another profession;

-Creating a tourist ensemble with a regional importance (Source: http://www.nord-vest.ro/ ) (tourism for treatment and recovery; tourism in the mountainous area, especially for winter and extreme sports: the Maramureșului, the Rodnei and the Țibeleșului Mountains are excellent for this type of tourism; cultural tourism – including rural tourism, event tourism, and tourism in the historical or ethnographical centres from the disadvantaged areas or in their proximity – e.g. Rodna, Năsăud, Salve, Baia Mare, Vișeu etc.);

-Developing the furniture industry for export which can ensure local resource higher processing;

-The status of the disadvantaged areas facilitates investment in the priority development fields (the fields of interest): agriculture and animal breeding, industry, services (e.g. tourism), trade (dealing in the products manufactured in the disadvantaged area), environmental preservation and protection and reshaping of the natural sites;

-Agenda 21 for Baia Mare contains the desiderata of sustainable development, this town being one of the 9 pilot settlements included in this project which focuses on four aspects of sustainable urban development (the environment, social aspects, the economy, information technology, and communication);

-In Baia Mare, there is a centre for writing projects in order to obtain funds for strategic planning, urban development, and European integration.

Programmes for the Disadvantaged Areas

The vulnerable population from this northern region of Romania has been the target of several governmental programmes focusing on economic and social development, and adjustment solutions. These active measures have been meant to create jobs, but the wages are not attractive for the miners. Ștefan Gönczy (2005) considers that miners are doomed to failure because of their mentality as they have no education in fighting for survival. This statement is in obvious contradiction with the people’s migratory behaviour. The author sees the solution in „creating jobs for those who want to work and not teaching them to work in order to create their own jobs, because this will happen only to a very small extent”. Authorities should draw up programmes, make projects and not wait money from Bucharest or Baia Mare (Adameșteanu, Gönczy).

But the major responsibility for the development of the communities belongs to the National Agency for Regional Development (NARD) and its eight regional agencies (ARD) throughout Romania which are under the authority of the Council for Regional Development. This political decision body is made up of four

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20 In the North-West Development Region, the development centre for the furniture industry is the Vișeu de Sus - Sângeorz-Băi axis (e.g. numerous forest exploitations, especially in the Șant-Rodna area) (www.adrnord-vest.ro).
21 Urban development is possible by offering business opportunities. Investments are to be made in the following fields: efficient economic management; local economic development; culture; education; programmes for young people; religion; the citizen’s safety; quality public services; sustainable environment (Adameșteanu, Anghel, 2005, p. 8).
22 Projects have been sent to the Ministry of Development and Prognosis and representatives of the local authorities have taken part in national forums for sustainable development (Adameșteanu, Anghel, 2005, p. 8).
23 Among the European funded projects in Baia Mare, the most important is Millennium III Business Centre (Adameșteanu, Anghel, 2005, p. 9).
CONTEMPORARY SOCIAL AND ECONOMIC COORDINATES OF THE DISADVANTAGED AREAS OF BAIA MARE, BORŞA-VIȘEU, AND RODNA

representatives of the local and the county councils from each county. NARD has drawn up special programmes for the disadvantaged areas. These programme have been approved by governmental decisions. Such non-reimbursable financial assistance programmes for investors are: "Business Development" (Baia Mare, Borşa-Vișeu, and Rodna area); "Supporting Investment" (Baia Mare area); "Supporting the Activities in the Rural Areas" (Baia Mare and Rodna areas). The main objective of these three special programmes has been job creation or alternatives for the local labour force. A PHARE programme was "Regional Policy and Cohesion".

Moreover, the local authorities try to create economic alternatives with the help of the Agency of the Mining Zones that has obtained a European loan of 120 billion $. Similarly, the trade unions have initiated and agreed upon a 90,000-euro project for the miners' professional reconversion. Also, the prefect of Maramureș County has declared that several complementary development alternatives will be taken into account when designing the county’s specific future strategy (Brăileanu, Böndi). As the tourist potential is significant, it is advisable that agro-tourism be promoted (it is cheaper in comparison with other zones of Romania and it can be an activity both in summer and winter time), as well as traditions and folklore. The maintenance and development of traditional handicrafts should be encouraged as this can support family business. Then, foreign investment could support the decentralising process taking into consideration that in Romania labour force is cheaper than in E.U. countries. This encourages many international firms outsourcing.

In this context, a project called „Non-Tourist Maramureș“, financed by „The World Bank Office” Romania, International Bank for Reconstruction and Development, International Development Association, The Foundation for Culture and Human Rights, and 22, a Romanian weekly, has focused on finding an answer to „the necessity of dialogue between the population and the decision-making factors” (Adameșteanu, 2005, p. 1).

Case Studies

In order to exemplify the strategy to develop the disadvantaged areas which has been applied in other parts of Romania as well, we propose several case studies.

(a) When Baia Mare was declared a disadvantaged area (1999), the unemployed were about 18% of those able to work (Adameșteanu, Mitru, 2005). This was due to the restructuring of the mining activities. At present, the economy of Maramureș County is dominated by industry (Figure 8).

![Figure 8](image)

*Fig. 8. The number of employees in Maramureș County – October 2004. Source: Maramureșul neturistic, p. 7, in Revista 22, Year XIII, no. 171, Romania*)

24 For high school or equivalent graduates, professional reconversion is ensured if they want to become: house painters, tailors, tilers, and carpenters. For those with higher education there are also opportunities for professional reconversion. 5-10 people are to learn how this professional reconversion is to be achieved (Brăileanu, Pașca, 2005).
Emigration (for better paid jobs) is both a risk and an opportunity. Miners retire after 20 years’ work under the ground, so that, when these miners are 45 years old they are still able to be involved in other activities as well. Many of them commute to Baia Mare (the biggest town in Maramureş County) or leave for Italy or Spain in order to work there. Is this an alternative for the inhabitants of the disadvantaged areas? We believe that the flux of wealth generated by this phenomenon pleads in favour of an affirmative answer. Therefore, as a „derived product” of this phenomenon, one can notice the improvement of the miners’ living standards, the extant jobs, the abandonment of the ghetto living areas, tourism in the mountain area (e.g. Cavnic, Rodna etc.), the people’s new economic options, the investments they make, changes in people’s attitude, expectations, and mentality.

The people from Maramureş have easily gone abroad in order to work as they had this exercise before 1989 as well. They leave for one season or more to Spain (those from Baia Mare), to Italy (Torino, those from Borsa), and Belgium (those from the Iza Valley). They come back with money and more open-minded. Approximately 9,000 inhabitants from Borsa (26,000 is the total population of this town) work abroad (e.g. in Italy – Milan). They are required in constructions and forest exploitation. These people are willing to undergo professional reconversion with a view to go abroad for a better-paid job. In Maramureş County migration is approximately 8%. The advantages of emigrating in order to work are: higher income and a change in the workers’ attitude towards work (they are more responsible). When back home, they initiate small business up to the level of agro-tourist structures. Still, if tourist Maramureş functioned, this intense emigration phenomenon would not exist (Adameşteanu, Mitru, 2005, p. 13). The same situation is characteristic of the settlements from Rodna disadvantaged area (in the Land of Năsăud) (Figures 9, 10 and 10).

Tourism is already an alternative that many settlements have chosen. For instance, before 1989, Cavnic was the most important non-ferrous ore mine (Zn, Cu, Pb, Au, Ag) in Romania (3,800 people were employed, at present there are 870 employees, several of whom are commuters) (Brăileanu, Bindiu). Therefore, the negative impact upon the community was more powerful during the beginning of the mining sector decline. When asked about the development strategy of Cavnic, the mayor (N. Bindiu) identified two coordinates: (a) the development of food and construction industries (thus, creating jobs for the local inhabitants) and (b) a tourist development project (initiated in 2001): tourism based on the natural potential (e.g. two ski slopes) (Brăileanu, Bindiu, 2005).

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25 In Italia, near Naples, there is a community of hundreds of Romanians from Cavnic.
26 The people left for the plains of Romania (Banat and Bărăgan) in order to work in spring and summer. In autumn they came back home with cereals. A. Bulai (Adameşteanu, Bulai, 2005, p. 14) discusses the cultural pattern of Maramureş which has been open to massive migration since 1990 because of the inhabitants’ practices in this region (men’s trade activities in the borderline areas with Hungary and Ukraine). Another characteristic is that the symbolic capital dominates the inhabitant’s thinking (this is also true for Rodna disadvantaged area), and not investment for long term development.
27 The unemployment rate in Cavnic is much higher than in Maramureş County (4, 6 % in December 2004).
28 The local authorities have won projects for creating utilities and a ski area (e.g. 11 localities are involved in the Gutin Microregion project for integrated tourist development around the Gutin Mountains).

![Fig. 9. The commune of Rebra. The Migration Fluxes between 1987-2003.](image-url)
Fig. 10. The commune of Feldru. The Migration Fluxes during 1987-2003.

Fig. 11. The Town of Sângeorz-Băi. The Migration Fluxes during 1987-2003.

Fig. 12. The Numerical Decrease of Employees in Industry – the commune of Rodna.
The surface of Rodna disadvantaged zone is 122,584 ha and its population is over 53,000 inhabitants (in 2003). The strong point of this area is the diversity of the local resources. Moreover, the existence of the development alternatives is an opportunity that should be taken into account. Therefore, among the successful solutions for the area’s rehabilitation, two are the more viable: the development of trade and tourism (the area has the capacity of promoting multiple tourist functions) and the development of the furniture industry that can ensure the higher processing of the extant local resource. The social and economic situation of the commune of Rodna, in the homonymous disadvantaged zone, is similar to that in Maramureș County. The decline of the industrial sector and the decrease of the labour force employed, especially, in the mining industry has been significant since 1992 (Figure 12) (Ilovan, 2005d). Approximately 150 miners from the mine in Rodna may be redundant in 2005. The possibility of closing the mine in case of massive redundancies is also taken into account. At present, the exploitation in Rodna has 504 employees. According to E.U. requirements, this mine is to be closed before 2007, as the subsidies in this sector are gradually eliminated.

CONCLUSIONS

The partial economic rehabilitation of these disadvantaged mining areas has been possible only by granting them the “disadvantaged area” status. Nevertheless, the fiscal facilities have been unattractive in areas with (1) low accessibility, (2) no public utility equipment, and (3) no capacity to manage the local natural and human resources. Unfortunately, the Romanian government has supported several passive measures (compensatory payments after the 1997 collective lay-offs without any or few programs for the reconversion of the labour force) and has not understood the long-term effects of this policy.

The main solution we identified in order to support the social and economic development is tourism. This activity can be successful only if the following steps are to be taken in the near future, firstly: winning some projects financed from non-reimbursable European funds (especially in order to improve the territorial technical infrastructure); investment from those who have left the region in order to work abroad and send money to their families or come back in order to invest in their own households or start businesses in their local communities. Secondly, the following actions should be taken, hopefully, in the near future: power should be introduced in the communities where it does not exist at present; indoor plumbing and the sewerage system should be built in the rural areas. Only by means of implementing programmes where local communities are also involved, (a) will the above-mentioned problems be eliminated and (b) the economic and social problems of these areas be solved.

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