

THE EFFECT OF ECONOMIC AND SOCIAL RESTRUCTURING ON THE TOWNS OF NEHOIU AND POGOANELE

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ABSTRACT – Since early 1989, the small settlements of Nehoiu and Pogoanele, located in the south-eastern part of Buzău County and declared towns in the same year, entered a new stage of evolution. After a long period of evolution under socialism, people and especially authorities decided to adjust the evolution and the development of settlements. This change did not only have repercussions on the entire economic base but also on the population, imprinting a descendent evolution. Economic restructuring is felt on the quality of life, purchasing power is increasingly smaller, many families are poor, with the possibility of living only from one day to another. Industry and agriculture have suffered the biggest change in the sense that the labour force in these two areas has steadily decreased. Current development opportunities include: increasing the share of active population in the tertiary sector and attracting investors from the private sector.

Keywords: economic restructuring, social and economic decline

INTRODUCTION

The town of Nehoiu is located on the upper Buzău river, in the north of Buzău County, while Pogoanele is located in the south-eastern part of the same county. Both were declared urban centres on 25 April 1989, being some of the most recent urban localities in Buzău County.

The year 1989 marks a new stage in the history of the two towns, whose social and economic development is identified with that of most small-sized towns (under 10,000 inhabitants) in Romania, during the socialist period.

The economic development of the two urban settlements recorded a significant increase in the forced industrialization period, when several industrial units were created (or divisions of large enterprises located in the county seat) that attracted labour from the neighbouring regions. The rapid development of industrialization, generated based on the criterion of "harmonious development" (Ianoș, 2004, p.18) of all areas of the country, regardless of economic efficiency, was one of the main reasons for which the two localities were declared towns in 1989. Therefore, in these cases, industry was established as a basic for towns.

The industrial activity emerged and developed in some regions directly related to the natural resources in the area. Thus, if in case of Nehoiu industrialization played a decisive role, being the element that caused the urbanization of this territory, in the case of Pogoanele, it was the collectivization of agriculture that played an important role. The collectivization of agriculture in Pogoanele increased its existence as an urban centre. Moreover, the agricultural function is a direct result of its development in a favourable geographic framework, which has always provided an agricultural surplus, as in the case of Nehoiu, where the natural environment provided the necessary raw materials for industrial development. In conclusion, until 1989, the economic function of Pogoanele was the agro-industrial one, while in the case Nehoiu, it was the industrial one.

After 1990, the changes that occurred in the evolution of the two towns have influenced their place in the national urban hierarchy. Following the closure of industrial units, the first consequence was the negative impact upon population, generating a downward trend. The trend is clearly

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downward, given that the town's depopulation will probably continue in the coming years, as a result of de-industrialization and the lack of actions implemented to revive the local economy by facilitating opportunities for developing the tertiary sector.

THE INFLUENCE OF ECONOMIC RESTRUCTURING ON THE DEMOGRAPHIC POTENTIAL

The economic restructuring has left clear traces in the two towns, both in terms of economy and demography. Thus, the demographic evolution of Pogoanele is a descendant one since 1967, when it reached the maximum of 9,883 inhabitants (due to the pronatalist policy, 30%), reaching 7,500 inhabitants (7%) by the year 1996 (Figure 1). After 1997, it witnessed a slight increase in the number

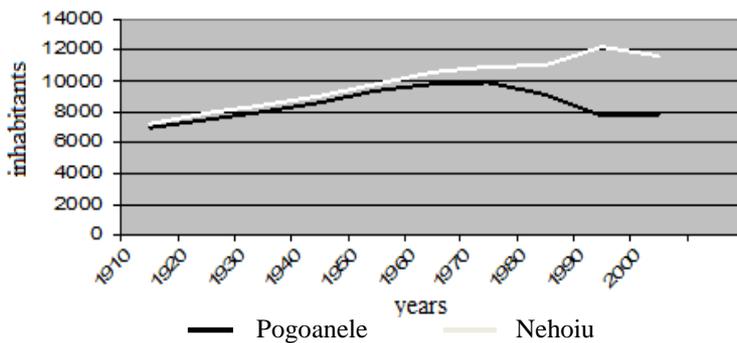


Figure 1. *The numerical evolution of the population*

Source: National Institute of Statistics

of inhabitants due to the industrial restructuring in the neighbouring towns and the returning of residents in the agricultural sector.

The demographic trend of Nehoiu is slightly different. The downward curve appeared in 1990, when it reached the maximum of 12,210 inhabitants and is maintained until today due to industrial restructuring and migration of population to other counties or even outside the country (Figure 1).

The economic restructuring has also been felt in the quality of life: purchasing power has declined sharply, many families with low living standards are often put in a position to make efforts to meet their needs. In Pogoanele, availabilities are oriented towards industrial non-food goods, nourishment being mostly covered from own resources (Mita, 2006, p. 406). In the case of Nehoiu, residents are forced to purchase their own food, the only advantage being that of procuring non-food goods (wood, industry products) at lower prices.

Even if they are classified as towns, 75% of households are single family homes and offer the opportunity to practise agricultural activities. This is more evident in the case of Pogoanele due to its geographic location in a plain area, most residents owning farmland. Although in Nehoiu there are downtown apartment buildings, in the outskirts there are emerging households, with a more rural appearance. Contrary to all expectations, only a small ratio of children leave school to participate in agricultural work, take care of animals in the household, or to fill a job in another economic sector.

The post-socialist period determined, as in the case of most industrialized areas in Romania, a significant decrease in employment. The main factories in the towns are in economic decline or change their business profile. As a direct consequence, most of the young population have migrated to other counties or cities, or even to other countries, to look for a job. However, the structure of this active population is as follows:

Table 1. *Employment in the towns of Pogoanele and Nehoiu (2005)*

No.	Locality	Active Population	Occupied population	Unemployed population (%)
1.	Nehoiu	4145	3078	25%
2.	Pogoanele	2262	604	75%

Source: National Institute of Statistics

The above table shows that employment is three quarters of the total population in the case of Nehoiu, most working in industry. The situation in Pogoanele is different, only one fourth of the total population is employed in an economic activity, most of them being employed in industry (about 13%)

and agriculture (about 8.2 %). However, the number of people engaged in agriculture exceeds 50% of the total population.

THE INFLUENCE OF ECONOMIC RESTRUCTURING ON INDUSTRY

The main activity in the town of Nehoiu has been industry, centred on the production of timber and wood for trade. The town has a secondary industrial function (the toponym indicating its profile on agriculture). Forced industrialization, but also the increase of local requirements, called for the development of steel and metal units in Pogoanele and wood processing units in Nehoiu.

This has assisted in the development of these industrial branches, which resulted in an improvement of the employability of the working population. In addition to the emergence of heavy industry, light industries have also developed. Thus, in Pogoanele, a handmade carpet manufacturing unit appeared, in which seven women were working, as well as a cloth unit, with over 200 employees (Mita, 2006, p. 406). In addition, the emergence and development of food industry was encouraged by the location of the town in a predominantly agricultural area.

As industrial core developed in the area of influence of Pogoanele, the alignment Urziceni - Cilibia - Făurei consisted of the following units: a metal unit, an oxygen factory, germinated corn mill and corn, wheat, barley silage units, a fuel depot, a sugar beet pad and a section of road bitumen station (Mita, 2006, p. 406).

In addition to the wood processing factory, with two sections of timber, a mobile station and a wood materials trading enterprise (Nicolescu, 2008, p. 182), the town of Nehoiu hosts a knitwear factory and Nehoiășu Hydropower or CHE Nehoiășu, Hidroelectrică Buzău branch office.

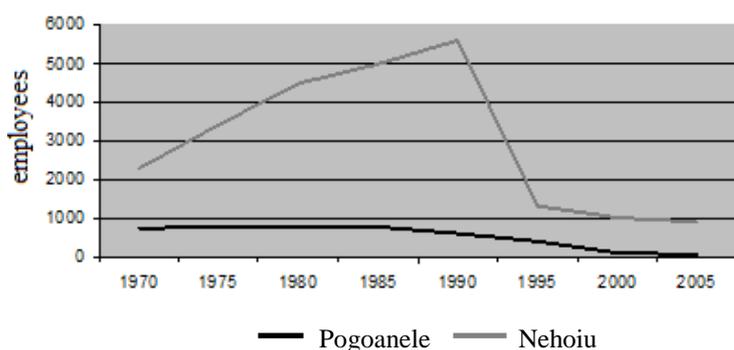


Figure 2. *Employees in industry*
Source: National Institute of Statistics

However, after the period 1990-1996, due to the closure of some of these units, with many employee layoffs and important changes in most units, a social and economic decline took place. We are currently witnessing a continuous degradation of these business units. For many of them there are projects to change their profile taking into account the exploitation of local resources. The evolution of industrial employees follows the same downward curve as the economic developments in these two towns.

Thus, if the number of employees in industry increased between 1975 and 1987 (Figure 2) due to the emergence of several industrial units, the number decreased thereafter reaching 80 employees in 2002, in the case of Pogoanele (representing 10% of 1975) - working in manufacturing industry, energy, gas and water, and 900 employees in the case of Nehoiu (16% compared to 1987) – working in wood industry: solid wood furniture (coniferous and beech wood).

THE INFLUENCE OF ECONOMIC RESTRUCTURING ON AGRICULTURE

Located in plain area, the town of Pogoanele had as main economic activities the production of cereals and trade. As for the town of Nehoiu, agriculture was a secondary economic branch.

During the communist period, agriculture underwent significant changes whose consequences are seen today as result of collectivization. Pair production in agricultural cooperatives allowed, first, a positive development because of the introduction of mechanized equipment, improved cropping systems and enhanced soil fertility. Of course, all this led to a rise in living standards and contributed to the evolution of life and culture to a higher level.

The agricultural area of Pogoanele occupies 82% of the total administrative area. Thus, in 2002, arable land covered 9,297 hectares, namely 75% out of the total agricultural area of 12,390 ha.

After 1990, when the town experienced a sharp economic downturn, changes that have occurred have been reported in the agricultural sector. Thus, the agricultural area has experienced a significant reduction, especially in the period 1990-1996, when an important area remained unused agricultural land. The main reason for this decline was the lack of means of production and financial resources to invest. The economic crisis is followed by a significant decrease in grain production per hectare, e.g. the production of wheat decreased from 7,636 t in 1990 to 4,572 t in 1996 (Mita, 2006, p. 407). However, a slight increase can be noted in 2001, due to the favourable climate conditions, which influenced production. Livestock were also affected in terms of quality and quantity by the economic restructuring. There was a reduction of cattle of approximately 40% (7,116 heads in 1992 and 2,445 in 2002) and 60% of the sheep population (2,631 heads in 2002 compared to 8,693 in 1996) (Buzău County Department of Statistics).

In the town of Nehoiu, agricultural area occupies about 41% of the total administrative area of the town. Thus, in 2002, out of 11,275 ha, arable land occupied only 224 ha (2% of the existing agricultural area), while pasture and hay fields covered 32%, indicating the prevalence of local livestock sector in agriculture. Livestock farming is practiced in areas around the town and in its immediate proximity. A reduction of approximately 50% of the cattle can be also noticed (10,128 heads in 1992 and 5,548 in 2002) and of 70% in the case of sheep (from 11,782 heads in 1996 to 4,574 in 2002) (Buzău County Department of Statistics).

The number of employees in agriculture is very low in both towns: 87 persons in Pogoanele in 2002 (but the number of persons employed in agriculture exceeds 4,500 inhabitants) and 47 persons in Nehoiu (Buzău County Department of Statistics).

CONCLUSIONS

A special emphasis is required on the development conditions of these urban settlements in order to prevent a fall in rank in the national urban hierarchy.

Therefore, it is necessary to intensify the creation of business premises for both communities by developing the tertiary sector. This would generate new employment that might cause side effects and increase the purchasing power of the population whose level of life quality is currently low. In order to facilitate cereal trade in Pogoanele, the Buzău City Chamber of Commerce organized a weekly and daily market. Another measure to develop the settlement could be the resumption of the building works at the Siret – Ialomița canal that could improve irrigation systems, diversification of crops and, consequently, a growing labour force employed in agriculture.

For the development of the tertiary sector in Nehoiu, there is a project for building a ski slope. This project could support the development of tourism in the mountain area of Buzău County and also boost the local economy by creating jobs (according to Nehoiu Town Hall).

In the future, actions for the development of the three economic sectors and of different economic sub-branches should be carried out, to supply the needs of residents and especially to increase household income.

The economic restructuring has produced fundamental changes in the agricultural system of settlements, namely the transition from the collectivist/cooperative ownership to family type, individual and/or associative. The changes in the industrial system of the two communities have led to the closure of some industrial units or to changing their economic profile.

In the case of Pogoanele, farming will remain the main branch of the local economy, which has more than 80% of the working population, contrary to expectations given that at national level a shift to a market economy is desired. As for Nehoiu, industry remains the main economic branch, which holds over 70% of the working population. However, this is part of a clear downturn. There are also a number of projects aimed at developing the tertiary sector in both towns, which currently employs between 7% and 15% of the working population.

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