GROWTH POLES - AN ALTERNATIVE TO REDUCE REGIONAL DISPARITIES. CASE STUDY - IĂȘI GROWTH POLE

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ABSTRACT – The current development of the European Union is based on the cohesion policy which focuses on the attenuation of regional disparities. For this purpose, the idea of growth poles emerged in Romania, and its role became more than familiar: the determination of an internal socio-economic cohesion. Polycentrism becomes a concept of territorial planning increasingly promoted. Development of growth poles aims to reduce the attraction force of large centres and to balance the location of activities generating functions across a territory. This was the idea that led to the formation of Iaşi Metropolitan Area, territorial unit that is intended to be the main regional centre of the North-East Region, thus polarizing the surrounding areas. Iaşi Growth Pole objectives are represented by economic competitiveness, the development of regional connectivity and the promotion of regional cooperation. One of the major assets of the growth pole in achieving these goals is the cross-border position near the eastern border of the European Union. This paper examines to what extent Iași Growth Pole can rise to the required standards, while the peripheral position seems to be rather a disadvantage and the uncertain functionality of the metropolitan area shows that the main problem remains the reduced economic competitiveness.

Keywords: regional development, growth poles, development poles, territorial planning, economic disparities

INTRODUCTION

All research confirms the high degree of concentration of human and material resources in some parts of Europe, while other areas are considered as being peripheral, becoming less attractive for the population and economic activities. This was the starting point of the European goal of reducing regional disparities materialized by adopting the cohesion policy.

In general, in the early stages of economic development at the national level, the existence of inequalities in regional development is normal, because of a lack of coordination of development policies promoted at regional and national level. Over time, regional disparities are reduced due to increased free movement of production factors inside the regions and at interregional level.

According to other authors, in countries with a lower level of development, the state intervention in the economy, by making public investments in more developed regions, leads initially to increased interregional disparities and, in the long term, as a result of foreign investments attracted in these regions and the effect of spreading the wealth, the regional disparities are reduced sharply.

Long tradition in the centralized organization led to favouring certain areas in terms of concentration of resources and foreign investment. In Romania, such area is the area of the capital, which has always enjoyed the most favourable opportunities particularly economically. To restore a territorial balance several solutions were used. The decentralization adopted to reduce regional disparities has proven to be among the most easily applied. Anticipating the role that it should have, economic and social cohesion in the European area caused the promotion of polycentrism as a basic principle in spatial planning. This led to the conclusion that growth poles can help to improve competitiveness and territorial cohesion both in the EU and in each individual Member State.

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Documents outlining guidelines for cohesion policy in the 2007-2013 period specified ways in which the urban dimension of cohesion policy can be taken into account in preparing operational programs financed from structural funds. This leads to the promotion of cities as motors of regional development, aimed at increasing competitiveness and support polycentric development.

In Romania, the spatial planning system promoted the idea of growth poles through the Regional Operational Program 2007-2013, Priority Axis 1 - Support to sustainable development of cities, urban growth poles.

**DEFINITIONS, TERMINOLOGY, LEGISLATION**

François Perroux initiated the growth pole theory in 1955. He designated by this term a dynamic and integrated group of industries, organized around a propulsive industry capable of rapid growth and generating growth through multiplier effects and dissemination in the rest of the economy (Perroux, 1967, p. 1149). It started with the idea that growth does not appear everywhere at once but it manifests itself in points or poles of growth with varying intensities.

Original theory of growth poles was easily adopted by the developed countries in which industry was the basis of the economic system as a whole. Subsequently, the analysis and dissection of this theory reveal some new ideas about the extent of influence of these growth centres. Therefore, a related notion, the development pole appears, further analysis focusing on delimitation of the two types of poles. According to A. Kuklinski, growth poles are able to support only changes within a region, while the development poles can have an impact on a more extensive area changing the proportions of intraregional exchanges (Kuklinski, 1970, p. 22).

Growth poles can be defined as “cities with intense socio-economic links to the surrounding areas, which act as growth centres, having the ability to spread out development across the region”. Urban growth poles present “economic opportunities of employment for people and communities living nearby”. Development pole is an area which concentrates most of the investments and influences the development of the surrounding region. Growth pole designates a sector or an industry that is growing at a rapid pace, entailing the development of other industries or activities.

Growth pole strategy involves focusing investments of any kind on a limited number of urban centres in order to encourage the economic development of each region. Thus, initially an industrial concentration area, the growth pole rather defines a breeding space, a city (Dawkins, 2003, p. 140). Considering that polarization combines the existence of centres capable of supporting the development of an area and the opportunity for economic development in those areas, we can say that a polarized region exists only as the product of regional economic planning (Boudeville, 1972, p. 264). Growth poles are defined as urban centres that have the ability to spread development in adjacent areas. However, in order to maximize their positive influence, urban centres must be supported extensively by the neighbouring area where they can focus their investments (Popa, 2010, p 214).

Creating growth poles to support polarized development was one of the theories behind the various EU policies. Within this structure, with each wave of accession, the issue of territorial disparities became more emphasized, so that the EU strategists developed a cohesion policy that applies at all levels, from national to local. It turned out that the antidote to excessive concentration of resources in some areas is to implement a policy of polycentric development. Moving from monocentrism to polycentrism is based on reducing the force of attraction of the great centres replaced by balanced location of activities in a given territory. In addition, it diminishes the importance of primary pole (only sometimes, as in the case of the Romanian capital), and emphasizes the importance of network connectivity between sites of varying size and importance.

The European Union focused increasingly on a series of actions aimed at promoting a balanced, polycentric development of each country territory, developing urban networks at national and Community level. The success of such activities depends on achieving the networking between cities, in both physical (infrastructure, information technology, etc.) and human terms (promoting cooperation, etc.).

To align with EU policies, the Regional Operational Program was adopted in Romania. Its aim is to develop the infrastructure and business environment. The ROP is funded through the European
Regional Development Fund, the EU structural fund supporting regions with a GDP per capita below 75% of the European average. The Regional Operational Program 2007-2013, approved by the European Commission Decision no. 3470/2007, provides the distribution of funds based on priority axes of the ROP strategy, based on the portfolio of projects collected from the 8 development regions and by agreement with the representatives of the regions. Priority Axis 1 from ROP: „Support to sustainable development of cities - urban growth poles” aims to revitalize the cities with economic development potential, to increase the role of cities in regional and local economic development, through rehabilitation of urban infrastructure and improving services, and developing business support structures and entrepreneurship.

Priority Axis 1: “Support to sustainable development of cities - urban growth poles” is allocated 30% of ROP funds, or 1391.17 million euro respectively (European Regional Development Fund and national public funding). This allocation took into account the implementation and co-financing capacity, the ability and experience of the local authorities to implement such large projects.

According to Government Decision 998/2008, an amount of 695.58 million euro will be allocated to finance growth poles. The amount was determined following discussions with the European Commission and represents 50% of the financial resources for Priority Axis 1: “Support to sustainable development of cities - urban growth poles” of the Regional Operational Program 2007-2013.

GROWTH POLES, DEVELOPMENT POLES AND METROPOLITAN AREAS – “PILLARS” FOR REDUCING TERRITORIAL DISPARITIES

A reference moment in the analysis of urban problems was in 1997, when the European Commission Habitat presented the document entitled “Urban Problems - Guidelines for a European debate”, stating its intention to examine EU policies in the urban areas targeting three main objectives: the affirmation of the cities role as regional centres by promoting a polycentric and balanced European urban system, promoting a diversified, flexible and competitive urban economy, improving economic results of urban areas by implementing modern methods of urban management. Thus, the member states are aware of the polycentric development, as a solution for supporting the balanced development of the territory (Borbély, 2011, p. 2).

Polycentric development implies the existence of major centres outside the capital cities, with certain characteristics capable of supporting development and growth: infrastructure, economic competence, areas for industrial activities, commercial and office spaces. In Romania, the organization of these centres was implemented with the adoption of legislation to declare the growth poles, development poles and metropolitan areas.

In order to implement the European strategy regarding the polycentric urban development, seven cities-growth poles have been designated in Romania, one in each development region: Brașov, Cluj-Napoca, Constanța, Craiova, Iași, Ploiești and Timișoara. Supporting these cities by targeting a part of the structural and cohesion funds will allow them to strengthen their position in the network of cities and support the overall development of Romania, providing integrated impact of investments with European support. The reason for choosing these cities as growth poles is the fact that they have the ability to induce a rapid economic growth, create jobs, boost productivity, leading to the development of rural adjacent areas, thus contributing to the economic development of the entire region.

The growth pole is by definition a form of concentration of economic activities. In European terminology, the “growth” refers to economic growth, hence the idea that a growth pole must be an urban developed centre, able to allow investments there and not elsewhere. The growth poles promoted strategy involves encouraging employment growth in a region, which does not necessarily imply the absence of growth in other parts of the region. This phenomenon, if it occurs, is because growth poles are seen as focal points for regional investment (Parr, 1999, p. 1208).

Development poles were designed as intermediate areas able to enter into a form of combination with other surrounding communities in order to facilitate the economic transfer from growth poles to adjacent areas.
Urban development poles act as liaison between growth poles and other small and medium towns of the urban system in order to reduce and prevent the imbalanced development in the region they belong to (Figure 1). In addition, urban development poles contribute to reduce the concentration level of population and employment in the major urban centres and the creation of a spatial structure to stimulate balanced economic development. Investments in urban development poles will reduce labor migration to large urban areas. Basic criteria in determining urban development poles were the economic development potential, research, development and innovation capacity (universities, research institutes, centres of excellence, adequate business infrastructure), accessibility (road, rail, air, sea), public services, ability of administrative association.

In Arad, Baia Mare, Bacău, Brăila, Galați, Deva, Oradea, Pitești, Râmnicu-Vâlcea, Satu Mare Sibiu, Suceava, Târgu-Mureș, cities designated as urban development poles, investments from the Regional Operational Program 2007-2013 and national funding programs will be given priority. Urban development poles are allocated a percentage up to 20% of the financial resources for Priority Axis 1: “Support to sustainable development of cities - urban growth poles”, Regional Operational Program 2007-2013.

Unlike growth poles and development poles, metropolitan areas are governed differently. They require specific legislation, area delineation and optimal development strategies. In Romania, the normative acts regulating the status of metropolitan areas are the following: Decree no. 53 of 16 August 2002 on the Statute Framework of administrative-territorial unit and Law 351 of 6 July 2001 on the approval of National Plan - Section IV - Settlements Network. According to these laws, the metropolitan area can be formed by association based on voluntary partnership between major urban
centres (Romanian capital and cities ranked 1) and urban and rural areas in the immediate area at distances up to 30 km, which developed cooperative relationships at multiple levels. Although the establishment of metropolitan areas generally aims investments relocation, one notices the necessity of these areas around cities especially because of the tendency of industries to head to a specific location due to the pressure induced by the pollutant character. Many of the problems of urban development at European and national level can be treated in the metropolitan areas because they facilitate integrated spatial planning at regional level (Rusu, 2012, p. 106). Metropolitan areas can reduce imbalances between centre and the surrounding areas caused by dispersion in the demographic, social and economic structure, imbalances of transport, infrastructure financing, residential and commerce space reserves, the removal or decrease of such imbalances leading to the improvement of the quality of life (Ianoș, 2004, p. 174).

Administration of metropolitan areas may raise a number of challenges, assuming a series of “changes in growth patterns of low density areas through voluntary cooperation between existing local government, by state intervention in providing urban services through a public-private coordination, by the existence of a regional agency additional administrative structures and providing public facilities aimed at stimulating regional institutionalization” (Dincă, 2010, p. 78).

GROWTH POLES IN ROMANIA – POTENTIAL AND EVOLUTION DISPARITIES

The functioning and organization of modern society cannot be conceived without the existence of centres providing and concentrating services, from the most basic to the most „rare” or sophisticated (Dickinson, 1947, p. 21). Growth poles can be differentiated according to the nature of the activities and services available. “Strengthening position in the territory and also the amplification of functions leads to the formation of socio-economic areas of convergence, whose extent is influenced by the demographic size and importance of the duties that cities perform” (Cucu, 2001, p. 148). Therefore, the geographical location, the demographic size and the functional structure ensure the necessary premises for the growth poles to develop strong interdependence relations with their surrounding areas.

Geographical location is one of the most important factors that influence the potential and the profile of growth poles. The most beneficial are the poles served by radial communication networks closely related to other urban centres of the country. In this case, the biggest advantage is owned by the cities of Cluj-Napoca, Brașov and Ploiești, the latter two having the additional advantage of capital proximity. Marginal position within the national territory can be turned into advantage if it exploits crossborder bounding – Timişoara case (Benedek, 2006, p. 55). Regarding Constanța growth pole, it has strengthened its strategic importance for the country due to harbour services. Iași city, even if it is considered the mainstay across borders in the relation with Eastern Europe, has not been able to maximize this advantage (Popescu, 2011, p. 259). This situation occurs because Iași is rather affected by the distance to Romania’s western border, which influences also the attractiveness for foreign investments (Muntele, 2011, p. 114).

Returning to the idea that growth poles are centres which make possible the economic development of vast areas, it is vital to highlight the importance of the economic potential of cities designated growth poles. Romanian cities have been profoundly affected by the economic restructuring process established after 1990, generated by the decline in industrial activity, especially heavy industry (Cucu, 1976, p. 23). Collapse manifested when there was a decrease of the employment numbers in industrial enterprises, while the number of jobs in the tertiary activities has not increased enough to absorb the labor force in the industry (Cocean, 2008, p. 1). One notices that each of the urban growth poles faced problems, but each managed to overcome them to a greater or lesser degree. Elements that have resorted cities growth poles to support economic development are the same competitive advantages that can cause further growth. Thus, Cluj-Napoca and Timișoara took advantage of the proximity to the western border, maintaining the economy at high standards due to foreign investment. Brașov and Ploiești have harnessed the potential of proximity to the capital, while Craiova valued the potential given by the location near the most important areas of Romania in terms of raw materials (Kurkó, 2009, p. 27). Constanța has exploited the tourism and harbour assets,
leaving Iași to rely on its cultural assets. If for the other poles the directions of development are somehow clear, Iași case is more complicated because, due to its perception as cultural and university city, the productive sectors have a rather marginal position.

Services sector greatly influences the potential of growth poles, particularly because these services can be found in a complementary manner. Thus, if Iași and Cluj excel in educational services, Brașov and Constanța stand out for tourist services.

Starting from the idea that the growth pole is the point that can attract and support economic growth, any such pole is characterized by two elements: the supply and the comparative advantages of location. These factors encourage certain types of investments in certain areas, resulting in a growth pole profile. The dominant profile leads to the selection and setting of certain development directions. Depending on the strategic objectives which they propose in the integrated development plans, each growth pole has a specific, clearly defined profile.

* Brașov-growth pole for tourism and technology transfer*

Given the traditional profile and the current economic structure, the Integrated Development Plan (IDP) of Brașov Growth Pole aimed at creating and supporting business infrastructure, but also the tourism industry (including the organization of cultural and sporting national and international events), research, innovation and technology transfer in the automotive industry, aeronautics, renewable energy, wood processing and logistics sector for rail and trucking.

* Cluj-Napoca-growth pole for entrepreneurs, health and youth*

The strategy of Cluj-Napoca aims at economic support and modernization of metropolitan area, economic competitiveness and the development of specific social services to improve the quality of life. The Integrated Development Plan of Cluj-Napoca Growth Pole has assumed the mission to transform Cluj-Napoca metropolitan area in a magnetic pole of research, development and innovation, information technology, a supportive environment for entrepreneurs, professionals and young people.

* Constanța-multifunctional competitive centre of Romania and the main economic centre polarizing the Black Sea region*

The traditional economic profile of this pole focuses on specific port activities in tertiary sector and tourism. At the same time, its geostrategic position gives important economic opportunities regarding the exploitation of available hydrocarbon resources in the Black Sea basin and wind energy potential.

* Craiova-growth pole in mechanical engineering and electrical industry*

Through the Integrated Development Plan, Craiova Growth Pole undertook a mission to transform Craiova Metropolitan Area in an area attractive and competitive at European level, an important economic centre in mechanical engineering and electrical industry and in developing a strong academic environment.

* Iași-growth pole of culture, economic competitiveness and performance services*

The Growth Pole mission is to transform Iași Metropolitan Area (an economic, educational and academic traditional centre) into a polycentric developed metropolitan community by creating a regional pole of knowledge and competitiveness - important connection of the European Union with the outer community space.

* Ploiești-growth pole of clean technologies based on research and innovation*

The growth pole strategy is based on the competitive advantages held, such as energy infrastructure, location between two Pan-European corridors, development and modernization of transport infrastructure.

* Timișoara-dynamic and innovative growth pole, competitive at European level in a multicultural context and balanced environment*

The Development Vision of Timișoara Growth Pole promotes the idea of national reference pole in industries using high technology, computing, telecommunications and creative services, promoting also the multicultural integrative space.
IAŞI GROWTH POLE - BETWEEN REALITY AND ASPIRATION

The growth pole for Iaşi Metropolitan Area and coagulant factor in the economic development of the North-East Region, Iaşi city has developed throughout time a series of thematic concepts based on existing potential, such as: “Sustainable city”, “University City”, “City of knowledge industry and creativity”, “Culture and tourism city”. The analysis of the updated situation leads to highlighting the main features of Iaşi growth pole. The defining key is identical to the competitive advantages that the city has as a growth pole in the region.

The defining characteristic is that Iaşi is a university city and has an academic tradition as it is one of the oldest and largest centres of culture and education in Romania. Currently, the university dimension is given by public higher education, represented by the five major universities and the private universities.

From an economic point of view, Iaşi City was quite damaged after 1990, especially following the collapse of the industrial sector. During the last years, however, one notices the development of a dynamic business environment and the accelerated development of the number of small and medium enterprises operating in various spheres of activity (services, trade, industry, construction, IT). The setting up of the Scientific and Technological park "Tehnopolis" Iaşi and the use of local human resources with a high degree of training and qualification may represent the stimulation for increasing the economic competitiveness of the growth pole by developing new, creative industries and knowledge-based services (the dynamic of the number of companies active in High Tech are evidence for that), all this leading to the development of technology transfer, research and innovation and the development of centres of excellence.

With a long and rich history developed over six centuries of existence, history characterized by culture, religion and science, Iaşi growth pole has an impressive number of national and local historical heritage sites (over 40% of the monuments in the North-East region) which reinforced the term of „cultural capital of Romania” that can be used to develop the tourism sector.

As a growth pole for the North-East region, Iaşi must rise to a level that would enable it to become a real source of growth. Currently, six projects financed by the Regional Operational Program, Priority Axis 1 - Support to sustainable development of cities - urban growth poles are under implementation in the city.

Returning to the original idea that the development of growth poles leads to the reduction of regional disparities, we examined briefly the objectives set by three of the six projects, wanting to see if they can lead to the transformation of the city into a radiant centre for the surrounding region.

Development of road network in the cultural, historical and tourist area - the project aims to valorize the tourist and cultural potential of the growth pole, connecting the major tourist attractions, restoring the road network to increase population mobility and increase safety in traffic.

Regional Technological Centre Iaşi - achievement of a business support structure that represents the interface between research and industry. Already having a positive experience following the setting up of Tehnopolis, the completion of this project will contribute to economic growth by fostering the emergence and development of local business, improving business infrastructure and services and to increase the attractiveness of the business environment. The centre will materialize through the construction of four buildings of 4785 square feet of space that will be leased to companies for research and technology transfer.

Development of East-West transport axis in Iaşi - this project aims to facilitate the access of residents and non-residents to health services and social protection and to major shopping centres. Also, the aim is to increase the investment potential of the area and growth economic competitiveness by improving their access to/ from shopping priority.

Contracting a large number of projects for infrastructure is understandable, considering the obvious importance of this element in terms of territorial development. We can say that infrastructure is the necessary ingredient for economic development. Going on the principle that sometimes quality is more important than quantity, we can say that of particular importance is the focus of several types of infrastructure because the availability of a wide range of infrastructure services in Iaşi growth pole can only bring beneficial external effects. Infrastructure development makes the city an attractive
centre for companies in order to attract foreign investment and stimulating local entrepreneurship. The emphasis on infrastructure development is justified by the fact that Iași has no other location advantages such as access to raw materials or low-cost electricity. However, the benefits may be the quality and quantity of labor and a growing domestic market (Popescu, 2011, p. 10).

Regional competitiveness of Iași growth pole may be raised through the concentration and development of economic activities. This goal is theoretically supported by the existence of skilled and cheap labor, availability of specialized services, development of marketing research and sector, all this due to the position as one of the most important university cities of Romania. The development strategy of economic activities must be seen in terms of time. Unfortunately, the economy has a competitive level well below the national average, having recovered significant differences in terms of the knowledge society. Economic development cannot be achieved instantly, especially in a city like Iași, where the industrial assets were probably lost permanently after the fall of communism. Therefore, economic development requires a sustained effort, over many years, made in several areas in order to attract more and more investments in various economic sectors (Parr, 1999, p. 1253).

Location of Iași growth pole can be both an advantage and a disadvantage for the further development of the city. The advantage comes from the fact that due to the positioning the strategies can focus on crossborder cooperation, one of the key areas of European projects (Smith, 2011, p. 258). On the other hand, the peripheral position in Romania has always been one of the factors that stopped the flow of foreign investment, despite municipality efforts to build the attractiveness based on innovative research and development sector.

CONCLUSIONS

The level of development of a region is directly influenced by the development of cities, through many higher level functions that they fulfill. These cities are acting as regional poles of urban growth, which is why their support is essential in order to carry out their urban functions, especially in cities that have extensive links with the surrounding areas, whose development depends on them.

It is not enough just to adopt a strategy for the growth poles. Once approved, they must be supported by national policies aimed at creating a network of poles with sufficiently developed urban and economic potential that it can positively affect the entire national territory and to face international competition.

In Iași case, the ability of polarization is undeniable, especially in view of the significant potential of the metropolitan area. This set is able to generate a positive impact on the region, including the border area. Development of the metropolitan area was based on the location of secondary and tertiary activities, supporting the necessary complementarity between urban and rural areas. The strong points of social and economic development are the human capital and the fact that the city remains in first place in the region as a provider of social services, especially health and education. The most important negative factor is reduced connectivity to other regions of the country, which is intended to be improved soon.

If agriculture is no longer in top (as the surrounding lands serving the city become more and more residential and industrial), and the industry is in a long process of metamorphosis, the services, construction and trade showed an ascending trend. In the following years, the main purpose is to attract foreign investment and to support local entrepreneurship, in order to induce economic growth, in conjunction with the creation of jobs and business growth.

If a growth pole assumes an orientation towards research and innovation, job creation and existence of an association between enterprises, research centres and educational institutions, we can say that Iași growth pole has taken the first steps in this direction. Due to its demographic potential, combined with the educational potential, we conclude that Iași growth pole should base its development strategy on these two competitive advantages. They could easily support research and innovation, which in turn may underlie future economic development.
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