

THEORETICAL ASPECTS OF THE CONCEPT OF REGIONAL DISPARITY AND THE TYPOLOGY OF REGIONAL DISPARITIES

1. Conceptual distinctions

Regional science, one of the most recent science fields, emerged at the beginning of the 20th century, thanks to the representatives of the German school of Spatial Economy, namely J. von Thunen, A. Weber, W. Cristaller and A. Losch. Their research was continued, in the post-war era, by regionalists representing the American, Dutch, Scandinavian, French, Russian and German schools.

The formation of the regional science as a distinct field was a result of the incorporation, from a spatial perspective, of various concepts and methods of Economics, Geography, Econometrics, Mathematics, Sociology, Political Science, a.o., which gives it a conspicuous interdisciplinary character.

Regional science developed rapidly and certain disciplines evolved within it, such as: regional economy, regional planning, regional prognosis, urban economy, urban planning, rural economy, land development planning, infrastructure economy, durable spatial development, etc.

The region is the fundamental element in regional science. Besides region, the terms area and zone are also employed.

It was Stanislaw Czamanski [8; p. 19] who provided a clear-cut, distinctive definition of these terms, in 1973:

- The area is the generic term for any part of bi-dimensional space, being useful in spatial economic and social analysis;
- The zone is the surface whose characteristics are different from those of the surrounding space;
- The region is the surface part of the national economic space sufficiently comprehensive structurally to function independently, although in point of fact it is still closely connected with the rest of the economy.

The term *region* is not restricted to the regionally structured national space. It is used at an international level too, to define regions constituted due to the relations between the bordering zones of neighbour states or the groups of states that have important economic, commercial and cultural relations, given their situation in a distinctly delimited geographic space.

2. The objectives of regional policy

Regionalism has become a decisive factor in stimulating the political and economic development of the European Union. Article 130 of the Maastricht Treaty of 1992 outlines the main objectives and methods of the regional policy:

- Diminishing the differences between regions, of unequal opportunities caused by delayed development;
- Creating structural and correlated national and EU instruments to eliminate striking regional disparities;
- Co-ordinating various financial resources in the best interest of effective regional policies.

Certain territorial statistical analyses need to be performed in order to delimit the implementation areas of regional policies. Thus the Statistics Office of the European Union has created the Nomenclature of Territorial Statistics Units with a view to achieving a uniform classification of territorial units for the regional statistics of the EU. It uses a three-level hierarchical structure, comprising regions of roughly the same size, even though the administrative structure of member states generally includes only two main regional levels and a local one. The introduction of the intermediary level makes possible the harmonisation of regional statistics in member countries, the regional analysis inside the European Union and the creation of common regional policies.

In the modern economic literature on the theory of regional planning [2; p. 293], special attention is paid to the "efficiency-equity" dilemma. This dilemma springs from the fact that the objectives of efficiency (such as the achievement of maximum welfare in the region when certain conditions are met) do not guarantee the even distribution of welfare.

It is however clear that these concepts – efficiency and equity – are multidimensional. Recent analyses emphasise the spatial and demographic distribution of welfare indicators. Since it is the multidimensional character of

the whole set of indicators that determines the welfare of the region, it is essential that a model of integrated analysis be created, which should cover all the dimensions of welfare within the multi - regional system. The essential component of such an analysis is the profile of the region's welfare, subdivided into three elements:

- The social-economic profile;
- The physical and demographic profile;
- The environmental profile, as a circumstance.

In specialised literature, this type of analysis is called the multifarious analysis of spatial inequalities.

3. Regional Disparities

The process of economic modernisation targets certain objectives or models generally fulfilled in developed countries and more or less suited to the possibilities of a given society, and whose fulfillment does not depend on the automatic functioning of certain mechanisms [6; p. 6]. In time, due to multiple factors, delays or disparities appear, as compared with the initial options, with differences according to regions or by comparison with other countries.

These disparities can be pointed out in relation to the main objectives in view. For example, if we analyse the way the reform unfolds in Central and Eastern Europe we will note the existence of certain disparities. Thus, according to a research by the World Bank in 1996, 2 groups of countries were distinguished by taking into account the liberalisation indicator¹:

- Countries with high liberalisation indicator: Poland, Slovenia, Hungary, Croatia, Czech Republic, Slovakia;
- Countries with low liberalisation profile: Estonia, Lithuania, Bulgaria, Latvia, Albania, and Romania;

¹ The indicator of the liberalisation degree is an average of the estimations of the progress of *liberalisation* during the transition period between 1989-1995. It assesses the progress made in the country (liberalisation of prices, de-monopolisation of commerce), abroad (the elimination of export control and taxes, low import quotas and taxes, the internal convertibility for the current account of the national currency) and in the promoting new firms (privatisation, development of the private sector). The specific weight of each of these three components is 0.3, 0.3 and 0.4.

– The results of reform in our own country have been worrying and far from attenuating disparities in the short run. Romania's reform actions represent 75 % of those of Estonia, the best placed country in the latter group. The situation hardly changed in the subsequent years.

The same study of the World Bank differentiated disparities by fields of reform (Table 1):

Approaching the problem of disparities in regional development causes heated debates because of the various ways regional development is defined. The most frequent are [5; p. 160]: the rise in the total output of a region, the rise in the output for every employed person, the rise in the output for each citizen. In its turn, the output can be measured by the total (gross) production of a region, the Gross Domestic Product of a region, the Net Domestic Product of a region, etc.

The way in which regional growth is defined is extremely important since it can lead to certain conclusions regarding the actual state of a region's economy.

Central and Eastern Europe	Market Globalisation	Liberalisation and restructuring	Financial privatisation	Legislative restructuring	Reform
Hungary	83	78	85	83	89
Poland	81	78	81	72	94
Czech Rep.	80	78	85	67	89
Estonia	79	70	85	72	89
Slovenia	74	70	81	67	78
Croatia	72	67	78	56	89
Slovakia	71	74	81	56	67
Lithuania	70	70	70	61	78
Latvia	69	70	70	61	72
Bulgaria	62	67	63	50	67
Romania	60	67	56	50	67
Macedonia	56	59	67	44	44
Albania	54	67	59	39	44

The problem lies in finding the most appropriate method of measuring regional growth. This depends on the goal of the assessment too. Thus, to determine economic regionalism, specialised literature [3; p. 71] uses complex analysis based on the profitability criterion. According to this method regions are defined by:

1. transport facilities and costs;
2. per capita added value (net production) ;

3. national, regional, factory profitability;
4. the "activity degree" (a combined analysis of the first methods) indicators used in comparative analyses.

All over the world the Gross Domestic Product is the most widely used indicator in comparative analyses of the levels of economic development of different regions. Nevertheless, certain authors [4; p. 108-109] consider that comparisons based on absolute indicators are not always reliable. On the one hand, they say, the Gross Domestic Product cannot ensure absolute knowledge because certain activities having a strong influence on welfare (home activities, black economy, the distribution of incomes, spare time, etc.) are partially included or not included at all in the GDP. On the other hand, purely statistical or methodological problems can considerably alter the results of comparisons.

The most important types of economic disparities the analysis points out refer to [1; p. 38]:

- the level of economic growth expressed by GDP and GNP, per capita;
- the technical capitalisation of work and the level of the human resource;
- the professional, economic and social structure;
- the available internal raw materials and energy resources;
- efficiency disparities generated by the productivity of the various production factors, the rate of profit, the degree of utilisation of fixed assets, the level of costs for each product unit, the quality of products;
- the technical and economic organisation and the implementation of modern management, administration and marketing techniques;
- the development efforts, expressed especially by the rate of accumulating economies;
- the standard of living and the quality of life;
- the degree of dependence on foreign markets, assessed according to the efficiency of imports, exports, the level of the balance of international payments per capita.

Another hotly debated issue related to regional disparities is the medium and long-term perspective on the effects of regional development [5; p. 161]. Thus, according to the neo-classical model, which emphasises the role of supply, regional growth leads to convergence in the economic and social development of regions. The vision based on the post-Keynesian view on demand (the model based on the export potential, the model of cumulating causes) states that regional growth accentuates divergence.

Nevertheless recent researches do not regard the two visions as mutually exclusive and approach their possible complementarity so as to offer comprehensive explanations of the causes that underlie the different growth rates at regional level.

Present demographic-economic models take into account an increasingly greater number of demographic variables. The Human Development Indicator, first introduced in 1990 in the Report on Development of the UNO, is based on three fundamental indicators [7; p. 102]:

- life expectancy;
- level of education;
- the standard of living (per capita GDP).

Each indicator is compared with minimum and maximum values as established by the PNUD:

- life expectancy: 25 and 85 years, respectively;
- level of education: between 0 and 100% for literacy; 0 and 100 % for the degree of access to education;
- GDP: 100-40.000 USD per capita.

No matter how complex, the Indicator of Human Development still has some disadvantages:

- it does not comprise all the aspects of the concept of human development, so that the comparative analysis is static;
- its value is relative, by comparison with the minimum and maximum value of composing indicators, and it is the differences between these values that provide data for the final evaluation;
- the GDP does not faithfully reflect the standard of living.

It has been noted that economic growth had the following negative effects on human development:

- considerable number of job losses and a high unemployment rate;
- phenomena reflecting the degradation of the human capital;
- the accentuation of the inequality of opportunities to cope with the risks of the market.

We can affirm that it is almost impossible to achieve a typology of regional disparities if we also try to take into account all the essential components of regional growth. This study aims to analyse ways to approach the problem of quantifying regional disparities. We consider that it is not possible to point out all the aspects of regional disparities without performing a multivarious analysis.

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