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THE EVOLUTION OF THE INDUSTRIAL SPATIAL
STRUCTURES FROM IAȘI AND METROPOLITAN
AREA IN TRANSITION

Doctoral thesis summary

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Introduction

The phenomenon of transition in Central and Eastern Europe irreversibly influenced the society and its attitudes. After the fall of communism it was focused on restructuring industries through privatization, a process that was the main factor of transformation the centrally planned economy into a market economy. Misapplication of capitalist ideologies, different initial conditions of the states, their ability to mobilize in the face of change led to the transformation of transition, for some countries, in a long period of decline.

In Romania, the transition has had a difficult start as in other Central European countries. The rigidity of the economy caused by the realization of the production in oversized units, significant investments in energy intensive sectors, complemented by stopping the Western investments and the reduced contribution of the private sector had negative effects on people first, causing deterioration of living standards.

Before 1990, the process of industrialization was one of the foundations of socialist economy. After the fall of communism, economic and social restructuring led to the bankruptcy of many enterprises, finally resulted in the increasing number of unemployed. In Iași, the situation was not different. Implantation of large enterprises and the development of heavy industry have forced the foundation of industrial decline predicted. Methods of privatization adopted have not produced the expected results due to their erroneous application. The size of enterprises was one of the factors that have hindered the restructuring.

The decline of communist enterprises destabilized the economy of the city, the easiest solution for restoring it being the revitalization through new industries, creative, they rely on the exploitation of creativity and intellectual skills.

Methodological context

The central goal of this paper is to identify the main changes of the industry in Iași and Metropolitan Area in transition, in point of space and structure. Also, we are trying to analyze the main causes leading to the decline of the industry, but also the possibilities for recovery. In this context, assessing of major changes suffered by the industry highlights

an analysis not only observant but also suitable for the preparation of future proposals aimed at sustainable development of the city.

The methodology used is based on three lines of research: bibliographic documentation, statistical data analysis and documentation in the field. Selecting and consulting bibliographic sources made possible the contextualizing research for the chosen theme. If literature is rich to the period before transition, we can not say the same about revolution coming years.

The low number of bibliographic sources to analyze Romanian industry after 1990 resulted in increased statistical analysis based on data available. The data used for this analysis were collected from sites dealing with business statistics (www.datasmart.ro, www.firme.info) and were then compared with data from business reports on the website of Ministry of Finance (www.mfinante.ro). Designed database includes 1126 firms (7 belonging to the mining industry and 1119 belonging to the manufacturing industry), for each of them we registered the number of employees, turnover and net profit for the period 1999-2011. Database of Iași Metropolitan Area comprises 148 companies (3 belonging to the mining industry and 145 belonging to the manufacturing). Creative Industries Database contains 906 firms included in 38 areas. For them we recorded the number of employees for 2010.

The documentation in the field made it possible to achieve a higher accuracy of the cartographic and at the same time, contributed to achieving the images used in the thesis. Fund map was done through Adobe Illustrator, backed by the portal of National Agency for Cadastre and Land Registration - <http://geoportal.ancpi.ro>. The maps were made with Philcarto program.

I. The evolution of industrial structures in Central and Eastern Europe after 1990

The first part includes a brief picture of the the economy in transition countries of Central and Eastern Europe. The purpose of this review is to highlight the overall characteristics of the transition period, and these major influences on the development of micro-scale.

After the Second World War, the Soviet Union imposed in Eastern Europe centrally-planned economic system based on socialist ownership in the means of production. During the communist regime in Central and Eastern Europe is developing an economy based on support and unprecedented development of industrial branches.

At the end of 1989 all countries were affected by the economic crisis which worsened in the second half of the ninth decade. Some countries have tried to adopt partial economic reforms during 1868-1989. Poland, Hungary, Yugoslavia adopted the decentralization of the economy by increasing the autonomy of state enterprises, partial liberalization of prices.

The industry was the economic branch that suffered the biggest changes during the communist dictatorship. Industry was induced the highest growth, due to which it became prevalent in the GDP (Cucu, 1997). The shock felt after the fall of communism resulted in immediate drastic reduction in industrial production continued to "domino effects that affected enterprises integrated into rigid structures of communist economic systems" (Groza, 2002, p 3). Restructuring process gains over the years "a pyramidal form pointing downwards" (Cucu, 1997, p 1).

Restructuring processes aimed at increasing external competitiveness of industrial products and changing the ratio of different industries, relation crooked in the communist era following the oversized development of heavy industry and some intensive fuels branches or raw materials purchased low priced from CMEA market.

Industry was the most affected by the depression caused by transition, especially with the development of the services. In time, however, all countries after initial decline, had returned to searching the resources required for the recovery of the industry, based on new parameters of industrial specialization.

II. The dynamics of industrial structures in Iași

The second part of the thesis includes the most important changes industrial enterprises in Iași during the period 1990-2011. Section starts with the industry presentation before 1990, serving as a comparison to the period subsequent analyzed. Iași was noted over time as an important cultural and historical heritage. Industrial valences have emerged only in the socialist period when industrialization process has advanced.

1945 marks the beginning of a new stage of industrialization of Romania in general and especially of Iași. The main changes occurred primarily related to the location of industry in the territory. If until now we could speak of a spatial diffusion of craft workshops and then a selective concentration of the industry based on tradition, with the

establishment of communism are promoted centralized economy mechanisms.

After 1990 large factories that provided the bulk of industrial production underwent privatization experience, which often proved to be harmful, or have come to be sold at auction to cover debt. Privatization was seen as the only and final solution to preserve business profitability but most of the times, their new owners led them into bankruptcy, selling the scrap equipment and demolishing halls desire to seize land in areas very suitable to real estate investments.

Most industrial enterprises were privatized through MEBO method. If there were initial signs that support optimism among secondary sector activities gradually the bankruptcies made their place in the chain, which destabilized the economy of the city.

The place that concentrated the majority of Iași industry was the industrial platform Țuțora. This was based on several fields: metallurgy and machine building, food, manufactured building products and light industry. In terms of space, compact industrial platform stands in the south-east of the city, and the increasing trend toward southern activities. Dispersed throughout the city are some enterprise, mainly of light industry.

The main changes occurred in the industry since 1990 in Iași, were registered primarily in the production and number of employees. Reducing these two elements led inevitably to the collapse of Iași industry. In addition, there is an accumulation of other factors responsible in a greater or smaller extent: lack of vision, political appointees, real estate interests, etc. The drastic reduction in the number of employees was one of the measures imposed by corporate restructuring.

If for all the other industrial branches can be find excuses, more or less relevant to their decline, food processing industry is probably the only sector that could easily be saved. Heavy industry declined after the revolution because of the loss of links with CMEA market and because of reliance on imported raw materials. In the chemical industry resisted Antibiotice because the factory management reorganization was very well done. Textile and clothing industry suffered the competition shock induced by the cheap products from Asian markets. Instead, food processing industry had after 1990 all the conditions to remain at the level during communism and even to overcome it.

Almost all companies that have resisted the transition period had changed visible the surface on which they operates. This phenomenon of alienation of land and buildings has grown along with the restructuring and subsequent the privatization process. Moreover, some companies have changed the profile of activity, choosing to make part of the lease and sublease companies practicing real estate owned or rented.

The number of employees has decreased drastically from 1990 until now. Machine building, chemical industry, textile and clothing sectors accounted the largest number of employees. The largest number of employees registered in the Fortus, Terom, Moldomobila, IASITEX. Therefore, enterprises belonging to four different industrial branches. The numbers from 1999 are reduced compared to the debut of the market economy because all businesses have gone through extensive restructuring processes resulting in dismissal of large numbers of employees.

In 2011, the number of employees changes radically. Many businesses have disappeared in the meantime, and those that are in use have very few employees who no longer work in production but are either in management or are held for the remaining equipment maintenance.

Currently, Țuțora industrial area is no longer close to any of the former characteristics. Most of the buildings that once belonged to the factories are now abandoned or converted into warehouses. Privatization has led in most cases to mass layoffs and bankruptcies.

III. Iași Metropolitan Area

The third part contains the analysis of Iași Metropolitan Area. I captured the main features of rural administrative units that make up the area, trying to highlight the competitive municipalities in terms of industrial and commercial.

Iași Metropolitan Area was founded in 2004 and now comprises 14 administrative units. Among the urban area of the metropolitan area (represented by Iasi) and rural area have developed several types of relations: economic, demographic and trade. Raw materials from ZMI rural area favored, before 1990, the development of food industry, building materials and partly of textile and wood (Nimigeanu, 1984).

Heavy industries were dependent on raw materials from other parts of the country or imported.

With the expansion of the city especially west road axis - European Road E583, the lands in the area have acquired a large estate value. As a result, some companies prefer the relocation of activities than keeping current location.

The effectiveness of the metropolitan area depends on the mobility of labor and capital, in other words the focus is on available labor migration from rural poor to prosperous localities seeking employment. However, these flows can result in the depopulation of rural areas and increasing urban density. For the moment we can not say that there is this danger to Iași Metropolitan Area. Moreover, in recent years, places like Miroslava, Ciurea, Rediu, Valea Lupului faced with a growing demand for land for housing.

In locating commercial activities emerged in recent years there is a constant search of quickly contact with the outside. Roads that connects with the major axes of movement were assaulted by wholesale trade services and not only.

Memberships metropolitan area meant for the component localities the adaptation of development strategies in order to increase economic competitiveness and reduce disparities. This goal is far from being achieved, given that, for now, the most urgent objective is achieved by equipping rural area utilities. Space, enterprises are scattered, but still follow a few main points. Of these, the most important is that represented by the European Road, along which there is possibility of forming a commercial industrial-type concentration.

IV. The future of Iași industry - between conversion and creative industries

The fourth part captures the current state of the industry in the city, including the conversion of industrial sites and an analysis of the creative industries, considered to be the key to economic revitalization.

The characteristic process of transition period is the deindustrialization. The effects of the transition to Iasi caused the decline (in some cases even disappearance) of large enterprises. Their inability to adapt to a market economy resulted because of their size - industrial gigantism, so promoted by the communist regime, encountered major obstacles in terms of required refurbishment or restructuring. Therefore post-industrial period is characterized rather by

maintaining an upward trend of small and medium enterprises more adaptable to the current conditions of the market economy.

Another increasingly common phenomenon in the transition period is the ex-urbanization. Ex-urbanization is the phenomenon by which economic activities are transferred from the center to the periphery (Mérenne-Schoumaker, 1991). In Iași, we can not say that the industry was located in the center, but rather territorial development of the city gives the impression of a relatively central positioning (although the original location was peripheral).

Deindustrialization led to the shaping of a post-industrial landscape dominated by abandoned industrial areas. Some of them adversely affect the urban landscape while others benefit from retraining. Realizing a brief analysis of the conversion of industrial areas, we can highlight the following trends in the conversion process: building residential complexes, construction of shopping centers and the hire.

The Creative industries field is growing in Iași. Locating firms is diffuse and consider first of all the existence of adequate office space. Other factors that influence the spatial distribution are its proximity to universities, transport axis, proximity to the city center, and parking . Because of the importance of the city as an academic center, have been developed greatly in recent years printing and publishing activities, encompassing a large number of employees. Also, a strong development is observed from companies outsourcing (outsourcing / subcontracting external) IT subdomain. In Iași, IT investors are attracted by the large number of graduates in these fields. In addition to this advantage, we list also the office spaces, advanced telecom infrastructure and a steady stream of new IT specialists from profile faculties. Among the most important companies in the outsourcing field that have already selected Iași there are: Embarcadero, Comodo, Mind Software, Syngy, BitDefender, XL World, SCC, Pentalog, Capgemini, Continental, Xerox and UniCredit Business Partner.

The biggest minus of Iași is the poor development of the airport and the lack of air routes for the connection to the main cities of Europe and beyond. However, this disadvantage can be offset by well developed internet infrastructure, the existence of qualified staff, able to speak several languages and the presence of cultural centers able to develop these skills.

Conclusions

The transition process has common points, elements adopted in all countries of Central and Eastern Europe: improving free trade to promote competitiveness, both for private companies and for the state, export promotion by stimulating production, macroeconomic stabilization, privatization, resizing and change in the public sector, increased foreign investment.

Privatization of enterprises has proved to be one of the toughest tests of transition. Theoretically, there are many methods that can achieve privatization, but even if all the possible privatization techniques have been tried at least in a country in transition, it has been shown that there is not a perfect method. A common feature in most transition countries, on the privatization process, is the fact that the sale of enterprises to foreign investors was done without a prior restructuring to achieve them.

Restructuring process has encountered numerous problems: the need of some major labor resources and capital, refurbishment, financial effort.

Privatization in theory should bring only benefits to Iași industry, with the ability to adapt to increased market businesses. In reality, most business bankruptcy was caused by the accumulation of debt, which led to their destabilization. Another reason that supported the industrial decline was the property interests. On the whole privatization process implemented at the local level, we can say that it was the great failure rather than saving solution. The reasons for this failure are multiple and vary depending on characteristics of privatized companies and the privatization method adopted.

MEBO and mass privatization method applied to most businesses, has proven to be inadequate in most cases, simply because employees and small shareholders did not have the necessary capital to invest in much needed refurbishment processes after 1990.

Reviving that would have followed the privatization was accompanied by extensive layoffs and restructuring processes slowed down (in some cases even stop) by the debts accumulated. To this was added the shock at having undergone industrial units deepening penetration of imported products. Low competitiveness of products was followed by inability to penetrate international markets. All these factors and more led to the decline of many industrial enterprises.

Despite the hostile conditions of the post-revolutionary period, some of the companies were able to withstand in Iași. Among the impediments, the most important may be considered the de-industrialization of the national economy (causing lower overall domestic demand) and the interruption of trade with Russian metal market. Businesses that have crossed safely the transition period benefited either major infusions of capital (in most cases we are talking about domestic private capital) or the object of activity allowed them the maintenance in the market.

Iași Metropolitan Area formation aimed at creating an environment suitable for supporting and developing the Growth Pole Iași. From a functional perspective, Iași Metropolitan Area is far from constituting a model worthy example. Regarding economic activities belonging to the industrial sector, they are noted in only a few localities. Ex-urbanization process that is growing more and more in the analyzed area can be considered beneficial for the metropolitan area. Businesses tend to move towards periurban areas, especially to the ones that offered space (for any extensions), utilities, road access.

Deindustrialization was one of the processes that have made their mark on the city of Iasi and Metropolitan Area. The current trend of the analyzed area is tilting towards tertiary activities, they managed to contribute at a rate high enough to support economic competitiveness. The future of Iași industry still stands uncertain. However, the development of creative industries could support its economic development. The positive impact of creative industries could be fully exploited, especially that Iași has all the advantages for the development of this sector.

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