

A LITERATURE REVIEW OF THE FACTORS INFLUENCING THE EVOLUTION OF INDUSTRIAL COMMUNITIES

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Abstract

The paper identifies and analyzes, from a theoretical perspective, the factors that influence the evolution of an industrial area. Conducting this type of analysis is the first step in creating a strategy for the redevelopment of an industrial area or just for keeping the economic base in a healthy condition. The paper also briefly analyzes the influence of these factors with regard to the evolution of industrial activities in Romania. An emphasis is put on analyzing how the ideology of communist party and of the globalization process influenced the industrialization and then the decay of the industrial sector in Romania.

I. Introduction

After the fall of the communist regime in 1989, the liberalization of the market and the entrance of the Romanian state owned companies in competition with the foreign ones at European and international levels (Kotval, Mullin and Payne, 1996) generated their decline. Many state owned companies could not modernize their production line and to reduce the production costs in order to be able to compete on the international market; therefore, they lost their customers and their markets. Even though the central government subsidized their activities for several years in hope for a change, the government decided to restructure those companies that were in lose and received massive subsidies from the state budget and to privatize them; in the end, many of companies could not survive on the market and were closed. These changes had important negative impacts on the communities were they were located. Some of the effects that they generated were: 1) a large number of people lost their jobs; 2) the unemployment rate got very high especially in those communities with the economy dominated by a large employer; 3) the poverty rate increased; 4) the social problems generated by the poverty deepened; 5) many residents of those areas migrated to more developed areas and with more employment opportunities; 6) many housing units were abandoned, as well as the facilities belonging to the industrial activities; 7) some of the secondary economic activities from a community were closed also multiplying the negative effects of restructuring the economic activities. This phenomenon generated the degradation of the quality of life in general in many communities throughout the entire country.

Many actors, especially those from the public sector, became interested in the redevelopment of the communities affected by the economic restructuring process. The strategies for restructuring these communities concentrated mainly on combating the social effects and stimulating the redevelopment of the local economy. A series of programs were initiated to facilitate the involvement of the residents of the affected areas, of public institutions, of local companies and of nongovernmental organizations in the redevelopment of new economic activities. Some communities succeeded in their efforts, others did not. The present paper aims to identify, from a literature review perspective, which are the factors that influence the evolution of a community in order to improve the redevelopment intervention in the community and to speed up the regeneration of these areas. By creating a profile of a community based on these factors will enhance the self knowledge of a community, which will be able to project its own change (Zani and Palmonari, 2003).

Until now, the intervention programs in the former industrial areas followed foreign best practices models that were expected to have similar successful impacts upon the communities were they would be implemented. Several programs promoted by World Bank (see the Operational Manual for developing the capacity of the mining communities – this manual is used by the National Agency for the Development of Mining Areas and it is based on the Manual of best practices elaborated by the World Bank) have been implemented in Romania starting with 1997. It is important that, couple of years after

these programs have been implemented in Romania to identify a set of fundamental principles to guide efficiently future efforts to redevelop former industrial areas.

II. Theoretical models explaining the evolution of industrial areas

By analyzing the history of majority of mining communities or other industrial areas in Romania, someone can conclude that the establishment and their evolution was caused by the way they were established. This is in accordance with the Marxist perspective of urban spaces that states that the factors causing the evolution of a society are the economic conditions from a particular state and region. The capitalism generates certain uses of land within a community; it is the cause and not the effect of the development of a city (Falanagan, 2002).

For example, until 1989, the majority of mining areas in Romania depended on a large extend on only one economic activity that provided jobs for the majority of working force from that particular community. Therefore, the evolution of the mining activity directly influenced the evolution of the community. In this context, some of the theoretical models that can explain the evolution of mining communities/industrial areas are those from the field of political economy.

1. Development of industrial activities from a political economy perspective

a. The influence of communist ideology upon industrialization of Romania

In this part of the paper, the analysis will concentrate only on mining areas as a type of industrial areas because on this case this factor can best explain the establishment and the development of mining areas during the communist regime.

During the communist regime, the country was under a systematic process of urbanization and industrialization that highly influenced the development of urban settlements. The ideology of the communist regime has promoted an equitable distribution of resources for all citizens through equal distribution of working places at the level of all regions of the country, so every citizen to have access to a job. The belief of the communist party was that the economic development would generate the improvement of the living conditions and of the quality of life of each citizen. In this way, an equal distribution of wealth for all citizens could be achieved and the differences between social strata and between regions of the country could be diminished. This ideology regarding the development of the country has been reflected also in the policies that guided the development of the country. The communist party distributed the establishment of industrial activities in each region, but without taking into consideration whether a region had the necessary resources to support a particular industry.

In order to put in practice this model of planned economic development of the country, the communist party nationalized all the means of production and centralized all decisions regarding economic matters. The role of the private market on influencing the demand and the supply has been considerably reduced. Based on the urban policies from the 1970s several main industrial centers have been established. These centers have concentrated not only industrial activities but also basic services, such as educational

and health services. A network of smaller centers have been created to facilitate the access of all citizens to the basic services.

Also at the economic level, the communist party aimed to increase the local production of goods, to reduce the imports and to create working places for all citizens. The implementation of these decisions generated important influences on urban development. In the 1960s, the attention of the communist party focused on the construction of large industrial facilities, each been specialized on producing specific goods. The process of industrialization generated the spatial dispersion of industrial activities. The communist party decided the type of goods to be produced and imposed quotas on production. There was no competition between the countries belonging to the former communist block in producing the same goods. Furthermore, the economy of these countries was isolated from the economies of Western democracies, which protected them from the market competition, but it deepened the inefficiency and the lack of competitiveness of the goods they produced.

The economic development of the country was influenced not only by the ideology of the communist party, but also by the personal ambitious of the former dictator Nicolae Ceaușescu. During the oil crisis from 1970s, when Iran decided to stop the sale of oil to Romania (among other countries), the entire economy was affected. Ceaușescu decided to reduce the dependency of the country on the imports of oil and natural gas and to increase the internal production of coal that would be used primarily for energy production. Therefore, 35 new mines have been opened and new communities have been established around these mines. The coal extracted from these mines was of poor quality and the exploitation costs exceeded the revenues, which could not cover the expenses with the exploitation. The central government had to subsidize extensively the mining industry; however, the coal was not enough for the entire industrial activity. Therefore, after the fall of communist regime in 1989, the unproductive mines were closed and many people lost their jobs. The settlements established around these mines degraded because the local market could not provide sufficient working places for miners. Many mine workers migrated out of the community and abandoned their houses, which contributed even more to the degradation of the community.

b. The influence of globalization upon the industrial development

The globalization process is one of the main factors that influenced the evolution of economic activities in Romania after the fall of the communist regime. The globalization process contributed to the reconfiguration of space and the geographical organization of capitalism through the increasing role of the international corporations, through the extension of direct foreign investments on new markets, through the development of informational technology, and through the dissolution of national borders with regard to economic activities and the daily life activities. The spatial barriers have been dissolved gradually through the impulse of capitalism to find new markets, cheaper raw materials and working force and new opportunities to invest money. The development of transportation and communication infrastructure, and the easier movement of

capital generated the globalization of economic activities. The globalization is a process that has two dimensions. One dimension regards the increased movement of capital, money, working force and information in the geographical space. The second dimension regards the establishment, transformation and reconfiguration of social and territorial infrastructure in order to facilitate these movements.

Neil Brenner (1999) analyzes the globalization process from two major perspectives: “global territorialism” and “deterritorialization”. The global territorialism approach emphasizes the state centrism, but at a global scale. The state remain the base upon which the globalization process manifests itself. The globalization process generates major changes at multiple levels, not only at national level. At global level, the globalization manifests through a new division of economic activities at international level. At the national level, the state borders become less important as the international capital move easier. At regional level, globalization generates dramatic deindustrialization or the development of new industrial areas. At the urban level, globalization generates urban redevelopment, gentrification, suburbanization and the development of metropolitan areas. The deterritorialization refers mainly to the decline of the state power because of the loose of control of the state upon its national territory. The global space becomes unlimited in space and without borders. The development of new information technologies and of transportation infrastructure, internationalization of capital and financial markets caused the deterritorialization process.

After the fall of the communist regime, Romania moved from an authoritarian regime, where all the means of production have been controlled by the state, to a democratic regime that liberalized the internal market and left the market forces to adjust the demand and supply of goods and services. Taking into consideration the new context, the Romanian state owned companies had to face and survive the competition of international competition. As we mentioned before, even though the government subsidized the major companies for couple of years, those companies that were inefficient and registered losses were closed or privatized. After privatization, many companies restructured their activities, which generated in many cases a reduction of the working force. Some of the companies closed their activity, which had major socio and economic impacts upon the communities in which they were located. It generated the degradation of the quality of life, and these former industrial areas have been perceived as not being attractive areas where someone would want to live or to invest.

Along with the explicative models borrowed from the field of political economy to explain the development of industrial activities in Romania, other models can be used, models borrowed from the field of urban sociology. From this perspective, along the economic forces, other factors influence the development of a community, such as the particular characteristics of a community (the theory of structuralism or of the human agent of Anthony Giddens), as well as the larger geographical context in which a community is placed (the regional approach regarding the development of a community). Along these factors, the characteristics of a particular industrial community,

of its residents and the relationships between the residents are also important because they give the redevelopment potential of a community.

2. Theory of structuralism of Anthony Giddens

Based on research, some authors concluded that the same program implemented in two communities could lead to different results. The particular conditions existing at local level, the different characteristics of the communities and the fact that the citizens can alter the impact that a public policy can have on a community can explain the different results. Anthony Giddens had an important contribution in the field of sociology and his work generated a switched in the agenda of the sociological studies between 1980 and 1990. He states that to better understand the evolution of a region, of a city or of a smaller community, it is important to understand the local history, the resources available and the profile of the decision makers at local level. He sees a person as a local agent that thinks and takes action deliberatively, alone and together with other people. Giddens argues for understanding the differences that exists at local level and especially for understanding the power that local political elites have on influencing the change.

Other authors (Logan and Molotch apud. Flanagan, 2002) argued that it is important to identify the group of elites/leaders from each community and to understand the way this group influences the development of a community. Even though the leaders are active in different fields, they can be considered as an engine for the development process because they catalyze the local resources to develop projects that will contribute toward the development a community, city, and region.

3. The regional approach for the redevelopment of a community

Several authors in the field of urban sociology argued that when analyzing a community it is important to analyze it from the perspective of the larger context in which a community is integrated (Vidich and Bensman, 1958 apud Flanagan, 2002). On one hand, horizontal relationships can be developed between communities that influence their development. On the other hand, the political and economic leaders from regional and national level can influence the political and economical events from local level. These external forces influence the level of autonomy that the local communities have with regard to its development.

4. Approached regarding community development

The issue of community development is of a large interest in Romania. Until now, the focus was on presenting different methods that can be used for community development. The models proposed have been influenced on one hand by the vision of the institutions that promoted the concept and practice of community development in Romania and on the other hand by the need to reconstruct the space between family, state and private companies (Sandu, 2005). According to Sandu (2005), the liberal ideology dominates

the discourse regarding community development. The liberal ideology emphasizes the role of civil society, social capital and of any form of local associations that can fill in the space between state, citizens and private companies that was destroyed by the communist regime.

In the international literature other perspectives regarding community development have been developed. As opposed ideologies to liberalism, other organizations proposed the totalitarianism, the authoritarianism and an approach in which the state plays the major role. In the United States, the state has initiated the first measures for the redevelopment of poor areas through direct governmental intervention. The intervention measures did not conducted to expected results. Therefore, the American administration embraced other approaches for community development. At the present, in the majority of consolidated democracies the empowerment of the community dominates all the redevelopment efforts. This approach argues that the best associations are those that understand and promote the values upon which a large consensus exists at the level of the community. The key player is the community that should have a large consensus regarding the most important values for its residents. In the context of globalization, the community development efforts emphasize the important roles played by the civil society, as well as by the state and local entrepreneurs. A pragmatic approach is placed on using the human, material and social capital for achieving the objectives of the community.

III. Concluding remarks

Understanding the evolution of an industrial area is important for planning its future development. In the context of globalization of economies, an industrial area is under rapid and dramatic changes that have direct impact on the larger community where the economic activity is located. A healthy and diverse economic base can determine a community to develop quickly, but under the pressure of international competition, the economy can decrease as quickly as it grew and can generate the decline of the entire community.

Analyzing the factors that influenced the history of an area is just the first step in creating a strategy for the redevelopment of an industrial area or just for keeping the economic base in a healthy condition. Taking into consideration the dynamic world we live in, the redevelopment intervention actions should be rapid and straightforward so the recovery of a community to be quick. The factors that should take into consideration a large spectrum of aspects ranging from political ideology of the parties in power, the evolution of economy at global level, the characteristics of the larger region, the characteristics of the local community, local leadership and social capital. Future researches will attempt to analyze in more detail the factors identified in this paper particularly with regard to the Romanian context.

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