

Public utilities and local economic growth in rural areas from Romania – a regional perspective

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Abstract: In the modern era, development is the primary aspiration of any community, and when it is sustainable, it becomes the ideal goal. A key prerequisite for economic development is economic growth, which in turn relies on the availability of basic public utilities. While this cause-and-effect relationship is logical, it still requires demonstration and advocacy among decision-makers in local and central public administration.

This study seeks to assess the extent to which increased access to basic infrastructure - such as water, sewage, and gas (managed by local public administration) - between 2011 and 2022 has correlated with economic growth in the communes of the Northwest, Northeast and Southeast Regions of Romania. Additionally, the study seeks to identify other potential drivers of local economic growth in rural areas, such as human capital, connectivity, and expenditures from non-reimbursable funds. The study also attempts to find out to what extent cultural factors specific to each region influence local economic growth.

Research questions:

- Expansion of water, sewage and gas networks of local basic infrastructure in rural area (deep countryside) stimulate economic growth and prevent depopulation?
- Are there other factors that can stimulate economic growth and prevent depopulation in rural area (deep countryside) in Romania?

Goals

- Measuring the relationship between local basic infrastructure (water, sewage and gas) and local economic growth in rural area from three regions of Romania.
- Identifying other possible explicative factors for economic growth and depopulation.

Research hypotheses:

- The expansion of water, sewage, and gas networks in remote rural areas does not stimulate economic growth or mitigate depopulation in these regions; however, it does have such effects in rural areas located in the proximity of the big cities.
- Other factors, including human capital, geographical region (cultural and historical influences), road connectivity, and projects with non-reimbursable financing, also fail to stimulate economic growth or mitigate depopulation in the remote rural areas of Romania.

Sample size: 1317 rural communities from Northwest, Northeast and Southeast Regions of Romania