

Meral KAGITCI

The Engine of Progress
Regional Development in a Globalized World

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Foreword

Motto:

"Inequality is like an elephant.

You can't define it, but you recognize it when you see it."

Fields

The current global context is characterized by increasingly complex economic interdependencies. In this context, regional development emerges as an essential element of economic competitiveness and sustainability and as a powerful driver of societal modernization and the creation of stronger, more adaptable communities.

The volume "The Engine of Progress: Regional Development in a Globalized World" explores how regions, with different resources, structures, and levels of development, can contribute to efforts to reduce disparities and improve living standards.

In this book, we have set out to provide a comprehensive analysis of the factors that determine regional performance—from infrastructure and human capital, which serve as keystones for societal development, to innovation and economic integration, viewed through the lens of digital transformation and effective use of artificial intelligence. Human capital stands as an essential component of regional development, and its symbiotic and ethical interaction with artificial intelligence offers new opportunities for sustainable growth.

At the same time, the book examines the impact of public policies and international cooperation mechanisms on reducing disparities and fostering economic convergence. In this volume, we aim to combine the solid theoretical approach with relevant case studies, offering readers a balanced perspective on the challenges and opportunities that globalization brings to regional development.

This work is addressed not only to the academic community but also for policymakers, regional development specialists, and all those interested in identifying optimal strategies for transforming regional potential into sustainable economic growth.

Regional development has become a necessity in recent years, in a context marked by successive shocks and overlapping crises. Administrative-territorial reform is directly linked to this objective, as the current institutional framework needs to better reflect today's economic, demographic and social realities. Stronger regions, with adequate administrative capacity and clearly defined responsibilities, could support more balanced development, improve the allocation of public resources and reduce persistent regional disparities.

Romania's administrative-territorial structure has remained largely unchanged since 1968 and is currently based on 41 counties and the Municipality of Bucharest. In parallel, eight development regions were created in 2004 mainly to meet the European Union's NUTS 2 requirements and facilitate access to structural funds.

The debate on territorial reform has become more relevant in 2026 because many local authorities face serious financial and administrative difficulties. Around one quarter of Romania's more than 3,200 local administrations are unable to cover staff salaries from locally collected taxes. This suggests that the current system is highly fragmented and, in some cases, no longer financially sustainable. Supporters of reform argue that merging small localities and creating stronger regions could reduce administrative costs, improve institutional capacity and allow public resources to be used more efficiently. Examples from Denmark, Poland and France also show that territorial structures can be reorganised when demographic, economic and administrative realities change.

Nevertheless, territorial reform should not be treated only as a budgetary exercise. Counties also represent local identity, political representation and access to essential public services. A poorly designed reform could simply transfer decision-making from counties to more distant regional capitals, making public administration less accessible to rural communities. Institutional mergers also involve transition costs, including the integration of IT systems, public services, contracts and staff. There is a social and political dimension as well, because restructuring affects local jobs, existing institutions and historically established communities. Therefore, the expected savings should be assessed carefully rather than accepted only on the basis of political estimates. A more realistic reform should distinguish between two separate objectives: the consolidation of very small local authorities and the creation of stronger administrative regions. Voluntary mergers between municipalities, supported by financial incentives and local referendums, may be more sustainable than a purely top-down approach. If administrative regions are introduced, they should have elected councils, their own budgets and clearly defined responsibilities in areas such as infrastructure, healthcare and economic development.

In conclusion, Romania has a genuine need to modernise its territorial administration, but the success of the reform will depend on how it is implemented. A gradual approach, based on pilot projects, transparent calculations of costs and savings, and consultation with local communities would reduce the risks associated with a sudden restructuring. The main objective should not simply be to reduce the number of administrative units, but to create institutions that are financially sustainable, democratically accountable and capable of providing better public services. Territorial reform should therefore be understood as a reform of governance, not merely as a redrawing of the administrative map.