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**“Rehionalna Ekonomika”
No. 1—2/1996, Nos. 1 and 2/1997**

The periodical “Rehionalna Ekonomika” (Regional Economy), published by the Institute of Regional Research, NAN (The National Academy of Science) in Lviv, is a forum for the exchange of ideas between academics and professionals. This periodical includes articles about both research concerning the transformation in the Ukrainian economy (on a national and regional scale) and foreign experiences in this area.

The Institute of Regional Research is an academic research institution in the Western Ukraine. Complex scientific research is carried out in the field of regional development and the usage of productive, labour, natural resource and intellectual potentials.

Due to the crisis in the Ukrainian economy, politics, education and science, the Executive Committee of the National Academy of Science has made a considerable effort to rescue the academic achievement of several generations and guarantee its further development on a world standard. This was the goal of the programme of reforming the Academy, assuming among others, the maximum usage of internal reserves as well as existing possibilities of ensuring the effective functioning of academic institutions and schools. It was also decided that the National Academy of Science should be granted the status of a state academic institution of higher education while maintaining independence as regards internal decision making.

Since one of the significant reforms of the Academy is aimed at increasing its influence over the economic development of the Ukraine, several academic and technical initiatives have been undertaken, connected with the activity of the Ukrainian Council of Ministers.

An Academic Council of Experts has been appointed alongside the Committee of the Ukrainian NAN concentrating on new technologies. Particular attention has been devoted to new liquids and materials, mineral resources and raw materials, building machinery and transport, information technology and communication systems, medicine, energy and environmental protection. Bearing in mind the natural conditions, ecological criteria, economic and academic potential, and following NAN’s suggestions, it is

possible to distinguish 6 units as being relatively integrated economic entities: the region of Donieck, Lviv, Kiev, Dnipropetrovsk, Odessa, Charkov (each region includes a few of the 25 existing provinces).

A significant role in carrying out economic and social reforms in these regions is played by the regional NAN centres. They report to the Ukrainian State Committee on Education, Technology and Industrial Policy and to the National Academy of Science. This gives both institutions the opportunity of making full use of science in solving current problems. For instance, the Committee suggested mutual assistance to the centres in Kiev, Sebastopol and the Crimea. Thus the main goal of all the regional academic centres is to increase the role of science in the effective realization of regional policy, which aims at reconciling the interests of the country as a whole as well as those of the region.

In the introductory article of "Rehionalna Ekonomika" (No. 1—2/1996) the editorial staff state that their goal is the description of life of the regions in a wide, national context as well as the Ukraine's assimilation of Western countries' achievements in the sphere of regional policy. A synthesis of West European and world experiences with the local economic specificity may soon prove advantageous, particularly as regards the established economic development strategy while considering regional potential. The authors of "Rehionalna Ekonomika" hope that this periodical reaches the status of other economic publications which give priority to innovative research and constructive solutions.

In the same issue, (No. 1—2/1996) in an article, *The improvement of legal principles in managing the regional economy*, W. Huriejew argues that, for the success of regional policy it is essential to work out a set of rules determining relations between all economic entities in the regions and those between the seats of power and local government both in the centre and out of town, combining centralization and decentralization in managing the economy. The author proposes establishing an outline for decentralizing the national budgetary system, in other words, determining optimal proportions of income and expenses between the state and local budgets depending on their competence and duties. He thus suggests passing a bill "About the principles regulating Ukrainian budgetary problems and budgetary regulations of administrative-territorial units". This bill would define the gradual transition to a more justifiable system of regulating the budget, a mechanism balancing income and expenses at all levels of the budgetary system, taking into account the development of infrastructure, social buildings and implementing financial norms. The regions would get grants, subsidies and sponsorship as well as special funds for evening out the income differences of specific regions.

According to W. Huriejew another significant goal of regional economic policy should be to open special territorial-economic areas, i.e. duty-free

zones. In his article, *Problems of managing the regions in the Ukraine* (No. 1—2/1996), M. Czumaczenko says that there are, among others, two reasons for the difficult situation in the country: many years of a centrally planned economy as well as the unequal development of the regions. The author proposes two solutions:

- a) a consideration of earlier diagnoses and ready made plans;
- b) a detailed observation of new problems, which require further analysis and discussion about the methods of reaching solutions.

The following are urgent regional problems:

1. The accentuation in all legal documents, including the Constitution, of the need of regionalizing the system of wielding power. Regionalization should be expressed by:

- constantly and systematically taking into consideration the territorial aspects in the central decision-making process;
- cooperating between the Centre and the regions, expressed by making decisions by consensus and not by central dictate;
- a study and consistent realization of the state regional policy by the central power;
- granting the regions the right to independent decision-making concerning their own issues;
- guaranteeing the regions legal and financial means of carrying out economic and social problems.

2. A definition of the essence of managing the economy at all levels including the regions.

3. A definition of a complex state regional policy, which would be based on the following principles:

- a priority of general state interests;
- consideration for the diversity of the regions, cutting down the differences in economic, social and cultural-educational development;
- social justice, guaranteeing the regions conditions for identical development;
- a scheduled realization of the state regional policy;
- the creation of a system of regional power and local government in accordance with regional policy.

The following regional issues require profound analysis and wide discussion:

1. A state system regarding regional policy.
2. Getting to know the standard of economic development, social conditions and education.
3. A study of the norms describing regional expenses at all levels and a system of distributing income between the Centre and the regions.
4. A study of the new division of the administrative-territorial system taking into consideration the economic-geographic, ethnic and historical

specificity of the development of each region. The preparation of a proposal aiming at improving the administrative division of the Ukraine. Analysing the purposefulness of the Ukraine's future conversion to a federal system.

In their article, *State programmes as an instrument of achieving an economic policy* (No.1—2/1996), W. Krawciw and H. Zmajew assume that it is impossible to apply a universal method of running the economy in such a territorially diverse country as the Ukraine and they conclude that the economic policy of the country will be effective if:

- the regions recognize the priority of the country's interests as a whole;
- the state provides the regional authorities with conditions which are conducive to achieving local interests; the government will constantly support regional development by studying relevant reform programmes and their financing.

According to the authors, only those programmes which respect the following conditions are worth considering:

- they aim to solve the problems of the country as a whole;
- they have been given guarantees of the state's involvement in carrying them out;
- they have been approved by the relevant state authorities.

The order of achieving these programmes has a decisive influence on the effectiveness of the entire policy. In order to provide suitable conditions for their realization, it is necessary to take the following steps:

1. The state budget should include a separate point: "The financing of state regional programmes". Similar points should be introduced into local budgets.

2. Introduce state loans and subsidies restricted to the participants of a particular programme.

3. Allow the programme participants to get low interest loans guaranteed by the government or local authorities.

4. When making foreign investments a protective policy should be applied in those regions where the programme is implemented.

5. In accordance with local authority decisions, certain programme participants may be entitled to an exemption of the tax to be paid to the relevant authorities for the duration of the programme (up to 50% tax relief).

6. Introduce a compulsory calculation of a part of the expenses incurred by the privatization of state property for the benefit of regional development.

7. Give the department concerned with these programmes and local authorities the right to issue bonds and other securities.

The next article, *Overcoming the agricultural crisis at a country and regional level* (No. 1—2/1997) by I. Mychasiuk and A. Danylenko, deserves attention due to the presentation of agricultural problems and the suggestion of concrete solutions. The authors believe that the reason for the current state of agriculture

lies in the many years of applying the soviet system of organizing the agricultural economy in the kolkhozes and sovkhozes. They demand a quick reconstruction of the management and organization of farms, the liquidation of unnecessary centres or those which cannot be reformed as well as creating new structures. These would be companies created from existing collective farms. (Small farms do not stand a chance of survival without preferential state credits). They present the main guidelines of the agricultural reform:

a) At national level:

1. In order to increase agricultural market consumption it is necessary to increase people's purchasing power.

2. A protection policy must be applied to national production by preventing the inflow of foreign foodstuffs.

b) At the regional level:

1. In the plan of the National Programme for Agricultural Production Development for the years 1996—2005 significant credits should be planned for certain economic entities in specific regions taking part in carrying out the economic programmes.

2. The programme of transforming the agricultural economy should comprehend historical, social, economic and ecological characteristics of each region, the population density, quality of soil as well as the level of industrialization and urbanization.

In his article, *Foreign economic activity and investments as a stabilizing factor: regional aspect* (No.1/1997), W. Jewdokumenko concentrates on the Ukraine's economic contacts with other countries, considering them as a significant factor in the development process of the national economy. He emphasizes that this sphere is in the early process of development and is establishing itself in extreme conditions (a profound long-lasting economic crisis, the lack of a scientifically prepared strategy and a clearly foreign direction to the economic policy of the state). In order to accelerate development, the author proposes opening tax-free zones and working out regional programmes for developing foreign economic contacts for the period 1997—1999.

The components of these programmes, assuming permanent cooperation should be specific projects in the areas of:

- increasing regional potential;
- replacing imported goods with national products;
- developing academic-technical cooperation;
- attracting investors (domestic and foreign);
- encouraging border cooperation.

In the article, *A catalogue of regional problems — new approaches to territorial policy* (No.2/1997) the authors, H. Mikuła and M. Habrel notice that, in order to achieve greater regional economic independence and a better exploitation of the potential, it is necessary to seek new ways of achieving regional policy.

The local authorities in specific regions frequently refer to schemes and projects concerning administrative divisions, considering them to be of utmost importance in regional policy. The general concepts and strategic programmes of development are, according to the authors, essential to prepare a proper plan of action. The need for preparing such documents is growing since the number of economic entities in the regions is growing and so are domestic and foreign investments.

The authors then point out to specific shortcomings of the transformation of the agricultural economy and territorial policy.

These are:

- the appearance of conflicts in the usage of land, particularly in the suburban areas;
- a deterioration in the level of exploiting agricultural lands, particularly due to the growing number of inhabited areas at the expense of arable lands;
- a deterioration of the ecological situation;
- an uncontrolled growth of urbanized areas.

H. Mikuła and M. Habrel consider it essential to introduce a change in the local management system. It was so far carried out along administrative divisions defining regional development direction. Nowadays, however, financial factors are beginning to have an influence (tax, prices, tariffs, subsidies etc.).

The authors therefore suggest introducing a system which will be primarily governed by financial mechanisms. This will change business, since the land value and a right to its ownership will become the main determinants.

Following the experience of other countries in this field, the authors suggest creating so-called regional problem catalogues. Their purpose would be to provide thorough programmes concerning the socio-economic development of a specific area, deliver materials to create principles regulating contacts between the state and the regions. These catalogues should also include advertising materials, encouraging investment in a given region, addressed at the domestic and the foreign client.

M. Jakiw and W. Borszczewskyj, the authors of, *Aspects of reforming APK (Ahrarno-Promyslovy Kompleks — The Agricultural-industrial Complex) in the regions* (No. 2/1997) claim that a way of getting agriculture out of the crisis is introducing significant changes in the structure of agricultural production. This structure must be defined by determining a detailed link between local soil conditions and production, and underlining its specificity in particular regions.

One of the most important principles of reforming the APK of a given region is directing its activity towards local and domestic needs, stressing the local economic conditions of the particular region. A similar process of

specialization should take place in production and defining an assortment of production, which will in turn influence the structure of production of a given APK of the region.

Another equally important aim of the reform is the gradual development of the process in which specific branches of production will appear as part of one production system with a clearly defined direction.

The few articles discussed above give a general overview of the content of these first issues of "Rehionalna Ekonomika", concerning the regional matters of the Ukraine.