REGIONAL MANAGEMENT: FOREIGN EXPERIENCE

Abstract

Regional management is currently considered as a combination of administrative, economic, political impacts on economic, social, demographic, resource-economic and other processes taking place in the region with the aim of ensuring a sustainable and balanced development of the region and the improvement of the life quality of the population today and in perspective. The diversity of regional economic systems forms the basis of the mechanism for identifying and disseminating the positive experience of the national economy management. This aspect determines the relevance of the study. The article discusses the patterns and features of the regional governance on the basis of the socio-economic development of two polar states in order to illustrate the national interests of each country. The problems of the socio-economic development are shown from the position of systematic approach principles and methods. The main goals of the regional management are also formulated, along with the ways of smoothing the levels of the socio-economic development of regions by overcoming existing interregional imbalances. As a part of the study of the patterns and features of China’s regional management the institutional approaches of the regional policy have been indicated taking into account the ranking of territories and the directive planning of the national economy. Organizational and economic mechanisms focused on the improvement of the human resources potential have been studied on the base of the German model of regional policy. Based on the results of the study, relevant conclusions were made.

Key word: regional management, regional development, regional policy, regional strategies, demography, public administration, human resources.

According to the researches of regional management scientists, initially the concept of “region” was interpreted as a territory with relatively similar environmental conditions, as well as characteristic tendency of the creation of productive forces based on a combination of natural resources, production and social infrastructure. Later, the region has been defined as a formed territorial unity with certain natural-geographical, socio-demographic criteria, and the state apparatuses. In further publications, the definition of regional formation included the social orientation taking into account the territorial specificity of social processes [1].

The main goals of the regional development imply strengthening the common economic space, political integrity, and the security of the country; also, the dynamic development of all regions based on their specialization in the international labor division, and the usage of resource potential and competitive advantages.

The experience of the regional governance in China and Germany has been considered.

National Plan on New Urbanization (NPNU) has been drafted over three years by the National Commission for Development and Reform, combining the efforts of 12 ministries, and has ultimately been approved by the Prime Minister of China and the State Council.

The NPNU stipulates that the city plans, land use and transport plans should comply with the requirements of the NPNU, and other relevant special plans should be coherent with the NPNU. The plan is designed for 2014–2020 and covers the entire territory of the People’s Republic of China, including autonomous regions.

The proposed vision is a “people-centered new trajectory of urbanization with Chinese characteristics” combined with the principle of “equal and fair exchange of people”, which means a transition to social justice through the equal provision of opportunities and services.
The focus of the NPNU is to increase the share of the urban population from 53% to 60% by 2020, as the State Council claims that “domestic demand is the main incentive for the development of China, and urbanization represents the greatest potential for expanding domestic demand.

Another main goal is to achieve “harmonious regional development” by changing development from urban and coastal areas to rural and inland areas. This will be achieved through the development of small towns and new areas to absorb coastal migration, by restructuring industry in the northeast and expanding the development of western provinces [2].

The administrative system. The Department of National Commission for Development and Reform (NCDR) is responsible for regional economy; there are also as Western Region Development and Northeastern Region Revitalization departments. The NCDR and other government departments go from the national level down through the administrative system (provinces, counties, urban areas). In 2008, government departments related to spatial management included the NCDR, the ministries of finance, land and resources, housing and rural-urban development, environmental protection, agriculture, industry and information technology, trade, water resources and transport. All these ministries have their own vertical management systems, so each administrative level has its own subordinate department, forming a vertical chain of command. Moreover, these departments often have many operational units that help them to carry out their work. These long chains usually form interest groups.

The administrative system is strictly hierarchical, and local authorities are subordinate to the central authority and leadership. However, the devolution started in the 1980s, and local authorities are currently responsible for many public services and investments. In fact, the public expenditures incurred by local governments have increased from 50% in the 1980s to 85% in recent years. Following the 1994 financial reform, central administrations collect about 50% of the total government revenues and transfer main part of their revenues to local administrations. Per capita transfers vary depending on the provincial financial capacity and political priorities. Beijing, Shanghai and Tianjin have the highest per capita incomes and are the main net recipients, while Tibet, Qinghai, Ning Xia and Xin Jiang are the main network recipients.

In addition, when the local administrations do not have sufficient resources for their own purposes, they can increase the revenues through the loans and commercial activities, usually associated with urban land use. For example, in recent years, about a half of investments in the urban services’ objects are covered by loans and self-financed funds. The local governments also receive substantial income from the preparation and leasing of land for development (taking into account that China does not have private ownership of land). Public administration has a great influence, authority and power – it plays specific role at all levels of government, as well as in many state-owned enterprises and institutions. Such coincidence in administrative ranking causes many difficulties in management, so that low-level cities cannot cope with large companies.

The regional policy. Analysis of China’s regional policy management needs some brief explanation. Firstly, the Chinese regional policy cannot be defined in a specific stock or political structure, and, therefore, its management covers the entire state administration and its multi-level organization. Secondly, China is still in the process of moving from the planned economy to the market economy, and this implies the gradual and not ubiquitous participation of private actors and market mechanisms in the decision-making processes. Thirdly, the administration is organized very hierarchically, and the career of administrative officials is determined by the highest levels of the administration and commission of the Communist Party, and the economic indicators of the managed territory are important criteria for their assessment. Combined with the decentralization of the economic development initiatives, the staff responsibility creates strong inter-territorial competition and improves local economic performance. In addition, the status of an official depends not only on their position in the hierarchy, but also on the positions of other officials with whom he/she interacts (as in the old mandarin system), and, therefore, the top manager of the local authority may be subordinate to the leader of the local state company. This administrative system is quite effective in enhancing competitiveness and revitalization among officials, but it can also create confusion in the power separation, or problems of coordination and forms of local “protectionism”, competing rather than cooperating with neighboring administrations or officials.
The general national development policy and the main regional strategies are defined in the five-year plans for the national economic and social development. In accordance with national strategy, the development plans are defined at the provincial level and approved by the central government. In addition, other plans operate on a smaller geographical scale (district, municipality). In these plans, gradual transition to the market economy has increased the usage of spatial approaches, rather than economic ones, in solving and regulating the private land use. Different provincial plans are not mandatory or strictly interrelated, and their timing may vary, but all the plans have to be approved by the national priorities [3].

At the central level, the NCDR has broad control and powers to coordinate the economy, energy, and environment policies, while at the subnational levels various administrations are responsible for the economic planning of their territories with the provinces playing a decisive role. The hierarchical organization of the development policy does not prevent the participation and discussion of economic and territorial priorities at each administrative level. In the last decade, information and modern IT methods have been successfully used to include citizens and public organizations in decision-making mechanisms, especially at the provincial level.

The eleventh five-year plan (2006–2010) outlines four main mechanisms for the regional development: the market mechanism, the mutual assistance mechanism, the cooperation mechanism, and the support mechanism. The mutual assistance mechanism is invaluable as it encourages the developed areas to provide assistance to the underdeveloped areas. In addition, the partnership assistance parties are identified in order to support the mutual assistance.

The effective development financial instruments. The budget of China’s territorial and development policies is unavailable because there are no specific funds, and comprehensive analysis of the national state budget will be required to evaluate it. In addition, the widespread usage of budgetary incentives in the development policy would make this assessment particularly difficult.

Some expert estimates point to 13–15% of investments in general government spending between 2005 and 2009. The estimated territorial distribution of funds implies that more than 60% of investment expenditures were allocated in the western and central regions in accordance with the primary priorities. Special funds are used in lagging regions to reduce the poverty and support the employment; they also have the fundamental importance for the poverty scale reduction, the improvement of living conditions in deprived areas, and the ensuring coordinated territorial development throughout the country. In recent years, these funds have been strengthened and consolidated.

The financial institutions also play an important role in the financing of the development; and they are exposed to the mixed public-private regime and concentrate their financing in the eastern region (61% of the total volume of domestic and foreign currency loans in 2008) in a much larger proportion than the demographic and economic weight of this region. State-owned banks and loans are other important financial instruments supporting the regional development.

The three banks involved are: China Development Bank, China Agricultural Development Bank, and China Export-Import Bank. The allocation of loans and other financial resources is mainly concentrated in the eastern region (43% in 2003), but to a lesser extent than commercial banks, and in such a way that they still manage to maintain weaker areas [4].

The regional policy of China is characterized by mechanisms and methods of transition from a planned economy to a market one.

Regional inequality and imbalances in Germany.

According to the regional policy report “Improving the Regional Economic Structure” the structural differences between the western and eastern German regions still exist even 25 years since the reunification of Germany. East Germany has filled most of its economic lag over the years. For example, in East Germany the unemployment rate has fallen sharply over the past ten years, falling by more than 10% (from 18.7% in 2005 to 8.5% in November 2015). Thus, the difference between East and West decreased from 8.8% to 3.1%.

On the other hand, other regions suffer from demographic trends, emigration and lack of economic prospects. In addition, to the east-west gradient, there is a south-north gap (with higher economic power in the south). Inequality among regions in West Germany is growing. The differences in the regional economic development have increased due to the differences in productivity and unemployment. But there are other influencing factors that determine regional differences. For example, peripheral rural
areas such as East Bavaria or the coastal regions of Lower Saxony and Schleswig-Holstein often have a less competitive economic structure than urban areas, whereas rural regions in Baden-Württemberg and southern Bavaria are thriving and productive.

There are also significant differences between areas of agglomeration. Some agglomerations, such as Hamburg and Frankfurt are thriving because they maintain good mix of modern services and industry. On the contrary, some old industrial regions, such as the Ruhr, Bremen, and Saarland are facing the effects of fundamental sectoral structural changes that are increasing constantly unemployment in the regions.

Structurally weak regions are particularly affected by the demographic development in Germany. According to the forecast of the Federal Statistical Office the population of Germany will decline from 81 million to 76 and 79 million in 2040. The number of labor aged 20–64 years will decline sharply from 2020. The decline will be 30 or 23% by 2060 according to immigration scenario. These events are observed over time in structurally weak regions, especially in less developed rural areas. The decline of population is accompanied by aging population and further concentration of the population in urban areas. Primarily small communities in rural areas are being affected. On the one hand, regionally different population development is based on internal migration. People move to places where they can work, either as suburban or as internal travelers [5].

Well-trained skilled workers tend to move to economically strong regions, this process can exacerbate the imbalance between regions.

Thus, the regional policy of Germany aims to create new jobs and solve unemployment issues. Summarizing the issues related to the study of foreign experience in the regions management, it is noted that the program-targeted approach of regional policy planning should be implemented. This will contribute to the wealth of the population and economic growth.

LIST OF LITERATURE

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Региональное управление: зарубежный опыт

Аннотация

Региональное управление в настоящее время рассматривается как совокупность воздействий административного, экономического, политического характера на экономические, социальные, демографические, ресурсно-экономические и иные процессы, происходящие в регионе с целью обеспечения устойчивого и сбалансированного развития региона и улучшения качества жизни населения на текущий момент и перспективу. Многообразие региональных экономических систем формирует основу механизма выявления и распространения позитивного опыта управления национальной экономикой. Данный аспект обусловливает актуальность авторского исследования. В статье рассматриваются закономерности и особенности регионального управления на примере двух полярных по социально-экономическому развитию государств для наглядности национальных интересов каждой страны. Показаны проблемы социально-экономического развития с позиции принципов и методов системного подхода. Сформулированы основные цели управления регионами, способы и пути выравнивания уровней социального и экономического развития регионов путем преодоления существующих межрегиональных диспропорций. Анализ закономерностей регионального управления Китая обозначены в контексте региональных политических и экономических систем. На примере германской модели региональной политики изучены региональные структуры и методы управления национальной экономикой. По результатам проведенного исследования сделаны соответствующие выводы.

Ключевые слова: управление регионом, региональное развитие, региональная политика, региональные стратегии, демография, государственная администрация, человеческие ресурсы.