STRATEGIES OF ECONOMIC GROWTH IN MINING AREAS STRUGGLING TO MEET SOCIAL, ENVIRONMENTAL AND ECONOMIC CHALLENGES

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Abstract: European integration processes in Ukraine so that the country can rapidly be developed are aimed at achieving European standards in doing business in regions. Particular attention that is paid to the regional development, the use of their potential, the formation of the basis of an innovative economic model in Europe constitutes the issue of national regional policy of extreme importance for Ukraine. Against this background, there is a problem of continuous improvement of strategy to provide an economic growth of regions in our country, to elaborate its conceptual framework and mechanisms for implementation under the globalization and given strategic directions for sustainable development of Europe as well as the implementation of domestic reforms in Ukraine.

Keywords: economic growth, mining, social impact, environmental impact, economic impact.

Introduction

Despite a sufficient level of knowledge about the problem, formulation and implementation of regional development policy, presence of a considerable number of legal acts, many issues are still not resolved. The territorial differentiation still exists in Ukraine, the reform of the administrative and territorial system is not completed, there are mechanisms of encouragement of local communities to accelerate regional development processes but they are not optimized, regional management is still centralized with a poor support to local initiatives including interests of a local community and many others. This demonstrates the need for continuous improvement of existing concepts of social and economic development of Ukraine.

Thus, the purpose of research, the results of which are described in this paper, is to analyze and summarize the provisions of the existing legal documents of Ukraine over different years outlining the strategic direction of regional development being regulated.

Method
A method of analyzing historical milestones of Ukrainian legislation elaborated for enhancing regional policy was used. To compare documents mirroring tasks and mechanisms for overcoming a spatial depression in social, economic and environmental dimensions, a method of cross-sectorial comparison was employed. It will help to create a baseline for further improvements in regional policy to facilitate a rapid economic growth of mining areas struggling to meet social, environmental and economic challenges.

Results
In case of performing a comparative analysis of the conceptual foundations of the state regional policy in accordance with the certain range of legal documents, we can find the following important issues. Analyze the problematic issues of regional development in different years caused by the need to develop a new national regional policy.

With the proclamation made by Europe to aim at effective regions, in Ukraine a problem of identifying new principles of state regulation and regional development has arisen. Detailed analysis of the development of concepts in 1998 and 2001 as well as their modifications presented by non-state public and social forces are provided in. At that time, Ukraine, as other countries had done early, faced the choice between two approaches to elaborating regional policy for problem areas development. One of them is the public policy of equitable regional social and economic cohesion. Other implied a policy of support provided to developed
regions by economic expediency. The first approach is dominated by the state, the second – by a regional initiative. In our opinion, this problem reflects the general economic problem of interaction between state and market forces, and is applied in relation to regional policy. Over the years, Ukraine is trying to optimize the ratio of government intervention and regional self-regulation in the process of expanding the powers and responsibilities of the regions. Against the background of the fundamental problems, other derivative organizational problems are arising. Among them are centralization and decentralization of power, the division of powers, financial security of regions and etc.

The Concept of 1998 implied that the problem issues should have been divided into economic (regional disparities, no effective use of potential, lack of foreign investment and integrated development) and organizational (lack of international cooperation and economic independence of areas to address local problems, separation of powers between governments). Also, the ecological problem of environmental pollution should have been distinguished.

The Concept of 2001 added to current economic issues (regional disparities and the lack of mechanisms to overcome them, slow market reforms, and low economic growth), problems of governance of regional development (lack of effective stimulus for governments to develop regions, poor public policy, and slow democratization) and social problems (low level of welfare of citizens without effective social policy). Ecology is not defined separately there but this concept stresses the need of sustainable development that includes an environmental component. Thus, it highlights the social problems of regional development. Previously, they were considered in terms of a rational division of labor and migration, settlement and labor market regulation; however, in this concept a wider single concept of social security of citizens appears.

The Strategy of 2006, unlike its predecessors, demonstrates that the problems of regional development, in our opinion, may have a clear hierarchical coordination. All social and economic problems (poor infrastructure, low labor adaptation to market conditions, poor support of entrepreneurship and low level of innovations, destroyed environment, high extent of dependence on international market conditions, weak interrelationships, the presence regions without proper industrial structure, lack of diversification of the regional economy, etc.) as well as organizational problems (lack of mechanisms for smoothing divergence of regions and encouraging local authorities, businesses and the entire community to regional development on the basis of their potential) cause the problem of regional disparities, which, in turn, causes the low competitiveness of the regions, which, in turn, leads to low levels of investment attractiveness.

Therefore Strategy of 2006 was aimed at improving the investment attractiveness and innovation activity in the regions to overcome regional disparities, to provide infrastructure development, strengthen interregional relations and enhance management of human resources.

The bill of 2008 proclaimed that main problems of regional policy in Ukraine are to create a complete living environment for people throughout Ukraine providing spatial cohesion and sustainable development of its regions.

The bill of 2010 added to regional problems given in the bill of 2008 the following items: the effective use of human capital and natural, economic and other types of potential.

Thus, the analysis of problems outlined in terms of refined concepts of state regulation of regional development, the following conclusions can be made. Over the years, major unresolved problems remain and they require new mechanisms to be elaborated. Among these problems are divergences, not full use of the potential of the regions, their low competitiveness, poor quality of life, environmental risk, and optimal organization of state and local regulation of regional development, social, economic, ecological balance (sustainable development).

Concepts of 1998 and 2001 pay attention to the improvement of institutional framework for implementation of national regional policy and the optimization of the central government and regional initiatives. Strategy of 2006 solves these problems by improving the competitiveness of regions. It traces the economic focus, and the relationship between local and central authorities is seen as a tool to achieve the goal. Bills of 2008 and 2010 pay more attention to the quality of life in different regions. Here, there are existing social emphases.

Thus, by using the observed features of the documents of state regional policy, the main milestones of regulations aimed at regional development were analyzed from the process of its implementation in 1998, 2001 to economic in 2006, and social in 2008 and 2010 orientation.

The fact that problems remain unresolved for years, in our opinion, is not related to the quality of government regulation, developed concepts and mechanisms. First, the impact of regional changes is estimated in a long run because the regional development problems are systemic and require fundamental reforms with prospective results.
Consider the basic terms and concepts of state regional policy. Note that the concept of 2001 and Strategy of 2006 do not contain sections on the definition of terms. In the interpretation of the term “region”, there are different approaches. If in 1998 a region has been flagged as administrative units and informal groups of territories, then in 2008 and in 2010 only a limited part of the administrative state were treated as regions. Instead, the bill of 2008 introduced the concept of macro-region for areas “within several regions or parts, which are united by common characteristics, which are inherent and have common development problems”. However, the bill of 2010 terminated this concept.

The definition of “State Regional Policy” is thought of in the concept of 1998 as major steps in the implementation of regional development provided by the state, and in draft documents of 2008 and 2010 this provision was transferred to local regional governments. Also concept of 1998 and bill of 2010 determined the economic (potential use of regions), social (achievement a high standard of living) and ecological (environmental security) purpose of regional policy, while bill of 2008 declared only achievement of a decent standard of living. Despite the adoption of the concept of sustainable development of human settlements in 1999, the concept of 1998 has already defined the state regional policy on the principles of sustainability based on the above outlined social, economic and environmental regional transformation that corresponds with sustainable development.

Until 2010, an object of the national regional policy was considered as an administrative unit, but after the bill of 2010 –as activities of the state throughout its territory including the regions. The concept of 1998 added to the objects of the state regional policy only local authorities and governments, and in drafts of 2008 and 2010 this list was extended to all interested businesses entities and individuals.

Unlike the concept of 1998, the bills of 2008 and 2010 introduced additional concepts. Thus, “regional development” in the bill of 2010 was interpreted as the social, economic and other changes taking place in the regions, while bill of 2008 noted that the changes should be positive. In our opinion, the approach provided in 2010 is more objective because the changes occurring in the regions we can estimate in the long term. If this assessment exercise today, it is difficult to consider all possible impacts on a particular process or phenomenon. The terms “program and regional development projects”, “spatial coordination”, “index of regional human development” are the same in both bills. To indicate the state policy in the regions in specific areas, the bill of 2010 contains the term a “sector policy”.

Discussion

By performing the analysis and synthesis of the theoretical foundations of the concepts of state regional policy in Ukraine, which were developed in the period from 1998 to 2010, the following conclusions can be made and discussed.

1. The strategy for regional development of Ukraine meets European priorities for sustainable development, innovations and stipulates the increasing role of regions in the development as a whole process and implementation of policies for spatial development.

2. Over the years unsolved problems remain. Among them are differentiation of regional development, poor quality of life, environmental hazards and unresolved issues of managing the development of depressed areas.

3. Concept of regional policy over years is free of radical changes in course of development, reflects a gradual shift from one to another aspect of the policy. In 1998, 2001 the policy was focused on arrangements of redistribution of powers, decentralization of power, and intergovernmental relations. In 2006, regional policy was purely economic aimed at strengthening regional competitiveness. In 2008 and 2010 the state regional policy had a purpose to raise the living standards of people. It should be noted that no regional development strategy had ecological dominance.

4. Thus, the regulatory framework of Ukraine reflects the fundamental approaches of research dedicated to providing rationale, development and implementation of national regional policy for overcoming spatial challenges.

After having compared theoretical baselines of main legal documents concerning spatial development, the study of practical mechanisms of social, economic and environmental stimulating can be regarded as further prospective research work.

References