DOI: 10.46299/979-8-88992-679-5.3

3. State regulation of social and economic development of local self-government bodies

The process of globalization of the world economy introduces new patterns and changes the levels of responsibility for local development. The globalization of the world economy is leading to an increased role of communities in the economic development of local territories and the country. Our society already realizes that Ukraine's development depends on the ability and interest of communities to engage in local development. The completion of decentralization and self-government reforms, and the practical implementation of the principle of omnipresence of local self-government will impose a different level of responsibility for development on community leaders. Territorial communities must transform from an object of governance to a subject of governance and ensure their own capacity.

Territorial communities are responsible for planning, economic growth, and the well-being of the population. Therefore, local authorities must understand the peculiarities of modern development, have the necessary information, skills and experience to ensure that communities are more competitive among other regions of Ukraine.

The issues of development and interaction between regions are extremely relevant for Ukraine, as the lack of a sound policy of regional development of the state can lead to growing imbalances and exacerbation of economic, political and social problems. Establishing effective, sustainable socio-economic development of the region is a key part of the policy system. The analysis of recent studies and publications, as well as the multifaceted nature of regional processes, necessitates targeted activities of state and local authorities in all areas of socio-economic processes. The experience of state-building shows that the course of socially oriented economic transformation will have a chance of success when all regions are actively involved in its implementation.

Practice shows that there is no single unified approach to managing economic processes in a country as geographically diverse as Ukraine, and the depth of central intervention in regional processes in a country as geographically diverse as Ukraine, and the depth of central intervention in regional processes should have its reasonable limits. At the same time, it is recognized that the modern strategy of market transformations is to strengthen the real influence of regions on economic processes.

Identification of the problems of strategic priorities of regional development of Ukraine is considered in the works: O.Iu. Amosova, O.V Bezuhloho, O.S. Konotoptseva, V.V. Mamonova, O.V. Olshanskoho and others.

However, existing studies are mainly devoted to economic, theoretical and applied problems of regional development. At the same time, scholars pay little attention to the problems of state regulation of the development of territorial and administrative units.

The study of the socio-economic and environmental status of Ukraine's regions and forecasting of the dynamics of their development in comparison with the regions of the European Union indicates an insufficient level of efficiency and effectiveness of regulatory measures, limited resources for their implementation, and underdeveloped territorial and production infrastructure, which leads to the conclusion that it is necessary to improve the existing and develop new scientific principles of state regulation of socio-economic processes in local self-government bodies.

The main tasks and measures to regulate socio-economic development indicators must be included in Ukraine's regulatory documents and adjusted annually in line with transformational changes in the country's economy. Such changes should be made using foreign experience and standards of developed countries of the European Union, aligning standards with the living standards and wages of other countries that have achieved results.

What role do local governments play in the economic development of a region? Regional approaches to the management of economic processes are becoming increasingly relevant and are increasingly being addressed by scholars and representatives of public authorities and local governments. The task of creating effective mechanisms of territorial management systems should solve the problems of balancing the interests of state and regional economic policy and ensure appropriate state regulation of economic development.

The main task of regional economic policy is to develop and implement a rational model of regional development.

In general, regional economic policy is characterized by a certain set of goals, objectives, and mechanisms that ultimately determine its strategy and tactics. It is based on taking into account a wide range of national, political, and social factors, which makes it possible to effectively influence regional development. In determining the priority areas of regional economic policy, demographic, environmental, industrial and other problems are taken into account, the solution of which contributes to the overall economic recovery of the regions.

The Cabinet of Ministers of Ukraine has developed and submitted to the Verkhovna Rada of Ukraine a draft Law of Ukraine "On the Concept of State Regional Policy," according to which this policy is a system of organizational, legal and economic measures implemented by the state in the field of regional development of the country in accordance with its current and strategic goals. Their main focus is on ensuring the rational use of natural resources in the regions, normalizing the life of the population, achieving environmental safety and improving the territorial structure of the economy.

Regional economic policy is an integral part of the national economic policy. It is based on the priority development of national-state, ethnic-territorial, regional self-government and self-sufficiency of regional interests. The implementation of this policy should ensure the unity of national, regional and local interests. The concept of regional economic policy emerged in the 1960s, when the Councils of National Economy (Sovnarkhoz) were established in the former USSR. In order to prevent the spread of national independence, in 1964 they were reformed into a centralized sectoral structure for the development of the national economy. 85-90% of all branches of the national economy were subordinated to the ministries of the union and union-republican designation. Currently, the state regional economic policy is increasingly focused on the integrated development of regions, which includes a set of state decisions coordinated with the state strategy.

Regional economic policy covers the entire system of relations between the state and the regions, on the one hand, and the regions, on the other. The development and economic growth of regions will change the economic potential of the state. The state regional economic policy should be formed in such a way as to ensure the territorial integrity of the state and create equal conditions for the functioning of regional production complexes.

The optimal management process should ensure an ever-increasing standard of living for the population through the efficient use of local resources.

The process of managing the socio-economic development of a region is a special type of activity carried out by central authorities, local state executive bodies and local self-government bodies.

Central government authorities are responsible for implementing regional economic development strategies and their compliance with the strategic development of the state as a whole in order to ensure the most efficient use of the region's potential on the one hand and national needs on the other. In addition, the central government is tasked with regulating relations between regions and ensuring the implementation of national programs involving several regions.

Local executive authorities play three key roles in the economic development of a region. First, they take the initiative in shaping regional economic policy and developing a regional development strategy. In this role, they analyze the current state of the region's economic development and determine the impact on the region's future economic prospects. Secondly, in administering the developed specific programs and projects for the development of the region, developing specific measures to achieve the set goals, and controlling the implementation of these measures to achieve the planned result. Thirdly, in creating a favorable environment for mobilizing all economic development resources and their most efficient use.

Local governments are the main initiators of economic development programs by attracting national and local funds, applying the regulatory function and, on this basis, achieving economic development in the region.

The local government plays a crucial role, being responsible for:

- development of infrastructure in the region;

- creation of a favorable climate for entrepreneurship development, identification of all components that stimulate the formation, development and expansion of enterprises of different sizes and forms of ownership, elimination of reasons that hinder business development;
- efficient use of municipal property and rational use of local budget funds as the financial basis of local self-government;
- effective management of the public sector of the economy located in the region;
- providing information to businesses and local communities about the economic opportunities in the region, changes in the regulatory functions of state and local governments, new resource opportunities, etc.

Although local economic development is based on the use of local comparative advantages and local resources, it is an integral part of the state's economic development and has both internal and external aspects.

The internal aspect is to identify the mutual influence of the development of the region and the state as a whole, to establish the directions of relations and indicators that could quantify this mutual influence. The state government influences local economic development by formulating fiscal and economic policies that determine the structure of the economy of both the region and the state; creating economic development programs and providing their financing; creating national financial, legal and physical infrastructure. The central government creates the economic and political environment. In other words, it establishes the boundaries of regulation and the necessary service infrastructure that form the overall national business climate, which determines the level of economic development in a region and helps or hinders the growth of the number of business structures.

The most commonly used scientifically based and comprehensive approach among researchers is to distinguish four main models of local government organization: the Anglo-Saxon, continental, Iberian and Soviet models. The main criterion for typologization is the functional relationship and division of competence between central (state) and local governments. The Anglo-Saxon model (Great Britain, Australia, Canada, the United States, etc.) provides for the election of representative bodies in all administrative and territorial units for a term of no more than three years. In small administrative-territorial entities, this body consists of 3-5 people, in large ones - up to 50 people. Local representative bodies formally act as autonomous bodies within the limits of their powers, and there is no direct subordination of lower-level bodies to higher-level ones. In addition to the representative body, the population directly elects some officials. In cities, mayors are elected by representative bodies or directly by the population. In the former case, the activities of this official are strictly controlled by the representative body, while in the latter case, he or she is vested with a much wider range of powers. The Anglo-Saxon model is characterized by the absence of authorized representatives of the central government on the ground. Theoretically, it is not difficult to distinguish between the functions of the state and local self-government in this case: the state government and its subordinate state authorities act to fulfill mostly national, political tasks (defense, foreign relations, national financial resources, setting national priorities), while day-to-day, routine administrative functions (education, health care, social assistance and protection, public order, road maintenance, housing and communal services) are performed by local authorities. There is a certain isolation of political processes at the national and local levels. In addition, the government is not able to directly control local communities, as the latter act as fully autonomous collectives, acting in some cases as equal entities with the state. Control over the activities of local self-government bodies is exercised mainly indirectly: through central ministries and the judiciary. This model of local self-government has both positive and negative aspects. On the one hand, local affairs are fully transferred to the jurisdiction of the population of administrative-territorial units and their elected bodies and officials. On the other hand, it ensures maximum decentralization in the state governance, which complicates the coherence of decisions at different levels of the governance system and reduces its efficiency, creating grounds for various kinds of abuse. Elections held too often dramatically reduce the political activity of citizens. For example, in the United States, no more than a quarter of voters usually participate in local elections. Within the Anglo-Saxon model, various forms of coordination and control of local government activities are increasingly being used and strengthened. These include periodic inspections of the state of local affairs by representatives of central executive authorities, financial control over the use of transfers of national funds by local governments, and strengthening of legislative regulation of organizational and legal aspects of the activities of local governments and officials. Thus, the Anglo-Saxon model of local self-government is evolving towards a model of simple decentralization with increased state control over those areas of public life that were traditionally considered to be the subject of independent local self-government. The second - the continental model - is represented in France, Italy, Finland and some other countries. It is based on the combination of, on the one hand, the election of all representative and executive bodies at the primary level of self-government (in communities, communes) and, on the other hand, the appointment of authorized representatives of state power (commissioners, prefects, etc.) at the regional level from the "center". These persons are responsible for exercising control over the observance of the law by local self-government bodies of a lower administrative-territorial level, authorizing decisions of municipal representative bodies, and performing other functions of a national nature.

Thus, although administrative, organizational and financial autonomy of local self-government exists, it is significantly limited and controlled by the state authorities. This model ensures greater centralization of the management system. However, in recent years, one can observe a softening of administrative control by the state. For example, in France, the 1982 law "On the Rights and Freedoms of Communities, Departments and Regions" laid the legal basis for municipal reform, which was designed to solve the problem of a more organic combination of powers of central government and local governments. The most important provision of the law is the abolition of administrative control, which deprived local representative bodies of the possibility of free initiative in resolving issues of local importance. Governmental control has been retained, but now it concerns decisions already made by local governments and their compliance with acts of higher state authorities. If such decisions are found to be inconsistent with legislative acts, the issue is considered in administrative proceedings. In the financial sector, control was also eased and transferred to a specially created regional accounting chamber.

No territorial community can take care of another, except for clearly defined issues: the region - over the department and commune in the field of education and culture; the department - over the commune in social issues, health care, school transportation, agricultural equipment. In contrast to countries with the Anglo-Saxon model of local self-government, in countries with the continental model, local governments can participate in the exercise of power at the national level. For example, in France, municipalities participate in the elections of the Senate, the upper house of parliament, as their delegates represent the majority of the respective electoral colleges. Another model can be conditionally called the Iberian model, as it is widespread in Spain, Portugal and many Spanish-speaking Latin American countries. Here, at all levels of the administrative-territorial structure of the state, there are elected representative bodies and chief local government officials who head executive bodies (alcaldes, regidors, mayors, prefects, etc.). This model does not envisage the introduction of positions of specially appointed authorized representatives of central government bodies, but such an elected official is approved by the government as a representative of the state in an administrative-territorial unit with the right to control the activities of the representative body. In developed democratic countries, the differences between these models are not fundamental. We can even talk about a certain convergence between them - they are based on many similar principles, and the basis of local governance is recognized as representative bodies formed by the population as a result of free and democratic elections.

The so-called "Soviet" model is characterized by fundamental differences from these models of local self-government. Today, it is no longer so much of practical as scientific and theoretical interest. This model operated primarily in the Soviet Union and other countries of the "world system of socialism", as well as in some states oriented to the Soviet perspective. Nowadays, it is preserved to a greater or lesser extent in some countries (Vietnam, China, North Korea, Cuba). The "Soviet" model is based on the principle of full power of representative bodies on the respective territory. It is characterized by the hierarchical subordination of its constituent units - all other bodies are considered to be derived from and subordinate to the councils. Local representative bodies are considered to be public authorities, while their executive bodies are considered to be local public administration bodies. The latter, as a rule, have a double subordination - to a higher government body and to the respective representative body. In general, both representative and executive bodies are considered to be an integral part of the entire system of state bodies, whose main task is to implement acts of central authorities and ensure the performance of basic state functions throughout the country. They periodically report to higher authorities on their activities. In general, international practice demonstrates a significant variety of organizational systems of local self-government. Taking into account the specifics of individual countries, we can distinguish five basic systems. They differ in terms of the systemic and structural organization of local self-government, the procedure for forming bodies, the appointment of local self-government officials, the principles of relations in the management process, and accountability and control.

In order to be competitive, companies have to switch to new technologies, which entails layoffs, possibly even the closure of some business units, with negative consequences for the local economy.

For territorial communities, globalization and integration will lead to increased competition between them for financial assistance and attractiveness for foreign investors to do business in the region. Attracting investments to the region should use the advantages they have (e.g., specialization, quality of labor, labor costs). Almost all territorial communities should try to solve a number of problems that hinder regional socio-economic development. These most pressing problems include: low per capita income, which reduces demand for local goods and services and makes it impossible for businesses to invest; economic problems in agriculture and related sectors; poorly developed transportation routes, telecommunications, and energy infrastructure; weak economic management; poorly developed local infrastructure; insufficient number of jobs or their remoteness from the district center; and high unemployment.

Thus, competition between territorial communities includes important factors of regional life. Conditions for regional socio-economic development differ from one another and create certain advantages for business development.

These conditions include:

- the level of education of the region's population;
- qualification of the labor force;
- transportation infrastructure;
- level of telecommunications;
- scientific and technical base;
- availability and development of the service system;
- cultural traditions;
- state of the environment;
- recreational resources.

Changing regional economic policy is one of the prerequisites for ensuring sustainable economic growth in the country. The rational formulation of such a policy will improve the economic and social situation of territorial communities. In the future, the central government should have less influence on the formation of regional economic policy, the creation of development programs and their financing. Local economic development will focus on the guiding role of local leaders in this process. Local leaders are the main strategists in choosing the economic policy of the region, and they have the final say in choosing specific socio-economic development programs. In addition, they are the leaders of the local community, and their authority and influence are crucial in shaping the region's development strategy. The implementation of many projects depends on their ability to cooperate with other leaders and with the local community.

The ultimate goal of managing the socio-economic development of a region is to develop and implement programs for the economic development of the region, which provide for an increase in the living standards of the region's population, efficient use of natural resources, production, and labor potential of the territory, and optimal territorial division of labor.

If we look at the country's economy as a whole as a system, the region is its component, a subsystem that has a variety of direct and feedback links, both with the system as a whole and between its constituent elements.

The governance structure of the region is formed in such a way that higher-level bodies perform only those functions that cannot be performed by lower-level bodies. Regional governance structures should be flexible and adapt quickly to changing conditions.

The implementation of key management decisions and the fulfillment of socio-economic development programs of both the state and the region is carried out through the implementation of an effective regulatory policy, which includes both market regulation of economic relations and state regulatory policy.

One of the characteristic features of a region is a territory with all the natural geographical, historical, demographic, political and administrative features that form the characteristics of an ethnic community of people, determine the level of their well-being, which in turn depends on the system as a whole and on the interaction of its components - economic and social subsystems. This interaction is expressed in the presence on a given territory of a wide variety of enterprises and industries that cover the spheres of production, distribution, exchange and consumption of material and spiritual goods.

State and local governments, by establishing legislative and regulatory support for economic processes in the region, formulate regional regulatory policy to promote stable economic development in the region.

The main objective of the regional regulatory policy is to achieve the best possible economic development while ensuring the most efficient use of resources and environmental protection.

The system of general indicators characterizing regional economic development should include the following: indicators characterizing the level of population income; volumetric indicators of production growth; unemployment rate in the region; dynamics of labor productivity growth in the region; and the level of environmental pollution.

The system of general indicators can be supplemented by partial indicators that characterize the economic situation in the development of specific sectors of the production complex, a certain type of enterprise (e.g., small and medium-sized businesses, services, etc.).

In fact, the economy is the basis for the development of both countries and local communities. The main goals of economic development are the quantitative growth of population and wealth, the emergence of qualitatively new goods, values, phenomena and processes.

In the classical sense, economic development is understood as a transition from one state of the economy to another, when in the new period not only the production of goods and services that have already been produced increases, but also the production of new goods and services using new technologies takes place compared to the past. Therefore, the dominant direction of planning is to focus primarily on planning local economic development. The economy is almost always the most important, key area of all strategic decisions, but local development is more than just local economic development.

In the international territorial division of labor, some countries (economically developed) specialize in the production of finished goods, while others (developing countries) specialize in the extraction and supply of raw materials. The economic and social inequality of the world's countries is growing, subsoil is being depleted, and environmental problems are getting worse. The same is happening to Ukraine's regions, some of which are socially and economically developed, while others are lagging behind in development and opportunities, due to specific circumstances and reasons. Attention should be focused on powerful industries that can meet the needs of the domestic market and supply surpluses to foreign, and possibly international, markets.

Quite often, people do not pay attention to the environmental component of the strategic development of a local authority, which requires significant and balanced decisions, minimizing the impact on the environment and the population. The environmental component requires no less effort and money to implement development programs than social welfare.

The strategic development vision focuses on the main areas that are general enough to be pursued by the rayon administration, as well as specific enough to implement economic, social and environmental projects. The ultimate goal arising from the strategic development vision is to create high standards of living, employment opportunities and well-being, namely:

Economic component:

1. Increased production; increased productivity; creation of new jobs; competitive advantages in terms of ensuring the growth of living standards.

2. The implementation of the economic component will ensure the growth of household incomes.

Social component:

1. Improvement of living conditions; support for socially vulnerable groups; growth of social guarantees; development of public, social, communal, transport and information infrastructure.

2. Implementation of the social component will ensure the well-being and quality of life for all community residents.

Environmental component:

1. The planned actions of the local authorities are aimed at increasing the budget in the direction of environmental health, health protection and environmental preservation.

2. The implementation of the environmental component will ensure the preservation of non-renewable resources, nature and the vital functions of the environment.

Thus, in the current conditions of socio-economic development, state regulation of administrative-territorial formations is becoming a key link in the management influence. As a result, the existing problems of regulating the development of regions, caused by complex interrelated natural spatial, economic, political and social contradictions, significant heterogeneity of the country's territories, require urgent solutions.

At the same time, the implementation of state regulation of territorial development in Ukraine faces many difficulties. One of the obstacles to the state regulation of territorial development is the lack of a unified statutory procedure for "selecting" regional problems for decision-making at the state level. The main obstacles to ensuring effective state regulation of regional development in Ukraine include: lack of a systematic approach to regional policy, uncertainty of strategic prospects for regional development; insufficient use of existing state regulation instruments aimed at stimulating regional development, including depressed areas; low institutional and financial capacity of local authorities to address issues of local importance; lack of effective and efficient measures to.

It is necessary to strengthen the use of regional potential for socio-economic development of the territory with the regulation of public authorities, which will take place in the following areas:

1. improving the efficiency of the system of management of socio-economic potential in the regions;
2. finding the optimal balance between local and regional state interests;
3. improving methods of forming local and regional markets and their infrastructure in the context of ensuring the competitiveness of the national economy;
4. formation of investment policy taking into account the specifics of particular regions;
5. formation of an effective system of property management of various forms of property of different forms of ownership;
6. intensification and improvement of the efficiency of the use of local resources.

At the current stage of socio-economic development of Ukraine, the functioning of the mechanisms for implementing regional policy should be based on:

1. regulation of budgetary relations;
2. formation of a stable revenue structure of budgets of all levels; clear delineation of powers between the center and regions, as well as and between the state and local governments;

3. development of small and medium-sized businesses, organization of market infrastructure, etc;

4. creation of effective mechanisms for the functioning of the regional economy;

5. promoting the development of local infrastructure, subject to the availability of resources;

6. creation of new jobs for young people, preservation of rural and preservation of the rural population;

7. conducting an information and education program on the prospects and directions of development of territorial communities;

8. involvement of the population of the amalgamated communities in solving urgent problems of the area;

9. protection of the most vulnerable social groups.