



Economic Theory

Ivan MALYI,
Oleksandr TYSHCHENKO

**EVOLUTION OF NATIONAL, REGIONAL
AND GLOBAL FEATURES
IN MANAGEMENT OF ECONOMIES**

Abstract

This article studies the evolution of the dichotomy of the regionalization process of the economy, its original character derived from the national economy, and the separation of management functions at the regional, national and global levels. A new approach is offered to the institutional changes in the interaction between the regional, national and global features in the context of a new functional role in economic development.

Key words:

Dichotomy, national economy, globalization, regionalization, and theory of regional development.

© Ivan Malyi, Oleksandr Tyshchenko, 2012.

Malyi Ivan, Dr. of Economic Sciences, Prof., Kyiv Vadym Hetman National Economic University, Ukraine.
Tyshchenko Oleksandr, Cand. of Economic Sciences, Senior Research Scientist, Kyiv Vadym Hetman National Economic University, Ukraine.

JEL: A10.

A set of new challenges and problems that continuously accompany the civilization at the beginning of the 21st century, require alternative methodological approaches to the analysis of new trends of modern economic development. The transition of the society to radically new qualitative state, which is characterized by acute problems of economic growth resource support, increasing of permanent cyclicity, destruction of the old hierarchical structures, and the formation of new network systems, deepening of globalization, regionalization, financialisation, and innovatisation of economic processes raises the question before scientists of adequate evaluation of the mentioned phenomena in terms of determining the vector of the society movement as an organic whole. The application of various methodological tools to that study brings about different theoretical conclusions, which only reflect different aspects of a complex social organism. In this context W. Eucken noted, that the aim and object of comprehension of theoretical science is the universal, and main core in the phenomena. The aim and object of history comprehension is individual or special features and characteristics of the world comprehension. Both of these approaches are justified [1, p. 47]. The dialectic study of the national and regional features involves the use of the achievements not only in theoretical and historical sciences, but also in economics, economic geography, management, sociology, etc. The complexity, nonlinearity and contradictions of the development of different in their nature forms of phenomena and processes manifestation, which yet in the last century were relatively of isolated nature, nowadays they turned into a functionally dependent on each other constituents of the dynamic holistic social organism, reflecting the modern palette of all social transformations, that are very ambiguously treated by both scientists and representatives of mass media. In that context, the dialectic analysis of national, regional and global features in management of economies takes on a new economic substance and should be treated with understanding.

At the appointed number of current features of **civilization, the understanding of the evolution of national, regional and global economic development, modern institutional changes in their interaction** becomes important in view of the following.

First, increase in the scale and intensity of production on the one hand, and speeding up of the mobility of resources, goods and services on the other hand, comes into conflict with the institutional structure of economic management that has been developed over the last century.

Second, the information revolution and the formation of network structures are, at present, the decisive factors that determine new parameters for structural changes of the society on a planetary scale, thus altering the ratio of the elements of organization and management of the economy at national, regional and global levels.

Third, the current trends of civilization also include organic interdependent and mutual conditioning of the development of all spheres of human activity (economic, social, political, humanitarian, etc.) that makes the methods of study use the principles of interdisciplinary (ecumenical)¹ approach and verification.

Fourth, change of the human value system, strengthening of its self-sufficiency and self-identification, which is accompanied by the development of self-organization forms, raises the problem of an individualized approach to management of the economy, and strengthening of spatial localization, resulting in intensification of regionalization.

Fifth, not only the integration and creation of supranational authorities are inherent to the globalization process, but also the processes of inter-country regionalization and strengthening of a new role of national economy on behalf of which the state is an active player. The latter is an economic entity of the global economy, and that actualizes the problem proportion between the national, regional and global features in the governance of modern economic systems.

The necessity of abovementioned problem research is also due to these new phenomena of social development. The process of globalization intensification that is characterized by new role of national economies in the formation of a single global market space and accompanied by constantly repeating local and global financial-economic crises showed heterogeneous dependence of each country from the global situation.

Second, the increasing of irregularity in socio-economic development of certain regions and clusters within the country, and the growing of gap between the rich countries of the North and poor of the South, radically changes the institutional architectonics, which requires appropriate changes in the institutions of regulation at the national and global levels. In addition, the protracted nature of the current global financial crisis proves the failure of theoretical concepts to substantiate practical measures for regulating the economy, which also serves as the basis for re-consideration of theoretical doctrines and for the development of new approaches to understanding the new aforementioned complicating social processes, among which there is a the new quality of the state institute, the functional role of national and regional economies as subjects of global market and objects of the society.

Retrospective analysis of economic thought shows that in historical periods of cyclical fluctuations when epochal shifts in the industrial development oc-

¹ For more details about the ecumenical approach see [2, pp. 7–19].

cur, then the state's role in the economy is activating, and the controversial issues of critical understanding of new phenomena and processes that occur in different areas of society are put forward in economic studies. The first major scientific discussion that took place in the history of economic thought included the unjustified, from the standpoint of the present, theoretical debates between classical political economy and historical school, as well as these of social area². Long-term controversial statements of classical political economists are implied (A. Smith, D. Ricardo, T. Malhtus, N. Senior, J. B. Say, J. Mill) about universality of market economic laws, and the theorists of historical school and social direction (F. Liszt, W. Roscher, G. Schmoller, B. Gildebrandt, W. Zombart, M. Weber, W. Eucken) – about the national peculiarities of economic development.

In addition, the current stage of civilization development is also characterized by the elements of radical transformation of the society, which includes: information revolution; extension of globalization; strengthening of cultural self-identification at state creation; worsening of financial and economic instability of the global economy, and the movement of national economies towards self-preservation. That is, as two centuries ago, again the question is very relevant not so much of the growth of national wealth, but primarily the question of national economic security. New institutional and economic conditions of globalization could not affect the nature, forms and manifestations of the interaction of national, regional and global factors in the development of the economic system and the society as a whole.

Introduction of «national economy» definition to scientific lexicon is not a random phenomenon; it is the logic respond to the change of objective reality. The classics' of political economy discovery of natural laws of social development, of «economic man», economic liberalism and free trading turned the formation of civilization values of the next two centuries into the dominant doctrine. At the same time, as the analysis of present trends shows, despite the universality of market laws, each country is characterized by its inherent characteristics of national economy, economic culture, level of national income and consumption³. It was the representatives of the historical school who started the study of national peculiarities of economic development.

The category of «national economy» was used by the representatives of the historical school with the aim of separation and concentration of scientists

² It found its corroboration in the formation of the following economic schools: classical political economy, historic school, and school of geographic and spatial direction that took place in the 19th century.

³ The purpose and object of theoretical science comprehension is universal, in the main phenomena, the aim and object of historic science comprehension, it is individual or special, features and characteristics of the comprehensive world. Both studied purposes, especially in the national economic sphere, are equally eligible» – Euken. Fundamentals of National Economy. Transl. from German. / Edition by V. S. Avtonomova and others – M.: Economy, 1996. – 357 p.

and politicians' focusing on each country's specifics of development that are historically and objectively determined, thus revealing the limitations of the universal laws of market economy functioning⁴. That approach acquired a specific practical importance in Western Europe in the mid-nineteenth century, when it faced the acute issue of choosing the specific areas of economic policy. Representatives of English classical political economy supported the universal policy of open free trade, while the representatives of German historical school were for a differentiated approach. The economically advanced Britain was interested in expanding markets for its goods, while Germany's scientific elite, represented by the followers of historical school formed a new theory of national economic development and protectionist policies that allowed this country in half a century to become the industrially developed nation.

The study of the evolution of national and regional peculiarities needs to consider that phenomena from the viewpoint of history and logic, the analysis from the general to individual, from abstract to concrete. Retrospective analysis of economic thought allows to distinguish the logic of the historical interpretation of «nation» as the geographical area (D. Ricardo); region with the state borders of the production factors mobility (J. S. Mill); a set of individuals and groups subject to state and endowed with a monopoly on the state system of coercion use (F. Perroux); the center of economic activity that differs in its nature (agriculture, industry, etc.); in its origin (individual, governmental and other companies); and in its nature (competition, monopoly, etc.) (R. Bar). The evolution of the doctrine of national economy, as illustrated by the analysis of the named authors' works, is based on the selection and interpretation first, of the category of «region»⁵, which gradually evolved into the «national economy».

The formation of spatial (regional) economy, as the scientific direction started in the first half of the XIX century and lasted for more than 100 years.

The emergence of this trend in economic science was objectively caused by the fact, that the study of economic problems specifically through the prism of market fundamentalism that dominated for a long time, were unable to consider and explain the features and peculiarities of national economies functioning, relying only on general economic indicators and trends, without taking into account local factors.

⁴ G. Schmoller substantiated a genetic code of national economies, the creation of which is influenced by social, historical, national-psychological, ethnic and even anthropological factors.

⁵ The period of formation of classical political economy and historical school (historical political economy) reflects the realities of social development in Western Europe of the sixteen – nineteen centuries, when two logically contradictory processes :actively developed: on one hand, the development of market relations (trade, competition, export of goods, etc.) required unlimited freedom, and on the other – attributes assertion of statehood in many European countries, accompanied by the formation of various barriers to the movement of goods, which was reasoned in the mercantilist concept.

Initially, the efforts of the researchers (J. Thunen, W. Launhardt, A. Weber, V. Kristaller) were based on a single methodological approach. The authors while considering the economic problems of location in space proceeded from the microeconomic interests of a particular enterprises or industry. The value of the works of the scholars who were the first to study the issues of spatial economy lies in the fact that they offered quantitative methods for evaluating the effectiveness of placement of various industries and enterprises, which became the basis for the development and application of modeling techniques in predicting the development of national economy, including that at the regional level.

Subsequently, German scientist August Lösch for the first time in economic science considered territorial spaces not at the level of individual enterprises or settlements, but at the level of economic regions through analyzing the following factors: the tax system, technical progress, the proximity to the border, and inter-regional competition [3]. That type of problem found appraisal among economists. For example, M. Blaug noted that Lösch was moving towards creation of a modern macroeconomic theory of cities and regions, and was moving away from the microeconomic theory of locating businesses in the traditions of Launhardt and Weber, and the title itself of the theory well reflected its mission – to identify the links between economic districts and states [4, p. 581].

A. Lösch idea respectively the necessity to use macro-economic approach in the study of spatial development of national economy was further developed in the studies of E. Hoover [5] and W. Izard [6]. Since that time (the second half of the twentieth century.) the macroeconomic approach when considering spatial issues became dominant in the researches of foreign scientists.

Understanding of the importance of regional factors' influence the overall development of national economies and the need for taking that fact into account made the researchers deeply study spatial economic development, which resulted in the development of several theories. Certain provisions of these theories are of applicable character, and so far did not loose their relevance today, especially in the recommendations of the state regional policy.

The most prominent theories that have been developed by scientists of various countries are the following: the theory of polarized development (G. Myrdal – Sweden) [7]; the theory of «growth poles» (F. Perroux), J. Boudeville, H. R. Lausen, P. Pottier – France) [8]; the theory of «center-periphery» (J. Friedman – USA) [9]; the diffusion of innovations theory (T. Hagerstarnd – Sweden) [10]; and its development in the model of «volcano» (J. Hirsch); the theory of economic zoning (in the origin of which were Soviet scientists M. Baranskyi. and M. Kolosovskyi; later this direction was developed by M. Nekrasov) [11, 12]; the theory of industrial clusters (M. Porter – United States) [13, 14]; and the development on that basis of the theory of regional clusters (M. Enright – United States); the theory of accommodation (J. Bos – Nether-

lands) [15]; the theory of placing industrial complexes (K. Ritcher, M. Streit, S. Czamanski,) [16–18]; and the new economic geography» (P. Krugman) [19–21].

Active studies of the spatial development were not left without attention of the scientists in late 20th – early 21st century, and that is the proof of its relevance for the substantiation of specific areas of public administration of economic development practice in current conditions of globalization and for the future.

Nowadays the scientists have been developing such badly needed the newest research areas as the development of regional competition (the concept of competitive regionalism – M. Keating and J. Loughlin [22]; the concept of competitive cities – Ch. Jensen-Butler, A. Shachar, J. Van Weesep [23]; concept of techno-cities – J. Donwvey and J. McGuigan [24]; European regional competition model – J. Simme [25]); divergence and convergence of regional development (V. Chuzhikov [26]); intensification of peculiarities of the regionalization processes, including the European regionalization (UA Wannop [27], M. McGinnis [28]); the combination of processes of regionalization and globalization (V. Mikheiev [29]); development of cross-border cooperation (G. Rongxing [30], N. Mikula [31]) and others.

In our view, the modern disturbance of the regionalization processes, though acquires stable trends, but from the standpoint of institutional changes remains as a transitional form of a new economic order. It is understood that any organizational and legal formation of regional economic institutions are derived from the institutional architectonics of the state and national economy.

The regional feature exists specifically under necessity to resolve problems and achieve short-term goals. **The regional factor is derived from the national one, which defines its limits. This equally is applied to processes of regionalization in the country, as well as in inter-country regionalization.** Primarily, this refers to the management when the regional organization and management formations are delegated the relevant authorities as for the solution of certain institutional tasks entrusted to them. **The root of the matter** is, that the state as the original and basic institution of national economy, subjectively defines the limits and specific organizational and economic forms of regional structures and institutions for their governance.

The formation of the «regional» feature is preceded by the separation in science of such categories as area, zone, and district. The common feature of all these definitions is the separation of the territory under its inherent feature, and the difference between the territories is observed among other special features which are specific to the area. The complexity and depth of the territory differences is increasing from the area to zone, and further also to the district. That is, the district is a specific territory that distinguishes from other territories with the series of the following factors: geopolitical and economic – geographical significance; natural and climatic conditions; business climate and investment attractiveness; environmental situation; resource provision; market capacity, etc.

The paradox of the dichotomy evolution of the national and the regional features consists in the fact, that having been separated from the «regional», national economy over the past two centuries passed a long path of its institutionalization, having turned at the present stage into the active subject and object of the global economy. The development of economic processes in the last two centuries mainly occurred within the national (state) frameworks that in the macroeconomic theory were called a «closed economy». Actually, all macroeconomic models of economic equilibrium and state regulation are based on the localization of economic processes in national frameworks⁶. At the same time, scale in production volumes, mobility of resources, complications in sharing the results of the activities, and institutional changes in the system of human values and behavior led to emerging of contradictions between the methods of regulating the national economy and its goals, which actualized the problem of regional development in the new institutional environment. That is, according to the laws of dialectics, the national, having emerged from the regional at the initial stage of the formation of statehood and a market economy, is contradictory to its nature, thus producing the selection of the regional, based on recent institutional changes and active processes of globalization. That reality of the world could not but cause a palette of different viewpoints on this process, which also actualized the problem of scientific interpretation of the dialectics of the national – the regional – the global.

However, the characteristic feature and a paradox of world scientific thought development was the ignorance of classic economic theories of territorial peculiarities of the socio-economic processes development, and that draw attention of famous scientists – M. Blaug (England), H. Bos (Netherlands), P. Krugman (USA). According to reasonable comments of the latter «economy exists and takes place on the map...» [32].

This lack of understanding of regional factors importance significantly complicated and continues to complicate the theoretical foundation (substantiation) of macroeconomic and regional policy (which in fact should be simultaneous and mutually reinforcing each other), and therefore it also reduces the effectiveness of state management of national economy's development rates.

The subject of national economy appears to be the knowledge of specific phenomena in their temporal and spatial determination and concrete forms of manifestation of universal variability of economic phenomena and laws: exchange rates; price; rents; demand; supply; laws of labor productivity growth; concentration of capital; cash flow, and more. Unlike the classical and neoclassi-

⁶ Due to the intensification of internationalization and globalization of the economy at the turn of XX and XXI centuries, the economists have increasingly begun to pay attention to the theory of regulation under the «open economy» – see., for example, «Mandell-Fleming Model» [I. Radionova. *Macroeconomics: Theory and Policy: Tutorial.* – K. Tucson, 2004. – 348 p. – pp. 288–300].

cal theory, which examines the universal elements of economic phenomena, the theory of national economy is associated with a comprehension of the particular, or rather the individual, except the cost and dimension forms of the manifestations of the universal economic trends of development [1, p. 46]. The economic literature emphasizes the organic integrity of national economy, which is inherent in the following general features [33, p. 24]: close economic ties between the economic entities on the basis of labor division; common economic space, characterized by a single economic legislation; the introduction of a single currency unit; the common financial and monetary system; the existence of the state as a single economic center, which performs regulatory and coordinating role with the tools of macroeconomic policy; the common system of economic sovereignty; and territorial integrity. The development of the system of national accounts⁷ is a great worldwide scientific achievement of economic science. Now it became defining practical measurement tools of macroeconomic parameters, and the dynamics of national economy.

The formation of gnoseological roots of national economy should be searched in the analysis of the state as the initial basic institutions that precisely defines the spatial, historical and economic limits of its (national economy) functioning. Only the state as a social phenomenon remains for several millennia the most stable organization in its institutional role within which there is circulation of material and financial resources, measure of performance and effectiveness of social work, welfare and social progress. Admittedly, the typology of state changes, just like its functions change, and scope of activities, the relationships between the countries, but the constituent rules of human activity, determined by the state, like thousands of years ago and today, remain crucial to all other areas, including the economy and public management.

Institutional framework of national economy is the state, as far as it is the highest, comprehensive and stable (over several millennia) organization that provides unity of citizens and economic entities in the spatial and temporal limits, and it subjects their activities to achieve socially defined goals. Basic political, social and legal norms form the basis of production location, exchange, distribution and consumption of material goods [34, p.688]. Institutional environment determines the main direction of the system development, direction and speed of institutional changes, as well as those benchmarks against which the formation and selection of the most effective economic and social institutions are created.

⁷ The system of national accounts was developed by the UNO Statistics Commission, and since the 60-s it has been offered to all the countries as the standard system for calculation of statistical indicators of national economic activity. Significant contribution to the development of modern SNA did American economist Simon Kuznets (1901–1985) and the British economist Richard Stone. The first countries that started using SNA, were England, USA, France, Germany, Scandinavian countries. Today the system of national accounts is used practically in all countries worldwide. [Kyrylenko VV Economics [Text]: Training manual / V. V. Kyrylenko. – Ternopil: Economic Thought, 2002. – 154 p.]

The level of institutional environment determines the specificity of national economy and the relative isolation of the regionalization processes.

From the standpoint of the correlation between the general and the sporadically, the region can not be seen only through the prism of its geographical, cultural and resource features. In analyzing the current state of the development of the regional peculiarities there should be primarily considered radical changes of institutional nature taking place in modern society. Today the region has turned into a new institutional factor of economic progress, due to which the public development acquires new features. In our view, the growth of regional significance is conditioned by the following circumstances.

First, the scale growth of goods and services production, particularly *speeding up of their movement mobility, and searching new markets do not fit the old institutional framework of national and world economies, which could not but affect the respective forms of regionalization.*

Second, the development of network economy contradicted to the stiffen hierarchical control system, which also became a precondition for regional intensification.

Third, in search of areas for improving the production efficiency, the entrepreneurship focuses not only on the limiting productive use of classical factors of production (labor, capital, entrepreneurship and innovation), but also on the use of the space factor that reflects the unevenness of intensive utilization of resources and levels of consumption. Especially this factor is implemented in inter-country regionalization, as far as there is difference between the countries in respect of capacity and density of markets.

Fourth, the need to *solve environmental and social problems* in the region also contributes to the revitalization of regional economic activity that takes appropriate organizational and economic forms (free zones; port cities; regional alliances, etc.).

The latest stage in the evolution of national and regional peculiarities, and contradictions between them, which still requires scientific understanding, and the development of methodological approaches towards their monitoring and substantiation for the adoption of appropriate management decisions, is accompanied by active **de-regionalization (both intra- and inter- country)** of socio-economic processes in terms of regulation, which can be characterized as follows:

1) Accommodation and employment of a large number of people in different regions or even in different countries (migrant-workers), and uncontrolled cash injections into the economy. As a result, the evaluation of economic activity (both, in the regions of migrants residence, as well as in the regions where they work) is distorted; social assistance to certain groups is inadequate with their true financial situation; lack of budget revenues to actual needs of the territories, etc.

2) Thanks to modern means of communication, possibility of information sharing and the existing legislation field using for conducting business and managing it without being tightly bound to particular territories (creation of branches, representative offices, subsidiaries), which greatly complicates the enforcement of legal norms; promotes abuse in the economic sphere and, encourages asymmetric distribution of financial resources, especially of tax revenues to regional budgets.

3) Due to the high possibilities for people to move (development of transport infrastructure and high-speed vehicles) mismatch between the places of incomes and expenditures, which complicates the assessment of real living standards and makes the efforts of the authorities absolutely ineffective to influence the development of social sphere.

4) The development of financial institutions, of modern forms and methods of payment, as well as significant territorial differences (especially inter-country) in the value of «consumer basket» is leading and has already led to a change in mass consciousness of people, who quickly adapt to new opportunities respectively ensuring a high quality life without much efforts.

As an example, we can take the foreigners who temporarily (and in fact, for permanent residence) move to Ukraine without changing citizenship. They rent housing and live off the incomes, which they receive from their countries, in particular, pensions or social aids. (Information for meditation – retired scientists in the developed European countries is paid about 3000 euros, and teachers of secondary schools – 2200–2500 euros. These revenues today are able to provide a high standard of living in Ukraine and a high level of consumption of material goods).

This manifests the destruction of centuries-old classical ideas about the need to keep to the lifestyle that can be described like the following chain:

Socially useful work —→ *related income* —→ *high standards of living*.

That is, in current conditions macroeconomic theory does not work for a closed economy.

Nowadays, these processes are not taken into account by the governments in the developing of macroeconomic policies, in identification of specific areas of individual territories, while within the scale of the country they enhance the socio-economic disparities through non-possession by the public authorities of the real situation concerning the needs of the population's real incomes, lack of opportunities for financial support of social infrastructure development

All this requires a new perspective on the evolution of the processes of the «national» and the «regional» features as well as theoretical substantiation of the level of development assessment of both, national economies, and their individual territorial formations.

The study of the development of the national and the regional peculiarities permits, in our opinion, to make a synthesized retrospective analysis of the formation and interaction of all the above factors, also to consider new paths of civilization. Moreover, the competitiveness of national economy is increasingly depending on regional factors (nature of the spatial location of production, availability and condition of the infrastructure, features of economic relations between different regions within the country and their relations with the outside world); on the state of innovation distribution, the solution of migration, environmental and social problems which is able now only due to joint inter-country efforts. Responsible regulation of rates and proportions in each region, in the interregional context requires a proper coordination with rates and proportions of the national economy development as a whole, and crucial importance for the effective management is the problem of «methodology and methods of the solutions coordination, that are prepared at various levels of management hierarchy, including all-national and regional» [35, p. 24]. The national and the regional features in terms of deepening globalization have turned into a real factor of both, the progress of civilization as a whole and of the development of national economies, while their organizational and economic forms were to determine the new modern institutional environment. The dialectic understanding of the national and the regional components in the economy will allow developing the adequate management tools and improving the effectiveness of the state institute influence on the development of civilization.

The current crisis of civilization progress and social sciences raises the the problem of scientific development of a new vision of social structural changes, among which the new organizational and economic forms of interaction between the national and the regional are observed. In this context W. Eucken's warning is methodologically correct that there is only one real world, and its comprehension with its all big problems is the goal of any science. At the same time, the dialectic of the national and the regional features does not fit the present structure of social sciences, where social, legal, political, economic and other components of the social sciences are distinguished. «The division of science into different classes, said W. Eucken is a specifically literary, bookish device, and it has nothing to do with life, and therefore does not play any practical role» [1, p. 47]. Indeed, the present realities indicate activation of the processes of organizational and economic aspect of inter-country regionalization, which accumulates a modification of the economic, political and legal aspects.

Enhancing the internationalization of world economy in the second half of the twentieth century is a sign of process completion of separate national economies and the beginning of a new stage, that is, the stage of inter-country integration. In this context, an idea is quite reasonable that «the level of national economic development, defining its position in the global economic system, is estimated with the rate of utilization of national wealth to ensure the high-level of the population life quality, national security and the competitiveness of the coun-

try on international markets of goods, services and capital» [36, p. 40]. The theory of determining the level of national economic development is based on the use of aggregated macroeconomic indicators reflecting the efficiency of national wealth, and the indicators that measure the competitiveness in the security of national economy.

From the standpoint of the space and time criteria, the national economy, the institutional framework of which is a state, is characterized by the subject certainty, implying that it provides an organization; clearly defined territorial boundaries; and a stable name, publicly and legally recognized by the society. Each national economy has its own history. At the same time, the region or district in the economic context is neither political nor administrative unit⁸. We use a «district» and a «region» as synonymous terms that determine the specific combination of natural and economic factors, thus creating homogeneity of economic and social infrastructure. A region is a homogeneous area of the territory, which is characterized by uniformity in its core, and has no clear boundaries. In economic and geographical science the region can be understood as both, small size and relatively large space (such as the East Asian region).

The XXIst century is marked by the disturbance of the regionalization activity as an economic factor in the progress of the society. The recognition of regional studies as a science is a theoretical reflection of the processes reality that is particularly important in the modern period⁹. The relevance and significance of the problem of regionalization suggests at least the fact that on December 4, 1996 over three hundred European regions with different territories and politico-administrative structures adopted the Declaration on regionalization in Europe, initiated by the Assembly of European Regions.

The concept of further regionalization of the State management of socio-economic development in the near future should acquire a specific content. It should well take advantage of international regional cooperation, including the formation of cross-border networks and inter-regional cooperation with the European Union, Russian Federation, Belarus Republic; and the development of «Euroregions» and the Programs of cross-border cooperation (especially, in the direction of «Poland – Belarus – Ukraine», «Hungary – Slovakia – Romania – Ukraine») [37, p. 96].

In conclusion, we note that the proposed methodological approaches to the consideration of unity and contradictions between the national and regional

⁸ In domestic science the terms are very frequently used to describe different in its nature phenomena. For example, «district» is used as a geographical term to explain the economic and geographical area, and also it is used as a political entity.

⁹ Significant contribution to the development of regionalization was made by Ye. Vorotin, Z. Herasymchuk, A. Granberg, M. Dolishnii, B. Leksyn, V. Chuzhikov, A. Shvetsov and others.

factors have to be developed and implemented as specific administrative decisions of modern strategy and tactics of social and economic policies of the state.

The theory of the dialectic understanding of the national and regional factors provides the effect on the ideology of state formation, the development of sound public policy of national economy, the development of new standards of training specialists in economics that has fateful implications for the competitiveness of the economy of Ukraine.

Bibliography

1. Ойкен В. Основы национальной экономики: Пер. с нем. / Общ. ред. В. С. Автономова и др. – М.: Экономика, 1996. – 357 с.
2. Малий І. Й., Диба М. І., Галабурда М. К. « Держава і ринок: філософія взаємодії: Монографія / За заг. та наук.ред д-ра екон. наук, проф. І. Й. Малого. – К.:КНЕУ, 2005. – 358 с.
3. Леш А. Пространственная организация хозяйства. – М.: Наука, 2007. – 662 с.
4. Блауг М. Экономическая мысль в ретроспективе. Пер. с англ., 4-е изд. — М.: Дело Лтд, 1994. — 720 с.
5. Hoover E. M. The Location of Economic Activity. – New York, Toronto, London. – McGRAW-HILL BOOK COMPANY, INC. – 1948. – 336 p.
6. Изард У. Методы регионального анализа: введение в науку о регионах. – М.: Прогресс, 1966. – 659 с.
7. Myrdal G. Economic theory and under-developed regions / G. Myrdal. – N.Y.: Harper & Row, 1957. – P. 34.
8. Перру Ф. Экономика XX века (див. у: Мировая экономическая мысль. Сквозь призму веков. В 5 т. / Сопред. редкол. Г. Г. Фетисов, А. Г. Худокормов. – Т. 4. Век глобальных трансформаций / Отв. ред. Ольсевич. – М.: Мысль, 2004. – 942 с. – С. 402–414.
9. Friedmann J. Regional development policy / John Friedmann. – A Case Study of Venezuela — MIT Press, 1966. — 279 p.
10. Hagerstrand T. Innovation diffusion as a spatial process / T. Hagerstrand. – Chicago: University of Chicago Press, 1967.
11. Колосовский Н.Н. Теория экономического районирования. – М.: Мысль, 1969. – 336 с.

12. Некрасов Н.Н. Региональная экономика: теория, проблемы, методы. – 2-е изд. – М.: Экономика, 1978. – 344 с.
13. Портер М. Международная конкуренция: Пер. с англ. / Под ред. и с предисловием В. Д. Щетинина. – М.: Международные отношения, 1993. – 896 с.
14. Портер М. Конкуренция: Пер. с англ.: уч. пос. – М.: Издательский дом «Вильямс», 2001. – 495 с.
15. Бос Х. Размещение хозяйства. – М.: Прогресс, 1970. – 157 с.
16. Richter C. The impact of industrial linkages on geographic association // *Journal of Regional Science*. – 1969. – V. 9.
17. Streit M. Spatial association and economic linkages between industries // *Journal of Regional Science*. – 1969. – V. 9.
18. Czamanski S. Identification of industrial clusters and complexes: a comparison of methods and findings // *Urban Studies*. – 1979. – V. 16.
19. Krugman P. Scale Economies, Product Differentiation, and the Pattern of Trade // *American Economic Review*. – 1980. – Vol. 70, No 5. – P. 950–959.
20. Krugman P. Increasing Returns, Monopolistic Competition and International Trade // *Journal of International Economics*. – 1979. – Vol. 9, No 4. – P. 469–479.
21. Krugman P. Increasing Returns and Economic Geography // *Journal of Political Economy*. 1991. Vol. 99, No 3. P. 483–499.
22. Keating M., Loughlin J. *The Political Economy of Regionalism*. – London – Portland: Frank Cass, 1997. – 491 p.
23. *European Cities in Competition* / Ed. By C. Jensen-Butler, A. Shachar, J. Van Weesep: Brookfield, Vermont: Avebury, 1997. – 530 p.
24. Donwvey J., McGuigan J. *Techno-cities*. – London: Save Publication, 1999. – 500 p.
25. Simme J. (ed.). *Innovative Cities*. – London: Spoon Press, 2001. – 254 p.
26. Чужиков В. І. Глобальна регіоналістика: історія та сучасна методологія: Монографія. – К.: КНЕУ, 2008. – 272 с.
27. Wannop U. A. *The Regional Imperative: Regional Planning and Governance in Britain, Europe and the United States*. – London: Jessica Kingsley, 1995. – 441 p.
28. McGinnis, M. *Bioregionalism*. – London: Routledge, 1999. – 525 p.
29. Михеев В. Логика глобализации и интересы России // *Pro et Contra* / – 1999. – Т. 4. – № 4. – С. 49–64.

30. Rongxing G. Border – Regional Economics: Contribution to Economics. – Heidelberg: Physica Verlag, 1996. – 185 p.
31. Мікула Н. Міжтериторіальне та транскордонне співробітництво: Монографія. – Львів: ІРД НАН України, 2004. – 395 с.
32. Кругман П. Пространство: последний рубеж. // Пространственная экономика, 2005. – №3. – С. 121–126.
33. Національна економіка: навч. посіб. для студ. вищ. навч. закл. [Білоцерковець В. В., Завгородня О. О., Лебедева В. К. та ін.]; За ред. В. М. Тарасевича – К.: Центр учбової літератури, 2009. – 280 с.
34. Уильямсон О. И. Экономические институты капитализма. Фирмы, рынки, «отношенческая» контракция / О. И. Уильямсон. – СПб.: Лениздат; CEV Press, 1996. – 702 с.
35. Поповкін В. А. Регіонально-цілісний підхід в економіці. – К.: Наукова думка, 1994. – 219 с.
36. Градов А. П. Национальная экономика. 2-е изд. – СПб.: Питер, 2005. – 240 с.
37. Модернізація України – наш стратегічний вибір : Щорічне Послання Президента України до Верховної Ради України. – К., 2011. – 416 с.

The article was received on May 10, 2012.