



Regionalization in European Economic Area

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**THE CONCEPT
OF REGIONAL REFORMS IN UKRAINE
UNDER THE NUTS**

Abstract

The article elaborates on the concepts of region and regionalization. The authors show ways for adopting the European system for unification of regional units (NUTS) in Ukraine. The authors systemize and classification European countries into unitary, regional and federal states; highlight the conditions for regionalization; and study the aspects of subsidiarity in the context of the on-going decentralization. The authors provide substantiation for approaches to reformation of the administrative and territorial structure of Ukraine and develop the historical-economic approach to its regionalization, according to which Ukraine is viewed as a unitary state comprising 19 krays: Donbass, Galicia-Bukovina, Slo-boda Ukraine, Land of Kyiv, Central Ukraine, Black Sea Region, Pontic Steppe, Left-Bank Ukraine, Podolia, Right-Bank Ukraine, Carpathians and Zakarpattia, Pryazovia, Eastern Volhynia, Western Volhynia, Western Polissia, Budjak, Eastern Polissia, Land of Severia, Taurica.

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«Region» and «regionalisation» as categories of economic science

It is imperative to the world economy that region-specific systems and mechanisms be included in the global economic development process. The growing strength of the global factor does not remove regional elements, but on the contrary, it diversifies them, simultaneously making them relatively independent and efficient. In the global economy, regionalisation eventually becomes an «inertia drive» set to work by the global drive mechanism in order to solve the tasks of human civilization development.

A point of departure for any research into the conceptual problems of regions should be the fact that the term «region», throughout its very evolution and application as an independent entity, has always been connected with a territorial aspect, probably thanks to the Greeks who set up a town in southern Italy, which was named «Reggio» during the times of the Roman empire and is known as «Reggio di Calabria» today. The term «region» acquired broad acceptance in socio-economic sciences as a concept connected with locational theories, with its contents varying depending on the geographic, spatial, national, administrative, military, and other attributes that are being studied. Thus, it would be appropriate to define «region» in a broad sense as a territory which has been delineated for the purpose of performing some action.

However multidimensional and interdisciplinary the regional science may be, it is based on regional economics which has expanded in the course of unfolding globalisation to include political, social and ecological factors. It deals with matters of regional planning and territorial development in a whole range of aspects specified depending on the tasks that arise in one location or another –

from environmental to ethnocultural and to international relations globally. In practical and political activity, we often encounter problems that are region-specific, such as mining, local provision of public goods, or management of a battleground.

When considering regions in the broad sense of the word, it is worth specifying them territorially. Thus, for example, starting from 2015, Ukraine initiated a regional reform. However, experts admit that this reform cannot qualify as «truly» regional in nature since the regions remain all the same. In reality, what we see is the process of decentralization, or partial redistribution of powers between the central government and local communities. In this case, the region can be defined as stated in the Declaration of the Assembly of European Regions: «A region is the territorial body of public law established at the level immediately below that of the state and endowed with political self-government. The region shall be recognized in the national constitution or in legislation which guarantees its autonomy, identity, powers and organisational structures» (Basel, December 4, 1996).

With such an approach, the scope of the «region» as a specific category of socio-economic sciences is limited by legislative decisions, which does not always correspond to historical, economic, cultural, geopolitical, and other factors of territorial development. Instead, such a definition turns the region into a politically assigned territory without reference to its identity. For example, when Ternopil oblast was created on December 4, 1939, its assigned elements became the eastern part of Galicia and a part of southern Volhynia. Along with that, the historical region of Galicia includes western Ukraine and south-eastern Poland, in particular the territories of modern Lviv, Ivano-Frankivsk and Ternopil (except for its northern part) oblasts of Ukraine in addition to Sub-Carpathian Voivodeship, Little Poland Province and a part of Silesian Voivodeship of Poland. The area of the historical region of Galicia, which is 55 700 km², approaches that of the modern Ukraine, which is 603 628 km².

The Committee of the Regions in its Statute of 1994 offers a broader interpretation of the region, defining it as «a territory, which represents an obvious geographical unity or such a territorial unity, which has historical legacy and population that shares common values and attempts to preserve and develop its identity in order to promote cultural, economic and social progress» (Pysarenko, Gorin, Ukrainets and others., 2012).

The content of the region as a term varies depending on the goals pursued by scientists and practitioners. It is used for management of certain territories within countries, creation of economic and political alliances, cultural development of ethnic minorities, etc. The region always associates with some territorial space. Along with that, the one and the same territory can belong to different regions or represent an autonomous region. At that, legislative delineation of re-

gions is by far not always required. This is especially true for geographic, historical, ethnic, cultural, and tourist regions.

It should be noted that existing research on regional issues focuses mostly on the regions that were legally enacted and represent administrative-territorial divisions of the country. However, other types of regions are also very important for socio-economic development. Environmental problems, for example, are aggravating in the geographical regions the borders of which by far do not match those of the administrative-territorial units. A similar situation is common for historical, cultural and tourist regions. Historical regions need that action be taken to preserve cultural heritage and develop ethnic minorities. Tourist regions require that measures be taken to increase their attractiveness by attracting investment and improving the quality of health-improving and other services. These problems are often not given priority by the authorities of the regions created as regular administrative-territorial units.

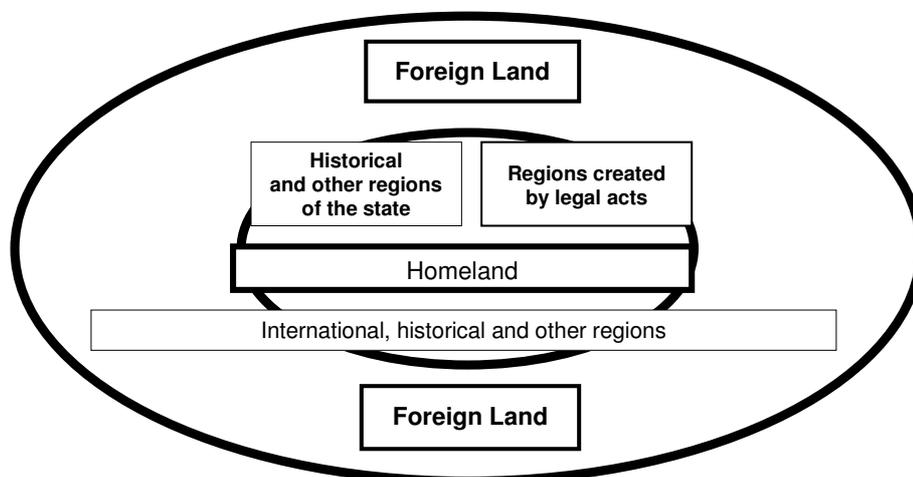
The growing openness of national economies, increasing integration, and internationalisation of all social spheres shape the directions for development and resurgence of regions internationally. Borders are no longer a constraint to regionalisation. On the contrary, they become a factor in the emergence of new regions (Figure 1). Borders were an important factor in the establishment of euro-regions over the recent decades; border regions are producing a significant influence on economic development. The internationalisation of socio-economic processes gives rise to new forms of interaction within historical borders, which calls for the development of localized international relations beyond the existing state borders.

The systematic representation of regional diversity was given by Waever (Wæver, Joenniemi, 1991), who distinguished three types of regions: micro-regions, trans border regions and interstate regions. The first group consists of areas located within the state borders; trans border regions include territories which belong to communities of the neighbouring countries, which develop cooperation on a broad circle of questions at the level of citizens and the state; interstate regions represent integration unions at the state level.

The growing role of regional factors in human development was termed as «regionalisation». Regionalisation can be interpreted in an operational sense as a local process or a purposeful activity. Objectively, it is a product of redistribution of the global space in line with territorial, economic, political, and other interests. The economists mostly study regionalisation in the aspects of regional planning or allocation of resources (usually, funds) among delineated territories. In terms of economic policy development, the ideas of regionalisation can be used to solve some location-specific problems which require the reallocation of resources. As N. Myrna (Myrna, 2013) states: «Regionalisation is often understood as a process of gradual changes in the territorial division of a country and its legislative enactment, the typical features of which are deconcentration, division of authority within the single political system and decentralisation».

Figure 1

Formative processes in the regional economy



Source: Developed by the authors.

When studying the issue of regions and taking into consideration the diversity of their territorial structures, it is necessary to find a specific meaning for each of them. The processes of localisation take place in different spheres, thus their respective contents and effective forms of expression should be revealed. As I. Pietrzyk (Pietrzyk, 2000) admits, when analysing the EU practice «the term «region» should be thoroughly described in each separate case, as there is no definition that would fit the enormous diversity of regional structures which exist in the European Union» (Pietrzyk, 2000). The term «region» can be interpreted as the structure of a federal state, as well as subdivisions that have political, administrative and financial autonomy. An example of the latter is Belgium, which is divided into three regions: Brussels Capital Region, Wallonia and Flandria. The historical, geographical and cultural territories (Bawaria and Flandria), as well as administratively or politically assigned spaces (the majority of German and Austrian lands), are also recognized as regions. Among the economists, it is common to use the term «region» to designate an assumed space (for example the area of south-eastern Ireland), while sometimes it is affiliated with spaces that do not have common borders (for example, the so called European quadriga including Baden-Wuerttemberg, Catalonia, Lombardy, and Rhône-Alpes).

It should be noted that the concept of «regionalism» is also used in scientific literature and especially administrative practice. It is sometimes mentioned

as a synonym for regionalisation. However, regionalisation has very little if something to do with regionalism; in fact, it has quite the opposite meaning. According to N. Myrna (Myrna, 2013), «regionalism» has to do with redistribution of certain powers of the central government in order to give territorial institutions an intermediate status between the central and local levels; «regionalisation» has to do with the process, thanks to which central political and administrative institutions respond to regional needs. We can assume that the roots of regionalism are to be found in the periphery, while regionalisation is the response to it from the centre». A more accurate interpretation of this term was given by Y. Mashbits (Mashbits, 1991), who defines «regionalism» as the fact that there are districts in the country, which have major natural, economic, social, and ethno-cultural differences. But the most important fact about regionalism is that the people living in one area or another perceive it as their homeland, that is, they are indivisibly connected with it by close economic, and primarily spiritual and cultural ties.

When considered in the Ukrainian society, regionalism manifests itself in the fact that inhabitants of separate territories are aware of their importance for economic development and, moreover, of the need to preserve and further develop their cultural and spiritual heritage. However, the disbalance between these factors should by no means be tolerated, so that one of them is absolutized or even praised. One example of negative consequences of such an excessive «provinciality» are Luhansk and especially Donetsk regions, the former governors of which were spreading the myth that the central government redistributed their gross regional product in favour of other regions, thus worsening the well-being of local population. At the same time, they silenced the fact that these regions received the largest subsidies from the state budget, channelling them to unprofitable enterprises. The «regionalism» of this kind has finally become one of the main causes of separatism.

It should also be admitted that factors leading to separatism might appear in almost any region of the country. In order to block their influence, it is necessary to design a mechanism of healthy inter-regional competition balanced by cooperation and mutual assistance. Instead, significant attention should be paid to issues of satisfying the cultural and spiritual needs of regional population at the individual level.

Regionalisation is the term that can be applied globally as well. In this respect, we can speak of integrated groups of countries that are, as a rule, territorially proximate and strive to promote economic development by unifying legislation and removing administrative barriers to movement of goods, labour and capital. Ukraine is a member of many regional associations. Free trade areas have become very popular nowadays. Ukraine signed free trade agreements with the European Free Trade Association (EFTA), the CIS countries, as well as Monte Negro, Macedonia, Georgia, Azerbaijan, Uzbekistan, Tadjikistan, and Turkmenistan. The EU-Ukraine free trade area is currently being formed.

In public law, there is a clear distinction between the concept of «regionalisation», which is used only in the countries which practice administrative division into regions, and the concept of «decentralisation», which is used in public administration of the countries which have no regional divisions. In order to develop a uniform approach to comparison of these concepts, we need to distinguish between legislative and administrative decentralisation. We can also allow for political decentralisation, which can take place in international relations within the borders of geographical regions, while administrative decentralisation takes place within states.

The European system for unification of regional units (NUTS) and Ukraine

Starting from 2016, the launch of the Association between Ukraine on the one hand and the European Union and its member states on the other hand gives additional urgency to the development of integration processes between them in the regional dimension. They have global, national and local aspects. Article 9 of the Association Agreement states that «The parties shall intensify their joint efforts to promote stability, security and democratic development in their common neighbourhood, and in particular to work together for the peaceful settlement of regional conflicts» (Verkhovna Rada of Ukraine, 2014). This is preconditioned by the fact that in the modern world, civilized countries are facing global risks, which cannot be mitigated without international solidarity, especially what concerns regional communities. Strong partnership on the borders of European countries must provide for creation of secure environment, crisis mitigation in the common region, economic growth in the poorest regions, and settling of the prime causes for migration.

In the conditions of associative union with the EU countries, regional integration is not limited to the national level. It will also actively develop among territorial-administrative units of the countries as well. Article 446 of the Association Agreement states that «The parties shall promote mutual understanding and bilateral cooperation in the field of regional policy, on methods of formulation and implementation of regional policies, including multi-level governance and partnership, with special emphasis on the development of disadvantaged areas and territorial cooperation, with the objective of establishing channels of communication and enhancing exchange of information between national, regional and local authorities, socio-economic actors and civil society» (Verkhovna Rada of Ukraine, 2014).

The development of Ukraine as a large European state, which uses the opportunities and advantages of European integration, should be realized with

local and regional authorities being involved in transborder and regional cooperation. This entails creation of favourable legislative base that would incorporate the achievements of European civilization. Finally, European integration for Ukraine should provide for considerable enhancement of the transborder and regional economic relations and business partnering, growth of employment, and settlement of social problems. Regional level has multi-aspect directions for the development of integration processes. In this respect, the most effective industries are transport, energy generation, communication networks, culture, education, tourism, healthcare, and coordination of emergency services in the conditions of situations. Finally, European integration for Ukraine should provide for considerable enhancement of transborder and regional economic relations and business partnering, growth of employment and settlement of social problems. The regional level has multi-aspect directions for the development of integration processes. Especially effective in this respect are such industries as transport, power engineering, communication networks, culture, education, tourism, healthcare, and coordination of emergency services.

The current system of territorial-regional organization in the EU is unified for purposes of planning and statistics. It was designated as NUTS (fr. nomenclature des unités territoriales statistiques) and approved by the EuroStat. In the Ukrainian official documents, it is titled as «nomenclature of territorial units for statistics». The NUTS system represents a hierarchical system of socio-economic division into regions for the purposes of collecting, planning and comparing European territorial units.

European regions are classified by population size. The highest level (NUTS 1) includes regions having 3 to 7 million inhabitants. The second level (NUTS 2) covers regions having 800 thousand to 3 million inhabitants. The regions of the third level (NUTS 3) are formed if their population size is 300 to 800 thousand inhabitants. Building on national traditions and the existing territorial-administrative organization, regions of the first level include groups of states (Austria); states (Germany); regions (England, Belgium, Poland, Sweden, Bulgaria); countries (United Kingdom); groups of development regions (Greece); groups of autonomous communities (Spain); groups of regions (Italy), macroregions (Romania); lands (the Netherlands); Continental Portugal, the Azores and Madeira (Portugal); statistical large regions (Hungary); Mainland Finland and Åland Islands (Finland); ZEAT-zones [research and national development zones] and DOM [an overseas department] (France).

Administrative-territorial organization at the NUTS 2 level includes the following subdivisions: states (Austria); provinces (Belgium, the Netherlands); planning regions (Bulgaria); counties and groups of counties (England); groups of counties (United Kingdom); regions (Greece, Denmark, Italy, Romania, France, Croatia); large areas (Finland); oblasts (Slovakia, Czech Republic); statistical regions (Ireland); autonomous communities and cities (Spain); government regions (Germany); voivodeships (Poland); regional coordination commissions and

autonomous regions (Portugal); macro-regions (Slovenia); planning and statistical region (Hungary); national areas (Sweden).

The third level of the EU NUTS 3 system includes the following subdivisions: groups of districts (Austria); arrondissements (Belgium); districts (England, Germany); oblasts (Bulgaria); groups of unitary authorities (United Kingdom); regional units (Greece); provinces (Denmark, Spain, Italy); groups of counties (Estonia); statistical regions (Ireland, Latvia, Slovenia); islands (Malta); COROP-regions (the Netherlands); subregions (Poland); administrative, statistical and autonomous regions (Portugal); regions (Slovakia, Finland, Czech Republic); departments (France); counties (Croatia, Hungary, Lithuania, Romania, Sweden) (Eurostat, 2014).

The implementation of regional reforms in Ukraine should build on the European experience, adopting everything rational it has to offer. There is no doubt that Ukraine should make the NUTS system the cornerstone of the reform, as it has been positively accepted in Europe and receives no rebuke from the public. At the same time, this system allows preserving the national traditions which have been developing across the country for centuries of state-building and polity formation.

The regional reforms should be consistent with requirements of the NUTS, proceeding from the territorial scale of the country. Ukraine, being one of the largest countries in Europe in terms of territory, can assume different forms of territorial subdivisions within the NUTS framework. At one and the same level, these could be, say, planning and statistical districts and groups of districts. It is also worth to consider the feasibility of forming national districts in locations densely inhabited by citizens of the same ethnic group.

Modern forms of administrative-territorial organization of the state should be elaborated by testing a set of different models that should be able to provide for sufficient decentralization and Europeanization. These processes should be performed based on the principles of free will and economic feasibility.

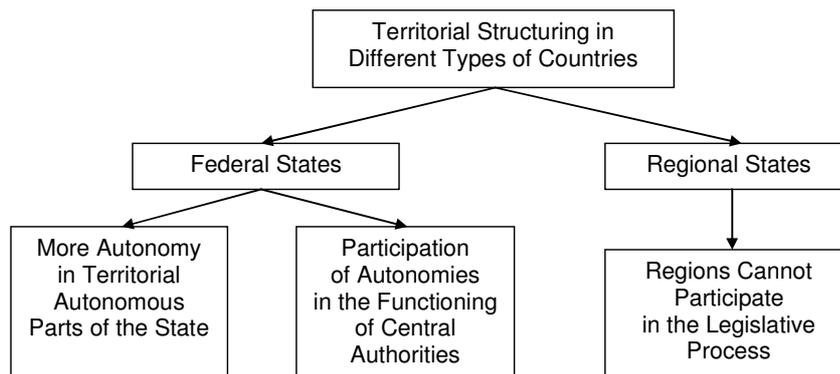
Unitary, regional and federal forms of state

When considering the models of territorial structuring which emerged in the countries of the EU, it is possible to distinguish three systems of government: unitary, regional and federal states. Unitary states generally do not have any political regions. These countries use combinations of functional and administrative regionalisation. A more complicated structure is characteristic of the federal and regional states (Figure 2). Federalisation as a form of regionalisation entails establishing an inter-state union by two or more countries on condition that they agree to cede some of their sovereignty to the federal state. On the European

continent, these processes are driven by national and ethnic factors (Switzerland, Belgium, and Russia). On the American continent, federal states evolved for territorial and political considerations (the USA, Brazil).

Figure 2

Autonomisation in regional and federal states



The term «regional state» has been used over the last several decades in both territorial and geopolitical sense. In geopolitical sense, regional countries are countries which «thanks to their economic and military potential produce a decisive influence upon the system of international and international-legal relations in separate macro-regions (parts of continents) of the Earth, significantly exceeding the potential of their neighbours as far as to form a hegemony. Such a position of regional states in the macro-region is similar to position of large countries globally» (Wikipedia, 2013). These countries include India, Mexico, Egypt, Indonesia, and Nigeria. The President of the USA, B. Obama, identified Russia as a regional state that «threatens some of its neighbours» (Obama, 2014).

The term «regional state» acquires today ever greater importance as the third system of government for purposes of regionalisation that is when the problem of territorial structure must be settled in a country, which has evolved as neither a unitary state nor a classical federation. Such processes took place in the 1990s in Belgium, which transformed from federal into regional state. Today, it comprises three language communities and three regions, two of which (Flanders and Wallonia) are further subdivided into five provinces, while the third one (Brussels Capital Region) has no subdivisions. In addition, provinces are divided into 589 municipalities.

Table 1 presents major territorial structures in unitary, regional and federal states. It allows to graphically see that there are no universal models of the systems of government. In fact, this is the reason for endless debates among scientists on the issue of creating a country classification system by criterion of regionalisation. It is particularly difficult to define regional states. In particular, not everyone agrees that Spain and Italy are regional states, since they have self-governing territories.

Table 1

Main territorial structures of the EU countries and Ukraine

Country Type	Country	Level of territorial organization		
		Regional	Intermediate	Local
Federal	Germany	16 states (<i>Länder</i>)	439 districts (<i>Landkreise</i>) and city districts (<i>Stadtkreise</i>)	16068 communities, 117 cities granted county rights
	Austria	9 states (<i>Länder</i>)	Several cities, such as Graz and Klagenfurt, were granted the functions of district administration	2102 communities (1133 rural communities, 766 municipalities, 15 cities with statute of municipalities, 15 cities without statute of municipalities)
Regional	Belgium	3 regions and 3 culture areas	10 provinces (5 Flemish and 5 Walloon provinces)	589 municipalities (Brussels – 12, Walloon – 262, Flemish – 308)
	Spain	19 autonomous communities	50 provinces	8098 municipalities
	Italy	20 regions, including 5 regions with special status	110 provinces	8101 municipalities
Unitary	France**	22 regions and 5 overseas regions	101 departments	36783 communes (municipalities), 37 historical provinces
	The Netherlands		12 provinces and 3 special municipalities	633 communes
	Denmark	5 regions + Ertholmene archipelago administered by the Ministry of Defence + Faroe Islands and Greenland as autonomous countries	98 municipalities	275 communes

Country Type	Country	Level of territorial organization		
		Regional	Intermediate	Local
	Sweden		21 counties (<i>landsting</i>)	284 municipalities
	Finland	6 provinces, including Åland Islands autonomy	19 regions (<i>maakunta</i>)	72 sub-regions, 342 communes (<i>kunta</i> , Swedish: <i>kommun</i>)
	Luxembourg	3 districts	12 cantons	118 urban and rural communes
	Greece	7 decentralized administrations and Autonomous Monastic State of Mount Athos	13 regions (<i>peripheries</i>)	326 communities (<i>demios</i>)
	Portugal	2 autonomous regions	18 administrative districts	305 municipalities, 4207 civil parishes, 11 historical provinces
	Ireland	6 provinces	29 counties	84 communes
	United Kingdom of Great Britain and Northern Ireland	England	9 regions, 48 ceremonial counties, incl. 6 metropolitan counties, 27 non-metropolitan counties and 274 districts, 56 unitary authorities	36 metropolitan boroughs, 201 non-metropolitan districts, 32 London boroughs and the City of London; 10473 parishes
		Wales	22 unitary council areas	
		Scotland	32 unitary council areas	
		Northern Ireland	6 counties	26 districts
	Poland	16 voivodeships	380 counties (<i>powiaty</i>)	2477 communes (<i>gminy</i>)
	Slovakia	8 regions (<i>kraje</i>)	79 districts (<i>okresy</i>)	2891 municipalities (<i>obce</i>), incl. 130 towns, others are village communities divided into cadastral areas
	Czech Republic	3 historical regions (do not have administrative powers)	14 regions, incl. Prague as a capital city	77 districts, 6242 municipalities
	Romania	41 counties (<i>județe</i>)+1 metropolitan area (Bucharest)	211 cities and 103 municipalities	2872 communes (in rural area)
	Bulgaria	6 regions	28 municipalities (<i>oblasti</i>)	264 communes (<i>obshtini</i>)
	Slovenia		12 statistical regions	211 municipalities

Country Type	Country	Level of territorial organization		
		Regional	Intermediate	Local
	Estonia	15 counties (<i>maakonnad</i>)	226 municipalities (33 towns, 193 parishes)	
	Lithuania	10 counties (<i>apskritis</i>)	60 municipalities (7 cities, 43 regions, 10 settlements, incl. 2 resorts)	500+ elderships (<i>seniunijos</i>)
	Latvia	4 historical regions	110 municipalities (<i>novads</i>), 4 republican cities	494 parishes (<i>pagasti</i>)
	Ukraine	24 regions (<i>oblasts</i>), 1 autonomous republic, 2 cities with special status	490 districts (<i>rayony</i>), 460 cities, incl. 180 cities granted special status of the city of republican/ regional significance, 111 rayons of cities, 885 villages (<i>selyshche</i>) of city significance	10279 village councils (<i>silskirady</i>), 28441 villages (<i>sela</i>)

Based on: *Developed by the authors based on country classification for EU-15 developed by B. Wos (Wos, 2005).

**In 2016 France is expected to implement a new system of 13 regions.

The comparison of territorial structures of the EU countries shows them to evolve depending on specific conditions of the country's evolution and development. Finally, territorial organization emerges under the influence of economic, geographical, social, political, cultural, ethnic, and other factors. Thence, we should keep in mind that comparability of state structures is largely provisional. Each country is unique in this respect.

However, such a comparison allows marking out several basic features. Thus, the fundamental difference between the unitary states and the regional and federal states consists in that unitary states are characterised by the internal unity between local communities and the state taken as a whole, which is demonstrated by the establishment of a single legal regime, whereas local communities in regional and federal states are more or less autonomous with respect to central government. Instead, in unitary states, regionalisation acquires the form of decentralisation which is implemented through delegation of authority from the central government to the lower levels in order to improve the governance of state processes in line with the national strategy. By maintaining the policy of gradual adjustment of the forms of decentralisation to conditions and tasks that are changing under the pressure of geo-economics and geopolitical processes, unitary states avoid implementing constitutional changes that would involve their

transformation into regional states. One example is Portugal: Being a unitary state by the French model, the country moves towards vesting greater functional competences in lower levels of government, giving preference to policy of self-governance.

There is no use in searching for countries with a «pure» system of government. In most cases, the system of government is determined by the country's constitution, regardless of whether there might be certain features that are typical of other types of government. Thus, even though France is a unitary state, it gave a special status of territorial collectivity to Corsica, which now has its own regional parliament (Corsican Assembly) and the right to oversee the legislative work of the country's National Assembly, not to mention the province's tradition of vendetta or blood feud. Recently, France lost its Northern African provinces as a result of the bloodshed in Algeria.

Some analysts tend to agree that Poland is one ideally built unitary country in Europe, from which Germans and Ukrainians were deported after the WWII. Nevertheless, the population census of 2002 revealed that 173.1 thousand Sile-sians, 153 thousand Germans and 48.7 thousand Ukrainians have been living in the country. These are considerably large groups of population residing in densely settled areas, and disregard for their ethnic and social interests can provoke local crises. The Polish scientists (Wos, 2005), however, tend to view the situation inside the country as an element of the unfolding profound and progressive globalisation processes inducing comprehensive deepening.

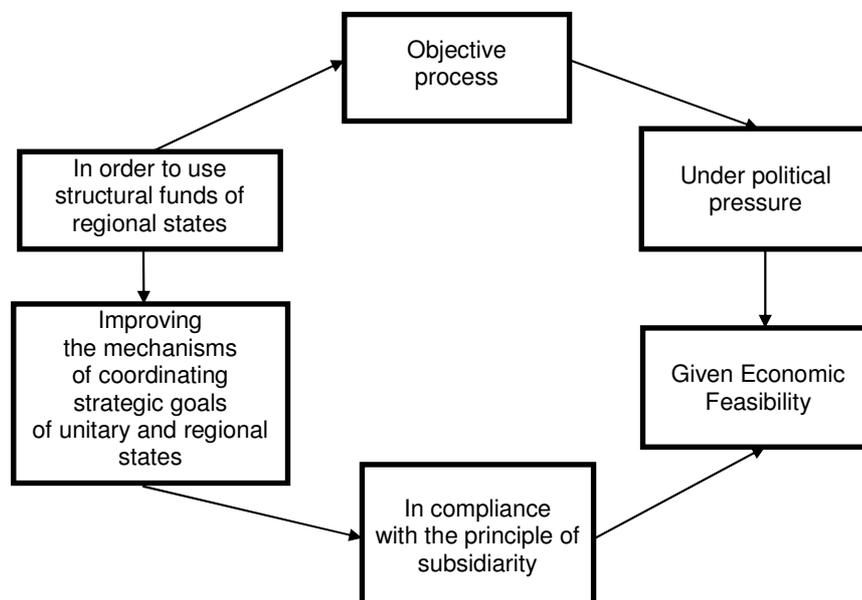
The study of the European practice, which has earned positive acclaim in the process of elaborating and implementing reforms in Ukraine, allows to establish conditions for the development of regionalisation (Figure 3). It primarily should be viewed as an objective and inevitable process. Only a thorough study of the ways of implementing regionalisation in certain global, national and local economic environments can be part of sustainable development conditions.

When analyzing reformation tendencies at the regional level, worth noting are the latest developments in France. The history of modern regional development in the country dates back to the late 19th century. It roots in the idea of returning back to ancient traditions of territorial organization that evolved in the pre-revolutionary France. Such views were supported by local elites and rather pertinacious lobbyists.

Thus, in spite of the fact that French people are rather conservative, starting from January 1, 2016, the country abandoned the current model of territorial structure comprising 27 regions (Figure 4). The process of searching for a new model of regional division, which has started in 2008, aimed to reduce the number of regions, as well as to fit in a new system of local elections, cut down the number of local elections, avoid duplication of competences, and increase the independence of big cities.

Figure 3

Conditions for the development of regionalisation



Source: Completed by the author after (Wos, 2005)

The new map of France divides the country into 13 regions (Figure 5). Elections to regional councils of the new, larger regions took place in December 2015. The final decisions on the names of new regions, their capital cities and locations for council sessions will be made by the newly created local self-governments. Their decisions will be finally approved and enacted by the National Assembly.

The study of the European practice, which has earned positive acclaim in the process of elaborating and implementing reforms in Ukraine, allows establishing conditions for the development of regionalisation (Figure 3). It primarily should be viewed as an objective process, which should not be avoided, but rather most thoroughly studied. Only the fundamental study of regionalisation and methods of its implementation under certain conditions of the world, national and territorial economies can be a precondition for sustainable development.

Figure 4

Regions of France prior to the reform

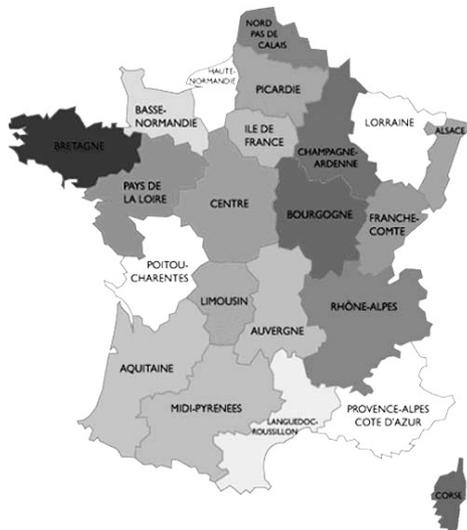


Figure 5

Regional divisions in France starting from 2016



Objectively, regionalisation receives development impulses from the society which needs that socio-economic conditions be equalized, that is, that separate regions do not significantly lag behind. This is revealed in that various sections of population and their representatives in political and public organisations compete for equalisation of socio-economic living conditions. This can naturally be achieved if sufficient authority and resources are allocated for successful economic and humanitarian development. Otherwise, central government has to improve the well-being of depressive regions at the expense of other regions.

Subsidiarity in the system of regional relations

Regional division of the country always involves some decentralization of power authority. This feature distinguishes it from other territorial, primarily geographic, units. The latter allow representing the territorial factor in the aspects of physical processes that take place on Earth. Decentralization, instead, allows moving the power across territories or delegate decision-making authority from the central body to local functional authorities.

When considering decentralization as a process of expanding the rights to decision-making for the smaller and smallest territories of the state, it should be noted that it does not convey express anarchism in vesting decision-making authority in each territorial and inter-territorial community. Literally, «subsidiary» means «supplementary», «secondary», «residual», «auxiliary» (Yizhak, 2014). In the system of public administration, decentralisation is based on the principle of subsidiarity, which means that decision-making authority is transferred from the central to lower levels. According to O. Skakun, subsidiarity means «that, first of all, the state performs only those functions which cannot be realised by the citizens, associations of citizens and local groups, and second, the competence of higher level governments extends only to tasks that cannot be performed at lower levels» (Skakun, 2006). N. Neuhaus (Neuhaus, 2010), interprets the subsidiarity principle as «a principle of freedom for social groups and a guarantee of each person's freedom of individuality, for what is left of individual freedom, if there is no freedom of family, freedom of entrepreneurship, or freedom of culture?» (Neuhaus, 2010).

The principle of subsidiarity is not a product of modernity. Researchers mention it being used by the Catholic Church, which professes that it is acceptable for the society to intervene in the life of a family only if the actions performed by the family and regional religious community are not effective. The theological basis for the principle of subsidiarity was formulated by the Pope Pius XI in the Encyclicals of 1931: «Still, that most weighty principle, which cannot be set aside

or changed, remains fixed and unshaken in social philosophy: Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do. For every social activity ought of its very nature to furnish help to the members of the body social, and never destroy and absorb them» (Wikipedia, 2015).

It is not without influence of the Catholic Church that the principle of subsidiarity, the cornerstone of legal systems in the countries of civil law, determines the division of authority between the central government and the administrative entities of different levels. At that, we should keep in mind, that subsidiarity as the concept of political and economic structure of the society and state matured only in the 20th century and underwent fundamental development in the course of the European Union's institutionalisation. The Maastricht Treaty determines that subsidiarity regulates competences. It states that «under the principle of subsidiarity, in areas which do not fall within its exclusive competence, the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level» (Verkhovna Rada of Ukraine, 2007). In the countries of the European Union, subsidiarity has become the axiom of local self-government organisation.

The principle of subsidiarity is only a cornerstone for activity based on division of authority among different levels and branches of government. In each separate case, a large creative work has to be done to distribute functions among separate administrative units. At the same time, this process is never a one-time event because the impact of spatial factors of socio-economic development is changeful in nature. This preconditions the need for sustainable monitoring of the occurring events, as well as improvement of coordination between strategic goals of the unitary and regional states.

It should be emphasized that we cannot refrain from assessing systematically the effectiveness of prior decisions taken with regard to subsidiarity principle and making changes in the system of its implementation. The instruments of regional governance in Ukraine have various drawbacks and should be replaced with new solutions. This is especially true for the practice of allocating direct budget subsidies to regions, implementing regimes of tax privileges and measures of influencing business sector development, as well as engaging civil society in the realisation of regional development programs and strategic goals of regional development, which should undergo timely correction in view of the new advances in science and technology.

Access to structural funds is one of the motives to implement decentralisation within administrative division in most of the countries, especially regional states. Structural funds are financial instruments created by the European Union in order to

narrow the development gaps among different regions and countries. There are four funds of this sort: The European Regional Development Fund; The European Social Fund; The European Agricultural Guarantee for Rural Development; and The European Fisheries Fund. The project financing allocated by structural funds in favour of poor regions reached €325 bn for the period from 2014 to 2020, which is the largest item of the EU budget expenditures (Dzerkalo Tyzhnya, 2013).

Reforming the highest level of regional relations in Ukraine

In Ukraine, regions are created by legal acts and represent administrative-territorial divisions, such as oblasts, the city of Kyiv, the city of Sevastopol, and the Autonomous Republic of Crimea. Comparison of the number of legislatively instituted regions in Ukraine and that in the largest European countries proves Ukraine to be a «leader» in this respect (Table 2). Thus, there are 20 regions in Italy, 19 in Spain, 16 in Germany, and 16 Poland, whereas Great Britain has 4 administrative-territorial parts (countries), which in fact are its historical provinces (England, Wales, Scotland, and Northern Ireland). Similar tendency is observed for the regions of second administrative level. At the same time, among the largest countries of Europe, Ukraine has the lowest average size of population in the regions of first and second levels. The area size indicators for Ukrainian regions look somewhat better compared to other European countries. However, this is true only for regions of the first level: Their areas are smaller than those of the Great Britain and Spain, and almost equal to those in Germany. The average area of second-level regions in Ukraine is smaller than that in Great Britain and Spain.

The increasing role of regions in the socio-economic development makes it feasible to examine closely their number and size, proceeding from the fact that small, fractional territorial units have limited resources to compete successfully under conditions of globalisation and transition to knowledge economy. It is not accidental that the largest regions are also the most advanced «engines» of economic growth in the EU: Bavaria in Germany; Catalonia, Valencia and Madrid in Spain; and Lombardy, Sicily, Veneto, and Turin in Italy.

Small regions have small capabilities. The sensation of this arises in the course of decentralisation debates. Ukrainian researchers and policy-makers today have become extremely enthusiastic about settling the questions of broadening the authorities and financial resources at the level of towns, villages and territorial communities. At the same time, the question about sources of financing for big (especially scientific and infrastructural) projects, the realization of which requires concentrated resources that can be generated mostly by large administrative-territorial units, remains unanswered.

Table 2

Comparison of regions in selected European countries and in Ukraine

Country	Area, km ²	Population, mn	Number of regions of the first / second administrative level	Average population in the regions of first, mn / second, thou administrative level	Average area size of the regions of first / second administrative level, km ²
France	551 695	65.1	27/101	2.4/644.6	20 433/5 462
Spain	265 604	45.2	19/50	2.4/904.0	26 560/10 092
Germany	357 168	80.1	16/439	5.1/182.5	22 323/813
Poland	312 679	38.5	16/308	2.4/125.0	19 542/1 015
Italy	301 340	61.3	20/110	3.1/557.3	15 067/2 739
Great Britain	243 789	63.1	4/106	15.8/595.2	60 947/2 300
Ukraine	603 620	45.4	27/490	1.7/ 92.7	22 356/1 231

Note: *Calculated by the authors

When comparing Ukrainian approaches to regional reforms and foreign experience, we can admit an opposite approach. Foreign experts prefer larger regions. Thus, Stephan Meuser (Nove Zakarpattya, 2015), the Director of Friedrich Ebert Stiftung in Ukraine, believes that oblasts «are too small of an entity. It would be feasible to create ten to twelve powerful regions that would really be viable and able to perform regional planning. I think it would be hard for the Ukrainian system to fulfil decentralisation in one step and ensure that the smallest units, towns and villages, are instantly strengthened».

However important the debate on the starting point for the reform may be, it is not the decisive one. It would be logical to substantiate the feasibility of realising a complex reform of regional structures so that each region had a potential for a «long leap». In Ukraine, however, the process of reformation has already started at the lowest level. Assuming such a reform tactics, it is necessary to determine its rational stages and pace of implementation. The delay will postpone the expected results and devalue the very idea of the reform.

Taking into account the fact that the average population size in the regions of large EU countries ranges between 2 and 3 millions, whereas in Ukraine it is 1.7 millions, it would be appropriate if the regional reform implementation tactics were directed towards enlarging the regions of the first administrative level. It should be noted that the area of Ukraine is the largest among European coun-

tries. Thus, when creating new regions, this factor could be accounted for in different ways. If population density is high, the size of the territorial unit should be decreased and vice versa, while keeping in mind the industrial specialisation of separate parts of the area.

When reshaping the regions in the process of reform implementation, it would be reasonable to take into account that Ukraine has historical regions as well. This fact was dismissed during the times of the Russian Empire and especially during the Soviet period. These regions include Dnieper Ukraine, Podolia, Land of Kyiv, Land of Chernihiv, also known as the Land of Severia and Chernihovo-Sivershchyna, Land of Poltava, Galicia, Volhynia, Polissia, Zakarpattia, Bukovyna, South-East Ukraine (Sloboda Ukraine), Eastern Ukraine (Donbass), Central Ukraine (known as Zaporizhia before liquidation of Zaporizhian Sich in 1775 and later renamed to Novorossiia, after the new governorate created by the Tsar's order), Azov Littoral (Pryazovia), Black Sea Littoral, Taurica.

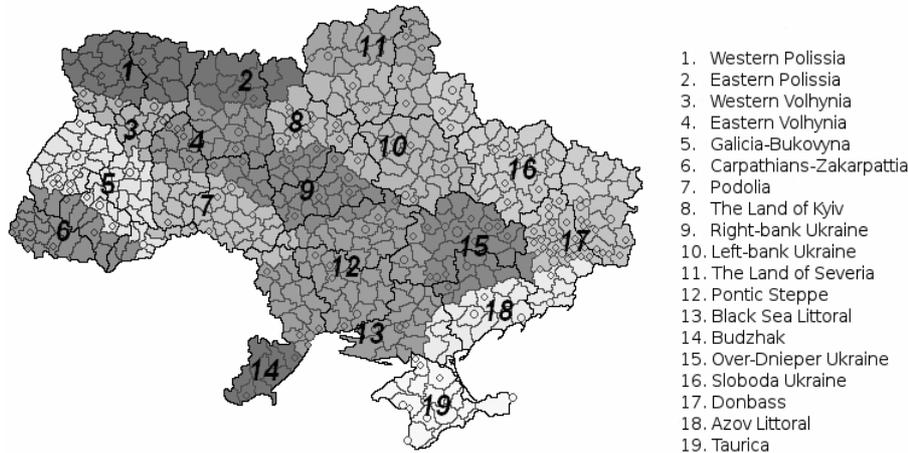
The historical and ethnographic zoning is highly significant for preservation and development of cultural acquisitions of various population groups. At the same time, as proves the experience of many European countries, in particular Germany, Switzerland, France, Greece, it can be used for purposes of assigning administrative-territorial regions as a basis for socio-economic development of the country. Having launched reforms of regional governance, Ukraine should use its historical legacy for spatial organisation of its territory.

It is quite understandable that throughout the centuries regionalisation has undergone significant changes under the influence of numerous political, economic, ethnic, historical, and other factors. Today, separate historical territories or their parts belong to other states. The names of separate territories inhabited by the Ukrainian population have also changed. At the same time, new connections, traditions, and cultural peculiarities have been developing within the administrative-territorial divisions set up by the governments of the states that came into possession of the Ukrainian lands. Today, the names of the regions (oblasts) are generally derived from the names of their administrative centres (Lvivshchyna (the Land of Lviv), Ternopilshchyna (the Land of Ternopil), Frankivshchyna (the Land of Ivano-Frankivsk), Sumshchyna (the Land of Sumy), etc.), which does not make it impossible, however, to use older names that were preserved in the historical memory of the nation. As Ukrainian political nation evolves, the use of historical names is becoming more common.

The map of Ukraine shown in Figure 6 provides historical names for Ukrainian regions. This model could be taken as a basis for regional reforms. The map graphically shows that historical regions have large territorial differences. This induces a search for ways of uniting territories into combined historical regions, as it was done during the recent territorial reform in France.

Figure 6

The map of historical regions within Ukraine's current borders



Source: (Sumy News, 2012)

Separate historical regions of Ukraine in some cases have significant differences in terms of population size as well (Table 3). They should also be given due consideration when making the decision on regional planning. Thus, the largest region Donetsk is inhabited by more than 5 million people, whereas Budjak has a population of approximately 700 thousand. In such cases, we will have to study the possibility of uniting historical regions while simultaneously finding respective forms of governance and names that would satisfy the population of the entire newly created region. In order to solve this problem, we could use the experience of France. In particular, we could discuss a way of naming new regions by adding together the alphabetized and abbreviated names of historical regions. We could also consider using the ancient and older names. Broad public discussion will allow finding a suitable option in each case.

When creating new regions, it would be feasible to pick their territories out of the exiting historical and geographical divisions. There are enough reasons to detach the lands of Pryazovia from the administrative territories of the current Donetsk and Zaporizhzhya oblasts.

There are numerous advantages in dividing the Ukrainian territory into historical territories and using their corresponding names. First of all, such a division is in line with geographical features of the country. Second, the historical territories are populated by the people with common mentality and positive collective

memory. Third, historical territories are endowed with more homogeneous resources, which can be used as a basis for regional specialisation of production. Fourth, using the historical factor as a basis for regionalisation will contribute to better development of tourism and related industries. Fifth, the new approach will contribute to improvement of international relations with border territories sharing common history with the respective Ukrainian lands.

Table 3

Total population in the historical regions of Ukraine in 2012

	Region	Largest Cities	Population, thousand
1	Donbass	Donetsk, Luhansk	5121
2	Galicia-Bukovyna	Lviv, Chernivtsi	4845
3	Sloboda Ukraine	Kharkiv, Sumy	4025
4	Land of Kyiv	Kyiv, Brovary	3764
5	Central Ukraine	Dnipropetrovsk, Zaporizhzhya	3592
6	Black Sea Region	Odesa, Mykolayiv	2906
7	Pontic Steppe	Kryvyi Rih, Kirovohrad	2641
8	Left-Bank Ukraine	Poltava, Kremenchuk	2560
9	Podolia	Vinnitsya, Khmelnytskyi	2477
10	Taurica	Simferopol, Sevastopol	2344
11	Right-Bank Ukraine	Cherkasy, Bila Tserkva	2176
12	Carpathians and Zakarpattia	Uzhhorod, Mukacheve	2017
13	Pryazovia	Mariupol, Melitopol	1596
14	Eastern Volhynia	Zhytomyr, Berdychiv	1409
15	Western Volhynia	Rivne, Lutsk	1324
16	Western Polissia	Kovel, Kuznyetsovsk	1002
17	Land of Severia	Chernihiv, Shostka	912
18	Budzhak	Izmayil, Bilhorod-Dnistrovskyi	578
19	Eastern Polissia	Korosten, Malyn	341

Source: (Sumy News, 2012)

It is especially worth mentioning one additional advantage of the historical approach to regionalisation reform. It should be viewed as such that will contribute to upbringing less of the «orphans» and people «without kith or kin», and speed up the formation of a political nation. In this respect, worth stressing is the fact that Ukrainian legislators launched important changes, which were tenta-

tively named «decommunisation». The Law of Ukraine (Vidomosti Verkhovnoyi Rady, 2015) qualifies the Communist regime of 1917–1991 in Ukraine as a criminal one and prohibits the propaganda of the communist ideology in the names of cities, boulevards, avenues, streets, squares, bridges, and embankments. This line of reforms, which lay foundation for reconsideration of the historical roots of the Ukrainian nation in state-building and restitution of its own history which had been misappropriated by the Russian tsarism, must evolve into a broader course of action that can be defined as «decolonization».

Reversion to historical names is the best response to ideology of the «Russian world», a bloodless restitution of proper names that had been erased by the colonizers for the sake of their externalisation on the colonized territory. In this respect, it should be acknowledged that separate Ukrainian territories in different times were parts of such states as the Great Lithuanian Princedom, Austria-Hungary, Czechoslovakia, and Poland. However, throughout the times when Ukrainian lands were under the rule of these countries, proper names almost never changed. This only happened during the times of the Russian empire and the communist regime.

The regional reform does not preclude us from changing the names of the new regions. At the times of Ancient Rus, the lands were traditionally divided into principalities. In the structure of the Great Lithuanian Princedom, the Ukrainian lands were granted the rights of principalities, but after the administrative reform of 1564-1566, when the Princedom was split into 13 voivodeships, they were subordinated to Kyiv, Volhynia and Braclav voivodeships. Under the Russian Empire regions were named «governorates». The Austria-Hungarian Empire comprised «crownlands», among which the territories with Ukrainian population were represented by the Kingdom of Galicia and Lodomeria and the Duchy of Bukovyna. The lands of Zakarpattia were referred to by different names: «Hungarian Ruthenia», «Carpathian Ruthenia», «Ruszka Krajna», «Subcarpathian Ruthenia», «Carpatho-Ukraine», and «Transcarpathian Ukraine». The area of Subcarpathian Ruthenia was part of the four administrative counties (comitatus) of the Kingdom of Hungary: Bereg, Maramaros, Ung, and Ugoocsa. However, the word «Rus» has always been part of the proper name.

For purposes of regional planning in Ukraine, it is worth to use the word «kray» for designation of regions. The universality of such an administrative division consists in the fact that the term «kray» is used to describe a territory of any size, be it a large locality or an area surrounding some geographical object. Finally, «kray» is also used to designate an historical locality.

Thus, «kray» is a more universal name for regions of the first administrative level. The noun «oblast», which commonly means «a part of a bigger structure», has a somewhat different universality. Being used to designate some knowledge domain, subsets of some mathematical set, or zoogeographical re-

gion of the Earth, it does not convey the national identity sub-context as suggested by the historical approach to regional reforms.

In its regional reform, therefore, Ukraine is facing the need to determine the concept of forming the regions. This is an important element of state-building, which must build on both the national heritage and the world experience. In its turn, new regional division should provide necessary conditions for successful socio-economic and cultural development.

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