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of the State and Methodological Aspects
of Their Elaboration

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Models of Development of Territories of the State and Methodological Aspects of Their Elaboration

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The article reveals the essence and analyzes the peculiarities of application of the most widespread models of development of territories in the world: industrial development, sustainable development, smart development, inclusive development, happiness, competitiveness, etc. The key methodological provisions on the use of their elements in the process of formation of integrated models for the development of territories are presented.

It is known that approximately until the middle of the 20th century in the world the sectoral approach to ensuring the development of the states has dominated. Since then, the territorial approach has begun to be applied and proved the efficiency when the attention of the public administration bodies is focused not on individual sectors of the economy, but on the territories (country, region, city, village, etc.) in general – as environment for life, business, industry development,

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etc.

The history of the world shows that the revival of the territory is always accompanied by the application, or by the emergence of a new model of the development – the strategic concept that relates to the transformation of material and non-material objects and manifests itself in the organization of physical space and socio-economic relationships in accordance with certain principles.

Over the last decades, the world has undergone a significant transformation of the needs, interests, values of individual and communities of people, as well as social, economic and managerial relationships. Urbanization, the acceleration of the movement of all types of resources, the virtualization of many spheres of life, the complications of problems of human health, the rapid development of consumption, the reduction of natural resources, the deterioration of the condition of the environment, the dynamic development of the service sector, non-standard competition, social and economic netting are just some of the characteristics of this transformation, which significantly affecting the functioning of territories (administrative-territorial units of the country) and necessitating the application of a new approach in the planning of their further development [7].

In such conditions, the question of choosing an adequate model for the future development of each populated area, regions and the state is especially actual. The basic scheme for choosing such a model is shown in pic 1.

So, each territory of the state is functioning according to its chosen model, which should be coordinated with the model of development of the state and its other territories. Similarly, the model of development of the state should also be complementary with the models of development of other states. Otherwise, the territories will operate in contradictory or harsh competitive conditions, which can lead to the depletion and instability of their socio-economic systems.

It should be noted that in order to selecting and developing a future model for the

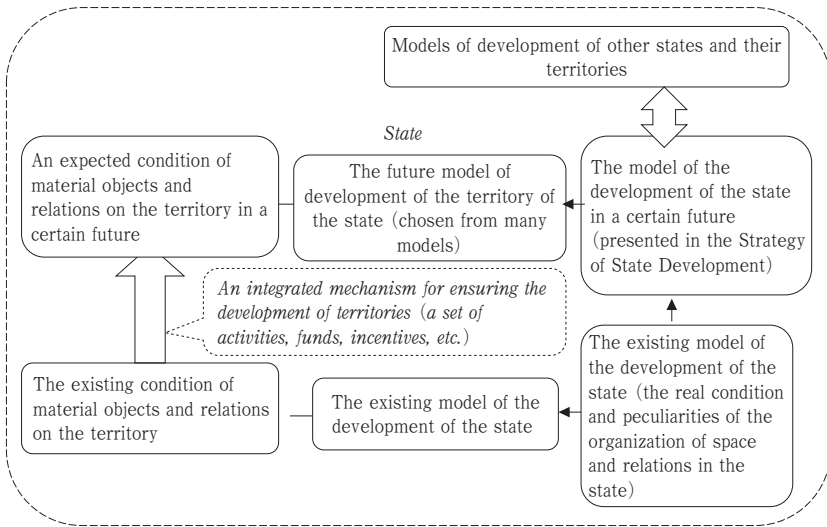


Fig. 1. The basic scheme for the elaboration of a model of development of territory

development of the state's territory, it is very important to compile adequate views on the existing model for the development of this territory, taking into account environmental factors. For this we need a high-quality information base, as well as competent using of a whole range of methods for diagnosing the condition of the territory.

For today, a heuristic field for modeling the development of territories is represented by a huge number of scientifically validated models. Let us briefly characterize the most common models in the world.

The model of industrial development presupposes that the priority for the development of the territory is the creation and growth of industrial enterprises, it was especially relevant after the Second World War, when the governments of the countries began to take active measures for stimulating an economic activity. The development of the economy at that time was considered as the goal of state policy, and the index of gross domestic product (GDP) in this model is the main indicator

of national progress. At the present stage, this model is considered not so relevant for many countries of the world and their territories, because the structure of the economy is significantly changes, in which a significant contribution is made by intangible production and the necessary material goods can be produced abroad. Despite this, this model retains its importance for the present stage, as material production creates the basis for all other productions. This is emphasized by the world-famous economist E. Rainer [9] who notes that the common wealth is meets only where agriculture plays a small role in creating a gross domestic product. Wealth is a by-product of concentration in the cities of various industries. Once this pattern was realized in Europe, it significantly changed the economic policy of countries and their territories. So, the scientist concluded that between industry and the wealth of countries is a close relationship.

The model of sustainable development began to form in the 70–80's, when industrial production and consumption violated the boundaries of ecological balance and security. The model assumes that the solution of today's problems should not threaten future generations to meet their interests. This model includes not only environmental and resource aspects, but also socio-economic and political, that actualized the need to use more actively inter-sectoral and territorial approaches in public policy. Today, the model of sustainable development is reflected in the policy of the development of many countries and regions. In practice, the implementation of model of sustainable development is hampered primarily by the fact that all countries and their territories can't abandon new economic goals for many reasons, and this requires increasing of financial resources. Also, this model is quite expensive, requires significant financial investment, so it may be inefficient from an economic point of view. However, to maintain the ecological balance and to ensure the long-term social welfare, so in that case this model is uncontested. Its implementation depends on a firm political position and support of society, but in practice

it is rare. At the same time, many states accepted it as necessary for its further development and consolidated the corresponding goals in the strategies of development.

To some extent, an alternative on a model of sustainable development is a model of resilience, which is focused on reducing the vulnerability of areas, industries and people to the onset of risks. The model is using in the UK since the 2000s as a response to the government to emergencies and problems of social development, it provides prevention of risks, of conflicts and improvement of consistency. Policy ‘Saving lives, preventing suffering and building resilience’, has now put resilience at the centre of its approach to addressing disasters, both natural and man-made’ [3, p. 8].

The model of “smart development” began to be developed in response to the challenges of resource constraints, international and interregional competition, the emergence of new technologies and was systematically formed only in the 21st century. It is based on a combination of innovation and rational solutions by the using of existing resources, as well as opportunities to improve productivity without harming the environment and at the same time improving the quality of life. Economic growth in this model is provided through knowledge, innovation and creativity. Integrating the elements of the above models, it sets forth qualitatively new requirements for state policy: the territorial approach is particularly important, also the forms and methods of governance have to change very quickly at all levels. The key policy tool in this model is to invest in skills and innovations to increase the productivity and gross value added.

Today is developed and implemented in many countries the model of “smart city”, which unites “smarts”: energy, buildings, mobility, healthcare, power, education, infrastructure and citizens. It is believed that the city will be “smart” if at least five of these positions are implemented in it [5].

The model of inclusive development assumes that the focus is on the individual and the priority areas of public policy are all aspects of his life and activities, including culture, education, health, science, employment, social security, creativity. The main goal of the economy in this model is to provide the vital needs of every person. For the first time, the concept of inclusive development was used in 2007 by the Asian Bank of Development, which is generally understood as a general growth in equal opportunities. This is a new, more complex model of development in which it is necessary to provide the employment and high social standards on the basis of a harmonious combination of high rates of economic growth along with the principles of sustainability. The emergence of this model is due to the phenomenon of rapid economic growth of several Asian countries and a significant number of people living in extreme poverty (less than \$ 1.25 per day) [11].

The model of “inclusive development” is widely promoted today by the UN. According to his collegiate opinion, today a strong role of the state in the sphere of economy, public investment and new economic management is needed to ensure an access of every person to life-important services [8].

Today begins to come the understanding of importance of feelings of people and their satisfaction with life, as a whole - happiness. As an exception, earlier than in other countries, this was understood in Bhutan. Back in the early 1970's the Kingdom of Bhutan has started to use a new dimension of the national welfare “gross national happiness”. Recently there has been a growing interest in this concept throughout the world. More and more the world leaders are talking about the importance of happiness as a guide to politics.

In 2004 was created the International Coalition “Gross National Happiness”, which in addition to Bhutan, includes organizations from a number of countries, such as the United States, the Netherlands, Thailand, the United Kingdom, Canada, Brazil, etc. In 2011, the United Nations General Assembly (UN) adopted a

resolution stating that the gross domestic product (GDP) “does not adequately reflect the well-being of people in the country” and invites countries to start working with a model of happiness [2].

This model is important for all territories – both economically developed and not rich. The paradox is that if people live in poverty, then they are objectively have low level of happiness, but and enough rich people for various reasons may be unhappy. However, there is no doubt that the subjective perception of the picture of life affects on economic productivity and the choice of a model of individual or collective territorial development. So, the representation of people is an important factor of development in general.

The model of happiness is offered mainly for countries, but in recent years it has also been used for local development. At the same time, Japanese cities are pioneers in its using. For example, in the city of Arakawa with a population of about 200 thousand people, the model of happiness is introducing since 2006. The peculiarity of the chosen model in this city is that the city government concentrates not so much on increasing the level of happiness of its citizens, as on reducing the number of people who do not feel happy [Arakawa].

The model of the future of Arakawa is a synthesis of the model of happiness and several other models, and it contains such guidelines:

- 1) A city of lifetime health for its citizens: health and welfare indicators
- 2) A city of good upbringing and education: upbringing and education indicators
- 3) A city of innovative industries: industrial indicators
- 4) A city that is an environmental leader: environmental indicators
- 5) A city that supports and maintains its arts and culture: cultural indicators
- 6) A safe and secure city: safety and security indicators [1].

The complexity of the choice of the model of development under the current conditions of strengthening external influences and uncertainty is primarily that it is

necessary to determine with which model the territory can adequately respond to external challenges and opportunities, maintain system stability and provide favorable conditions for the economy and vital activity of the population. These aspects are crucial in the most widespread *model of competitiveness of the territories* in the world.

Competitiveness of the territory as a whole is understood as the ability of economic and social system of the region to attract the necessary labor, financial, material and other resources in the production of products and services that are in demand in the domestic and foreign markets and at the same time improve the level and quality of life of the population. This model has network characteristics, so it stipulates that all parties – from the central government to every citizen have to knowingly contribute to the strengthening of the competitive advantages of the territory. Therefore, its obligatory element is networks and clusters, the efficiency of which (under the condition of well-coordinated work) is proved by world practice.

Related to the model of competitiveness of the territory is *the model of polycentric development*, which provides strengthening the linkages between the cities, the formation of their networks interaction [10, p.84-86, 117-118]. The term of “polycentric development” was first adopted during the debates at the 14th European Conference of Ministers responsible for Spatial/Regional Planning of the Council of Europe (Lisbon, Portugal, 26-27 October 2006), and now he went into the Guiding Principles for Sustainable Spatial Development of Europe. It is a practical realization of the concept of growth of the region, but on the basis of improving the functional relations between cities and rural areas, which should complement one another, so the new model of territorial unit is updated on the basis of complementarity and effectiveness.

It can be argued that in modern conditions of planning for future development

have to be carried out within the framework of the paradigm “territory — a competing polysystem”. This paradigm assumes that the territory is: a complex, multi-level, heterogeneous and open system, that include the systems of various types; an element of a higher order system that competes with other systems (manifestations of this competition are resource exchanges between territories); as an integrated subject of entrepreneurial and geopolitical activity; specific environment of the functioning of the elements of the regional system, that keeps, repels or attracts a variety of resources, including people.

For practical implementation of model of competitiveness needs constant comparison of condition of territory (country, region, district, city, town, village, parts or associations) with the condition of other areas, especially with which interacts in certain areas. It is necessary to develop adequate responses to events, external threats and opportunities.

Considered in this article the models of territorial development are not mutually exclusive, their elements can be used in an integrated model that is suitable for the current and future needs and opportunities of countries and their territories. For example, the European strategy “Europe 2020” integrates the principles of the three models of development:

1. Smart growth: economic development based on knowledges and innovations.
2. Sustainable growth: creation of an economy based on the appropriate using of resources, ecology and competition.
3. Comprehensive growth: promoting employment, social and territorial harmony [4].

Despite the possibility of using elements of different models at the same time, at some stage in the development of the territory, some of the model will be used more, in particular, depending on key problems, available resources, set goals, etc.

Thus, new models of development provide that the key goal of state and territorial policy is the creation of favorable conditions for the life of individual and communities of people for a long period.

The analysis of scientific works used in this article, as well as the results of other studies and empirical data on the development of territories (from the level of villages to the level of countries and their associations) allows us to offer such key methodological provisions for the elaboration of a model for the future development of the territory:

- proper assessment of the condition of the territories and the potential for their development is the starting point for choosing the optimal model for future development;

- it is necessary to make a well-defined description of the existing and future model with all its elements and characteristics, that is to provide a high-level conceptual definition;

- the model of industrial development should be the basis for states (reasonably E. Reinert), however small areas can use other models as basic ones (not in contradiction to the country's industrial development); recognizing that development is a synergistic phenomenon, the manufacturing sector should be diversified (maximizing the division of labor that Serra wrote about in 1613) [9, p. 61]

- in the case of using already proven models in the world, only catch-up development can be provided and do not embrace leadership positions (this thesis is substantiated in the source of Global Challenges); therefore, the more progressive is the model of an innovative development, which can be a mixture of various known models and to contain the elements of new models, such as silver model of the economy, adaptive economy, harmony etc;

- public policy should correspond to the laws of social and economic development and use them, otherwise it will only accelerate the onset of crisis situations;

- it is inappropriate to choose models for the development of territories, which do not correspond to the values and traditions of their population, because business and citizens only then will support a certain model when it meets their needs and interests; in general, the models of development of the territories in the state should be different, although harmonious, this requires a centralized approach and a multilevel agreement;

- the model of the development of the territory should be formed taking into account the presence in a certain period of all types of domestic resources (from natural resources – to human), as well as the possibilities of using external resources;

- the model should be complementary with the models of the development of neighboring territories, it helps to prevent contradictions and ensure synergy;

- at some stage of development, one model evolutionary changes to another, but one can artificially create a change of models of the development of territories in order to accelerate the desired development;

- although the strategies of territorial development ensure the introduction of certain models on average 5–10 years, but in general, more time is needed for these models to be fully implemented and for the transition to a new model;

- the justification of choosing the model of the development of the territory should be carried out by specialists with relevant experience, therefore, the development of the system of scientific institutions specializing in problems of public administration and in particular strategic planning is actualized; also citizens and business through their sociological survey, or foresight methodology can determine which model is more suitable for future development on their territory.

Finally, to ensure that elaborated model of development of the territories properly implemented in practice, it requires corresponding model policy, which is conditioned by such administrative prerequisites:

Models of Development of Territories of the State and Methodological Aspects……

- first of all, there should be great dissatisfaction of the country's top leadership, or administrative-territorial unit with the current situation, or its desire and interest in forming a new policy (introducing a new model of development);

- competence, professionalism and experience are needed along with creativity in individuals who must develop and implement measures to realization the chosen model in practice (successful countries in the world attract the best managers to work in the government);

- adequate legal, organizational and financial conditions should be created for the implementation of the chosen model;

- it is necessary to elaborate well-defined plan about the implementation of the model and a high organizational discipline;

- it is important to have a common understanding of the importance of changes and the existence of common goals for government bodies, business entities and the public, their real cooperation, that requires the establishment of multi-level management.

Cooperation on issues of development of territories, including international one, is very promising, because all countries and their territories should be interested in eliminating disproportions of social and economic development, that pose a threat to national security.

This article reveals only some aspects of the problem of modeling the development of territories, so it forms the basis for further scientific discussions.

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