

Social and economic efficiency of the decentralization of power in Ukraine (on the example of the Odessa region)

Nataliia Ivanytska¹, Vitaliy Serhiychuk²

¹Department of Theoretical and Applied Economics,
Lviv Polytechnic National University,
UKRAINE, Lviv, S.Bandery street 12,
E-mail: iv.besh@gmail.com

²Student of Department of Economy and Management,
Lviv Polytechnic National University,
UKRAINE, Lviv, S.Bandery street 12,
E-mail: vetserg123@gmail.com

Abstract – The article describes the role of decentralization of power as a way out of the financial and political crisis in Ukraine. Social and economical efficiency defined the impact of decentralization to medicine, tourism and agriculture etc in particular the example of Odessa region. Analyzing benefits and downfalls we define the level of effective decentralization of power in Ukraine.

Key words – decentralization, social and economic efficiency, financial system, tax payment, medical service, corruption, development.

I. Introduction

One of the most widespread issues of today's world is a regions' desire to have more local power. The important issue is the need to consider of an effective decentralization of power. This will help to solve the financial and political crisis in Ukraine.

II. The main material

Decentralization is a clever division of power between the center and regions to run the country in a most favourable way. It should not be identify as separatism.

While implementing the decentralization not only the rate of national GDP is important but also it is important to correlate expenditures for development, subsidies and total income.

National legislation should be higher and operate throughout the country, with no region should not have special advantages.

Chiefly decentralization has following benefits and downfalls according to [1] and own research:

Benefits:

- The accordance of the decisions made with the desires of the local communities;
- The ability to hear the requirements of the region and realize them quickly;
- Transparency of all the authorities;
- Diminution of the bureaucracy;
- Elasticity of Project Management;
- More efficient use of human resources etc

Downfalls:

- The possible conflict of the interest of power at local and national levels;

- Issues with the concordance of the decision making process;
- Lack of the qualification of those who aim for the local governance etc.

Generally decentralization is going to affect every city, every citizen and every region. And we can observe its benefits and downfalls in the others' experience, that can show us how it works and what should we expect from the new changes to the Constitution. Firstly, we should define the optimal level of decentralization. Because there are examples when regions can totally ignore national interests and cause harmful effect on the nation. That is why, as it is mentioned in the project, every region will have an observing and monitoring group from the central government that will control the activities of local powers and reach the compromised decisions on the disputed issues. It is important to keep their mission on the observing stage though and to not let them gain the veto power to decide whether or not implement one or another project as it can be observed in Russia, where despite the federalized status all the commands and regulations are coming from the capital [2].

So, it is important to keep those monitors of the unregulated power. Other than that, if we as a nation carefully and dedicatedly follow the path, already positively used by the best developed countries, we will reach the goals that we set up and succeed in all the spheres of our life. Therefore there is a need to measure the regions' dependence on the central power. As it is mentioned in [3], some developed countries there is a percentage division: 60%- central power and 40%-local. In Ukraine for the first stages it can be 70% controlled by the government and 30% controlled by regional budgets. This number will change in a perspective. Other than that, if we as a nation carefully and dedicatedly follow the path, already positively used by the best developed countries, we will reach the goals that we set up and succeed in all the spheres of our life.

Talking about the specific region in Ukraine, Odessa region, it is the most powerful one in the southern part of Ukraine. It is the main water port in Ukraine. It stands on Danube and Dnipro, which means that it stands on ones of the main trade routes in Europe.

Odessa has an amazing potential as a powerful, modern, rich region with a great industrial base that is ready to set records in Ukraine and to produce goods for export.

After annexation of the Crimea, all investments and sponsors turned to a new old "Black Sea Pearl" to recreate its tourism sphere. On annual International Tourism Exhibition ITB-Berlin in 2015 on 4-8 March Odessa was presented by the Department of Culture and Tourism of the Odessa City Council. The meeting included representatives of the National Tourism Agency of Germany, Austria, Serbia, Bulgaria, Romania and other [4]. The idea was that the direct relationship with neighbour countries will be more productive than one through Kiev. We have investors in the vinery and liquors production that stopped their activity in the Crimea and that are considering as a potential target a huge base of that production in Odessa. It will produce the excise that will be completely directed to the local budget and then improve the local education, culture and medicine.

We are also concerned on how the decentralized system will affect the social and cultured life of the average Ukrainian citizen. It is not a secret that the medical sphere has a huge amount of problems on all the levels. Those include corruption, obsolete infrastructure, old equipment and people's inaccessibility to the "free medicine". But also the medical education suffers a lot as we have the generation of just graduated doctors that lack the practical knowledge and are not able to change the older generation that is not able to maintain the productivity they used to have anymore. That is why there were a lot of efforts to change the broke system but yet we do not have the solution that we are so desperately looking for.

First of all, the financing: today more than a half of all the flows of money that are financing medicine are hidden in the shadow economy including the untaxed transfer, illegal payments etc. It is mainly caused by the inability of medical institutions to exist on negligible subventions from Kiev. That's why local medical institutions should pay themselves off legally by taxes, insurance policies or by taxed payments.

The matured countries' experience shows us that decentralization can improve the quality of medical services, provide the flexible health care system for the epidemiologic and ecological situation and that is adjusted to the specific region. The system should be oriented on the client, should use market technologies, should enlist regional scientific and educational centers and, of course, provide young specialists with the access to the practical education. Highlighting the higher medical education, Valeriy Zaporozhan brings up an example of the first steps to decentralization: opening the Regional medical center in Odessa's oblast [5]. One of the main goals of those kinds of centers is to stimulate and motivate the private sector to invest in the developing scientific-medicine sphere as the national financial help is far not satisfying, especially now with the military crisis.

Ukraine has an incredible agriculture potential. The main issue in the agriculture sphere in regions is the access to land. As we know this issue is deeply overlapped with corruption in the local administrations, created by the central powers. With decentralization local communities and institutions will be able to distribute their land between themselves on the legal basis, determining their own tax rate and rent durations. So the village community will finally be the owner of its land.

In a time of crisis, regions have issues with the financial system, corruption. Some financial analysts believe that being more decentralized can make more harmful wholes in that system. However, even now there are different strategies on how to deal with present problems: on how to prevent the economic crisis in the region, on how to create new jobs, on how to raise the social and cultural level of the society. But all new ideas were blocked in the lobbies of local administrations. And those few who wanted to help did not have enough power and resources to make it happen [6]. Now, with a new governor and new local powers with a western mindset and wider opportunities decentralized regions will slowly destroy the corrupt system that has been dragging them down for decades. For example, in Odessa the new, powerful leadership is a dominating factor in improving and developing all spheres of production.

The reason why most politicians from Odessa and others regions are against the new stream to simple and clear. It is based on primitive subjective interests. Being an international port, Odessa has a huge amount of illegal money coming in and out. And the new local leaders that will not be covered and backed by the authorities will be able to resist the temptation and work for his or her voters. So, it is important for Odessa region, and following its example the whole country, that has an incredible potential, and with new governor a good entrepreneurship, to destroy obstacles on the way to wealth And decentralization will serve as a tool for it.

Emphasizing all the issues, decentralized policy in this sphere is the best strategy.

Conclusion

Decentralization is very necessary for Ukraine. But it will not act until we'll do some steps towards. There are such ways to overcome the financial and political crisis through the lustration, destroying corruption, and lowering the unnecessary expenditures by giving the power at the regions to honest people.

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