

UDC: 332 Regional (territorial) economy

**GLOBALIZATION AND STRATEGIC PLANNING OF LOCAL DEVELOPMENT  
IN THE CONTEXT OF ENERGY SAFETY OF THE COUNTRY****Vasylchenko Galyna***Ph.D., assistant professor of the Department of management and administration National Technical University of Oil and Gas, Ivano-Frankivsk, Ukraine***Vasylchenko Sergiy***Ph.D., assistant professor of the Department of Theoretical and Applied Economics Vasyl Stefanyk Precarpathian National University, Ivano-Frankivsk, Ukraine*

**Abstract.** The process of globalization of world economy opens new legal conformities, launches new "rules of the game", and changes equal responsibilities for local development and algorithms of making decision by executives in the field of economic policy both on national and on regional levels. The authors prove that the simultaneous action of globalization and localizations is the formula of "new" economy: globalization of world economy leads to strengthening of role of local communities in economic development and local territories and the country. Globalization and localization are indissoluble processes, they operate synchronously: the deeper globalization is, the stronger localization of economic development is. The economy growth in the conditions of globalization becomes local. Competition positions of local communities in the global economy grow due to high energy efficiency of territories and cities, and the growth of their competitiveness in general.

**Key-words:** globalization of world economy, local territories, local communities, energy efficiency of territories, the economy growth in the conditions of globalization.

**Introduction.** Yet a few years back such an article would not have a single sense for the target audience of leaders of territorial communities of Ukraine. Till the beginning of reforms in decentralization most local councils looked like "cash desks of salary payment" to employees of budgetary sphere, or like "large housing offices", which due to the problems of complete wearing out of networks and equipment are only concerned with their own survival. Possibilities of influence on real economy in "local authorities" in Ukraine were practically absent, and what for, if aside from how "well" or "badly" local enterprises worked – it practically did not influence the state of development of communities. Development in local communities could depend only on the amount of the sold land and let out real estate on the prices and rates, which reminded a bloom but not an economic instrument, and also on leader efforts of the head of a city. Therefore the development even if took place in a city, was "not due to", but despite the existing conditions of high centralization of the system of state administration.

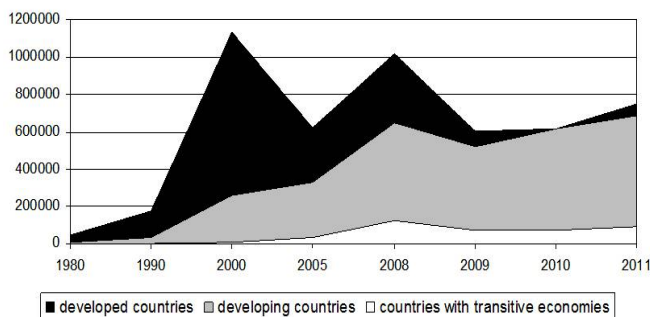
**Statement of the problem.** Today the society begins to realize that economic expansion of the country straightly depends on the possibility and personal interest

of communities in being joined to local economic development of the territory. Regions and territorial communities must transform from the object of governing to the subject of governing and to ensure its well-being independently. Bodies of local self-government will get possibilities and a motive for proper execution of powers. For the first time in the history of independent Ukraine territorial communities will bear a responsibility for planning of their budget, economic development, attraction of investments and development of entrepreneurship. State power conducts decentralization and passes more "tax resources" and authority "downward". It must raise responsibility of "local power" before its community and entire country. Certainly, greater level of resources, wider responsibilities demand deeper knowledge and wider understanding of global processes, as cities compete with other cities not only on the national level but also on the global one.

**The results.** Globalization of modern economy substantially influenced the character of development of countries, cities and territories. International capital flow, as a display of global economy, is acting today as an important factor of economic growth of all countries. Especially it concerns developing countries and countries with

transitional (transitive) economies, for example Ukraine. The possibilities of economic growth for transitive economies are limited by the available production resources, and the processes of piling up of capital require considerable time. The same concerns technologies, innovations, human capital, etc. In case of flow-in of direct foreign investments (DFI) such problems disappear rather quickly. Globalization of economy destroys modern theories of economy growth, which put endogenous factors into the basis of the growth. The problem of limited productive resources, inherent to the economy of the past century, disappears (to certain limit) as a result of globalization of markets of production resources. The world countries get practically unlimited access to the world resources of labor, capital and technologies. Yet in the last century such factor of national economies growth as direct foreign investments did not practically exist. Till the mid of the 90s of the 20th century annual global DFI did not reach even 0,5 trillion US dollars a year and because of their insignificant volumes, they, being the factor of economic growth, could be neglected. In the beginning of the 21st century global streams of DFI began to grow very quickly reaching 1,122 trillion US dollars [1] as early as in 2010. In 2013 global stream of DFI according to estimations of the United Nations Conference on Trade and Development (UNCTAD) comprised 1,8 trillion US dollars and 1,9 trillion US dollars in 2014 [2].

**GLOBAL MARKET OF DIRECT FOREIGN INVESTMENTS**  
(million US dollars)



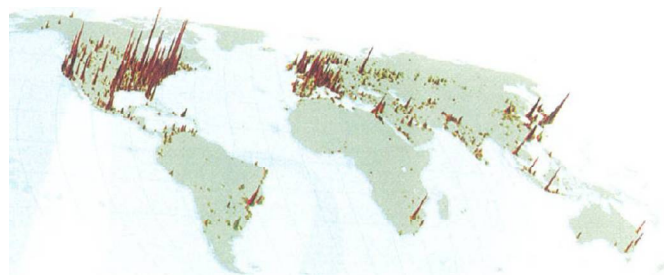
Picture 1.1. Source: UNCTAD Handbook of Statistics, B.12.II.D.1.- New York : United Nations Publications, 2012. - 344.

Consequently, in theory, there is an objective long-term world tendency to leveling of economic development indexes of all countries of the world. But it will not happen because the countries which have different attractiveness and possess different abilities to attract external resources. It is known that all resources search for the most profitable application. And consequently investment attractiveness of a country is determined first of all by the factors of labor productivity. The latter mainly depends on energy efficiency of economy, id est, the level of consumption of energy resources on the unit of the created GDP. Today the level of energy capacity of production in Ukraine is three times higher than in Europe and the USA. Thus, if in Germany it comprises 0,15 tons of fuel equivalent per 1000 dollars of

GDP, in France – 0,16, in neighboring Poland - 0,19, in the USA – 0,22, then in Ukraine this index reaches 0,45 tons. If we look at the structure of GDP cost price then here a picture is more demonstrative: in Ukraine the correlation of energy expenditure and salary in GDP cost price comprises 70 per cent per 10 per cent, while in Germany this level is equal – 35 per cent per 35 per cent. [3] And it means that instead of salary the Ukrainian enterprises spend money on energy resources. And local communities today begin to understand it trying to join to projects of development of energy efficiency. Thus “Energy efficiency in communities” Ukrainian-German cooperation project (GIZ) sets the aim to support the ability of local self-government in acting the part of the leading force in Ukraine in relation to implementation of measures on energy efficiency and it will support the corresponding measures of cities-partners with different facilities, including assistance in access to the funds and credit lines for financing of such measures. [4] And this is impossible without local economic development, without decentralization and successful use of principles and advantages of global processes.

Not a single territory today is an economic island. Countries, regions, cities, villages are located in a single space and belong to the global economic system. Effective government of local development is connected with understanding of world tendencies and the use of conformities of law of global economy in favor of development of a community. The 21st century is acknowledged as the epoch of development of territories, creation of agglomerations and formation of new “points of growth”. It appears that what was once sung in the much known song of the Soviet times: “wide is my native country, there are many forests, fields and rivers...” today lost its actuality, because the main part of the world’s GDP is created not on the boundless spaces of the territory of a country, but in cities. And not simply in cities but in the municipal systems which include their suburban areas! Exactly the cities in the conditions of global system become the “points of growth” of regional and national economies and they exactly influence economic power of the country the most, innovative products with the most added value arise exactly there. 30 per cent of the global GDP falls on 100 biggest cities of the world (agglomerations). Territories where economic growth is rapid are represented not by separate cities but by the combinations of cities, settlements, districts, located in a geographical closeness (sub-regions, agglomerations).

**GEOGRAPHY OF ORIGIN OF GLOBAL GDP**



Picture 1.2. Source: McKinsey & Company

In the countries of "Big Seven" in the cities and their suburban areas (municipal agglomerations) from 75 to 87 per cent of gross domestic product is formed. "Today the cities, but not nations, are the real engines of the economic growth", – stresses Jan Jacobs, the American scientist-urbanist. [5] In conditions of global economy the countries compete with countries, regions compete with regions, and cities compete with cities creating the most favorable environment in which business can develop and grow. If a transnational corporation searches for new places for expansion of its activity (for example, for construction of a new plant), then it is necessary to understand that a decision-making process on investing funds into the other country will be difficult enough and multi-level. A corporation can know in what part of the world it would like to invest (for example in Eastern Europe), it can even be sure of the choice of a country where it wishes to invest (let's say Ukraine), but the choice of a city (of a place) of localization of investments will always be most difficult. All will depend on cities of a region which will compete with one another for this investment and which will offer their own possibilities for this corporation. Whose possibilities will be the best (competitive), investments will be localized there. Obviously, economic welfare of citizens is not possible without development of local economy. Globalization creates new possibilities for the growth of business efficiency, but does not provide equality of results for all the subjects. As a result of high mobility of economic resources (especially financial, informative and human) it forms powerful streams of capital which easily flow from one territory to the other. It influences positively the development of local communities in the places of localization of capital and simultaneously it negatively influences the development of those territories which did not get such flows which, as a result, deepens disproportions in development of different territories of a country. Under these conditions separate settlements, cities and enterprises which are located on their territories get access to the world markets. As every territorial community serves as an independent player in the market, and there are many such communities, the competition between them certainly sharpens then. Therefore local communities succeed in the use of factors of local competitive advantages. With the help of intellectual, human, institutional, infrastructural, energy, physical and natural resources of a locality they try to build their own growing and "repaying" economic system. Those municipalities the growth of which rely on compet-

itive advantages which are dependent only on the place of location and classic factors of production (earth, labor capital), can lose their advantages on a certain stage of globalization. Other municipalities, which develop the so-called "soft" or "well-bred" factors of local advantages (intellect, innovation, information, cooperation, networks, and social capital) have chances to become leaders. They will be able to position themselves in relation to other communities and territories and obtain special competitive advantages in bringing in the best investments which provide:

- setting up of innovative enterprises
- formation of high added value
- use of energy conserving technologies
- alternative energy
- producing of products of mainly export sector
- new skills of professional management
- improvement of infrastructure
- integration into world economy, etc.

In the basis of high level of development of countries there is competitiveness of territorial communities which is connected with the level of local economic development and successful planning of the future.

**Conclusions.** Appearing of territories of economic growth and also territories of economic decline is the consequence of processes of globalization of economy and localization of foreign investments. A territorial community which is unable to compete for attraction and effective use of foreign capital, information and knowledge, remains far behind. The backwardness of the depressing territories in modern conditions is widely recreated, the gap in Gross Regional Product indexes per a habitant, employment, middle salary and welfare of population in comparison with competitive territories grows. Countries which did not provide conditions for effective use of resources get rid of them with the same speed, sharpening internal problems of poverty. Moreover, as a result of international migration of factors of production (first of all capital) disproportions in distribution of productive forces on territories arise. The reason to it is different investment attractiveness of territories and as a result different foreign cash inflow in different parts of one country. And herein, important feature of development of national economies in conditions of globalization lies in. Local territories become more subjects of international economic relations via increase of mobility of resources, simplification and acceleration of transborder movement of production.

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UDC 911.3

## USE OF ARCHITECTURAL BUILDINGS IN DEVELOPMENT OF TOURISM OF THE REGION

### ВИКОРИСТАННЯ АРХІТЕКТУРНИХ СПОРУД У РОЗВИТКУ ТУРИСТИЧНОЇ ГАЛУЗІ РЕГІОНУ

**Dudarchuk Kateryna**

*Ph.d, lecturer of the Department of Geography of Ukraine, Ternopil National Pedagogical University named after V. Hnatjuk, Ternopil, Ukraine*

**Дударчук Катерина**

*к.г.н., викладач кафедри географії України і туризму Тернопільський національний педагогічний університет імені В. Гнатюка, Тернопіль, Україна*

**Abstract.** The article shows the role of architectural resources of national status for development of tourism in time of socio-political crisis in the country. The areas with the most architectural buildings of national importance on the territory of Ternopil region were revealed. Was The state of preservation and use of such objects in the tourism industry has been analysed. We indicated that most actively involved in tourism historical and architectural buildings, that have a status of national importance.

**Key Words:** tourist branch, attraction of territory, architectural heritage, architectural building of national status.

**Анотація.** У статті розкрито роль архітектурних ресурсів загальнонаціонального значення для розвитку туризму в умовах соціально-політичної кризи в державі. Виявлено райони із найбільшою кількістю архітектурних споруд національного значення на території Тернопільської області. Розглянуто методику оцінки архітектурних споруд для потреб туризму. Вивчено стан збереження та використання таких об'єктів у туристичній галузі. Зазначено, що найбільш активно задіяні у туристичній галузі історико-архітектурні заповідники, які функціонують на основі архітектурного надбання національного значення. Тому важливою умовою розвитку туризму є співпраця туристичних операторів із такими структурами для досягнення оптимального результату в процесі створення нового туристичного продукту.

**Ключові слова:** туристична галузь, привабливість території, архітектурна спадщина, пам'ятка архітектури національного значення.

**Актуальність проблеми.** Необхідною умовою розвитку туристичної галузі регіону є раціональне використання у туризмі найбільш цінних туристичних

ресурсів. Зважаючи на те, що Тернопільська область має понад 1100 пам'яток архітектури, варто звернути увагу на використання їх у туристичних маршрутах.