

## REGIONAL ECONOMY AND ECONOMIC SECURITY OF REGION

**Statement of the problem.** Economic security in the country as a whole is determined by individual economic security of its individual regions and their close interdependence and sustainable development of each. The economic security of the region - a certain economic independence (autonomy), which is especially evident in the exercise of control over the resources of the region and is determined by market opportunities maximize the competitive advantages of the region. The economic security of the region, on the other hand, the stability of the regional economy, defined reliability in the region of all elements of the economic system, the establishment of guarantees for the effective management of enterprise and curb the influence of destabilizing factors.

Thus, the requirement to ensure the economic security of the region must be included in the basic principles of formulation and implementation of regional policy. In the context of the economic security of the region is expected primarily the ability to develop and progress of the regional economy, determined to realize their own property and protect regional economic interests, to modernize and expand production, make efficient investment and innovation policies to stimulate entrepreneurship and more.

The economic security of the region reflects a certain set of conditions and factors that characterize the current state of the regional economy, the level of stability and resilience, as progressive development. Traditionally, economic Security is considered as the most important quality characteristics of the economic system of the region that determines its ability to maintain normal living conditions of the population, providing resources for regional economic development and consistent implementation of national and state interests.

The economic security of the region - a set of measures aimed at sustained, continuous development and improvement of the regional economy, necessarily involves a mechanism against external and internal threats. The complex activities that form a system of economic security of the region is crucial to belong mechanism against threats that arise.

From the standpoint of economic security is important to assess and predict the impact of all anticipated threats, as well as economic and non-economic impact on their course, but most importantly - it is an opportunity to show a sharp decline and a critical threshold. Along with forecasting and analytical arises inverse problem, which consists in the development and implementation of measures aimed at preventing the onset of the crisis and to overcome the critical threshold.

Ideally, the economic security of the region is identified, on the one hand, the interests of the population, on the other - with the interests of the state as a whole. Although in reality the interests of the region are often replaced by other terms, Ukraine's interests - the interests of the central government in the state and public interests - the interests of individual groups.

The economic security of the region, therefore, is an important quality characteristic of the regional economic system. Transformation processes at the regional level is usually accompanied by economic recession,

unemployment, destabilization of the economy, is manifested through imbalances between aggregate demand and supply, high inflation, significant lack of local (regional) budget, unstable exchange rates and other negative aspects.

Based on the totality of the prerequisites of a stable situation in the regional economy, the issue of economic security in the region has been one of the main, due to its nationwide importance. Top level of economic security in the region achieved provided that the full range of performance is within acceptable limits thresholds and thresholds of one indicator is not achieved at the expense of others. However, the existing evaluation system of economic security is not universal and is designed for more industrial regions. They are not pragmatic for the regions where the priority of economic development is non-productive sphere or tourism. Irreversibility of economic processes taking place in Ukraine and aimed at creating a strong modern state is dependent on the economic development of the regions and their economic security.

**Analysis of recent research and publications.** The economic security of the region determines the ability of regional economies to maintain consistent implementation of national and state interests, stable and reliable capacity of economic agents, the normal living conditions of the population.

The economic potential of the region is the basis for its development. At the end of the twentieth century concept of "development" was qualitatively new addition - "sustainable". The concept of sustainable development adopted at the UN Conference in Rio de Janeiro in 1992, Sustainable development - the development that meets the needs of the present, but did not threaten the ability of future generations to meet their own needs [10].

The concept of "economic security" was first introduced in 1994, A. Pasternak-Taranushenko. In general, A. Pasternak-Taranushenko defines economic security at the macro level, noting that "economic security - a state of the state, which provides the ability to create and develop conditions for the productive life of its people, long-term development of the economy in the future and welfare of its people" [8].

The regional economy is often seen in the context of the national economy. Accordingly, first defined national level of economic security and the future - and the economic security of the region. These are the work of many studies, such as [5, 13].

Given the economic basis of security in the region, a range of issues related to the comprehensive nature of the economic restoration and development at the regional level. This is the basic in determining the level of economic security in the region. It is at this position focuses in numerous papers [4, 11, 12].

General principles of national economic security and economic security regions provided for in the Constitution of Ukraine [1]. National legislation defined the basics of economic security regions in the context of macro-economic security in the country. The Law of Ukraine "On National Security of Ukraine" (№ 964 -IV, dated June 19, 2003) states that in Ukraine "provides integrity of the national economy" and "create a com-

petitive, socially oriented market economy and continued growth of living standards and welfare". The same applies to the regions and their economic security in respect of which should be indicated and the possibility of a risk as "a manifestation of the threat of separatism in some regions of Ukraine".

The Law of Ukraine "On the promotion of regional development" (№ 3275 -VI dated April 21, 2011) specifies that "the promotion of regional development is carried out to ensure their sustainable development for the benefit of the whole Ukraine, raising living standards to create equal conditions for dynamic, balanced socio-economic development of Ukraine. Special attention is given to depressed areas and mechanisms of recovery and development.

Thus, the economic security of the region and ensure it is clear. At the same time, constantly stressed the need to strengthen policies to stimulate economic development as the basis and foundation of economic security areas.

**Problem.** The purpose of the proposed work is a generalized description and analysis of the problematic elements in the process of economic security of the region. We analyze the direct correlation of economic security in the region with the regional economy.

**The main material of the study.** In modern terms in scientific, economic or domestic turnover using different concepts and definitions of the region, which could complicate the study of regional issues. This is denoted respectively by formulating concepts of the regional economy and economic security of the region.

In general, in the region can be understood: 1) much of the country with similar geographic, climatic conditions, like a major industrial and economic systems, socio-economic problems (despite the fact that these regions are relatively closed in industrial and economic terms, nevertheless, they are not public entities have no legal status and well-defined boundaries; such a thing region is the least severe and is used in non-scientific use); 2) economic region of the country (this definition is more accurate first kind, as have certain economic areas limits, but they have no official status and controls, the concept of region growing based on turnover and is used mainly in the economic geography); 3) a unit of government in the country (in terms of regional management, this concept is the most accurate because the region is a public entity that carries on its territory state power).

Region as an economic system reflects a part of the territory within which the system operates and develops the interaction between economic actors and between business entities and authorities and management at different levels. In a market economy, the diversity of ownership and so the region as an economic system can be considered as relatively independent object of economic regulation.

The economic system of the region is endowed with all the characteristics of complex socio-economic system: 1) territorial integrity (administrative boundaries); 2) the complexity of the organization; 3) hierarchical; 4) commitment functioning of the entire economic complex as a whole and its individual parts; 5) self-organization; 6) the specificity of development. Thus, under the regional economy (regional economic system) refers to a complex socio-economic system that provides interconnected and interdependent development of productive and non-productive (social) areas in order to create better living and working conditions in the region. Obviously, the regional economic system has dualism. It is as complex socio-economic system and the economic subsystem of a higher order, the national economy.

Regional economic system has the following distinctive features: 1) as an integral part of the national

economy, it can't be considered in isolation, therefore its independence is also relative, 2) the economy of any region is closely related to its climatic conditions if at the level of the national economy by virtue of its scale of influence of climatic conditions is offset, at regional level, due to the smaller size, it can be crucial, 3) it is complex, because it includes, as a rule, many industries and industries, but it is not self-sufficient, has no harmonic structure that determines the need for its interaction with the economies of other regions, achieving economic independence can't be regarded as benchmarks for regional development, 4) it must provide stable playback of all subsystems: the economic, financial, industrial, social, infrastructure, incomplete reproduction of any subsystem will mean a transition region in the category of crisis. Crisis (depressive) region more susceptible to the negative impact of economic risks that affect the dynamics of the regional economy and the level of economic security in the region.

Thus, the challenges and characteristics of the functioning and development of regional economies are closely linked with the territorial organization of society on the administrative structure of the country, as well as levels of government.

In general, the regional development of Ukraine is characteristic traits such as increased intra-regional differentiation, the concentration of economic potential in a small number of regions, mainly focused on resource extraction and export resources, the loss of the current value of old industrial regions that previously formed the basis of the economy. That is, the economic security of the region should be provided, especially the efficiency of the regional economy.

The relationship of economic security and regions is obvious. Combining interests center and the area has a dual character. On the one hand, the area is the ground of localized socio-economic, environmental, demographic processes.

These processes may threaten the economic security of the state, and their expression can be worn geographically differentiated character. On the other hand, a separate area is subject to regulation within a certain amount of authority, acting leader of their own economic policy affects the economy as a whole.

Thus, the development of the program of economic security should be based on a clear understanding of a variety of modern threats, which have varying degrees of severity. Among the most significant of which are: the growing recession, the destruction of scientific and technical potential; deindustrialization of the economy, the risk of loss of food independence, rising unemployment and weakening of motivation, increased external and internal debt, criminalization of the economy, increasing property differentiation of the population and increasing poverty, the growth deficit [2].

The issue of economic security in the region also has facilities for crossing with other possible areas: social, environmental, information. Therefore, the problem of economic security must be seen as fact in the economic sphere and in areas adjacent to the intersection of economic areas.

Traditionally, the internal structure of the economic security of the region are generally displayed through three major components: 1) the economic independence which is relative because of economic and political dependence on the region from the center and the interconnectedness of various regional economies (in terms of economic independence of the region suggests the possibility of control regional authorities by regional resources, achieving this level of production efficiency and product quality to ensure its competitiveness and allow for equal participation in interregional and inter-



national trade relations of cooperation and exchange of scientific and technological advances), 2) stability and stability regional economy (involving the protection of all forms of ownership, the establishment of reliable guarantees and favorable conditions for entrepreneurship; contain factors capable of destabilizing the situation, such as the fight against criminal organizations in the economy, preventing serious gaps in income distribution that threaten to cause disruption, etc.), 3) the ability to self-development and progress (creating a favorable climate for investment and innovation, constant modernization and expansion of production, the professional development of employees, etc.).

Thus, the structure formation of social and economic security of the region must be a range of economic, environmental, legal, geopolitical, and other conditions that are designed to ensure that: 1) the protection of the vital interests of the country and its territories on resource potential, 2) the conditions for the preservation of regional structures in a potential crisis and future development, 3) regional competitiveness in domestic and international markets and the stability of the financial situation of the country, 4) creating internal and external protection against the destabilizing effects, 5) ensuring conditions for sustainable and adequate social reproduction of social and economic processes [3].

Failure of economic security regions can lead to disastrous consequences: the decline of industries, mass bankruptcy of subjects business and ultimately, to undermine support system state with subsequent loss of national sovereignty [7].

The conclusion is obvious that regions provide economic security in the country.

The development and practical implementation of regional security policy shall include, in addition to identifying and neutralizing internal and external threats to the territorial integrity of the country and socio-political stability in the region, and consistent implementation of the strategy of territorial development of Ukraine, the territorial unity of the state.

Political and economic security of the region should fully take into account the violation of homogeneity of trends Economic Area countries are in crisis and structural changes in the economy leads to an increase in regional disparities. As a result, timeliness and adequacy of measures related to the threat and the protection of national interests is based on regional specificity [6].

Thus, lack of elaborated many aspects of economic security at all levels regarding the transformation period, theoretical and practical importance of the problem of overcoming and preventing crises in the region's economy for the effective functioning of an integrated economic space within a single state lead to new approaches to the economic security of the national economy and regional economy. Extended Play risks and threats in the economic integration of previously separate systems into a single complex region, and their exit from regional and national boundaries makes the task of applying adequate reproductive approaches to the study and evaluation of the economic security of the region and prevent threats to the regional economy.

In today particularly important opportunity to shape a region economic security of the state, while remaining self-sustained and progressive territory, able to effectively neutralize the threat of economic or prevent their occurrence. Table of contents for economic security is the possibility of effective control by the regional authorities for the efficient use of natural, human, material, financial and other resources to achieve economic growth and competitiveness.

Thus, the thrust of economic security in the region can be displayed as: 1) promoting economic indepen-

dence, 2) the stability of the functioning of the economy, 3) expanding the boundaries of self region based on self-sufficiency, 4) increased production and the areas of innovation and so on.

The economic security of the region - a system of measures to estrangement economic space in the region from external and internal threats that hinder the effective functioning of all components of the regional economy, namely: institutional infrastructure (of the administrative-territorial governance and financial and credit institutions), the production site, at the objects of transport and communications, science and research institutions, life support systems, social sphere.

In other words, the economic security of the region - the current set of conditions and factors that characterize the stability and sustainability of the economic territory, some independence and integration with the national economy, which manifests itself as follows: 1) to pursue their own economic policies in the country, 2) the possibility counterbalanced respond to the dramatic geopolitical changes in the country, 3) to carry out, or at least begin to make significant economic measures (without waiting for help from the center) with socially explosive situation in areas related to local "economic" disease, 4) the ability to maintain a stable matching existing prudential regulations in the world practice, allowing to save or restore a decent standard of living.

In a coherent set of activities that make up the system of economic security in the region, the most important system to prevent threats that arise. From the standpoint of economic security is important to assess and predict the impact of all potential and anticipated threats, and economic and economic impacts on their progress. For the area of economic security is fundamental performance thresholds, thresholds, beyond which is a manifestation of destructive, non-regulated processes in a particular area.

Content economic security of the region is realized by means of parameters that allow quantitative assessment of the situation and indicate the possible danger to carry out target-oriented measures to stabilize the situation. There is an integrated structure threats to economic security in the region. The reasons for the emergence and development of the crisis in the region caused by threats to the economic security of the region can be various destabilizing factors:

- A decline in production and the loss of the internal market (permanent underuse of capacity, closure of some industries and the consequent destruction of the technological potential causes progressive collapse of restructuring on its own economic base;

- The destruction of technological capabilities and deindustrialization of the economy (R & D curtailment, decay research teams, reducing orders for high-tech products, the transition of highly qualified specialists in other branches of knowledge and consequently, the development of raw materials and reduction of end branches leading to the degradation of scientific and technical personnel and reduce competitiveness of the territory, the consequences of this threat to the region, on the one hand, have a long-term nature, and on the other, in terms of a territorial specificity, may even result in the loss of certain parts of the scientific potential and an intellectualization society and society);

- Loss of food independence (apparent worsening of price disparities between industry and agriculture, the most complete opening of the domestic market for imported products at reasonable rejection of protectionism on domestic producers leading to increased uncertainty in securing a stable population of products, increased dependence on supplies from other regions, the destruction of its own agricultural sector);

- Rising unemployment, weakening of motivation

(increasing burden on working people social support dependents), lower living standards, sharp differentiation in income levels, the destruction of the consumer market is the rise of social conflict and opposition to economic reforms);

- Criminalization of the economy (growth of economic crime provoke distrust to ensure legal protection);

- Irreversible degradation of the environment in the region (increasing anthropogenic stress and imbalance of natural systems leads to an increase in the number of diseases and forced migration of people to other, more favorable regions);

- Violation of financial security in the region (designated primarily for social sphere, reducing subsidies to local budgets, leading to overall instability of the regional economy and the national economy);

- Loss of external markets (increasing exports of raw materials instead of high-tech and high-tech products reduces the possibility of foreign exchange earnings and upgrading of machinery and equipment, generates a negative balance of trade, inefficient use of foreign currency loans in the absence of strict regulatory framework in the region are making transactions on the domestic market unattractive for foreign investors).

The economic security of the region is directly determined by the regional economies and economic potential of the region. Each region's economy has its own structure and specificity.

Regional economic system, as noted, on the one hand, is a subsystem of the national economy, on the other hand, it is a complex and relatively independent of socio-economic system. As a somewhat autonomous socio-economic system, the regional economy should be characterized as an object of management, it is necessary to determine its structure, identify the internal subsystems and individual elements that make it, to describe the relationship and interaction between them [14].

The main structures that reflect the region's economy are:

- Economic and geographical structure of the region (which is characterized by a geographical region, climatic conditions, availability of natural resources and structure, it is a basic, primary and largely determines the operating conditions and the development of regional economy and its specialization and the level of socio-economic development, geographical location detects and blocks traffic arteries in the region, the degree of proximity (distance) from the major industrial centers of commodity markets and marketing favorable geographical location of the region creates favorable conditions for the operation of the regional economy, the prerequisites for higher competitiveness of the regional economy. Naturally climatic conditions also create conditions for regional specialization in certain sectors of the economy, foreign trade);

- Industrial and economic structure of the region (determined by the level of production and the economic sector and industrial infrastructure, the volume generated gross regional product, the structure of production and the economic sector and characterized by the composition of its constituent sectors, the ratio between them for a set of parameters: the volume created in gross domestic product, the volume of output and sales, the cost of fixed assets, the amount of profit, the total investment in fixed assets, the financial sector contribution to the formation of budget revenues in the region; number of employees and so on. Industrial-economic structure of any region is not closed and has a degree of autonomy to function and thrive independently, without interaction with other regions);

- Socio-demographic structure of the region (characterized by the total population of the region, its dy-

namics, the ratio of urban and rural population, its age and occupational structure, migration, mortality and fertility, etc., it is obvious that the socio-demographic structure leads to largely structure workforce in the region, operating conditions and regional economic development);

- Social structure of the region (the system of public service, characterized by the degree of development of social infrastructure in the region, the level of development of the social sectors, the number and quality of services of a social nature to the population of the region);

- Ownership structure in the region (characterized by volume, as property in the region, the relation between different types of property, in every region there are the following types of ownership: state property, which is run by the state or managed by local authorities, municipal property; private property. Ownership to any level includes financial assets, real estate, shares and so on. Depending on what type of property prevails in the region, the regional administration formed its own economic policy);

- Fiscal structure of the region (determined by the total amount of financial resources that are created in the region, their structure (budget and off-budget funds of funds, funds of enterprises and organizations, financial institutions, population, etc., the size and direction of movement of financial flows - internal regional and interregional their quantitative ratio);

- Administrative-territorial structure of the region (determined by the composition of municipalities that operate in the region).

From the above the following conclusions: 1) these patterns are characteristic of any region of the country, 2) the content of each of the structures is individual for each region, 3) the structure and the content determine the specificity of each of the regional economy, especially its operation and Development; 4) control system operation and development should be adequate to its specificity, consider the functional susceptibility region to determine the regional development strategy, development priorities, in determining the goals, objectives, management and so on.

In this regard, subject to regulation in the economic security of the region are: 1) identifying and monitoring the factors undermining social and economic stability of the region in the short term and pre-term, 2) the formation of policy and institutional reforms that neutralize or mitigate harmful effects of these factors on the economy of the region [9].

In the present economic policy is quite topical issues related to supporting economic growth, creation of conditions for the progress of social relations, providing a holistic and sustainable socio-economic development. The region is classified as a rather complex multilevel structure, with internal dynamics, serving an essential element of the national economy. For regional economies characterized by a combination of social, economic, environmental, information and other components, the presence of many complex elements, a large number of different connections and relationships, the circulation of significant flows of material, financial and information resources. The greater the cumulative production and economic potential of the region, the region has more opportunities for the sustainable development of their own economic independence and security.

Regionalization is a significant and fundamental trend, which has a significant impact on the economy. The obvious result of the transformation of the socio-economic structure of society arose that a significant part of the problems facing the state level, moved to the level of regions. One of the principles of regional-

ization is the defense of the territory from the negative impact of the global community through the use of regional economic benefits. However, the main problem is not the association areas and the problems of their economic independence, security and sustainable development. Implementation of the State's functions at the regional level (Sustainable Development) in the long term associated with the establishment of mechanisms to ensure the economic security of the regions. The problem of economic security has always existed, but now it has become particularly acute in the aftermath of the economic reform, as well as varying degrees of readiness of regions to function in a market-based economy with a modernized their existing potential.

The principles of sustainable development suggest that the economy should focus equally as satisfying the reasonable needs now, and in preserving the ability of future generations to meet their essential needs. One of the stages of the assessment of sustainable development is to analyze the economic security areas. Today, as a rule, developed the concept and forecasts for regions that are not associated with the problems of economic security. Economic security should be considered as the most important characteristic of the economic system, which determines the suitability of national and state interests in the region, ensuring living conditions of the population, eliminating emerging threats and neutralize their effects.

**Findings from the study.** Ensuring economic security - a guarantee of independence, the condition of stability and effective functioning of society guarantee stability and economic progress. The problems of economic security have attracted increasing attention. Ensuring economic security of the region is not the prerogative of any one state agency, and must be supported by the entire system of state bodies and local (regional) government, all links, economic structures and market mechanisms.

The economic security of the region depends on the regional economy and economic potential of a particular region. To ensure consistency of decisions in the context of national economic policies in some regions with the overall strategy for regional development and the concept of socio-economic security is necessary:

- Ranking of regions according to the degree of negative impact situations prevailing in the regions to the national security of the country, the definition of crisis (depression) regions;
- Identification of priority activities undertaken to change the situation in crisis areas with limited resources;
- Continuous monitoring of the implementation and

evaluation of actual performance measures adopted to implement. Such a control will take timely action in case of increase to a critical level of social and economic tensions in the region.

Strategic management of regional economic development in modern conditions, given the importance of each region and its economic potential, determines the objective needs of the region have their own concept of national economic security.

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