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Translation of Intervention Elements Into Local Development Strategy

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Abstract
Micro interventionism implies a set of activities of local public management and raising the economy of the local market. Today's economic theory and state decentralization allow selective intervention to protect new and small markets, such as the local market. Without state intervention and a selective intervention of the local public management, the economic activity would have ceased completely. For a well-designed management or conduct, the state development plan must be designed at three levels: national, regional and local. That way, a country produces strategic documents that give a guidance of the direction in which to build the future, what the major industries are, the large infrastructure and areas of a national interest. Strategies brought by the public management contain measures that can be treated as stabilizing or development. Data shown by local communities are the basis for the application of multi-criteria methods in determining the rank of strategic objectives and local communities, and the application of a factor analysis and group development. Factors or strategic goals decisive for the application of interventionist measures are: the income of the local community per capita, the employment rate and the economy, the unemployment rate, the gross domestic product per capita, the share of employees in the total population and other indicators (factors) of economic growth, income from tourism etc. Based on observations of success factors, it is possible to rank the development of local communities. Outputs, as a valuing factor of interventionism, are a good basis for their translation into local development strategies.

Keywords
Interventionism, selective interventionism, local communities, performance indicators, local development strategy.

Introduction

In terms of the global economic crisis, recessions in developed market economies and the turbulent market environment, both local and global, local communities, or their management, have a different role. Thus, one can say that, today, the interventionism of public management is conditioned by an enormous fall in the economic activities at the state level, which is especially felt in less developed local communities. The prevention and use of key resources of local communities is the basis for a conditioned interventionist strategy of public management, but essentially it is also one of the key tasks of public management in the stabilization and development of local markets. Local communities take over tasks that belonged to the Chamber of Commerce and emerge as entrepreneurs, negotiators and guarantors for economic activities in their local markets. The administration should actively participate in policy making, including the regulation of markets, and the stimulation of the private initiative. In order to avoid passing defective and mutually contradictory policies and laws, better coordination at all levels is necessary. Public administration should be on the alert to provide quality services to investors and companies, which requires modern administration: flexible and open for investment and business.

1. Regulative measures of interventionism

An interventionist economy is characterized by a period of an intensive and direct operational interference of the state in economic courses. As a crisis of a cyclic character takes on increasing forms of occurrence, then the state intervention itself takes on a systemic character. Uninterrupted flows of reproduction depend on the behavior of the public sector because the public sector of an economy covers averagely about two-thirds of production funds. Except for the fact that, in this way, the public sector "covers" activities not attractive to a private initiative, the state may, on this basis, earn revenues, and thus increase the so-called non-tax sources in the structure of public revenues.

Regarding the structure of the regulatory measures in the area of the fiscal policy, the following ones are of particular importance:

- the dispersive structure of taxes, largely because of the many goals of taxation. These goals can be classified into two groups: a) economic (an impact on the factors of demand aggregate and investment encouragement), b) redistribution (the redistribution of wealth),
- selective taxation for effects is divided into three main aspects: a) the arrangement of a tax burden in relation to economic conditions; b) the increased taxation of high incomes; c) a release and exemptions for low incomes,
- potentiating the redistribution effects of financial activities,
- an expansion of the structure of public revenues, whereby the public loan is an indispensable instrument,
- the discouragement of savings of rentier type,
- the relocation of classic public expenditures in the budget structure in favor of economic expenses and social expenditures,
- the relativization of the golden rule of the budget balance in terms that a budget deficit is a rule to compensate for insufficient demand.

The standardization of the budget structure by these measures also meant the introduction of the economic or capital budget, which ensures the funds in the name of interventions in the economy. The interventionist measures that arise from the budget also affect the fundamental budgetary principles. Interventionism directly threatens the principle of the unity of the budget structure (Baby, 2013). The first case of the abandonment of the principle of the unity of the budget was recorded in Denmark in 1927.

The most important measures that affect the establishment of an economic balance in the domain of monetary-credit policies are:

- an enhanced emission policy, which, by an emission of cash in circulation, increases the cash mass and thus directly increases demand aggregate,
- a selective credit policy of interest rates, whose effect influences changes in the quantity of money in circulation, and the scope and structure of investment,
- the promotion of an open market policy (securities), in cooperation with the state, in the money market and capital, in order to influence the movement of interest rates and rates of stocks, and other kinds of capital placement.

2. Mixing policy impact on the creation of business environment

The active role of a developing country, after the global financial crisis, is the basis of all the models of long-term development. The differences are only in the areas of a state intervention, which may be in the area of the improvement of available resources or more active in the allocation of capital as a scarce factor of production in developing countries in the economic sectors of higher technological development. Since a more passive strategy is based on the theory of comparative advantages in building the structure of the economy, it permanently leaves the less developed behind, so it seems that, in the post-crisis conditions, it is still better to follow the strategy of an active industrial policy in the developing world, which is the opinion of many scholars, citing the foothold in the examples of Japan, today's Korea and Taiwan. We are not sure that our economy should reach for this economic pattern. The comparative advantages of the Serbian economy are the basis of a new strategy development. This comparative advantage is of a dispersive geographical character and, in most cases, is in the less developed regions of Serbia. The concept of the socialist industrialization of Serbia was not based on comparative advantages. Therefore, the part of the

transition process being implemented in the stage of privatization is not successful because it is not based on comparability, and consequently has lost the features of attractiveness. That means that the economic development does not imply basically the restructuring of old economic organizations, or the policy of unconditional privatization, but the environmental restructuring of the economic area of Serbia. At the level of the economic system, this includes:

- a stricter regulation and supervision of markets, particularly financial and capital markets,
- the 'detycoonization' of privatization, some infrastructure and blue chips should remain in the ownership of permanent residents,
- the national monitoring of the use of the most important resources,
- social security, made independent by a stable public source of funding, rather than by the occurrence on a volatile (prone to sudden changes) stock market,
- support to public institutions of education, research and science,
- the strengthening of public financial support to institutions of culture, arts and sport,
- the economic and the social infrastructures in public ownership, supplemented by the private ones, rather than vice versa.

The crisis role of the state is reinforced: as a regulator, a supervisor and the creator of the market system and the implementer of the rule of law, as a prerequisite, and as the provider of a supply of some basic goods and services from areas of the hard and soft infrastructure, while the forcible ejection of the role of the state in the direction of the privatization of anything and everything leads to the dualization of a society into included and excluded, referring to the involvement of local small economies that have a comparative advantage, expressed in non-economic resources (Bode, 2004). The experience of a large number of local communities shows that the bottleneck for making decisions on successful strategic management often lies in the speed of such decision making, without implemented and applied scientific methods of decision making. We eyewitness that the development in local communities is conducted under the influence of different policies and scientific disciplines carried out as individuals' competences. Therefore, the management of local development becomes more complex. The principles underpinning local development planning are the social inclusion of citizens and the sustainability of the development of the local community. Social inclusion is defined as a process that allows citizens who are at risk of poverty to be given opportunities and resources they need for their full participation in the economic, social and cultural life, and to achieve prosperity and the living standards that are considered normal in the society they live in. Social inclusion ensures a greater participation of citizens in decisions that affect their lives and the exercising of their basic rights. Therefore, the state and local communities try to create social cohesion, which includes the capability of a society to ensure the welfare for all of its citizens. Cohesion is an ideal that a society seeks by maintaining, improving and adapting itself to changes occurring in the economic, the social and the political spheres. The realization of this principle contributes to the unification of opportunities in the development and greater social justice of a local community.

The principle of sustainability is based on the idea that natural and human resources must be renewable and balanced to last. The principle of sustainability means the integrity of the most important economic, social and spatial aspects of a local community. Economic requirements for a dynamic development, a spatially effective and efficient economy, and developed tourism and services become a goal in the management of a local community. A sustainable economy and a healthy environment should yield the satisfactory living of citizens in a healthy and prosperous environment that provides opportunities for all citizens. The ensuring of better social conditions, economic, social and cultural rights for all citizens is the major focus in the planning of strategic objectives in the management of a local community.

A local economic development plan serves as an instrument for improving the economic capacity and competitiveness of local communities, or for the creation and maintenance of competitive jobs in the local economy – in order to ensure citizens' right to work and decent earnings. As the importance of the competitiveness of locations to attract professionals and companies grows with the globalization, so does the importance of planning and using the key levers of local economic development. Apart from this generally defined function, local economic development planning has a specific role, typical of countries and economies in transition: it should be used to direct, facilitate and accelerate the restructuring of the

local economy. In practice, this boils down to the organized facilitating and accelerating of opening and developing new sectors and branches, usually based on locally available resources. In a word, the management is expected to possess a vision of the development of the local community. The vision is realized by designing strategic development, through strategic development plans, in which strategic goals are defined. Each strategic goal is implemented through one or several projects. Projects must include the structure of financing, the implementation time, implementers responsible for the achievement of the strategic goals. Each strategic plan starts with a SWOT analysis, which is a bridge between the current situation, diagnosed by analyzing, and a desired future state, designed by the plan. Thus, strategic goals are the elements of strategic plans through which the management of a local community achieves the vision of the development of the local community, customary for every citizen. In them, citizens experience the same rights and obligations with respect to the quality of life in their local community. The local government leads to such a condition through plans of strategic orientations, defined as strategic goals.

3. Communication strategy in service of interventionism

Communication is a process that helps to spread an organization's strategic goals. It is a logistical support of influencing factors to an organization, which strongly influence the behavior of the organization in public. Every communication is, regardless of the level at which it takes place, specific, because every public has different communication needs. Because of the need of an organization to leave the same impression on all of its publics, and for the avoidance of a possibility of sending different information to various publics, the basic principles of communication are developed in communication strategies. A communication strategy contains a brief analysis of the situation, the starting position of a public institution, and defines the objectives the institution wants to achieve through communication with the public. Experience in the field of communication strategy shows that it is possible to divide its global objectives in the public and the state administration into the following segments:

- systematic, continuous, timely and accurate information to the public (through the media and/or other means) on the relevant activities of the institution,
- the promotion of the general picture (image) of an institution and its reputation and prestige among the citizenship,
- the promotion of certain specific actions, initiatives, services or products of the concerned institution,
- the constant and systematic monitoring of the public opinion (with a special reference to relevant target groups), an obtained data analysis and date use for planning future moves and initiatives in the field of public relations,
- the continual and systematical monitoring of the amount (quantity) and the quality of the media space in print and electronic media.

If necessary, and depending on the situation, the following messages are created:

1. Market competition raises the quality of goods and services, increases a possibility of selecting products and services, reduces prices, encourages and motivates entrepreneurs to go into investments that create conditions for new employment, competitiveness and long-term economic growth.
2. State aid is only useful if it encourages further development, if the state encourages or participates where the market does not give results (market failures), such as investment in research and development, environmental protection and the like, and if it is equally accessible to all potential users.

Institutional communication is in the function of increasing the transparency and responsibility of authorities towards citizens, which implies a two-way dialogue, i.e. the openness of the government towards the impact and the contribution of the public to the government policy. The participation of citizens in the political life of the local community and decisions made by the local public administration are an important aspect of democracy. It is a mechanism for the effective external monitoring of the government's work, but also a way of creating public policies close to citizens' current needs. The participation of citizens is considered a possible solution to the problem of "democratic deficit", which manifests itself in the growing distrust of citizens towards governments, the lower voter body turnout and an overall political apathy and pessimism towards established

democratic values, procedures and institutions. In that sense, participation is especially suitable at the local government level, as the decision-making process is relatively close to citizens, and the implications of adopted decisions are quickly felt within a local community.

To even reach the participation at the local level, and in order for it to be meaningful and successful, it is necessary to meet several important criteria, such as a stimulating legal framework, the trust of citizens in the local government and the existence of strong civil society. In addition, what is necessary is the support by political actors for participatory activities, a certain level of the openness and transparency of public administration, as well as developed capacities of local governments to enable it to respond to the needs of participatory processes. And finally, before participation could even be reached, it is essential that citizens have access to relevant information on the local government, political options and participatory mechanisms at their disposal, as well as the overall activities within the concerned communities. Citizens' awareness thus becomes an important motivational factor and a prerequisite of their participation in the political life of the local community.

Bearing in mind the importance of the role of information for the development of citizen participation, as well as an overall democracy development, the focus is put on the elements and the processes responsible for informing citizens within local communities in Serbia. Special attention is given to the key actors of these communication processes – the media and local governments. Local media are the primary source of information about the work of local authorities, as well as the political, cultural and other relevant events within a local community. If they perform their function properly, they are an important mechanism through which citizens can participate in the public life of the community, articulating their interests and deliberating on the government's performance.

4. Location interventionism

The strategy of a local community development is a process through which actors within small and large cities work together with partners from the public, the private and the NGO sectors in order to create favorable conditions for economic growth and job creation. Through this process, they establish and maintain a dynamic entrepreneurial culture and create a new community and business prosperity in order to improve the quality of life for all in the community. Location interventionism was launched during the 1970s because local governments realized they had very mobile capital leaving their jurisdiction. This meant that their economic bases and the bases for employment could collapse. By actively examining their economic basics, understanding the obstacles on the way to growth and investment, they sought to build their base for the economy and employment. Today, the local area is facing an increasing number of challenges than local areas would have been faced with during the 1970s. These challenges can be:

1. International. Globalization and increasing economic and political competition for investment, financial assistance, business attraction and retention. It offers opportunities for local companies to develop new markets and presents challenges coming from international competitors entering local markets. Multinational manufacturing, banking and service corporations located in multiple locations are globally racing to find cost-efficient areas for manufacturing operations and operations of service management. Technologically advanced industries seek highly specialized skills and a technology infrastructure. Local conditions determine the advantage of the community and thus its ability to attract and retain investment.
2. State. Macroeconomic and monetary policies affect local communities. State regulation, tax and other legal structures influence the shaping of the climate for domestic enterprises, which can either help or hinder local economic development goals (e.g. telecommunications deregulation, environmental standards and so on.). In a word, governmental functions are decentralized and the private industry has become free. This has local financial and economic consequences. Local communities need to be aware of the threats they impose, but also of the opportunities they provide.
3. Regional. Communities within and between regions are competing to attract external investment just as domestic ones. There are many opportunities for communities to cooperate with one another in order to help their economic development. This will improve the competition of the overall regional economy, while, at the

same time, their own economies will benefit. For instance, local governments or formal regional governments can intermediate between national and individual local governments to play important roles in the development of local communities.

4. Municipal. Companies often choose to locate themselves in urban areas because of the benefits of markets exchange, infrastructure, workforce supply relationships, and communications with other firms. The profit of the economic growth of urban areas depends on the quality of urban management and policies that affect the availability or a lack of electricity, transport, water, sanitation, telecommunications and developed urban land. Other factors that affect the productivity of the labor in the local economy include housing, health and education services, the availability of skills, security, opportunities for training/education and public transport. The most important and the most effective initial activity of economic development that municipalities can undertake is to improve the processes and procedures that businesses have to undergo within the city administration. The overview of most local governments reveals a multitude of complex, poorly-managed, expensive and unnecessary systems for company registration. By reducing these, an area quickly begins to improve its investment climate and becomes known as business-friendly.
5. Vulnerable populations. Communities and businesses increasingly recognize that the successfulness of a local community development requires an economic, natural and social renewal. For this reason, strategies and plans for local economic development and regeneration need to interact with strategies against poverty and also need to involve disadvantaged and excluded groups.

Throughout history, there have been various forms of location interventionalism. Table 1 gives a chronological overview of location instruments of interventionism.

Table 1 A chronological overview of location instruments of interventionism

Focus	Instruments
1960-1980	
▪ Attracting mobile production investments from foreign local areas. ▪ Attracting foreign direct investments. ▪ Providing investment for the firm infrastructure (the public sector only)	▪ Large grants, tax exemptions, subsidized loans for manufacturing investors. ▪ Subsidized investments for the firm infrastructure. ▪ Reduced production costs through techniques such as recruitment of cheap labor.
1980-1990	
▪ Maintaining and enhancing the existing local businesses. ▪ A continued emphasis on attracting investments, but usually more targeted to specific sectors or certain geographic areas (on the basis of the public sector).	▪ Direct payments to individual business segments. ▪ Business incubators/work spaces. ▪ Advice and training for small and medium-large enterprises. ▪ Technical support. ▪ Support for running business. ▪ Investments in the hard and soft infrastructure.
Late 1990	
▪ The whole business environments arranged to be favorable. ▪ Investment in the "soft" infrastructure (e.g. human resource development, regulatory rationalization) ▪ Public/private partnerships. ▪ The assessment of the private sector investment for the public good. ▪ Very targeted investment attraction, the building of the competitive advantage of local area (led by public sector)	▪ A comprehensive strategy to provide a competitive local business environment and stimulate the growth of local firms. ▪ Networking between communities and mutual cooperation. ▪ Assisting economically linked business groups. ▪ Labor development. Offering support for life improvement.

Source: Authors

5. Interventionist measures based on the ranking of the economic development of local communities

The ranking of municipalities may be conducted on the basis of the following two scenarios:

I. The ranking of municipalities based on the movement of the basic indicators of economic growth, which takes into account: a) interventionism at the level of local authorities; b) incentive measures and c) tax benefits; republic interventionism, i.e. interventionist measures from the government,

which we have classified into: 1) incentive measures of the republic government, 2) tax benefits and 3) concessions.

II. The ranking of municipalities based on the movement of the basic indicators of economic growth that do not take into account the local and national interventionism.

The starting matrix of the hierarchy of the criteria for ranking the indicators of economic growth and municipalities is given in Table 2.

Table 2 The criteria for ranking the indicators of economic growth

RANKING OF MUNICIPALITIES	The economic situation of a local community	Basic indicators	GDP
			Unemployment rate (UR)
			Tourism revenue (RT)
			Number of nights (NN)
			Employees (EMP)
			Average salaries (AS)
		Emergency local government measures	Incentive measures of local government (IM)
			Tax benefits of local government (TB)
	State interventionism	Emergency republic government measures	Incentive measures of republic government (IM)
			Tax benefits of republic government (TB)
		Concessionism	Granting concessions (KON)

Source: Authors

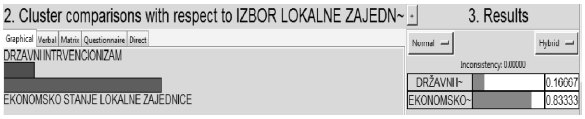

Figure 1 Ranking at the first level of the hierarchical model
Source: Authors

The weight coefficients for analyzing the development criteria are accounted for in Table 3.

Table 3 The development criteria

	Level I		Level II		Level III			
	characteristics		characteristics II		characteristics III			
RANKING OF MUNICIPALITIES	The economic situation of a local community		Basic indicators		GDP (GDP)			
					Unemployment rate (UR)			
					Tourism revenue (TR)			
					Number of nights (NN)			
					Employees (EMP)			
					Average salaries (AS)			
					Incentive measures of the local government (IM LG)			
					Tax benefits of the local government (TB LG)			
	State Interventionism				Incentive measures of the republic government (IM RG)			
					Tax benefits of the republic government (TB RG)			
					Granting concessions (Concessions)			

Source: Authors

Outputs can be obtained by the AHP method, which is very effective and gives us general conclusions for the criteria's functions that affect the development of local communities (Veinovic & Stojadinovic, 2010). It is characteristic that the seal of development and the level of municipalities give the economic situation of a local community. Within the economic situation of municipalities, the significant indicators are: employment (EMP) with the GDP (GDP), average salaries (AS), incentive measures of the local government (IM LG) etc. In the group of state interventionism, the greatest impact have: incentive measures of the republic government (IM RG), only to be followed by concessions (CON) and finally tax benefits of the republic government (TB RG) Studies have shown that the economic situation of a local community has the greatest impact on the development of a municipality with 83.3%, while the state intervention affects it with 16.7%.

Table 4 The impact indicators of municipal development

FIRST LEVEL		
Indicators	w_i Normal.	RANKING
The economic situation of a local community	0.833	1
State interventionism	0.167	2

Source: Authors

Many studies done by applying the AHP method of ranking municipalities show that the greatest impact on the development of municipalities have, firstly, the basic economic indicators, accounting for 85.7%; secondly, general regulatory measures of the republic government (incentive measures and tax benefits), accounting for 66.6%; thirdly, concessions by which the government influences the development of local communities, accounting for 33.4%, and fourthly, intervention measures of the local government (incentive measures and tax benefits), accounting for 14.3%.

Table 5 The ranking of the factors influencing development

Indicators	w_i Normal.	RANKING
Basic indicators	0.857	1
Emergency measures of the local government	0.143	4
Emergency measures of the republic government	0.666	2
Concessionism	0.334	3

Source: Authors

The output software results lead us to conclude that the employment rate of the population reflects the highest indicator of the development of municipalities, accounting for 28.4%. The unemployment rate is the inversion of employment, so the logical result is that this indicator is ranked the 9th. This is confirmed by the fact that one of these indicators can be excluded in future analyses. The indicator ranked the 2nd, accounts for 18.9% of the GDP, only to be followed by the 3rd-ranked incentive measures, accounting for 12.0%. The next ranks according to influences belong to the incentive measures of the local government (17 IM LG), accounting for 10.6%, which is followed by incentive measures of the republic government (19 IM RG), accounting for 10.6%. The last positions are taken by tax benefits of the republic government (20 TB RG), accounting for 1.6%, and tax benefits of the local government (18 TB LG), accounting for 1.3%.

Table 6 The comparative review of rankings

Level characteristic	w_i	RANK	w_i	RANK
Employees (15 EMP)	0.284	1	0.398	1
GDP (11GDP)	0.189	2	0.265	2
Average salaries (AS 16)	0.12	3	0.169	3
Incentive measures of local authorities (17 IM LA)	0.106	4	-	-
Incentive measures of the republic government (19 IM RG)	0,095	5	-	-
Tourism revenue (13 TR)	0.07	6	0.057	4
Granting concessions (21 concessions)	0.055	7		
Number of nights (14 NN)	0.035	8	0.049	5
Unemployment rate (12 UR)	0.016	9	0.023	6
Tax benefits of the republic government (20 TB RG)	0.016	10	-	-
Tax benefits of the local government (18 TB LG)	0.013	11	-	-

Source: Authors

The method of ranking the economic development of municipalities confirms that public management has a role of stabilizers and promoters, the guarantor and the controller of the economic activity in terms of reduced functions of the economy. That, actually, means that the effects of interventionism public management and the measurable valuing of a stabilizing factor in the implementation and development of strategies of local communities, as an extent of their measured investment.

6. Translation of interventionism into a development strategy

Market failures arise when the market fails to allocate resources according to their greatest effect. Then, a state intervention that will, by well-prepared strategy measures, neutralize the effects of such market failures and increase overall prosperity is considered to be justified (Harrison, Saroj, & Kalanithy, 2011). In conducting interventionism, there are also failures such as:

- The inherent and acquired short-sightedness of a political process. Politicians are more interested in the success of their short-term stabilization policy than a long-term, industrial policy, the results of which mature after their mandate after all.
- the making and control of state decisions. The state reacts much more slowly to changing external circumstances than private entrepreneurs do, and, when in a parliamentary procedure a decision is once made, its execution is usually forwarded to one of the state organizations. The Parliament rarely receives timely and essential feedback on the activity of the made decision.
- Reliance on state aid. A narrow interest group, concerned only about its interest, may act in the state, using a variety of methods to keep state aid, and then it is expected by others in the same sector. By modern state intervention in the 1990s, there was a convergence of the structuralist and the neoliberal thought, thus achieving certain theoretical consensus.

The main contribution in translating elements of interventionism into a development strategy of local communities is the development of a system methodology for the analysis and ranking of local communities on the basis of economic indicators of economic growth and interventionist measures of the local and the republic governments. The primary idea of this approach is to help practitioners and decision makers in their strategic planning and decision making in the implementation of new approaches in measuring the effectiveness of various strategies in the development of local communities. Interventionist measures provide an increased assessment of the role of different policies and strategies of the development of local communities. This actually opens up ideas for further research, which will include public management in an integrated concept of interventionist measures in the function of development strategies, formed through a network and a subnetwork of the state public management.

The importance of interventionist measures and their role is best viewed through:

- bases for the design and the planning of the public managerial structure,
- a managerial network of public institutions at the state level,
- a managerial subnetwork of public institutions at the local community level,
- a managerial subnetwork at the departmental level of public institutions of local communities,
- interactions in managerial networks, subnetworks and the criteria of the economic development of local communities,
- the methodology of the functioning of efficient public management,
- a methodology for the selection of the most influential indicator of economic growth,
- an efficient hybrid ranking algorithm of the development of local communities and regions.

Interventionism as a development strategy of public management in ensuring the economic growth of local communities is an interesting area (Görener, 2012). Concepts of the application of interventionism as a concept of development leave us room to improve the operation of public management and increase its efficiency and role in ensuring the economic growth of local communities and the state. All this serves to increase productivity at work, and thus improve the living standard of the population at the local and the regional levels, as well as in the Republic of Serbia.

Conclusion

A new local self-government will be a synonym for the responsible and pro-active management of local development and local affairs, based on the principles of the European Charter of Local Self-Government. Its strategic goal is the achievement of substantial functional decentralization, which allows and encourages a harmonious development of local communities and a constant improvement of the quality of life in a certain environment. The politics of interventionism in local communities affects the development of local communities and changes their mutual ranking. For the Republic of Serbia, which in the past two decades has been recording contradictory and divergent trends in the GDP growth, on the one hand, with a fall in employment and the growth of imbalances in local communities, on the other, interventionist measures have proved to be essential for maintaining the level of development in the underdeveloped parts of the country. In the following decade, the economic efficiency, social justice and solidarity should be tightly linked not only at a declarative level but also at the level of defining and monitoring the achievement of the global ob-

jectives and milestones in shorter periods of time. Based on the review of the theoretical basis of public management, we see how different theories provide different answers to the question on the factors of regional growth, as well as the dynamics of regional disparities. The observed factors and indicators of development emphasize the importance of the long-term growth factors such as: employment, unemployment rate, gross domestic products, and the like. However, the growth models do not provide unambiguous answers in terms of the dynamics of local and regional disparities. Serbia is faced with major regional and local differences at the levels of development and is high-ranking according to the level of regional disparities, which speaks about the importance of the problem of unbalanced regional development. In such a situation, deeper knowledge of the factors of regional differences is of great importance, not only for the economic profession, but also for the holders of regional and local politics and all other sectors having a significant impact on regional and local development. SM

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