

The role of cross-regional cooperation in overcoming intra-regional disproportions in post-crisis Georgia

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Anotation. *The aim of the present paper was to study the discussions related to the expediency of further regionalization in Georgia, strengthening of inter-regional ties, and the analysis of the current processes, to determine the expediency of transforming its results into the reality of our country, to outline the future perspectives of rapid post-crisis rehabilitation and development, and to develop appropriate recommendations.*

Introduction

Regionalism and regional studies are one of the most topical issues and research directions at the current stage. Therefore, it is quite difficult to find an issue in the relevant space that has not yet been studied by Georgian or foreign researchers. However, it should be noted here that the rapidly changing world full of contradictions will constantly activate new challenges, which require re-examination of the problem that has been analyzed many times and its study in relation to the changed environmental conditions.

This is our modernity, the specialness and specificity of which, together with other factors, has been influenced by almost constant crises and critical situations. By this we mean the financial and economic crisis of 2008-2010, the subsequent pandemic of 2019-2021, and finally, in 2022, the completely unjustified and unprovoked war by authoritarian Russia against Ukraine, which is on the rails of democratic development. All the listed crises were special

and specific in their content. However, their common feature was globality and, at the same time, destructive character.

Despite the international dimension of the above-mentioned crises, they certainly had local specific forms of reveal, that differed according to individual countries or regions. These differences depended on a number of factors, and therefore, their research will create a solid basis for preventing similar processes in the future, or at least reducing their impact.

A lot has been written in scientific literature and research materials of international organizations, and is still being written about the crises of the last two decades. The conclusions and evaluations covered the origin of crises, regional differences in results, ways and methods of combating them, and other no less interesting issues. Many authors agree that despite the global nature of the crises, they were still characterized by regional specificities, which led to differences in the actions directed against them, depending on the country or region.

In Georgian scientific sources, relatively less attention is paid to the importance of interregional cooperation in terms of fighting crises and ensuring stable development. This despite the fact that such approaches are perceived positively by Western researchers in many ways. Therefore, within the framework of this article, the authors aimed, on the one hand,

to analyze such examples of modern regional development, which can play a significant role in ensuring sustainability, based on the deepening of cross-regional cooperation, and, on the other hand, to draw appropriate conclusions and develop recommendations, taking into account the reality of Georgia.

In the process of working on this article, as methodological material, the authors reviewed research papers, analytical materials, reports and regulatory documents of governmental or international organizations, and others that were related to the problem posed in the paper. We paid special attention to the examples of the Baltic states, the Scandinavian countries, and the Eastern Partnership countries, because we think that studying and sharing their experiences can positively affect the development and implementation of relevant policies in our country, in one hand, and the outline of the perspectives of regional cooperation, in other hand.

Basic reasoning

In the last decade, the trend of regionalization of economic and social processes is observed in many countries of the world, and the function of their regulation, from the central levels of management, is increasingly transferred to local bodies. The mentioned processes have been taking place in the developed countries of the West, for several decades. However, during the last three decades, similar processes are increasingly taking hold in the countries of the former socialist system.

Discussions and specific steps taken to strengthen the subnational context at the expense of the central government are typical even for a countries with a unitary management model. This means that the process of decentralization of management, deconcentration of power and delegation of rights does not conflict with the need to maintain statehood. On the contrary, taking into account modern challenges and development trends, it should be considered as one of the ways of solving problems in state management and regulation of socio-economic

processes.

In discussions and debates about the perfection of the modern state, its territorial arrangement and governance, a consensus is increasingly being established that Successful economic development depends on distancing the government from central level and national scale policy interventions and supporting and strengthening subnational institutional frameworks. This attitude has existed for several decades, and since the beginning of the 21st century, it has gained more and more supporters.

This trend in economic development, known as "new regionalism", whose main idea was to overcome the economic and democratic "deficit" by embracing the regional scale, gained a lot of momentum in the early 2000s. It was supported by scientists, politicians, policy makers, etc. It was a kind of radical initiative in regional economic governance that argued for the need to rethink the nation-state and the processes by which its intervention is scaled up. "In effect, both an 'institutional turn' and a 'scalar turn' appear to be occurring, through which the heterogeneity of economic growth may be explored" (Jones, 2001: 1185)

In view of the modern crises, which, in many cases, have turned the situation into "uncertainty" in many countries, the mentioned approach requires a closer engagement between the state theory, the theory of crises and the scaling of state power. We mean that the way to overcome the problems is not through excessive centralization of process management, but rather through redistribution of efforts and optimization of state administration.

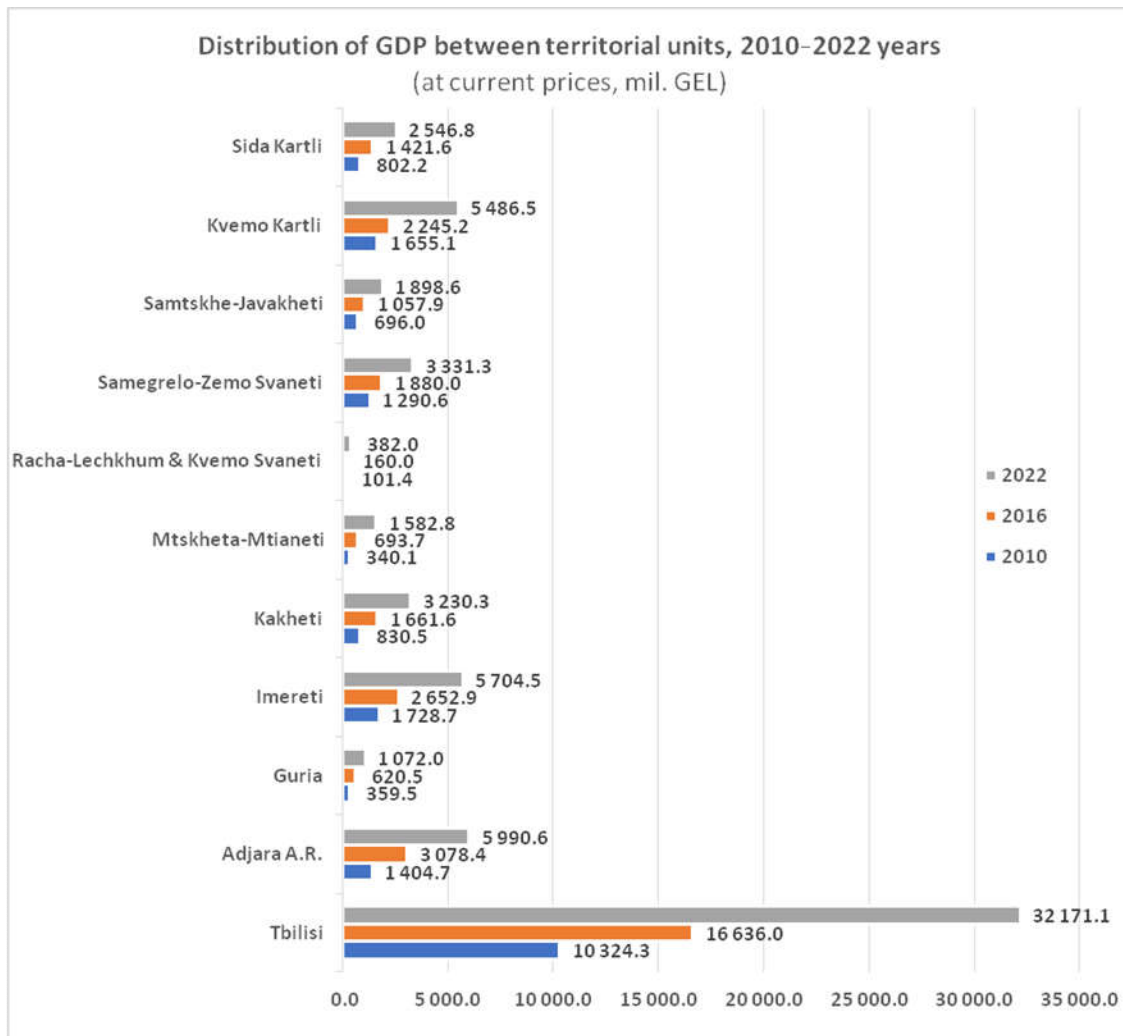
Despite the orderly, consistent and logical theoretical reasoning, in reality, significant disproportions are observed in regional development (both at the national state and international level), which becomes even more pronounced during crises. The research of the causes and consequences of the aforementioned creates an additional resource for the re-understanding of the concept of "region", taking into account the modern context of development. This is necessary if we take into account that the

crises developed during the 21st century have repeatedly created a problem not only for the well-being of individuals, the stability of companies, and so on, but have also called into question the very issue of maintaining statehood.

Based on the fact that regional development depends on many factors, the analysis of disproportions should be carried out in different directions. At the same time, it is necessary to take into account the temporal factors, because the dynamic analysis will allow

us to draw much more accurate conclusions. (see diagram 1)

The diagram #1 clearly shows that there were disproportions in regional development of Georgia, in 2010 as well. But over time, the differences between the development levels of the regions have increased even more by 2022. It is this situation that makes us think that the development of the regions is going in the wrong direction, and the corresponding state policy does not give the desired results.



Source: National Statistics Office of Georgia, available at:
<https://www.geostat.ge/en/modules/categories/93/regional-statistics> (14.04.2024)

We can refer to different types of crisis situations as the reason for this, but we do not think that this factor is the only one that causes

the increase in the scale of the problem. The following digital data gives us the right to say this:

Table 1

Distribution of gross value added by regions
(At current prices, mil. GEL)

Egion	2019	2020	2021	2022
Tbilisi	22 010,7	21 755,2	26 309,1	32 171,1
Adjara A.R.	4 406,0	3 822,5	4 865,0	5 990,6
Guria	734,6	697,2	927,1	1 072,0
Imereti	3 747,3	3 731,2	4 741,8	5 704,5
Kakheti	2 311,6	2 229,1	2 890,6	3 230,3
Mtskheta-Mtianeti	1 042,1	1 122,9	1 279,1	1 582,8
Racha-Lechkhum & Kvemo Svaneti	266,7	258,3	312,7	382,0
Samegrelo-Zemo Svaneti	2 494,4	2 780,8	3 010,8	3 331,3
Samtskhe-Javakheti	1 464,8	1 536,8	1 840,1	1 898,6
Kvemo Kartli	3 250,2	3 528,8	4 496,4	5 486,5
Sida Kartli	1 753,7	1 990,6	2 153,3	2 546,8

Source: National Statistics Office of Georgia, available at:

<https://www.geostat.ge/en/modules/categories/93/regional-statistics> (22.04.2024)

It can be seen from the table that in 2020, after a certain drop (which was caused by the pandemic), an increase in data is observed. However, the specific share of the regions in the GDP differs sharply, both in quantitative and qualitative indicators. Basically, this difference is caused by the factor of big cities (Tbilisi, Kutaisi, Batumi, Rustavi). This, in turn, indicates problems related to rural regions.

The disparity in the development rates of the regions has a negative effect on the attraction of foreign investments, which, in the conditions of the scarcity of local investment capital, appears to be an even bigger problem. The fact that various crises that have developed over the last twenty years, around the world, and especially in developing countries, has a negative effect on this, which has led to the scarcity of monetary resources, which has intensified the competition for investment resources. As a result, the investment attractiveness of the regions decreases, and the

investment risk increases. (Gavtadze, Chikhladze, 2020:135-139)

The situation is equally problematic for most regions of Georgia. Correcting the situation, according to the specifics of the territorial units, may depend on many different factors. From the mentioned point of view, first of all, we mean the detection and activation of the possibilities of regional economy specialization and cluster development. However, from a modern point of view, it is becoming more and more important to look for prospects for deepening cooperation between regions and to take real steps. The advantage of such approaches is due not only to the features of the development of the modern world, but also to the neighborhood policy pursued by the European Union (Gavtadze, Karchkhadze, 2024: 15-23)

In the sustainable development of the state and elimination of regional inequality, interregional cooperation at the international

level can play a big role. We can recall many examples of the mentioned, but considering the reality of Georgia, this time, we will focus on only one of them.

In various articles published by the authors in the past years, attention was focused on the Baltic republics, the Eastern European region, the Eastern Partnership initiative, and the South Caucasus states. All analyzes reveal that the existence of close economic (and not only) ties between the countries of the region strengthens the positions of the region as a whole on a global scale, increases interest in the region, its investment attractiveness, etc., which positively affects the prospects of the states, economic growth, stability and dynamism, on the well-being of the population and, most importantly, on the response to crises.

Within this article, we will focus on both the Scandinavia and specific project and approaches that we consider interesting for the perspective of Georgia and the South Caucasus. In the Nordic countries, one of the prominent examples of regional development is the formation of "regional growth corridors" with the support of research and innovation, by bringing relatively large cities of the region together in the international labor market. In particular: *"In 2008, there was a shift towards the vision of developing a common infrastructure corridor by the construction of a high-speed railway that could bind the larger cities together into a networked region and an imaginary megaregion, that is, The Scandinavian 8 Million City"* (Grundel, 2021: 862)

The geographical area of the mentioned region extends over 600 km and crosses three Scandinavian countries, including the three largest cities of the region: Copenhagen, Oslo and Gothenburg (Figure 1). At the end of the project period (2014), approximately 7.4 million people lived within the boundaries of this imaginary mega-region, namely: 43% in Sweden, 34% in Denmark and 23% in Norway.

The Nordic 8 million cities project was originally developed in collaboration between the Swedish government and representatives of

other Nordic countries and is primarily a top-down initiative. It is understood that since 2008, the project has been fully implemented by regional and local planners and officials. The leading partners were Oslo Teknopol, a regional development agency established by Oslo Municipality, Akershus County Council and Business Region Gothenburg.

(Business Region Gothenburg - is a non-profit company owned by the City of Gothenburg, which also represents 13 municipalities in the greater Gothenburg Region.)

The project clearly reflects the strong interests of the large city-regions - Oslo and Gothenburg, in connection with the construction of an infrastructural corridor that connects the large cities of the region with each other, in order to increase their territorial competitiveness. (COINCO North, 2012) For example, if at the beginning of the project (in 2014), the travel time between Oslo (Norway), Gothenburg (Sweden) and Copenhagen (Denmark) was about 8 hours, by 2021 it was reduced to 4 and a half hours, and by 2025 For the year, there is an expectation that it will only be determined by 2 and a half hours. (Grundel, 2021:863)



Figure 1. Map of the proposed Scandinavian 8 million City and its 10 administrative regions.
Source: The Scandinavian 8 million City (2013)

The spatial logic of the mentioned project, which is identified as a part of modern regionalism and region building processes, is

realized in the following three results, each of which has its own ideological support:

1. Territorial competitiveness (economic result). Mainly driven by economic interests: competitiveness is seen as a challenge and, at the same time, a potential for regional economic development and growth; Increased competitiveness and globalization are used as arguments for the implementation of the project, in terms of accelerating communication and forming an expanded labor market; Regional cities as ideal competitive spaces that can stimulate economic growth and competitiveness;
2. Imaginary large-scale urban region (result of scaling): mega-regions and global city-regions as ideal "territorial fixation"; The best opportunity to move from a disjointed regional arrangement based on polycentrism to a networked and functional regional development; Implementation of EU narratives (e.g. Trans-European Transport Network; Strategy and Perspective for the Development of the European Space) to frame the region-building process;
3. Managerial forms of regional policy and planning (political outcome): network forms of governance with public-private partnership; consensus-based decisions and actions; promoting the image and awareness of the region;

This good example of Nordic approaches to regional development had positive results because the participants perceived the process and worked together with a global perspective. Otherwise, if they do not realize how small they are in the global context and do not work together to maintain competitiveness, then access will be limited and the region will lose its attractiveness, investment will be reduced and the maintenance of already established companies and industries will be cut off.

It is also worth noting that the scale was of great importance in terms of attracting talents and highly qualified workforce, which would be less possible for the regions individually. Connecting larger cities in the region with the

planned infrastructural corridor, in turn, increased its attractiveness for investors, companies and highly skilled workforce, further strengthening the project's deliverables.

As a kind of summary, it can be said that the main spatial logic in modern regionalism is the logic of "territorial competitiveness". It is supported by other spatial logics and regional imaginaries of the best and most competitive 'territorial fixations'. The latter, in particular, focuses on large-scale urban spaces as key drivers of economic growth and development.

The described approach, in most cases, gives positive results. However, we should not forget that it can also contribute to the polarization between the processes of centralization and peripherality. Rather, it refers to metropolitan regions, which have a kind of privilege in relation to "peripheries" (especially during crises), which also leads to regional inequality.

This is a very important issue for Georgia and the entire South Caucasus region. In contrast to European approaches, more or less equality in the development of regions could not be achieved in these countries. The problem is exacerbated by the fact that, in many cases, not only social and economic factors, but also political factors appear. The rate of urbanization of the population of Georgia is quite high and during the last two population censuses (2002 and 2014) "the share of the population living in urban settlements increased from 52.3 percent to 56.3 percent" (Geostat, 2024). At the current stage, this figure has increased even more, which is facilitated by the fact that the migration rate in the regions is much higher than in the cities, due to the difficult social and economic background.

Taking into account the European experience, the deepening of inter-regional ties both within the country and across the South Caucasus is seen as one of the main opportunities for overcoming regional inequality, dynamic regional development and increasing the competitiveness of territorial units.

Conclusions and recommendations

Overcoming inter-regional disproportions,

at the modern stage, requires a re-understanding of the term "region", taking into account current development trends and future perspectives. For the purposes of this article, we will use this term both for territorial units within the nation-state and for larger geographic units. In the latter, we mean, for example, the South Caucasus, the Baltics, Eastern Europe, etc. This becomes necessary because, at the modern stage, both relationships are very important and require specific approaches.

Based on the main approaches of the new regionalism and the European experience, several conclusions can be drawn:

- One of the powerful motivators of regional development is increasing their competitiveness. The logic of economic and territorial competitiveness should be considered as the realization of the idea of new regionalism and their possible impact should be studied in relation to the specific geographical context in which they are integrated.
- As a result of the close connection with the spatial logic of economic and territorial competitiveness, the modern processes of region construction, in accordance with the idea of "new regionalism" and in contrast to the approaches of "old regionalism", do not aim to build a "region" based on regional differences. Modern region-building initiatives are limited to purely economic and spatial interests and achieve results by strengthening network ties, forcing common approaches and relating to the global context;
- It is true that modern approaches do not imply the strengthening of regional identity or culture, but the creation of a regional image is the most important part of the process of building a region, on which the interest of investors, highly qualified labor resources, talented people, and so on depends a lot;
- Turning to managerial forms of regional policy and planning, as part of modern regionalism, is also related to the spatial logic of territorial competitiveness. We believe that one of the most logical ways to measure an

"attractive region" is to evaluate it in terms of the ability to attract capital, the volume of investments, the level of immigration, and so on. In addition, the management of regional development processes using modern management methods is becoming more and more important, which makes the actions of local authorities more understandable for the industry and increases their motivation to operate in the region.

Finally, based on the reasoning carried out in the article, we think that the regional development of Georgia should mean the creation of new, possibly qualitatively different, but closely related entities in the country's unified space, with common economic and infrastructural microsystems. It is true that such a model should be based on the existing regional and territorial spatial division, however, attention should be paid to the formation of new inter-regional connections, the implementation of network approaches using modern management methods, which will enable the existing regions to obtain a synergistic effect from cooperation, increase the growth rate, strengthen the resilience towards to crises and various challenges.

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