

# FROM THE CHIEF EDITOR



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**Dear readers,**

Reducing recovery rates of the domestic economy after the severe crisis creates a new wave of proposals aimed at finding ways to move forward. This process enhances expanding preparation in the country for upcoming December 2011 elections to the State Duma of the Federal Assembly, and in March 2012 – elections of the President of Russia. Views at the economy modernization and ways of implementing it are specified and a number of authors grow as well who believe that withdrawal of Russia from the crisis is not confined to elimination of failures revealed in functioning of fiscal and production systems as well as reducing of social problems acuteness. These authors consider current measures not to solve existing problems if a new ideology and strategy of society reconstruction are not developed and the people are not armed with understanding of ultimate goals of transformation and if purposes themselves do not give rise to spirit and energy. According to the authors of the recently published book “Non-economic brinks of economy”, “the success of reforming and its popular support are guaranteed when it gradually increases the level of living, steadily expands purchasing power and, consequently, the market for industry and agriculture. In this case, based on the growth of production the social orientation of the state policy increases”<sup>1</sup>.

In the center of rethinking of goals and ways of modernization there is a question of the role of the state. Conductors of market reforms in Russia have called for withdrawal of the state from the economy. Meanwhile, the international practice demonstrates growing involvement of the state to redistribute created revenue. The world has realized that only in the power of the state to oppose elements of growing social stratification of population, to ensure equitable access of people to public goods and thus promote consolidation and stability of society. According to recent national studies, in the USA the share of own accumulated income through taxes, excise taxes and duties range from 40 to 43% of gross domestic product, in Europe – from 45 to 50%, and the Scandinavian countries – up to 65%. In Russia the share of consolidated budget is much smaller – about much smaller – about 30% of official GDP, while taking into

<sup>1</sup> Non-economic brinks of economy: unknown interference. Research and publication notes of sociologists / interdisciplinary project manager and research editor O.T. Bogomolov, deputy manager of interdisciplinary project B.N. Kuzyk. - M.: Institute to Economic Strategies, 2010. – p. 6.

account undeclared (shadow) incomes – less than 20% of actual GDP<sup>2</sup>. As a result, we can not properly ensure maintenance of army, education, health care, culture, science, law machinery, subsidize agriculture, finance many important infrastructure projects.

Flaws of the course of market reforms conducted in the country emerged with great force in the global financial crisis which has seized Russia. Despite the reinforcement of the budget with the reserve fund established due to high foreign export prices for oil, the budget system of the country has experienced serious shortage. In 2010, in the federal budget it was 5.3%. From 2011 and in 2012 – 2013 high federal budget deficit will be eliminated, gradual decline in its revenues and expenditures to GDP, growth of public debt and budget allocations directed for its maintenance are formed. Growing social obligations are accepted as capacity to meet them reduces. Negative dynamics can be traced for most of components of innovation expenditures<sup>3</sup>.

These problems are more acute in the budget process of the majority of Russian regions. Thus, analysis of consolidated budgets of subjects of the North-West Federal District, carried out by ITSED RAS, showed that their actual content deteriorated in 2008, in 2009 budget deficit to its own revenues have 9 regions out of ten within the District. In the Vologda and Arkhangelsk oblasts, in the Republic of Karelia deficit exceeded 20% (primarily because of decline of production and sales in metallurgical, timber and machine-building complexes). According to factual implementation of consolidated budgets in 2010 the budget deficit to personal incomes in the Novgorod oblast was 20.3%, in the Vologda oblast – 19.3%, and thus there were

<sup>2</sup> Nigmatulin R.I., Nigmatulin B.I. Original theorems of economic modernization of Russia // Non-economic brinks of economy: unknown interference. Research and publication notes of sociologists / interdisciplinary project manager and research editor O.T. Bogomolov, deputy manager of interdisciplinary project B.N. Kuzyk. – M.: Institute to Economic Strategies, 2010. – p. 44.

<sup>3</sup> Goregliad B. Singularities of the federal budget draft for 2011 and for the planning period of 2012 - 2013. // Federalism. – 2010. – № 4. – p. 83-90.

Table 1. Consolidated budget deficit of the RF subjects in the North-West Federal District, in % to own income

Regions	By the actual execution			By the approved indicators for 2011
	Year of 2008	Year of 2009	Year of 2010	
Leningrad oblast	0	8.6	0	5.8
Republic of Karelia	2.0	20.2	2.2	6.8
Murmansk oblast	0.9	7.7	0	7.6
St. Petersburg	5.7	2.6	4.1	10.1
Novgorod oblast	6.7	10.3	20.3	10.9
Kaliningrad oblast	0	0	11.2	13.9
Vologda oblast	0	23.2	19.1	15.0
Komi Republic	1.1	3.0	0	15.8
Arkhangelsk oblast	12.0	21.7	0.6	18.0
Pskov oblast	0	6.5	5.3	27.0

Sources: data of Treasury of the Russian Federation, the calculations of ITSED RAS, the Laws of the RF subjects of regional budgets for 2011 – 2013.

7 regions with deficit in the District. It must be taken into account that this has occurred against the backdrop of a number of serious measures to reduce the formerly traditional expenditures. Particular attention should be paid to the fact that according to approved indicators supplies of all regional budgets of the District in 2011 were adopted with a deficit to own incomes (*tabl. 1*).

Budgets of all regions of the District by their actual filling in 2008 – 2010 are burdened by the growing debt, which according to taken for 2011 indicators has a strong growth trend (*tabl. 2*).

Reduction of specific constant weight of capital investments is characteristic for the structure of consolidated budget expenditures of the majority of regions of the District in 2008 – 2010 (*tabl. 3*).

In 2010, the sum of capital investment in relation to volumes in 2008 in the republics of Karelia and Komi, the Vologda, Arkhangelsk and Leningrad oblasts decreased by one third. It is still very difficult to talk here about modernization orientation of budgets.

In the fourth issue of our journal over the past year the expert's report of the Public Chamber of the Vologda oblast to a draft of the Law of the Vologda Oblast "On Regional Budget for 2011 and a new planning period of 2012 and 2013" was published.

The paper characterized taking into account the current state the reserves of replenishment of profitable part of its budget and increasing of efficiency of the budget expenditures. The discussion in Legislative Assembly of a number of proposals submitted in the expert's report, were reflected in the enactment.

However, the relevance of formation of regional budgets and raising of their role in socio-economic development of territories requires amplification of attention of the scientific community and practitioners to this issue. For this purpose the editors of the journal open a special category, and hope that it will provoke a substantive discussion on ways to enhance the role of regional budgets in the transition to the innovation economy.

In this issue of the journal there is an article by the researcher of ITSED RAS A.I. Povarova, which considers the problem of revenues increase of the Vologda oblast. These capabilities, as the author approves, are primarily associated with the diversification of income potential of the region (increase of production in traditional industries, adoption of advanced technologies, development of competitive corporate structures that are interested in innovations). However, own revenues of the regional budget are largely dependent on the level of tax raising, optimizing of the use of regional standards for preferential tax treatment (elimination of the existing aggregate arrears on payments to the budget would increase regional revenue of the regional budget by 1.9 billion rubles or 6%. Another 1.9 billion rubles of revenues from regional taxes can be obtained as a result of partial abolition of tax benefits granted in accordance with the regional legislation). Organization of a system of indicative planning is of great importance, which will ensure better management of the budgetary process.

Table 2. Public debt of the subjects of the North-West Federal District, in % to own income of regional budgets

Regions	By the actual execution of consolidated budget			By the approved indicators of a regional budget for 2011
	Year of 2008	Year of 2009	Year of 2010	
St. Petersburg	0.1	0.7	2.3	11.8
Leningrad oblast	10.5	12.0	10.6	17.2
Pskov oblast	1.7	3.7	13.2	30.6
Komi Republic	8.3	20.2	16.5	
Murmansk oblast	2.4	22.0	23.0	32.0
Arkhangelsk oblast	15.3	37.5	40.0	
Republic of Karelia	23.2	55.4	45.2	62.4
Kaliningrad oblast	30.7	54.8	67.5	67.0
Novgorod oblast	17.0	29.4	51.3	75.6
Vologda oblast	3.8	39.4	52.8	77.3

Sources: data of Treasury of the Russian Federation, the calculations of ITSED RAS, the Laws of the RF subjects of regional budgets for 2011 – 2013.

Table 3. The share of consolidated budget expenditures of the subjects of North-West Federal District on investment, in % to total expenditures

Regions	Year of 2008	Year of 2009	Year of 2010
St. Petersburg	33.5	31.0	27.0
Kaliningrad oblast	26.7	28.9	26.1
Novgorod oblast	14.5	9.3	14.6
Arkhangelsk oblast	18.3	10.4	10.7
Vologda oblast	14.7	10.0	10.0
Murmansk oblast	11.0	9.2	10.0
Pskov oblast	9.7	6.9	9.1
Leningrad oblast	15.0	12.7	8.9
Komi Republic	10.8	9.3	6.7
Republic of Karelia	10.5	6.6	6.0

Sources: data of Treasury of the Russian Federation, the calculations of ITSED RAS.

The editorial staff believe that during the discussion the authors of the journal will make constructive suggestions to improve the mechanisms of increasing effectiveness and quality of budget process management on the federal, regional and municipal levels.



This issue contains articles that affect other important aspects of the economy modernization in Russia. The real picture to date is quite controversial. The content is capaciously represented in the preface to the monograph “Problems of development of market economy” by the Chief of the Economics section of the Department of Social Sciences RAS, academician N. Ya. Petrakov. I believe that readers of the journal will look through with interest the text of this preface.



As in previous issues, we continue to publish results of monitoring assessments of public opinion about the state of Russian society.

The tables show the comparison of some parameters of social well-being and sentiments of the population of the Vologda oblast. April 2011 was taken as a reporting period. The base for comparison is the averaged data obtained in the course of four measurements performed by ITSED RAS for the period from January to August 2008<sup>4</sup>.



In March 2011 the circle of institutions supporting our journal joined National Nuclear Research University MEPI. Professor Alexander V. Putilov - Dean of the faculty of management and economy of high technologies NRNU MEPI entered the editorial board on the recommendation of the management of NRNU MEPI. Doctor of Economics, Professor Alexander G. Vorobiev – Head of the Department of Economics of NRNU MEPI became a new member of the editorial board.

<sup>4</sup> Methodical aspects of public opinion studies (see the journal “Economic and Social Change: Facts, Trends, Forecast”. – 2010. – № 3. – P. 6).

Evaluation of social status

In percentage to the total number of respondents		Change coefficient	
8 months of 2008	April 2011		
Normal condition, perfect mood			
70.2	64.0	0.91	
Experiencing stress, anger, fear, anguish			
22.1	28.1	1.27	
It's not so bad and we can live, life is hard, but we can bear it			
81.0	76.1	0.94	
We can not suffer our misery any more			
10.9	16.1	1.48	
Consumer sentiment index			
107.5	90.1	0.84	
The share of people who consider themselves poor and destitute			
39.8	46.8	1.18	
The share of people who consider themselves middle class			
50.7	42.4	0.84	

Evaluation of activities

Line of command	Approval in % to the total number of respondents		Change coefficient	Disapproval in % to the total number of respondents		Change coefficient
	8 months of 2008	April 2011		8 months of 2008	April 2011	
President of the RF	75.0	61.9	0.83	9.3	23.5	2.53
Prime Minister of the RF	76.4	64.3	0.84	10.4	22.3	2.14
Governor of the Vologda oblast	57.8	46.1	0.80	19.9	31.1	1.56

Support of the parties' activities

Parties	8 months of 2008	April 2011	Change coefficient
United Russia	40.5	35.9	0.89
Communist Party	6.8	9.7	1.43
Liberal Democratic Party	7.7	7.5	0.97
A Just Russia	5.0	3.2	0.64
Others	1.4	0.0	0.00
None	20.1	28.8	1.43
Have difficulty to answer	13.7	13.1	0.96

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The geography of articles in the journal broadens. The editorial portfolio currently has research papers from the economic institutions of RAS, which publish the journal, and others as well (Republic of Belarus, Institute for Socio-economic problems of the population RAS, St. Petersburg Branch of the National university – Higher School of Economics, Samara State University of means of communication; Mordovia State University, Bashkir State University, Penza State Academy of Technology).

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In April 2011 on the site of the journal a poll was conducted for readers, in which 22 respondents took part. Here are some results of this survey.

Most readers assess changes in the journal in 2010 as positive (*tab. 1*).

The level of published materials in 2010 most readers rated high enough (*tab. 2*).

Respondents expressed their views on future popularization of the journal: publication of articles by foreign authors, organization of distribution in Russian universities to offer cooperation, open access to articles.

Respondents supported the usefulness of thematic planning of the journal (*tab. 3*) and the expected topics of the journal in 2011 (*tab. 4*).

There were suggestions to attract for cooperation such famous economists as P.A. Minakir, S.A. Suspitsyn, S.I. Grigoriev, A.I. Subetto, as well as expansion of the territorial zone of distribution of the journal to the Far East.

The editors will take measures to implement the suggestions.

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In this issue, some modified form of popularity rating of articles is proposed to readers. Periods of visit statistics to the site of the journal remain unchanged and are 3 and 12 months.

In the tables articles which kept their position in the rankings are highlighted with yellow, articles that are again or firstly hit the top ten – with green, articles that dropped out of the rankings – with orange. In addition, the column is added, which explains change of the position in the ranking compared with the data published in the previous issue.

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Table 1. How would you rate changes in the journal as compared to 2009?

Answer variant	Number of answers	In % of total answers
Affirmative, rather affirmative	13	62
Negative, rather negative	1	5
Have difficulty to answer	7	33

Table 2. How would you rate the overall level of published materials in the journal in 2010?

Answer variant	Number of answers	In % of total answers
High, high enough	19	95
Average	1	5
Low, below average	0	0

Table 3. Would you agree with the proposed theme of the journal for 2011?

Answer variant	Number of answers	In % of total answers
Yes	17	81
Her	4	19

Table 4. Would you consider planning of the journal in categories reasonable?

Answer variant	Number of answers	In % of total answers
Yes	18	90
No	2	10

The first ten articles of the journal by duration of their viewing over the past 12 months (April 2010 – March 2011)

Rating	Total time of viewing, minutes	Total number of views	Average viewing time, minutes	Article	Issue	Authors	Changing of the position in comparison with the previous issue	
1	1908	76	25	Development of the regional cluster systems	№ 1	Tamara V. Uskova	○	0
2	1788	72	25	Strategy of region's economy diversification	№ 1	Leonid G. Yogman	▲	4
3	1730	49	35	The tourism industry: administrative levels and methods of forming	№ 5	Tamara Ey. Dmitrieva Vitaly A. Schenyavsky	▲	1
4	1715	72	24	Intellectual resources as innovation development factor	№ 11	Vladimir A. Il'in Konstantin A. Gulin Tamara V. Uskova	▲	7
5	1557	92	17	Problems of local budgeting and municipal property	№ 1	Sergey D. Valentey Taliya Y. Habrieva	▲	5
6	1310	72	18	Small business is an important reserve for development of a one company town	№ 11	Stepan N. Tkachuk	▲	70
7	1141	46	25	Comparative assessment methodology of the region's scientific and technical potential	№ 12	Konstantin A. Zadumkin Igor A. Kondakov	▲	84
8	1086	55	20	Status and prospects of tourist industry development in the Vologda region	№ 5	Svetlana A. Selyakova Liudmila V. Dubinicheva Kirill V. Markov	▼	1
9	971	48	20	Strategic reserves of labor productivity growth in the regional economy	№ 9	Vladimir A. Il'in Konstantin A. Gulin Tamara V. Uskova	▲	10
10	703	31	23	Budget provision of municipal entities in the Vologda region: state, problems and improvement ways	№ 9	Anna I. Povarova Tamara V. Uskova	▲	22
Left the top ten								
23	481	20	24	Prospects of Small Innovation Enterprises in the Academic and University Sectors of Science in Saint-Petersburg	№ 6	Alexey A. Rumyantsev Alexey G. Strelnikov	▼	20
34	352	17	21	House Building in the Region: Problems and Tracks of Solution	№ 6	Anna I. Povarova Olga N. Gordina Tamara V. Uskova Anna M. Cherevko	▼	29
60	222	21	11	Prospects for bioenergetics	№ 8	Viktor V. Grachyov Roman B. Markov	▼	51
84	134	10	13	Spatial aspects of the region's population socio-economic differentiation	№ 7	Liudmila V. Kostyleva	▼	82
86	131	10	13	Methodological basics of agrarian and industrial complex innovative development	№ 2	Valentin A. Ivanov	▼	78

The first ten articles of the journal by duration of their viewing over the past 3 months (January 2010 – March 2011)

Rating	Total time of viewing, minutes	Total number of views	Average viewing time, minutes	Article	Issue	Authors	Changing of the position in comparison with the previous issue	
1	1245	51	24	Strategy of region's economy diversification	№ 1	Leonid G.Yogman	▲	5
2	1162	40	29	Intellectual resources as innovation development factor	№ 11	Vladimir A. Il'in Konstantin A. Gulin Tamara V. Uskova	▼	1
3	1141	46	25	Comparative assessment methodology of the region's scientific and technical potential	№ 12	Konstantin A. Zadumkin, Igor A. Kondakov	▲	14
4	1078	59	18	Small business is an important reserve for development of a one company town	№ 11	Stepan N. Tkachuk	▲	10
5	917	58	16	Problems of local budgeting and municipal property	№ 1	Sergey D. Valentey Taliya.Y. Habrieva	▼	3
6	573	21	27	Development of the regional cluster systems	№ 1	Tamara V.Uskova	▼	1
7	541	14	39	The system of goods promotion as a factor of engineering production development	№ 9	Olga A. Gribanova	▼	3
8	524	27	19	Regulation of regional industrial development (on the example of the Murmansk region)	№ 8	Nataliya I. Zershevikova	▲	114
9	489	15	33	Russia and the global crisis	№ 12	Jacques Sapir	▲	7
10	355	9	39	Social development of rural areas as agriculture stability factor	№ 11	Alexandr N. Chekavinsky	▼	1
left the top ten								
11	328	18	18	Dynamics of socioeconomic development of the Komi Republic	№ 1	Vitaly N. Lazhentsev	▼	3
13	286	14	20	Agriculture on the European North: All-Russian agricultural census results	№ 11	Valentin A. Ivanov Elena V. Ivanova	▼	6
23	145	12	12	The prospective ways for prediction of energy consumption of North	№ 1	Svetlana S. Tuinova	▼	20
110	6	1	6	The Vologda region: prospects of territory's demographic development	№ 11	Alexandra A. Shabunova Anton O. Bogaturev	▼	100

**Attention! The conference dates are carried over!**

Journal № 1(13) published the information **about the holding** in the city of Vologda of the **VI International scientific and practical conference “Strategy and tactics of socio-economic reforms implementation: the regional aspect”**.

According to the joint decision of the Vologda oblast government and the RAS Presidium the dates are carried over to the second half of the year.