

Stimulating Final Consumption within the Reduction of Regional Inequality*



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Abstract. With increasing regional inequality, the economy of the Russian Federation and its regions experiences structural constraints related to its imbalance. The result of this situation is the reduction of domestic consumer demand, which has recently been considered a factor of the economic growth. It actualizes the problem of finding, identifying, and justifying areas of final consumption which may stimulate the population's demand for goods and services of domestic production and reduce structural imbalances in current economic conditions. In this regard, the purpose of the study is to identify and scientifically substantiate ways to stimulate final consumption that reduce regional imbalances. One of these ways is tourism, which has a high multiplicative effect. It has the minimum share of import in the structure of the formation of its products' resources. The study's scientific novelty is the estimation of the effect of the increase of the tourism industry's output within the regional context. Its results allowed us to identify the problem of under-receiving effects from stimulating the consumption of tourism goods and services by regions. The high contribution of the Central Federal District, which accounts for the greatest effect from the growth of tourism output, indicates the need to overcome the existing spatial asymmetry in tourism development between certain regions of the country. General scientific methods of analysis, synthesis, comparison, generalization, as well as tools based on the methodology of inter-sectoral balance, were used as the methodological basis of the research. The information basis of the research

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included works of domestic and foreign scientists dealing with structural policy, information from state statistics institutions, data from the World Bank and the World Tourism Organization. Future research areas are related to the definition of methods for regulating final consumption for a deeper understanding of problems of economic restructuring.

Key words: economy, economic inequality, final consumption, tourism.

Introduction

Current post-industrial economy is characterized by an aggravated problem of inequality, which is present in all spheres of society. A high level of differentiation of socio-economic parameters is reflected in the decline of overall economic activity, which negatively affects the level and quality of life of the population and reduces opportunities for implementing human potential. Inequality issues are reviewed by scientists not only through the prism of social differentiation, in particular, uneven distribution of income, but it is also treated more broadly. Thus, there are such types of inequality as interpersonal, interethnic, gender, global, interregional, intraregional, economic, political, social, horizontal, vertical, inequality of opportunities, and so on. Recently, there has been a significant increase of interest in the study of economic inequality among researchers. It is associated with the publication of the book “Capital in the Twenty-First Century” by the French economist T. Piketty in 2015. The scientist proved that wealth concentration will increase if the level of capital return exceeds the economic growth level. It will lead to a significant stratification of society [1].

The Russian Federation has a high level of regional inequality: according to this indicator, it is one of the leading countries along with European and Central Asian states. Russia is ahead of several developing BRICS countries like Brazil, India, and China [2]. This

circumstance hinders the economic growth in the country, which significantly depends on a volume of domestic consumer demand. At the same time, there is a trend according to which increasing inequality leads to a decline of domestic consumer demand at a constant level of income as a majority of citizens reduce their costs, and the most affluent segments of society spend their income on its accumulation or consumption of exclusive, often imported, goods and services, which leads to the decrease of demand for domestic products [3; 4]. A primitive consumption structure of the majority of Russians, in which a main item of expenditure is the purchase of basic necessities, limits the economic growth's prerequisites. In this regard, it is important to optimize the population's structure of consumption by investing in human capital (increasing expenditures on education, health, recreation, and leisure activities). It is especially relevant for low-income population groups whose additional consumption will be fulfilled mainly by goods and services of domestic production. It is worth noting that Russian economic scientists have thoroughly studied and described in numerous publications issues related to the differentiation of a society by income level, poverty, and consumption structure at the national level. At the same time, within conditions of increasing regional inequality and increasing structural deformations that occur at all stages of the reproduction process, the

need to identify and scientifically substantiate directions for stimulating final consumption that reduce regional disparities increases. It was the purpose of the study.

An achievement of this goal required an analysis of the status of this structural economic element and an assessment of the territorial distribution of the effect obtained in the implementation of areas for final consumption stimulation. The information basis of our study included works of domestic and foreign scientists studying structural policy issues, as well as information from state statistics bodies, data from the World Bank, and the World Tourism Organization. The study reveals current trends of the formation of final consumption, it contains an assessment of an impact of stimulating final consumption on the economy at the regional level. It is a scientific novelty of the research.

Theoretical aspects of the research

An analysis of theoretical works on problems of structural imbalances in the regional context showed that researchers have recently started to pay attention to the study of regional differentiation according to investment into a fixed capital [5], consumer and financial behavior of the population [6], resource availability [7], and others. At the same time, aspects of regional inequality in relation to the most important component of the reproduction process, such as final consumption, remain poorly studied. According to the methodology of the system of national accounts, it is formed by total expenditures of households, public sector, and nonprofit organizations (NPOs) that serve households without making a profit. Summarizing works of domestic and foreign authors, who study structural economic transformations [8–19], it is possible to conclude that final consumption, as an

element of the reproductive system, is the most important factor of the economic growth. Regulation of final consumption involves the stimulation of consumer demand.

In Russia, this process is limited by an insufficient volume of real disposable monetary income of the population. According to Rosstat, at the end of 2019, a value of this indicator was 6.4% lower than in 2014. According to experts, insufficient investments in human capital hinder the improvement of Russians' well-being¹. In comparison with developed foreign countries, a volume of expenditures on high-quality education, healthcare, and recreation services in Russia is significantly lower [20]. Despite the fact that development of human capital involves an associated growth of all its components, it should be taken into account that a time of the demonstration of an impact of public sector's investments into a particular component on the economy is not the same. For example, according to the International Monetary Fund, the increase of the efficiency of government investments in school construction will only surpass the efficiency of road construction costs in two decades². In this regard, it may be promising to allocate funds to ensure high-quality recreation of the population, which is implemented as a part of the domestic tourism functioning³. Investments in a relevant industry have a significant multiplying macroeconomic effect: among all service industries, a multiplier

¹ Risk of inactivity: RAS academician assessed economic prospects of Russia. *RIA Novosti*. Available at: https://ria.ru/20191124/1561469566.html?utm_source=yxnews&utm_medium=desktop&utm_referrer=https%3A%2F%2Fyandex.ru%2Fnews

² Lomskaya T. How and why are authorities going to increase human capital? *Vedomosti*. Available at: <https://www.vedomosti.ru/economics/articles/2018/05/24/770536-umnozhat-chelovecheskii-kapital>

³ In this study, terms "tourism", "tourism industry", "tourism sector" are synonyms.

for the tourism industry corresponds to the highest value [21]. According to NRU HSE experts, the current economic situation in Russia is shaped by a higher level of household income security in comparison with 1991. It creates additional opportunities for development of the tourism industry, a volume of which significantly expands due to the redirection of flows to domestic tourism [22].

A link between tourism development and its impact on human capital is confirmed by works of Russian and foreign scientists. Thus, attention is paid to development of methodological approaches to the study of regional processes of tourism development and human capital [23]. In another paper, using econometric methods on 25 African countries, an impact of the functioning of the tourism industry on development of human capital is justified [24]. Italian scientists, after a study conducted in 63 countries in 1996–2008, revealed that tourism has the greatest impact on the growth of education [25]. A positive impact of increased investments in tourism on stimulation of the economic growth is proved by the Iranian economy [26]. Everything aforementioned allows reviewing the increase of a volume of population's consumption of tourism goods and services⁴ within the country⁵ as one of promising areas for stimulating final consumption.

Research methodology

General scientific methods of analysis, synthesis, comparison, and generalization were used to analyze final consumption and justify areas of its stimulation. To assess a territorial

⁴ Tourism goods and services are understood as goods and services offered on the tourism market, using a special classification of products and economic activities according to the methodology of the tourism satellite account (TSA).

⁵ According to the TSA methodology, consumption, related to domestic tourism, includes tourist consumption of resident visitors within the economic territory of the country concerned.

distribution of the effect of the tourism industry's increased output, a method of inter-sectoral balance was used. This method makes it possible to conduct scenario-based inter-sectoral modeling of the economy. An inter-sectoral model, based on a basic equation of the inter-sectoral balance in matrix form, is used as a tool for forecast:

$$x = Ax + y, \quad (1)$$

where x is a vector of total production output;
 A is a matrix of direct costs' coefficients;
 y is a vector of a final product.

An equation was used in a simulation:

$$(E - A)^{-1} \cdot y = x, \quad (2)$$

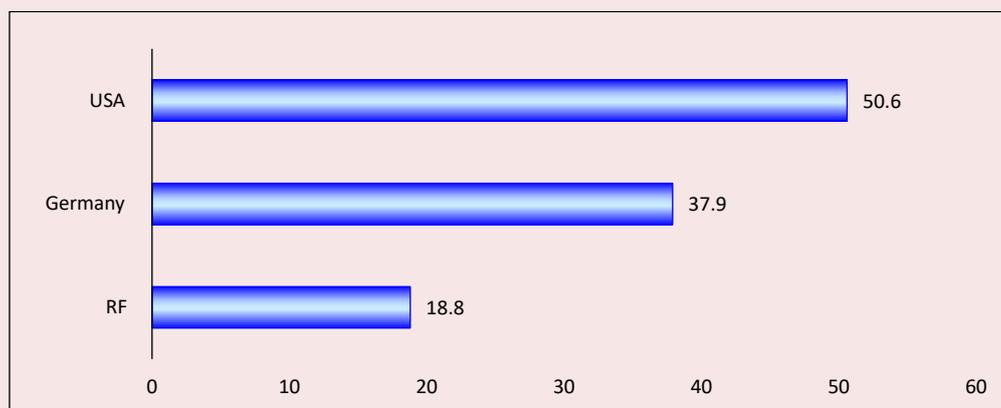
where E is the identity matrix;
 $(E - A)^{-1}$ is a matrix of total costs' coefficients.

On a basis of obtained matrix dependence, it is possible to calculate what should be a volume of x sales in all economic sectors, if it is planned to change final demand y .

The model includes the "tourism" type of activity, which is not presented separately in Russian statistics. To calculate tourist output and tourist value added by types of tourism-related activities, we used methodological tools based on aggregation of data describing shipment of goods, performance of works, and provision of services by Russian enterprises [21].

On a basis of target indicators for development of the tourism industry, set in program and strategic documents, the forecast growth rate of the tourism industry until 2024 was calculated. Further, based on the inter-sectoral model, a volume of tourism products sales is calculated with the increase of final demand for it, taking into account received forecasts. The contribution of tourism to the additional growth of a number of employees and a wage-fund was also assessed.

Figure 1. Final consumption by PPP per capita in 2018, thousand US dollars



Source: data of the World Bank.

Table 1. Domestic demand in Russia, trillion rubles (in constant prices)

Indicator	2014	2015	2016	2017	2018	2019	2019 to 2014, %
Domestic demand	90.3	82.2	81.2	84.5	86.1	88.3	97.8
Final consumption	67.8	62.4	61.4	63.5	65.2	66.8	98.5
households	51.3	46.4	45.2	46.9	48.5	49.6	96.7
state administration	16.2	15.6	15.8	16.2	16.4	16.9	104.3
nonprofit organizations that serve households	0.4	0.3	0.3	0.3	0.3	0.4	100.0
Gross accumulation	22.5	19.8	19.8	21.0	20.9	21.5	95.6
<i>For reference</i>							
Export	20.7	21.5	22.1	23.2	24.5	24.0	115.9
Import	24.5	18.4	17.7	20.8	21.3	21.8	89.0

Source: Rosstat data.

Main research results

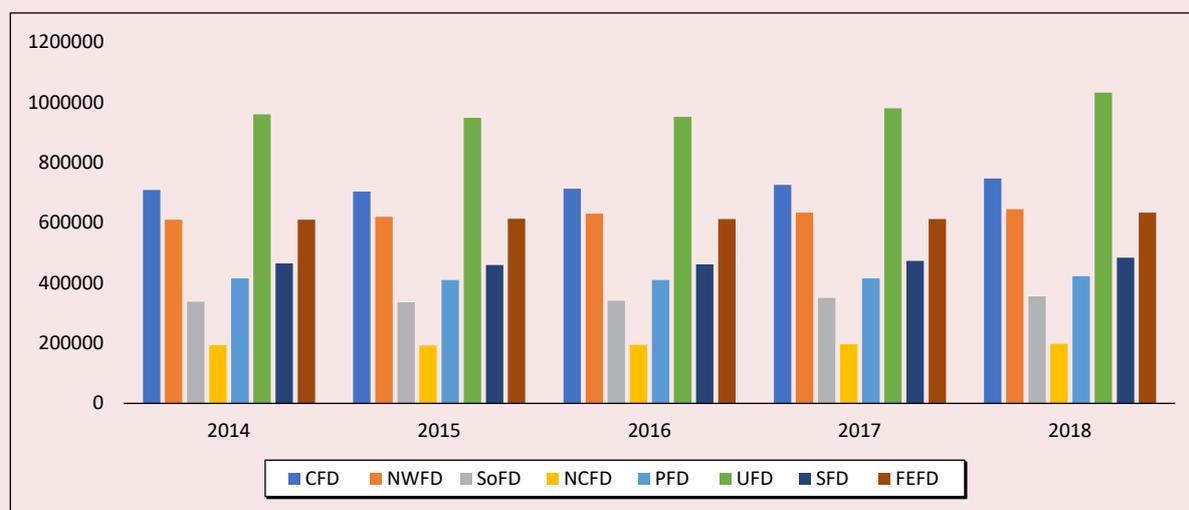
Final consumption and the problem of regional inequality in Russia

According to the World Bank, Russia is significantly inferior to major foreign powers in terms of final consumption per capita in a recount according to purchasing power parity (PPP). Final consumption in Russia is nearly three times lower than in the US, and half as low as in Germany (*Fig. 1*).

Limitation of the consumption of goods and services by main institutional units (population, state, NPOs) reduces an ability of enterprises to increase production volumes by decreasing all economic agents' income. In the structure of Russian domestic demand, in 2014–2019, a

share of final consumption remained virtually unchanged: it was, approximately, 75–76%. According to official statistics, domestic demand in the Russian Federation decreased by 2.2% during the studied period (*Tab. 1*). Negative dynamics of this indicator in a current period is caused, among other things, by the decrease of final consumption – its volume decreased by 1.5%. At the same time, a volume of household consumer demand decreased quite significantly – a decline was 3.3%. Despite 4.3% growth of consumers' expenses in public administration sector, it should be noted that, due to its low share in the structure of domestic demand, it does not have a significant impact on the economy.

Figure 2. Gross regional product per capita by federal districts of the Russian Federation, rub. (in constant prices)



Source: own compilation according to Rosstat data.

Thus, it is most appropriate to activate domestic demand by stimulating the consumption of household sector as a main and final consumer of manufactured products in the economy. Thus, analysts of the Institute of Economic Forecasting of the Russian Academy of Sciences regard a possible increase of consumers' expenditures in 2020–2021 as a way out of a stagnation “trap”, a priority stage on a way to the Russian economy growth⁶. This process is limited by existing structural imbalances in the country's economy due to uneven regional development.

Preservation of high differentiation in regions' economic development, an imbalance in the distribution of productive forces, coupled with weak population mobility, strengthen the processes of regional inequality, as evidenced by GRP per capita (*Fig. 2*).

⁶ Main directions of long-term forecast of socio-economic development. The Institute of Economic Forecasting of the Russian Academy of Sciences. Available at: <https://ecfor.ru/publication/dolgosrochnii-prognoz-sotsialno-ekonomicheskogo-razvitiya/>

These processes also create imbalances in the formation of final consumption in regions. A case of one of export-oriented regions of the Northwestern part of Russia is significant. In the Vologda Oblast, a volume of actual final consumption of households per capita was 1.5 times lower than average data for the district in 2014–2018. At the same time, the growth rate of this indicator is one of the lowest in the Northwestern Federal District, which does not contribute to the structural balance of the regional economy [27; 28].

Structure of consumer expenditures and its transformation

An analysis of dynamics of the population's consumer expenditures from 2014 to 2018 showed that the structure of consumption of Russians is characterized by a high share of food expenses (*Tab. 2*). Thus, in 2018, the share of food and beverages in household consumption was about 31%. During this period, the growth of the indicator was 2.3 p. p., which indicates the reduction of the ability of the population to

Table 2. Dynamics of the structure of households' consumer expenditures, %

Type of product	2014	2015	2016	2017	2018	2018 to 2014, p. p.
Food and non-alcoholic beverages	28.5	32.1	32.3	31.2	30.7	+2.3
Alcoholic beverages, tobacco products	2.8	3.0	3.1	3.0	3.0	+0.3
Clothes and shoes	8.9	9.2	9.2	8.8	8.0	-0.9
Housing services, water, electricity, gas, and other fuels	10.3	10.8	11.3	10.9	9.9	-0.4
Household items, appliances, and home maintenance	6.3	5.5	5.9	5.3	5.4	-0.9
Healthcare	3.6	3.7	3.6	3.8	3.8	+0.2
Transport	17.8	14.4	13.3	16.0	16.7	-1.1
Communication	3.4	3.3	3.3	3.1	3.2	-0.1
Organization of leisure and cultural activities	7.1	6.7	6.7	6.9	7.8	+0.7
Leisure services	1.4	1.6	1.7	1.6	3.5	+2.1
Education	1.0	0.9	0.8	0.8	0.8	-0.2
Hotels, cafes, and restaurants	3.6	3.5	3.5	3.3	3.5	-0.1
Other products and services	6.8	6.9	7.1	6.9	7.0	+0.2
Source: Rosstat data.						

spend money to ensure a better quality of life and direct it toward the consumption of other categories of goods and services. The increase of households' food expenditures is caused by the lack of positive dynamics in real disposable income, as well as the increase of food prices⁷.

In general, the structure of Russian consumption is quite conservative, and it practically does not change over time, but an analysis of its dynamics allowed us to note some adjustments. Thus, in 2017–2018, the share of expenditures on leisure activities increased by 2.1 times, which may be caused by the increase of the income of the most affluent households over the same period⁸, which, according to the Engel's law, is characterized by the increase of expenditures on education, medicine, recreation, and entertainment with the increase of monetary income. It indicates a trend of

social stratification, which makes it difficult to reproduce human capital of a significant part of the population and, consequently, to ensure the economic growth. Thus, reduction of the inequality in the consumption of goods and services may be considered as a source of increased consumer demand.

According to Russian scientists, the transformation of the consumption structure of households with resources for development should be carried out primarily on the basis of such development drivers as expenditures on transport, communications, recreation, and culture, and then – at the expense of expenditures on services of the hospitality industry (catering and hotel services), as well as housing and communal services. At the same time, it is noted that expenditures on health and education cannot act as such driver due to the fact that corresponding high-quality paid services in this sphere are available only for a small part of the population with high incomes [29]. It may be concluded that tourism, as an industry that includes transport services, hotel services, activities of public catering,

⁷ Inequality of household consumption. *Bulletin of Current Trends of the Russian Economy*. Available at: <https://ac.gov.ru/archive/files/publication/a/20223.pdf>

⁸ According to Rosstat, from 2017 to 2018, the most noticeable changes in the distribution of total monetary income within 20 percent of population groups were observed in the group with the highest income. The share of wealthiest Russians increased from 46.9% to 47.1%.

communication organizations, cultural, and leisure institutions, may be considered as a catalyst for consumer demand from the general population.

Studies showed that the increase of average monthly incomes of Russians (per household member) by 5 thousand rubles in 2018 prices will cause the increase of consumer expenditures among the least affluent households by 4.2 thousand rubles. Out of it, at least 80% will be spent on the purchase of goods and services of domestic production thereby stimulating domestic demand. Within all income groups of the population, along with the increase of expenditures on food and services, clothes, the increase of expenditures on transport, recreation, and cultural events will be quite noticeable [30].

A role of tourism development while increasing the level of human capital is quite significant. In corresponding studies, it was revealed that the creation of jobs through increasing tourism sector generates the growth of expenditures on food, and resulting funds are used by the population for increasing literacy. Revenues from state investments in tourism may be used to provide better education and health services [24].

Importance of tourism being a promising area for stimulating final consumption in the

Russian Federation is determined by the fact that there is an unimplemented potential for consumption of tourist services by residents within the country. According to VCIOM, averagely, only 43% of Russian residents over the past five years have had a vacation outside their region of residence (*Tab. 3*) (for comparison, 80% of the population travels in Japan and Germany, and 70% – in the UK).

At the same time, the share of Russians who spend their holidays at home increased by 2.5 times in 2015–2019⁹.

Russia is significantly inferior to foreign countries in terms of a number of tourists (*Fig. 3*). Therefore, the contribution of the tourism industry to the growth of final consumption could be higher.

It is confirmed by data for population's expenditures on consumption of tourist goods and services within the country (*Tab. 4*). In 2014–2018, a volume of tourist consumption in Russia decreased by 6.4%, while a value of this indicator in other countries shows a positive trend.

Among world leaders in terms of population's expenditures, China stands out. It is where the growth rate in the analyzed period was 56.2%, which could be explained by a great attention to development of domestic tourism. According to forecasts, by 2020, a volume of domestic tourist

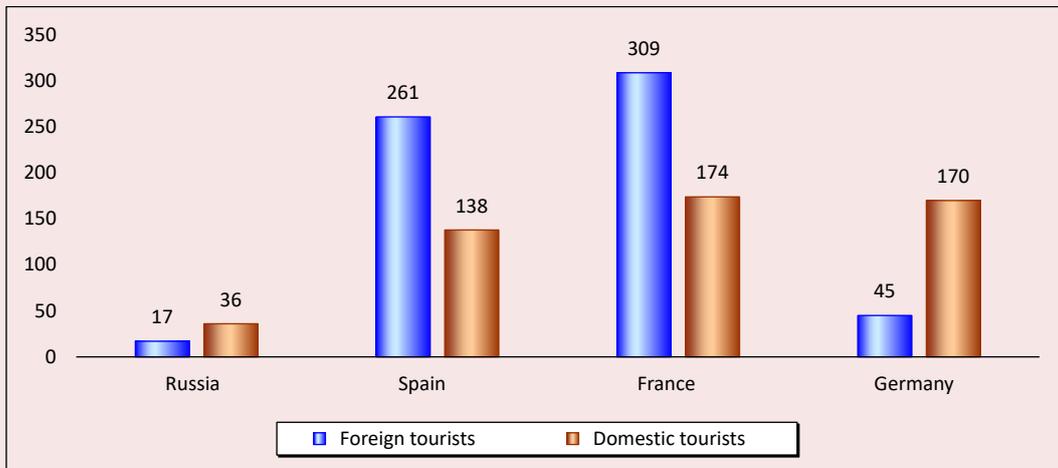
Table 3. Distribution of responses from Russians regarding spending vacations in the country outside a home region

Over the past five years, have You gone on vacation or spent holidays in other regions of Russia? (closed question, one respond option , % of a number of respondents)						
Option	All respondents	18–24 years old	25–34 years old	35–44 years old	45–59 years old	60 years old and older
Yes, once	16	21	21	19	13	11
Yes, twice or more	27	36	34	30	26	18
No, I have not	57	43	45	51	61	71
Hesitate to answer	0	0	0	0	0	0

Source: 2019 Summer Results. VCIOM. Available at: <https://wciom.ru/index.php?id=236&uid=9917>

⁹ Source: 2019 Summer Results. VCIOM. Available at: <https://wciom.ru/index.php?id=236&uid=9917>

Figure 3. Number of tourists per 100 residents in different countries in 2018, people



Source: Eurostat data.

Table 4. Dynamics of expenditures on consumption of tourism goods and services by residents, billion US dollars (in constant prices)

No	Country	2014	2015	2016	2017	2018	2018 to 2014, %
1	USA	771.7	783.6	798.5	830.1	857.5	111.1
2	China	497.4	560.5	638.8	711.5	776.7	156.2
3	Germany	305.8	297.0	301.3	310.3	315.1	103.0
4	Japan	183.4	196.8	195.7	201.1	202.8	110.6
5	Great Britain	159.6	169.7	181.2	193.9	200.1	125.4
6	India	147.9	161.3	176.1	184.1	196.6	132.9
7	Italy	140.7	150.9	152.5	158.3	161.0	114.4
8	Mexico	121.5	130.9	130.5	133.6	136.8	112.6
9...	France	129.2	128.4	130.1	131.3	135.7	105.0
...16	Russia	43.9	41.4	42.2	42.6	41.1	93.6

Source: data of the World Tourism Organization.

flow in China will exceed 6 billion people [31]. In order to further stimulate its growth and increase domestic consumption in the tourism area, prices for domestic tourism services (entrance tickets to tourist sites, transport tickets, etc.) are regulated at the legislative level.

Russia’s lag in this area is explained, among other things, by the lack of the state’s necessary attention to tourism, which could become a promising and highly profitable branch of the national economy. For a long time, the tourism sector was not perceived by authorities as a

catalyst of economic development. It changed only at the end of 2018. The state understood that tourism could be a driver of the economic growth. It led to the transition of the Federal Agency for Tourism from the subordination of the Ministry of Culture to the Ministry of Economic Development of the Russian Federation.

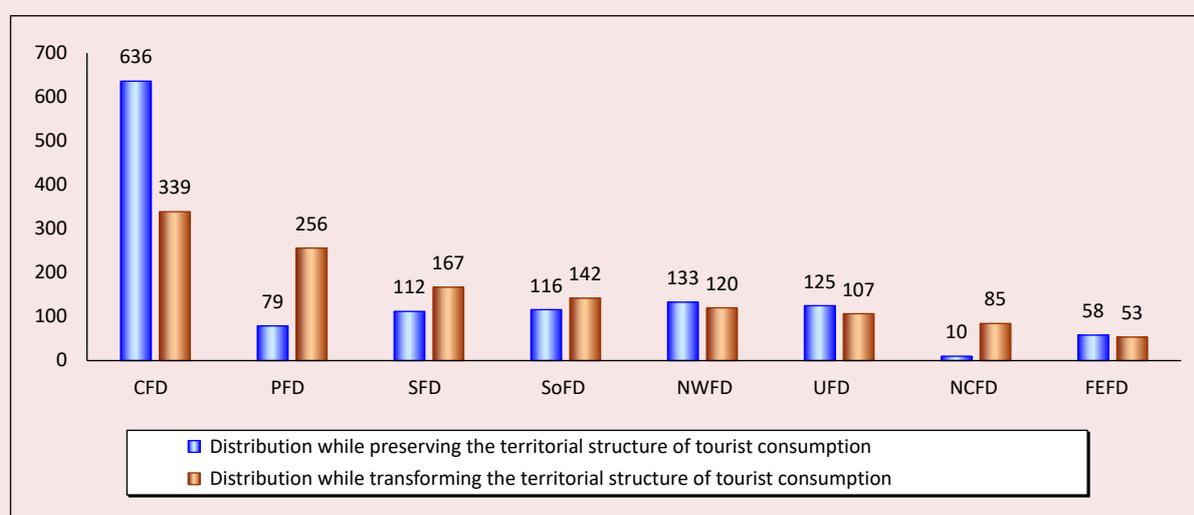
In 2019, the Russian government adopted the Strategy of Tourism Development for the Period up to 2035. It sets basic guidelines for the industry’s functioning. In particular, the

Table 5. Target indicators for tourism development in the Russian Federation until 2035

Indicator	2017 (fact)	2025 (forecast)	2035 (forecast)
Number of domestic tourist trips per 1 resident of the Russian Federation per year	0.4	0.6	1.0
Gross value added of the tourism industry, trillion rubles	3.2 trillion rubles	6.1.	16.3
Export of tourist services, billion US dollars	8.9	15.7	28.6
Investments in the tourism sector, index, %	100	150	300

Source: *The Strategy of Tourism Development for the Period up to 2035: the RF Government's Decree no. 2129-p., dated September 20, 2019. Available at: <http://government.ru/docs/37906/>*

Figure 4. Increase of gross product output after stimulating consumption of tourism goods and services by federal districts, billion rubles



Source: calculated on the basis of inter-sectoral modeling.

document indicates that the contribution of tourism to the country's GDP, in comparison with the 2017 level, should increase by 5.1 times, and a number of domestic tourist trips per resident of the Russian Federation per year should increase by 2.5 times (*Tab. 5*).

In addition, in accordance with the Spatial Development Strategy of the Russian Federation until 2025¹⁰, tourism is a priority industry for most Russian regions.

¹⁰ *The Spatial Development Strategy of the Russian Federation until 2025: the RF Government's Decree no. 207-p, dated February 13, 2019. Available at: <http://static.government.ru/media/files/UVAIqUtT08o60RktoOXI22JjAe7irNxc.pdf>*

Ways to reduce regional inequality

In the context of achieving these indicators, as well as reducing regional inequality, it is important to have an idea of how the main effect will be distributed after increased demand for tourism products.

Based on the cross-industry modeling tools, it is determined what territories will experience this effect in the following scenarios:

- maintenance of the existing territorial structure of tourist consumption;
- transformation of the territorial structure of tourist consumption in accordance with a district's population (*Fig. 4*).

Based on the results of calculations, it was revealed that, in both cases, the growth of gross product output after increased population demand for tourism products will happen in the Central Federal District. This circumstance could be explained by the fact that this district is a home for one of the world’s largest cities: a city of federal importance – Moscow, which has a significant tourist potential by generating a tourist flow. At the same time, while modeling the growth of demand for tourist products proportionally to federal districts’ population, the distribution of the effect will be more uniform: the CFD share in this case will be 27%, not 50%. As the result, other territories will receive an additional increase of gross product output. Thus, the share of Privolzhsky Federal District will increase from 6 to 20%, which might be caused by a high concentration of potential consumers of tourism goods and services living there. This district is the second one in the Russian Federation in terms of

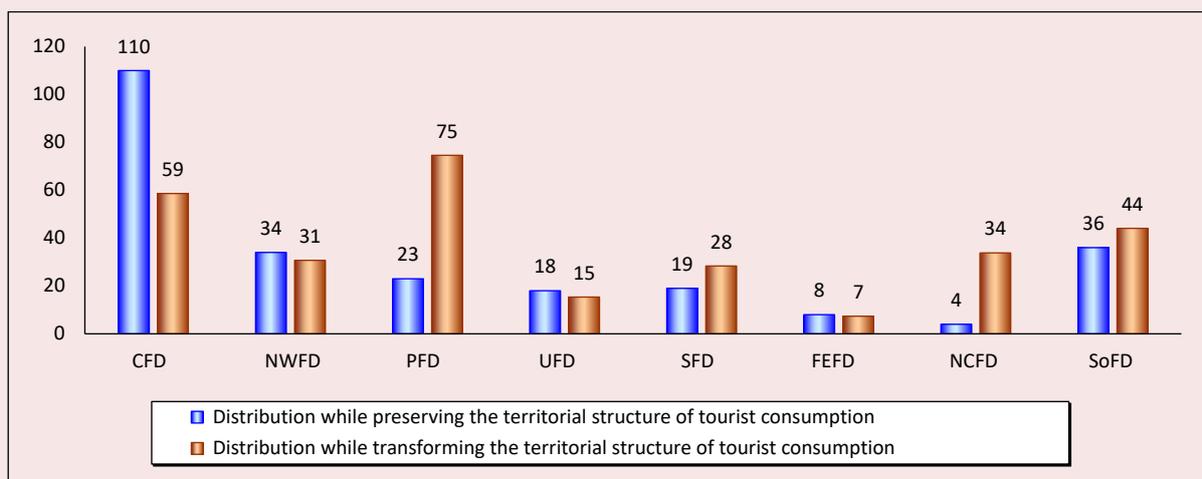
population. Thus, increased consumer demand will provide a greater increase of gross product output.

There will also be a significant redistribution of the effect as a result of the growth of tourist consumption in the SFD, SFD (Southern), and NCFD.

It indicates a current territorial asymmetry of tourism development in the country, as well as the lack of regional effects from the growth of consumption of tourism goods and services. Thus, taking into account the fact that nearly all territories of the Russian Federation have a tourist potential, it is advisable to create conditions under which the demand for tourism products will be regulated in accordance with a number of federal districts’ residents.

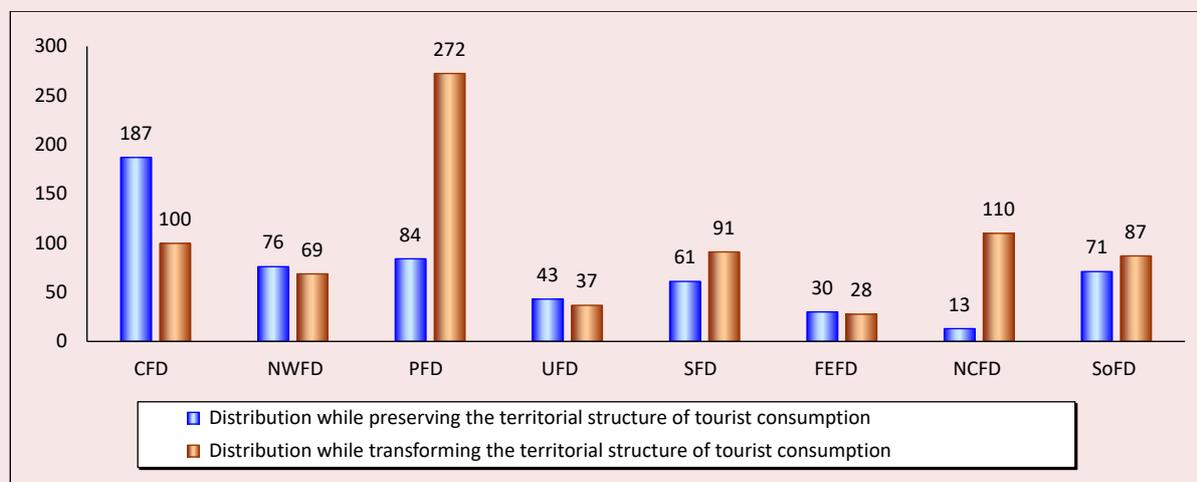
The increase of gross product output, caused by the demand for tourism goods and services, will ensure a corresponding increase of employment and the wage-fund in regions (Fig. 5, 6).

Figure 5. Territorial distribution of the increase of the wage-fund caused by the growth of tourist consumption in the Russian Federation, billion rubles



Source: calculated on the basis of inter-sectoral modeling.

Figure 6. Territorial distribution of the increase of the number of employees caused by the growth of tourist consumption in the Russian Federation, thousand people



Source: calculated on the basis of inter-sectoral modeling.

According to the results of scenario modeling, it may be noted that, in case of the increase of demand for tourist products, considering the population of federal districts, the distribution of effects across the country is distributed more uniformly. At the same time, a role of the Central Federal District, which previously served as a main beneficiary of the increase of key economic indicators, is being significantly transformed. There is an improvement of regions-outsiders' positions. Thus, a significant effect in the form of the increase of the wage-fund and a number of employees was recorded in the North Caucasian Federal District.

Thus, the results of calculations allowed us to identify a scenario according to which the distribution of the effect of the growth of the tourism industry's output contributes to the reduction of regional inequality. It requires a more reasonable approach toward conducting policies for regulating domestic demand.

To sum up, it should be noted that the implementation of economic policies by government authorities aimed at stimulating domestic consumer demand in Russia and its regions should take into account the existing regional inequality. It consists of an uneven territorial distribution of effects when demand for manufactured goods and services increases. This circumstance dictates the need to implement measures for balanced socio-economic development of Russian territories.

Conclusions

The study revealed significant territorial disparities that exacerbate a problem of regional inequality. The absence of significant changes in indicators like GRP per capita, a volume of actual final consumption of households per capita indicate a high level of inter-regional differences. In this situation, the stimulation of final consumption by adjusting the structure of consumer expenditures may help reduce regional differentiation. The increase of an importance of human capital within

the solution of the problem of ensuring the country's economic growth raises the question of a qualitative change in consumption, the increase of the share of services in its structure in terms of development of education, health, culture, recreation.

It may be concluded that a significant potential for consumption of tourism goods and services is not sufficiently implemented in the modern Russian economy. The forecast for domestic travel demand, as the result of the impact of the COVID-19 coronavirus pandemic, is rather ambiguous. On the one hand, due to restrictions concerning abroad travels, people's interest in tours around Russia may significantly increase. It contributes to the complexity of the structure of household consumption toward increased expenditures on tourism goods and services. In addition, a well-known Russian public association "Opora Russia" initiated the creation of a national project for tourism development. An important step in development of the tourism industry in the Russian Federation was the transition of the Federal Agency for Tourism from the subordination of the Ministry of Economic Development to the Russian Government. The Department has been assigned with the task of developing and implementing state policy and legal regulation in an area of tourism and tourism activities in the country.

At the same time, demand for domestic tourism may decrease due to a decline of the population's solvent demand as the result of strict quarantine measures in the country, declining oil prices, and export demand.

The results of cross-industry modeling allowed us to justify the importance of optimizing the consumption structure of Russian households within the reduction of territorial disparities. Effects of additional

growth of a number of employees and the wage-fund, resulting from the same demand in all districts of the country, are distributed more evenly throughout the country, and it contributes to the reduction of regional inequality. While taking into account existing consumer potential and prospects for stimulating final consumption, it is necessary to implement measures related to the change of the structure of the population's consumption. It will be facilitated by optimization of consumer demand for goods and services of domestic production through the increase of its competitiveness, and the implementation of policy aimed at the increase of the population's income by regulating minimum wage rates, ensuring the availability of consumer credit mechanisms, increasing the income level of the least wealthy segments of the population, and reducing households' tax burden.

It should be noted that development of methodological tools for assessing its contribution to the economy will help stimulate final consumption. It will provide a more reasonable approach to determining main indicators of economic development while creating corresponding programs.

Scientific significance of the research is development of scientific provisions concerning the justification of areas for stimulation of final consumption, development of methodological tools in order to assess its impact on the country and regions' economy on the basis of inter-sectoral balance. Practical significance is an opportunity to use the study's results by authorities while determining areas that ensure structural changes. The following work will touch upon the identification of methods to regulate final consumption for a deeper understanding of problems of the economy' structural adjustment.

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