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The formation of the scientific personnel with an active life position, a great demand for Institute's investigation, academic community's support of the new journal published by ISED T RAS, which combined efforts of the economic institutes of RAS in the Northwestern Federal District, and furthermore development of international ties have become the main outcomes of the last years.

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Due to the Resolution № 96 by the Presidium of Russian Academy of Sciences dated from March 31, 2009 ISED T RAS carries out investigations in the following fields:

- problems of economic growth, scientific basis of regional policy, sustainable development of territories and municipalities, and transformations of socio-economic space;
- regional integration into global economic and political processes, problems of economic security and competitiveness of territorial socio-economic systems;
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- development of regional socio-economic systems, implementation of new forms and methods concerning territorial organization of society and economy, development of territories' recreational area;
- socio-economic problems regarding scientific and innovative transformation activities of territories;
- elaboration of society's informatization problems, development of intellectual technologies in information territorial systems, science and education.

INTERNATIONAL TIES AND PROJECTS

In order to integrate scientific activities of the Institute's scholars into global research area, international scientific conferences are held on a regular basis; they result in cooperation agreements with different scientific establishments:

2007 – Cooperation agreement is signed with Institute of Sociology, of the National Academy of Sciences of Belarus, Center for Sociological and Marketing Investigations at the “International Institute of Humanities and Economics” (Belarus, 2008).

2008 – Protocol of intentions is signed with Alexander's Institute at the Helsinki University (Finland, 2008).

2009 – Cooperation agreement is signed with Center for System Analysis of Strategic Investigations of NAS (Belarus, 2009).

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2013 – Cooperation agreement is signed with Jiangxi Academy of Social Sciences (China, 2013).

July 2013 – The application for research performance by international consortium involving ISED T RAS within the 7th Framework Programme of European Community.

2014 – Cooperation agreement is signed with Jiangxi Academy of Social Sciences (China, 2014).

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Global Challenges and Regional Development in the Mirror of Sociological Measurement: Proceedings of the Online Research-to-Practice Conference. Vologda, March 14–18, 2016.

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The Ruling Elites: a Problem for Russia's National Security



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National security: global threats and internal contradictions

Ensuring national security is a core function of public authorities. Here we mean not only the security from external aggression, but also the competitiveness of the domestic situation in the country – its economic model, government system, social structure, etc. Historical experience of Russia, perhaps, as that of no other world power, clearly shows that the very inner undermining of state foundations entails the most severe consequences, affecting generations of people, the demographic structure of the nation, and the basics of mentality. Such was the deplorable outcome

of the collapse of the Soviet Union, from which the Russian society has not recovered yet. Such was the result of the collapse of the Russian Empire, which took more than 50 years to recover from. On the other hand, the same Russian experience shows that thanks to mobilization of all production and human power it is possible to counteract almost any external aggression. As it was, for example, during the Great Patriotic War (1941–1945).

Therefore, it is pointless and extremely dangerous to reduce national security to territorial integrity and military power. History teaches that its main threats are hidden inside, rather than outside¹. A key factor in national security is the lack

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¹ For example, inner contradictions led to the Netherlands Revolution in the 16th century, the English Revolution in the 17th century and the Great French Revolution in the 18th century.

of adequate response from the ruling elite to a long and growing discontent of the population concerning the dynamics of the standard of living and issues of social justice in society; this sooner or later leads to social explosion. Whether this social unrest is “fuelled” by geopolitical rivals, to what extent international political situation interferes with the internal policy of the state, etc. – all these issues are extremely important, but secondary. And in this sense, the main role in ensuring national security belongs to the effectiveness of public administration regarding the internal situation in the country; to put it more precisely – the effectiveness of the ruling elite in satisfying the critical needs of the population in improving the quality of life and social justice.

When describing the contemporary ruling elite in Russia, many experts do not mince their words; this fact in itself proves the existence of a protracted crisis in public administration². The head of state has repeatedly drawn attention to the lack of efficiency in the work of Russian officials,

It is important to note that in 2012 (the first year of the third presidential term), the context of the President's speech was quite “mild” – it was about the duration of the issues and the need to intensify efforts to address them. The subsequent Presidential Addresses to the Federal Assembly contained more and more phrases such as: **“Let's comprehensively go over these issues again and finally bring the situation in line with common sense and attune it to the times”** (2013), **“There is now a clear understanding of what should be done, so now we must just start doing it”** (2014) and **“How many years have we been talking about this? Yet things are not moving forward”**. (2015; see appendix). Thus, Vladimir Putin clearly expresses his dissatisfaction with the progress of the implementation of the tasks and priorities set out in 2012, and in fact – with the inefficiency of public administration. It looks as though the President is forced to tolerate an incompetent execution of his decrees.

(Source: Ilyin V.A. *Effektivnost' gosudarstvennogo upravleniya i nakaplivayushchiesya problemy sotsial'nogo zdorov'ya* [Public administration efficiency and the aggravation of public health issues]. *Ekonomicheskie i sotsial'nye peremeny: fakty, tendentsii, prognoz* [Economic and Social Changes: Facts, Trends, Forecast], 2015, no. 6 (42), p. 26)

their inaction against the background of aggravating social issues.

The relevance of the task to increase public administration efficiency in dealing with domestic issues is complicated by the randomness of global processes and the increasing pace of global competition.

² “Unfortunately, many of today's people whom it should pain to see the state suffering and who should not take bribes do exactly the opposite. And only by mistake and out of habit do we call these dirty officials the elite... Russian elites often represent placeholders who have accidentally risen to the levers of power, secured their position there and are now using it for personal gain”. (source: *Za derzhavu obidno! Tamozhnya – delo tonkoe* (mnenie politologa F. Biryukova) [It pains to see the state suffering! Customs is tricky business (an opinion of political scientist F. Biryukov)]. *Gazeta «Zavtra»* [Newspaper “Tomorrow”], 2016, 4 August, no. 31 (1183), p. 5).

Having established itself as a key player in the international political arena and confirming this status by subsequent actions³, Russia has taken upon itself the historical responsibility for making an adequate response to emerging global challenges; it has also taken up a role of full-fledged participant in geopolitical competition with leading world powers. After the collapse of the USSR, Russia's geopolitical opponents could not but meet with hostility the emergence of another competitor. A hybrid warfare launched in these circumstances, on the one hand, showed that they are really afraid of Russia's revival from obscurity of the 1990s; on the other hand, it increased dramatically the relevance of public administration efficiency issues in Russian domestic life, making them the most important weapon in global competition.

G. Hegel, the classic of the German philosophical thought, pointed out that history repeats itself, and it does it until people have learned the lessons they should learn from history.

A century ago, irreconcilable differences and geopolitical ambitions of leading world powers led to the outbreak of the First World War, in which 34 out of 56 sovereign states participated⁴.

For the past 100 years, the world civilization has reached a qualitatively new level of development. Technological progress has changed the social and demographic structure of society, brought the quality of life to a new level, led to the aggravation of new global threats (such as new diseases, concerning, first of all, mental health; the threat of nuclear war, depletion of natural resources, etc.).

However, although the entire global civilization and each individual state are fundamentally different from their counterparts of 100 years ago, they have a lot of similarities that help make historical parallels and learn from the past.

The present-day world is also plagued by contradictions: Russia is searching for ways to reduce international confrontation by establishing uniform rules of conducting foreign policy, but it is opposed by the growing geopolitical "appetite" of the U.S. in the Middle East and in Europe, due to which the problem of international terrorism and the uncontrolled influx of refugees in the countries of the Old World has come to the fore, resulting in not only social but also cultural and political crises. All this is accompanied by more complex

³ We are talking about Vladimir Putin's speech at the Munich conference on security policy held February 10, 2007 and his subsequent actions aimed to strengthen Russia's international position, including that in the Ukrainian and Syrian conflicts.

⁴ "The outbreak of the war of 1914–1918, which had become a global armed conflict, defined the balance of forces prevailing in the world economy in previous years. The U.S. and Germany – the highly industrialized countries that topped the world economy – were much inferior to the old European countries such as Great Britain and France in export of capital and colonial possessions – the factors accompanying industrial strength. And vice versa, Great Britain and France – the countries that had been leaders in the global industrial production in the 19th century – were pushed back to the third and fourth places before the war of 1914; but they still remained the largest exporters of capital and the largest colonial powers" (source: Prichiny ekonomicheskikh protivorechii i sopernichestva vedushchikh stran nakanune Pervoi mirovoi voyny [Causes of economic contradictions and rivalry between leading countries on the eve of the First World War]. *Baza dannykh "Mir znaniy"* ["World of Knowledge" database]. Available at: http://mirznanii.com/info/1-prichiny-ekonomicheskikh-protivorechii-i-sopernichestva-vedushchikh-stran-nakanune-pervoy-mirovoy-_278616).

threats associated with the unpredictability and randomness of world events that set increasingly complex issues before the capitalist system dominant in developed countries.

After the “successful” implementation of the strategic plan for the collapse of the Soviet Union⁵, the country that used to be one of the two most powerful nations of the world in the second half of the 20th century, the U.S. actually became a monopolist and dictated its political, economic and ideological will⁶. U.S. policy of double standards and its military intervention in the internal affairs of sovereign states have become a regular phenomenon. “The neoconservatives who after September 11, 2001 terrorist attacks got their hands on all the levers of Washington’s foreign policy proceeded from the fact that in a relatively short historical period (ten years), they

would be able to suppress all their major competitors on the planet by economic, financial, and in some places – military means. After this the United States can preserve its “dollar empire”, continuing to rob the rest of the world”⁷.

However, along with the neoliberal model of capitalism spreading around the world, “its own contradictions and imbalances were accumulating and becoming more and more pronounced – first of all, the growth of income inequality that caused gradual reduction in demand for manufactured goods”⁸. After a few years of American hegemony, there appeared several signs suggesting that the dominant power with its economic, managerial, spiritual and value system was failing in its role as the sole leader: “The United States overstrained itself because of the need to carry on several wars at the same time”⁹.

⁵ “If we consider this from a present-day perspective and take into account the facts already known, we need to keep in mind the following. In the early 1980s, when Ronald Reagan assumed office as President, CIA Director William J. Casey put forward a program that would, in fact, facilitate the collapse of the Soviet Union. Today we can say for sure that our political adversary implemented a deliberate program to destabilize and destroy the Soviet Union as a country and state. It is very important for understanding the current situation in Russia.” (Source: Ivashov L. Spodruchniki i nasledniki Reigana [Henchmen and heirs of Reagan]. *Literaturnaya gazeta* [Literary newspaper], 2016, no. 31, August 3. Available at: <http://www.lgz.ru/article/-31-6562-03-08-2016/avgust-1991/>).

⁶ “The United States has made many countries dependent on it in economic and political sense. The U.S. has established a global system for bribing with the dollar the ruling elite of several countries, i.e. a global comprador system. The U.S. uses the dollar to buy not only resources, but also rulers, legislation and lawmakers, laws, and economic policies of dependent countries. By ruling the comprador minority of dependent countries, the U.S. is exploiting to its advantage the work of the social majority, which leads a miserable existence and is struggling against extinction. This is what the dollarization of the world is. This is what a unipolar world is. This is American-style globalization, the world domination of the U.S. it is no coincidence that the crisis of dollarization means the crisis of American globalization” (source: Sotsial’nyi kontrakt vlasti s syr’evym oligarkhatom: rost bez razvitiya: interv’yu S.S. Gubanova na radio “Govorit Moskva” ot 18.03.2009 [Social contract between the government and commodity oligarchy: growth without development: an interview of Sergei Gubanov on the radio “Moscow Is Speaking”, March 18, 2009]. *Informatsionno-analiticheskaya sluzhba “Russkaya liniya”* [Information-analytical service “Russian Line”]. Available at: http://ruskline.ru/analitika/2009/03/19/social_nyj_kontrakt_vlasti_s_syr_evym_oligarhatom_rost_bez_razvitiya/).

⁷ Vopros v lob Rostislavu Ishchenko [Direct question to Rostislav Ishchenko]. *Gazeta “Zavtra”* [Newspaper “Tomorrow”], 2016, no. 31 (1183), August 4, p. 1.

⁸ Kagarlitskii B. Kto podavit vosstanie elit [Who will suppress the revolt of the elites]. *Ekspert* [Expert], 2016, no. 30–33, p. 52.

⁹ *Ibidem*.

In 2007, Russia again spoke about the dangers of a unipolar world and once again asserted itself as an equal international partner¹⁰. In 2008, the dependence of the world economy on the U.S. economy led to the fact that the mortgage and banking crisis in the United States (which began back in 2007) escalated into a global financial crisis that showed that “the ability of the liberal elites to control the situation are limited, and their resources are being exhausted”¹¹.

Today leading foreign and domestic scientists predict difficult times for capitalism, which may bring it to a global crisis. They focus on the following theses:

1. “The world is accumulating the sources of a crisis that will be structural, i.e. no possible solution to this crisis can be found within the standard political and investment decisions of today... Capitalism cannot flourish, if institutions are not reformed, employment restored, and environmental, health and other issues somehow solved...”¹²

2. “Before the Global Financial Crisis ideas like the Efficient Markets Hypothesis and the Great Moderation were very much alive. Their advocates dominated mainstream economics... The result was a global economy in which both households and nations lived far beyond their means. It is clear that there is something badly wrong with the state of economics. A massive financial crisis developed under the eyes of the economics profession, and yet most failed to see anything wrong... The ideas that caused the crisis and were, at least briefly, laid to rest by it are already reviving and clawing their way through up the soft earth. If we do not kill these zombie ideas once and for all, they will do even more damage next time”¹³.

3. “In the second decade of the 21st century not only in Russia but in many countries around the world there emerged a need for a humanistic turn of the sciences of man and society, the turn that expresses a need for the humanistic evolution of society itself”¹⁴.

¹⁰ An excerpt from Vladimir Putin’s speech at the Munich Conference on Security Policy, February 10, 2007: “I consider that the unipolar model is not only unacceptable but also impossible in today’s world. And this is not only because if there was individual leadership in today’s – and precisely in today’s – world, then the military, political and economic resources would not suffice. What is even more important is that the model itself is flawed because at its basis there is and can be no moral foundations for modern civilization... Russia is a country with a history that spans more than a thousand years and has practically always used the privilege to carry out an independent foreign policy. We are not going to change this tradition today.” (source: *Ofitsial’nyi sait Prezidenta RF* [Official website of the RF President]. Available at: <http://www.kremlin.ru/events/president/transcripts/24034>).

¹¹ Kagarlitskii B. Kto podavit vosstanie elit [Who will suppress the revolt of the elites]. *Ekspert* [Expert], 2016, no. 30–33, p. 53.

¹² Wallerstein I., Collins R., Mann M., Derluguian G., Calhoun C. *Est’ li budushchee u kapitalizma?: sbornik statei* [Does capitalism have a future?]. Moscow: Institut Gaidara, 2015. 320 p.

¹³ Quiggin J. *Zombi-ekonomika. Kak mertvye idei prodolzhayut bluzhdat’ sredi nas* [Zombie economics: how dead ideas still walk among us]. Translated from English by A. Gusev. Under the scientific editorship of A. Smirnov. Moscow: Vysshaya shkola ekonomiki, 2016. Pp. 11, 14.

¹⁴ Lapin N.I. Gumanisticheskii vybor naseleniya Rossii i tsentry vnimaniya rossiiskoi sotsiologii [Humane choice of Russia’s population and the centers of attention of Russian sociology]. *Sotsis* [Sociological studies], 2016, no. 5, p. 29.

4. "Suddenly we find that socialism in the two leading countries in the capitalist world-system has not only been revived, but has exposed itself as a powerful political alternative to the dominant liberal mainstream... The liberal "end of history" ended too quickly. And if this wave has not reached us, it is only because both our liberalism and our capitalism are very specific, and our political process is far from the game played by the rules of the Western world. But it is impossible to shut out a revolution with the help of an idea, and there is no doubt that soon we will hear the steps of a new socialism in Russia as well"¹⁵.

The clash of capitalist and socialist development paradigms is expressed in the exacerbation of geopolitical competition and is accompanied by tensions in the international political situation, intermittent and protracted short-term local armed conflicts and revolutions breaking out in different countries. The existence of the nuclear weapon, which makes a world war meaningless since "there can be no winner in a global conflict"¹⁶ is, perhaps, the main barrier preventing the outbreak of a third world war, this time, a nuclear war.

However, the fact that a nuclear war is futile does not imply the absence of hostilities; it only "dictates" the way in which they are carried out. Today, the

leading world powers engage in hybrid warfare through information resources that deal with public consciousness. **Thus, global competition between countries is unfolding against the background of the problems similar to those that led to the First World War 100 years ago. The only difference is that at the beginning of the 21st century, geopolitical rivalry is developing at a qualitatively new level – technological, economic, political, etc.**

So today the task of finding historical parallels that are necessary for an effective learning of the lessons of history is especially relevant for all countries in the world and primarily for the key players (such as the U.S., China, EU countries, Russia, India) whose role is crucial for the further development of events in the international political arena.

Some causes of the Russian revolution 1905–1917

The First World War went down in history as one of the most cruel and slaughterous wars¹⁷. Participating in the war became for many countries "the last drop that spilled the cup" of internal contradictions that had accumulated and affected mostly general population. In the post-war years, many countries of Europe

¹⁵ Kholmogorov E. O nereshennoi probleme sotsializma [About an unresolved issue of socialism]. *Gazeta "Zavtra"* [Newspaper "Tomorrow"], 2016, no. 17 (1169), April 28, p. 3.

¹⁶ Putin V.V. Rech' na zasedanii Mezhdunarodnogo diskussionnogo kluba "Valdai" 22.10.2015 [Speech at the meeting of the Valdai International Discussion Club, October 22, 2015]. *Ofitsial'nyi sait Prezidenta RF* [Official website of the RF President]. Available at: <http://www.kremlin.ru/events/president/news/50548>

¹⁷ According to expert estimates, Russian military losses during the First World War exceeded those of all other world powers. Irrecoverable losses (killed in action, died of wounds, missing in action, died in captivity and did not return from captivity) amounted to: 3.3 million for Russia, 2 million for Germany, 1.5 million for Austria-Hungary, 1.4 million for France, 0.7 million for the British Empire, 0.5 million for Italy, 0.08 million for the U.S. (source: Stepanov A. Poteri naseleniya Rossii v Pervoi mirovoi voine [Loss of the population of Russia in the First World War]. *Zhurnal "Demoskop Weekly"* [Journal "Demoscope Weekly"], 2014, no. 623–624. December 15–31, p. 7).

and the world experienced a wave of revolutionary movements that ushered in a new era, called contemporary history. So did Russia, which, according to some experts, had lost more than any country in that war¹⁸.

“Not only did the Russian revolution change Russia, it also radically changed the whole world. And the present-day world would be unthinkable without it, just like the world of the 19th century – without the French revolution”¹⁹.

The Russian revolution that started in 1905 in Saint Petersburg when Imperial troops opened fire on a crowd of workers during a peaceful march led by priest Georgy Gapon stemmed from Russia’s international situation and contradictions accumulated within Russian society itself. In the late 19th – early 20th century, the Russian Empire, despite the growth of the total

industrial production, lagged significantly behind leading countries of the West by this indicator (*Tab. 1*).

Russia’s major problem consisted in its lagging considerably behind the Western countries in the standard of living and quality of life. By the end of the 19th century, the rural class comprised about 77% of the population (*Tab. 2*). It should be mentioned that there was not much in common between the Russian peasant and the European hereditary landholder. Residents of a European village felt they were owners of the land to a much greater extent, than that they were its subjects. And such a village was moving toward a more profound change in the whole society, toward its transformation into an urban, market society... Even after the abolition of serfdom, on the threshold of the 20th century, the idea of hereditary land

Table 1. Shares in global industrial production

Country	1881–1885		1896–1900		1913	
	In %	In % of the leader’s (U.S.) contribution to global industrial production	In %	In % of the leader’s (U.S.) contribution to global industrial production	In %	In % of the leader’s (U.S.) contribution to global industrial production
Russia	3.4	11.9	5	16.6	5.3	14.8
USA	28.6	100.0	30.1	100.0	35.8	100.0
Great Britain	26.6	93.0	19.5	64.8	14	39.1
Germany	13.9	48.6	16.6	55.1	15.7	43.6
France	8.6	30.1	7.1	23.6	6.4	17.9

Source: Petrov Yu. Rossiya v 1913 godu: ekonomicheskii rost [Russia in 1913: economic growth]. *Nauka i zhizn'* [Science and life], 2014, no. 7, p. 6.

¹⁸ “The outcome of the First World War are well-known: political and military victory of the United States, the British Empire, France, Italy and Japan over Germany, Austria-Hungary, Turkey and Bulgaria; and in Russia – large-scale civil war, national-territorial breakup and foreign military intervention. Out of the frying pan of the First World War Russia fell into the fire of the civil war and foreign intervention” (source: Stepanov A. Poteri naseleniya Rossii v Pervoi mirovoi voine [Loss of the population of Russia in the First World War]. *Zhurnal “Demoskop Weekly”* [Journal “Demoscope Weekly”], 2014, no. 623–624. 15–31 December, p. 8).

¹⁹ *Revolutsiya 1917-go radikal'no izmenila ves' mir: interv'yū direktora Instituta globalizatsii i sotsial'nykh dvizhenii B. Kagarlitskogo informatsionnomu portalu Pravda.ru* [The revolution of 1917 radically changed the world: an interview with B. Kagarlitsky, Director of the Institute of Globalization and Social Movements at the information portal “Pravda.ru”]. Available at: <http://www.pravda.ru/news/society/07-11-2013/1181206-revolution-0/>

Table 2. Distribution of population of the Russian Empire by estates in 1897

Estate	Men		Women		Both sexes *	
	persons	%	persons	%	persons	%
Noblemen by birth and their families	583824	0,9	636345	1,0	1220169	1,0
Personal noblemen, officials and their families that did not belong to nobility	303653	0,5	326466	0,5	630119	0,5
Clergymen of all Christian denominations and their families	275813	0,4	313134	0,5	588947	0,5
Hereditary and personal citizens of honor and their families	175689	0,3	167238	0,3	342927	0,3
Merchants and their families	137522	0,2	143657	0,2	281179	0,2
Townsmen	6534117	10,5	6852275	10,8	13386392	10,7
Peasants	47969068	76,8	48927580	77,5	96896648	77,1
Military cossacks	1448382	2,3	1480460	2,3	2928842	2,3
Non-Russians	4423808	7,1	3874157	6,1	8297965	6,6
Finland natives without class distinction	16811	0,0	18774	0,0	35585	0,0
Persons not belonging to these estates	210801	0,3	143112	0,2	353913	0,3
Persons who did not refer themselves to any estate	36410	0,1	35425	0,1	71835	0,1
TOTAL Russian subjects	62115898	99,4	62918623	99,6	125034521	99,5
Foreign subjects	361450	0,6	244050	0,4	605500	0,5
TOTAL Russian and foreign subjects	62477348	100,0	63162673	100,0	125640021	100,0

* Calculations: Demoscope Weekly. Available at: http://demoscope.ru/weekly/ssp/rus_sos_97.php
Source: *Pervaya Vseobshchaya perepis' naseleniya Rossiiskoi Imperii 1897 g.* [The first General census of the Russian Empire, 1897]. Ed. by N.A.Troinitskii. Volume 1. Obshchii svod po Imperii rezul'tatov razrabotki dannykh Pervoi Vseobshchei perepisi naseleniya, proizvedennoi 28 yanvarya 1897 goda [General national corpus of the data on the results of the First General Population Census made on January 28, 1897]. Saint Peterburg, 1905. Table 8. Distribution of population by estates and conditions.

tenure and, moreover, private ownership of land, did not ripen in the Russian society and seemed to be something foreign in the Russian village...”²⁰

At the same time, despite Russia's lagging behind the West in terms of socio-economic structure and quality of life, Russian society in the 19th century already

developed a feature that N. Berdyaev called “the instinct of state might”²¹. After the fall of Constantinople in the 15th century, Russia – “the only free Orthodox state after the fall of Byzantium”²² – has become a new geopolitical pole in Eastern Europe. The status of the “Third Rome” made it necessary for Russia to participate in European, if not

²⁰ *Ibidem*. P. 22.

²¹ “By the 19th century, the Empire was very unhealthy both spiritually and socially. It is typical of Russians to combine in themselves antinomian and opposite principles. Russia and Russian people can be characterized only by contradictions. A Russian people can be characterized equally fairly as a people that needs statehood and oppression, and at the same time, anarchy and freedom; as a people inclined to nationalism and national conceit, and as a people of a universal spirit, capable more than any other people of humanness; as a people that is cruel and unusually humane, inclined to inflict suffering and unmeasurably compassionate. This controversy created by the entire Russian history and the eternal conflict between the instinct of state might and people's instinct of freedom and love of truth” (source: Berdyaev N.A. *Istoki i smysl russkogo kommunizma* [The origin of Russian Communism]. Paris, 1955. P. 15).

²² In 1453, Constantinople, the capital of the Byzantine Empire and Orthodox culture, the “heir” to Greece and Rome, was taken by the Turks and remained the capital of the Ottoman Empire until 1922. Many historians consider the fall of Constantinople a key moment in European history. Byzantium ceased to exist as a political force, soon after the fall of Constantinople the Ottoman Empire enslaved the remaining Orthodox countries in the Balkans (source: Padenie Konstantinopolya (29 maya 1453 goda) [The fall of Constantinople (May 29, 1453)]. *Sait Khrama Zhivonachal'noi Troitsy na Vorob'evykh gorakh* [Website of the Church of the Holy Trinity on the Vorobyovy Gory]. Available at: <http://hram-troicy.prihod.ru/articles/view/id/1166651>).

global, affairs and, moreover, to participate **as a principal actor**, which required strong economic, political, military and cultural interaction with neighbors, primarily with the West... By the beginning of the 20th century, Russia felt like a powerful nation, accustomed to win, to push the boundaries and dictate its own will to the neighboring states”²³.

However, “to feel like a powerful state” is not the same thing as to be one. Russia’s objective necessity to compete with the leading countries of the West was combined with its elementary lagging behind them in terms of political, economic, and social development. The level of productive forces in the country did not meet the requirements of that time. The tsarist regime was not able to find a way out of this contradiction; this fact led to the revolutionary events of 1905 and 1917 and the change of the regime, and predetermined the further development of Russia and the world in the middle of the 20th century.

Russia in the 20th and 21st centuries: history repeats itself

The pre-revolutionary Russian Empire, the Soviet Union in the period of its “decline” and today’s Russia are divided by significant historical time periods. For the past 100 years the Russian society and state, like the whole world, has changed qualitatively. It is sufficient to mention the revolutionary events of 1905–1917, the victory in the Great Patriotic War, the exploration of space and the invention of nuclear weapons and we will understand

how different the eras of the early 20th and 21st centuries were. The 70-year period of the Soviet regime made the Soviet Union one of the main powers in the world, and today we can only guess what the possible level of economic development and political authority of Russia would have been, if the government had not made mistakes and had not failed to “feel” the changing needs of the population, and if it had not been for the betrayal of national political elites in the late 1980s that led to the “parade of sovereignties” and the subsequent collapse in all the spheres of life in the era of the “turbulent 1990s”.

At the beginning of the 20th century, the ruling elite of the Russian Empire failed to meet the growing needs of the wide layers of the population; the situation was similar in the late 1980s, when the ruling elite of the Soviet Union failed to create the conditions to meet the needs of Russians in material prosperity and grant them more freedoms (first of all, freedom of speech and freedom of choice). The political “machine” created by Soviet power worked successfully for many years: thanks to this “machine” the Great Patriotic War was won; the Soviet economy owes its prosperity in the postwar years to this “machine”; and thanks to precise planning and the key role of the state in the governance of the country, the Soviet Union was able to become one of the two leading powers in the world. But this “machine” worked effectively to strengthen the statehood, rather than meet the social needs of the population. The Soviet system turned out to be rigid, the bureaucratic apparatus of the ruling elite did not manage to adapt to the

²³ Vishnevskii A.V. *Serp i rubl': konservativnaya modernizatsiya v SSSR* [Sickle and ruble: conservative modernization in the USSR]. Moscow: OGI, 1998. P. 14.

conditions when Russian society became “tired” of the dullness and monotony of the Soviet ideology and the values of capitalism and democracy of the Western world started to penetrate Russian society. “The Soviet leadership generally underestimated narrow-mindedness of the narrow-minded individual. The Soviet people were treated to everything that was wholesome in all respects, but they wanted something that was delicious, tart, effervescent, and bright”²⁴.

The tragedy of the collapse of the USSR does not consist in the fact that Americans successfully implemented a strategic plan to eliminate a geopolitical rival; the tragedy is the fact that within the very political elite of the Soviet Union there were people who were willing to implement that plan, and this is already an internal problem of the system, rather than a problem with “foreign enemies”.

Today one can speak about the capacity of the Soviet Union only in the subjunctive mood. Actually, Russia is far inferior to its geopolitical competitors (USA, Japan, Western Europe) in terms of economic development²⁵.

²⁴ Voevodina T. *Chego sovkam v sovke ne khvatalo* [What Soviet people did not have in the Soviet Union]. *Literaturnaya gazeta* [Literary newspaper], 2015, no. 33, August 26 – September 01.

²⁵ The index of actual volume of GDP per capita in Russia is 45% of the U.S. level. For comparison: in Germany and Canada – 82% for both, in France – 73%, in the UK – 70%, in Japan – 69% (source: Russian Statistical Yearbook – 2015, data for 2011).

The collapse of the Soviet Union and, more broadly, of the whole Soviet life was rather an external than internal phenomenon. We somehow forget that the Soviet Union collapsed virtually at the peak of its military and industrial might, more precisely, at a stagnant slide from that peak. And that breakout was perceived by a vast majority of citizens with delight and enthusiasm, and was welcomed with stormy and prolonged applause. The overthrow of the “sovok” (a Russian slang word that denotes the Soviet Union, Soviet system or a Soviet citizen; the word sounds like “Soviet” but means “dustpan” in normal language. – Translator’s note), judging by all these attitudes, was neither a conspiracy, nor a coup; it was a truly nationwide cause. Granted, it involved conspiracy, and revolution, and betrayal, but without people’s support, and not even support but direct participation, it would have failed.

(Source: Voevodina T. *Chego sovkam v sovke ne khvatalo* [What Soviet people did not have in the Soviet Union]. *Literaturnaya gazeta* [Literary newspaper], 2015, no. 33, August 26 – September 01.)

“**The instinct of state might**” which, according to Berdyaev, characterized Russian society in the 19th – 20th centuries, is inherent in the modern Russian society as well. It “woke up” together with national identity, which “is the basis of the Russian civilization project, is deeply rooted and widespread in people’s minds, although it was as if in a “sleeping”, latent condition”²⁶. The reason for this “awakening” can be found in events such as Vladimir Putin’s speeches in Munich (2007), at the meeting

²⁶ Gorshkov M.K. “*Russkaya mehta*”: opyt sotsiologicheskogo izmereniya [“Russian dream”: an experience of sociological measurement]. *Sotsiologicheskie issledovaniya* [Sociological studies], 2012, no. 12, p. 10.

of the Valdai International Discussion Club (2013), and after the Russian team's successful performance at the Olympic Games in Sochi (2014), accession of Crimea and Sevastopol to the Russian Federation (2014), and after the effective participation of Russia in the Syrian conflict" (2013, 2015).

The results of sociological research help answer the question of what is meant by "the instinct of state might" and why this "state might" exists today in an "instinctive" form. According to VTsIOM, 75% of Russians believe that Russia has considerable influence on the state of affairs in the world; as many (75%) believe that Russia at present is a great power or it can become one in the next 15–20 years²⁷. In people's opinion, Russia is feared (53%) and respected (41%) in the world, and its impact on the global community is growing (43%). 68% of Russians (according to Levada-Center) "are proud of today's Russia" (the opposite view is expressed by only 24%; *Insert 1*)²⁸.

However, the current standard of living and quality of life are not among the things that Russians are proud of in their country, rather it is Russian history, science, culture, army, and sport (20–40% according to Levada-Center, and 70–80% according to ISEDT RAS²⁹). It is not the life in Russia that is the source of this pride, but Russia's

previous heritage, which, of course, will stay forever in the memory of generations: classics of Russian and world literature, music, painting; the first flight of man in space, the victory in the Great Patriotic War, sport achievements of the USSR national team, etc.

Not more than 16% of Russians are proud of their current life in the country (according to ISEDT RAS); 12% are proud of their fellow countrymen (according to Levada-Center), 5% are proud of Russia's economic achievements, 5% are proud of Russian education system, and 2% are proud of Russian healthcare system (*Insert 2*).

An acute need for social justice is a feature that Russia had in the beginning of the 20th century and that it has retained in the early 21st century. Historians indicate that at the end of the 19th century "the remnants of feudalism: political injustice, absence of the labor law, arbitrary rule of masters, and widespread abuse weighed upon the workers and peasants alike... These and other facts prove that Russian society experienced an acute shortage of social justice"³⁰.

Today, the need "to live in a more just and reasonably ordered society" ranks third in a list of the most important dreams of Russians (33%). The first one is the need "to live in wealth, to be able to spend money

²⁷ *Rossiya – velikaya nasha derzhava: press-vypusk VTsIOM ot 10.06.2016* [O Russia, for ever you're strong sacred country: VTsIOM press release of 10 June 2016]. Available at: <http://wciom.ru/index.php?id=236&uid=115728>

²⁸ *Natsional'naya gordost': press-vypusk Levada-Tsentr ot 30.06.2016* [National pride: the press release of Levada-Center from 30 June 2016]. Available at: <http://www.levada.ru/2016/06/30/natsionalnaya-gordost/>

²⁹ Significant differences in the proportion of respondents according to the results of the polls carried out by Levada-Center and ISEDT RAS are associated with the question wording, the number of answer options and the method of research. However, the essence remains the same – if Russians are proud of anything in their country, they are not proud of how life is in modern Russia.

³⁰ Kashnikov B.N. Ideya spravedlivosti v teorii i praktike russkogo terrorizma kontsa 19-go – nachala 20-go veka [The idea of justice in the theory and practice of the Russian terrorism of the late 19th – early 20th century]. *Rossiiskii nauchnyi zhurnal* [Russian scientific journal], 2008, no. 3 (4), p. 49.

“without counting the kopecks” (40%); the second – the dream about “good health” (33%)³¹.

The desire for social justice can also be seen in the results of regional sociological studies. Thus, according to ISEDT RAS data as of June 2016, 57% of people believe that “modern Russian society is arranged unfairly”; the opposite opinion is shared only by 11% of people³².

Thus, although in 100 years that passed since the events called “the Russian Revolution” Russian society and the world situation faced qualitative changes, they still have general conceptual features that point to a possibility of revolution today.

Russian philosopher and sociologist Pitirim Sorokin notes that revolution “is not a random event” and it is caused by two factors³³:

1. The first one relates to the driving forces behind revolution masses: “An immediate prerequisite for any revolution has always been the increase in the number of suppressed basic instincts of the majority

of the population, and the inability to satisfy them even to the minimum extent”.

2. The second factor relates to the response of the authorities: “...A revolutionary explosion requires that the social groups that guard the existing order did not have a sufficient arsenal of tools to suppress the destructive encroachments from below... The atmosphere of pre-revolutionary eras always amazes the observer with the impotence of the authorities and degeneration of the ruling privileged classes. They are often not able to perform elementary administration functions, not to mention resisting the revolution using force”.

“If both conditions – the pressure “from below” and the weakness of “the top” – match, then revolution becomes inevitable”.

Of course, unlike the pre-revolutionary Russian society, modern society has a constructive attitude toward the authorities³⁴, so today we are not talking about “mass repressions” and other means of “suppressing the destructive encroachments”. **However, the signs of the first of the two causes of revolution mentioned by Pitirim Sorokin are obvious – basic instincts, which for Russians comprise a sense of social justice and an opportunity to live “without counting the kopecks”³⁵, do not find their satisfaction.**

³¹ Gorshkov M.K., Krumm R., Tikhonova N.E. (Eds.). *O chem mechtayut rossiyanе: ideal i real'nost'* [What the Russians dream of: ideal and reality]. Moscow: Ves' Mir, 2013. P. 22. The question allowed for choosing up to three answer options. Among other options there were the following: “to have good children” (23%), “to have my own apartment, house” (21%), “to live an interesting life, to discover and implement my potential” (18%), “to have a good family” (17%), “to start my own business” (15%), “to get a good education (specialty)” (12%), “to be useful to society, to make my contribution to the development of Russia” (11%), “to get a good job” (7%), “to find true love” (6%), “to become a respected and famous person” (4%), “to become a very beautiful and attractive person” (1%) “other” (2%), “I have no dream” (9%).

³² The survey was conducted in June 2016, 32% of respondents found it difficult to answer this question.

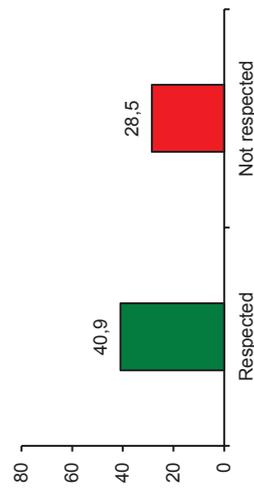
³³ Sorokin P. *The Sociology of revolution*. New York: Howard Fertig, 1967. (source: Sztompka P. *Sotsiologiya sotsial'nykh izmenenii* [The sociology of social change]. Translated from English under the editorship of V.A. Yadov. Moscow: Aspekt Press, 1996. P. 377).

³⁴ For example, researchers have noted that members of the middle class “are convinced of the futility of revolutionary change. This segment of society is not just ready to cooperate with the government, it is largely loyal to the authorities, ready to agree with them and obey their will, and work together to change things for the better” (source: Skorobogatyi, P. *Trevozhnyi i loyaly'nyi* [Alarming and loyal]. *Zhurnal “Ekspert”* [Journal “Expert”], 2015, no. 45, November. Available at: <http://expert.ru/expert/2015/45/trevozhnyij-i-loyalnyij/>).

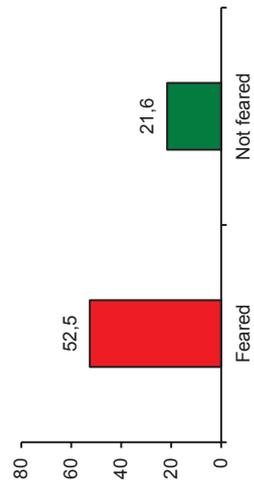
³⁵ Gorshkov M.K., Krumm R., Tikhonova N.E. (Eds.). *O chem mechtayut rossiyanе: ideal i real'nost'* [What the Russians dream of: ideal and reality]. Moscow: Ves' Mir, 2013. P. 22.

Insert 1

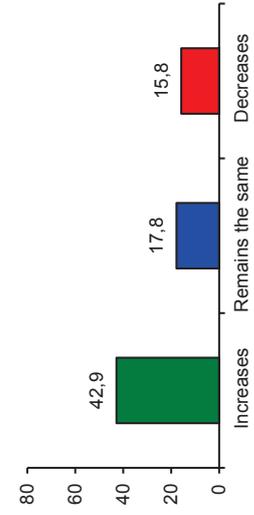
Attitude toward Russia in people's assessments (in % of the number of respondents)



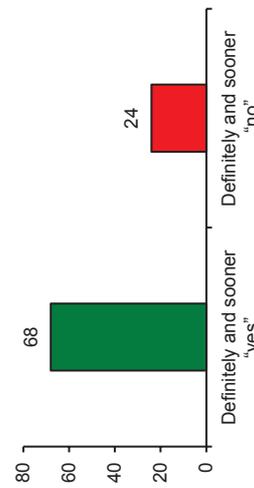
In your opinion, is Russia respected or not respected?
(ISED T RAS data, June 2016)



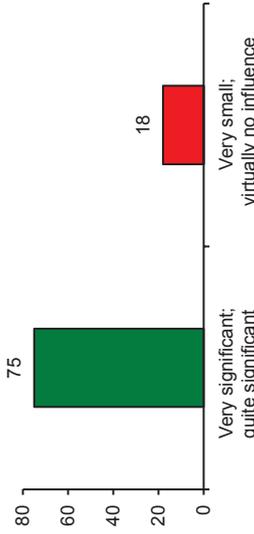
In your opinion, is Russia feared or not feared in the world?
(ISED T RAS data, June 2016)



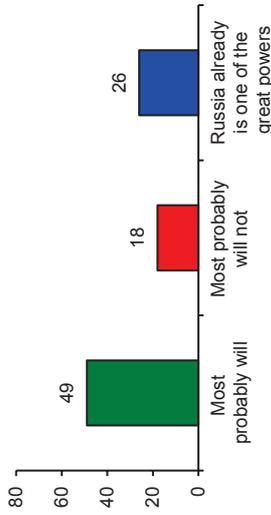
In your opinion, is Russia's influence in the world in the past years increasing, decreasing or does it remain the same?
(ISED T RAS data, June 2016)



Are you proud of today's Russia?
(Levada-Center data, May 2016)



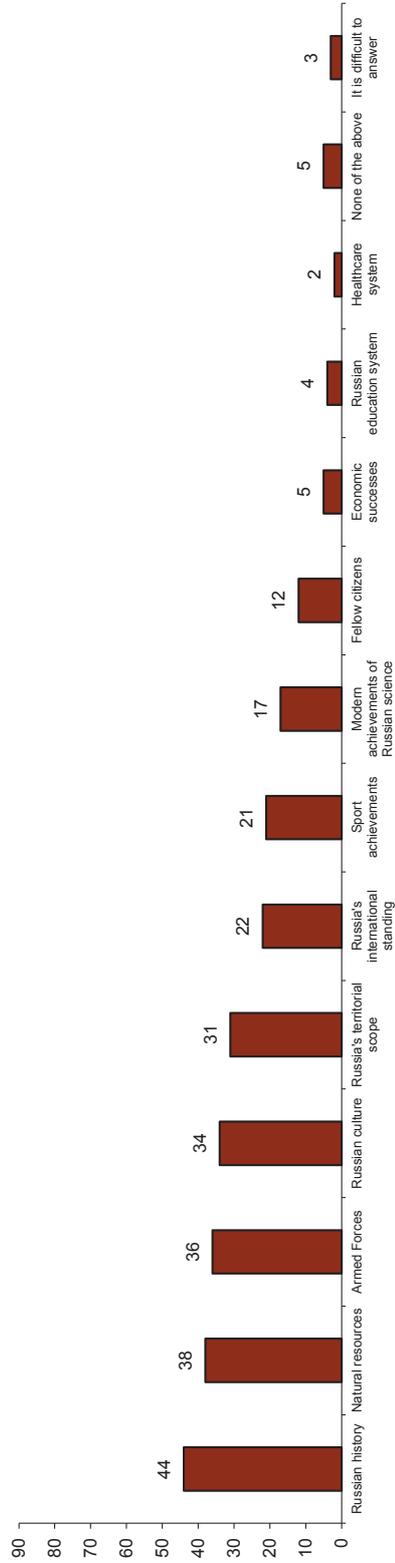
In your opinion, what influence does Russia have in international affairs now?
(VTsIOM data, 2016)



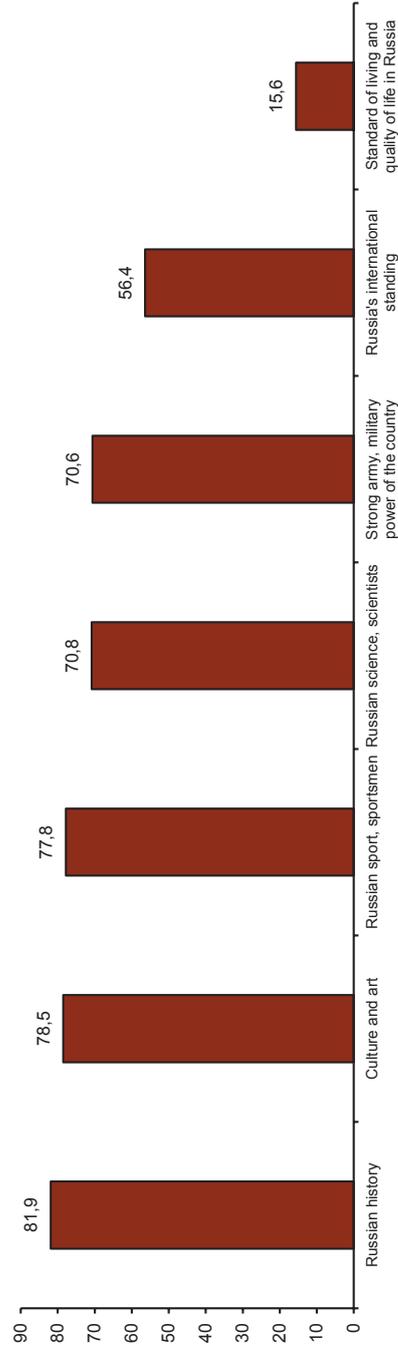
In your opinion, will Russia be able to become a great power in the coming 15-20 years?
(VTsIOM data, 2016)

Insert 2

Major reasons to be proud of Russia (in % of the number of respondents)



Source: Levada-Center data, May 2016. Question: "What makes you proud of Russia first of all?"



Source: ISED T RAS data, June 2016. Question: "Could you say that you are proud of...?"

Historical parallels drawn between the Russia of the late 19th – early 20th century and the Russia of the beginning of the 21st century will inevitably lead to reflections on the relevance of issues related to public administration efficiency. The tension of the current situation in the country and in the international arena, as well as 100 years ago, dictates special requirements to the current government and to the political elite. Our history teaches us that a protracted and growing nature of unsatisfied needs of the population leads to tragic consequences for the current government; this is why the disregard of these needs, and the lack of effectiveness in solving these problems are unacceptable; this, in the first place, brings to the fore the problems and prospects of the Russian parliamentary system.

On the difficult path toward the development of parliamentarism

The beginning of the 20th century in the Russian history was marked not only by the events of the Russian Revolution, but also by the formation of the institution of parliamentary control³⁶. However, despite certain steps that the Emperor had taken in the direction of limiting the power of the monarchy, the revolutionary events of 1905–1917 could not be avoided, and it proved a simple truth: **no institutions and laws that**

³⁶ In 1905, Nicholas II signed the Imperial Manifesto “On the improvement of the state order”. In 1906, a document “Establishment of the State Duma” was signed and the Code of fundamental state laws of the Russian Empire was approved; the documents attempted to combine the principle of autocracy and the principle of “separation of powers”. According to some experts, these documents can be regarded as “the first Russian Constitution”, although they were never referred to as the constitution officially (source: Volchkova N.N. *Parlamentarii kontrol’ v Rossii: istoricheskii aspekt* [Parliamentary control in Russia: historical aspect]. *Analiticheskii portal “Otrasli prava”* [Analytical portal “Branches of the law”]. Available at: <http://отрасли-права.рф/article/13117>).

aim to develop parliamentarism are able to perform their task if the system of public administration has not created favorable conditions for their effective functioning and if it does not respond to key challenges of national security.

The establishment of the State Duma was a forced measure that Nicholas II had to implement due to the critical social situation of that time. Therefore, during the disputes between the Duma and the members of the Government, the Emperor regularly made decisions in favor of the latter, and dissolved the Duma several times³⁷. As for the government, from the very beginning, it was swamping the State Duma deputies with the so-called “legislative noodles” – current trifle matters that have no political importance either for the authorities or the country.

In turn, the Duma, fearing another dissolution, was loyal to the Government. In addition, during the First World War, domestic issues in Russia receded into the background; Duma meetings were held under the traditional slogan “We fight until we win”, and only the last convening of the Duma under the pressure of “economic chaos, the aggravation of nationwide crisis in the country during the war, which put the country on the brink of starvation and economic exhaustion, having caused anti-war sentiment among the masses” was forced

³⁷ According to the Manifesto of February 20 on the transformation of the State Council, the State Duma was elected for a period of five years, while the Emperor was given the right to dissolve it. However, the Duma of the first convocation worked from April 27 to July 9, 1906, after which it was dissolved. The Duma of the second convocation lasted from February 20 to June 3, 1907; the Duma of the third convocation – from November 01, 1907 to August 30, 1912; the Duma of the fourth convocation – from November 15, 1912 to October 06, 1917.

to update the internal agenda of life in the country, though it was done “amidst uncertainty, confusion and division”³⁸.

In the end, whatever the causes of inefficiency of performance of State Duma deputies in the Russian Empire in 1905–1917, they failed to fulfil their main task of ensuring the implementation of laws aimed to satisfy the priority need of the population in social justice. Historians note that “after the State Duma was established in Russia, the representatives of the liberal bourgeoisie enthusiastically declared that Russia would have a Parliament at last, and from that day on the country would enter the era of parliamentarism. The bourgeois-liberal camp betrayed the revolutionary movement and was quite satisfied with the autocracy with the State Duma. The bourgeoisie achieved what they had desired. The autocracy as an essential barrier against people’s revolution was preserved”³⁹. Russia’s public administration system in the early 20th century was characterized by “**mutual economic interest of the monarchy,**

³⁸ Zakonodatel’naya deyatelnost’ IV Gosudarstvennoi Dumi [The legislative activity of the State Duma of the fourth convocation]. *Informatsionnyi portal “Rossiiskaya Imperiya. Istoriya gosudarstva rossiiskogo”* [Information portal “Russian Empire. History of the Russian state”]. Available at: <https://www.rusempire.ru/rossijskaya-imperiya/gosudarstvennaya-duma-ri/gduma-ri-4-sozyva/45-zakonodatelnaya-deyatelnost-iv-gosudarstvennoj-dumy.html>

³⁹ *Istoriya otechestvennogo gosudarstva i prava: uchebn. posob.* [History of the Russian state and law: textbook]. Ed. by O.I. Chistyakov. 1999. Part. 2. 544 p. Available at: <http://www.bibliotekar.ru/teoria-gosudarstva-i-prava-6/184.htm>

In vain did the liberal bourgeoisie believe that with the establishment of the State Duma Russia had got itself a Parliament. The Duma did have some external features of the Parliament. It could direct requests to the government – a reorganized Council of Ministers – and to its individual members. However, ministers could either consider those requests or pay no attention to them. The government had no liability to the State Duma. The ministers were appointed and dismissed by the Tsar, they did not report to the Duma and did not depend on it, despite the fact that the very reorganization of the Council of Ministers was connected to the establishment of the Duma.

The State Duma even made attempts to pass a no-confidence motion against the government. The act of no confidence from the State Duma received no response of the government, it just paid no attention to it. There were even cases when after the Duma had criticized certain officials for their abuse of power, the Tsar, who hated the Duma, promoted those officials. Thus the Tsar showed that he paid no regard to the Duma.

(Source: *Istoriya otechestvennogo gosudarstva i prava: uchebn. posob.* [History of the Russian state and law: textbook]. Available at: <http://www.bibliotekar.ru/teoria-gosudarstva-i-prava-6/184.htm>)

the landlords and the bourgeoisie”⁴⁰; this interest determined the outcome for the domestic political and social situation in the country: a rise of popular discontent without an adequate response from the authorities made the events of 1905 and 1917 inevitable.

By and large, history repeated itself 70 years later: the unwillingness of the ruling elites to hear the voice of the people became one of the inner levers that facilitated the collapse of the Soviet Union. People’s

⁴⁰ Tsarskaya Rossiya v nachale XX veka [Tsarist Russia in the early 20th century]. *Federal’nyi portal Protown.ru* [Federal portal Protown.ru]. Available at: <http://www.protown.ru/information/hide/5967.html>

growing need for information diversity was not satisfied; the needs of the intelligentsia to manifest freedom were suppressed. “Probably, having understood what was necessary, one could create an information environment that would correspond to people’s “wish list”. After that, one could use this environment to carry out Soviet propaganda. But in order to realize all this and then set the appropriate task and implement it, it was necessary to have people with vision and imagination, and there were none of such people among the leadership”⁴¹.

Today, generally speaking, the government faces the same challenges as 100 years ago: there is a growing need for social justice and improvement of the dynamics of the quality of life. Moreover, experts point out the lack of efficiency in the work of the Russian Government in recent years, the lack of consistency in the actions of ministers, and the fused interests of the ruling elite and representatives of the oligarchic clan⁴².

The President’s struggle against “the comprador forces, whose interests and assets are within the sphere of influence of the

⁴¹ Voevodina T. Chego sovkam v sovke ne khvatalo [What Soviet people did not have in the Soviet Union]. *Literaturnaya gazeta* [Literary newspaper], 2015, no. 33, August 26 – September 01

⁴² For example: S.S. Gubanov: “However, the administrative resource is, unfortunately, concentrated in the hands of a group of economists with the comprador ideology, who stand for the idea of reliance on foreign capital and assure that the West will help us. Now they have put forward a program for modernization of the raw-materials exporting model through privatization and tax maneuvers. However, as we have already shown, to upgrade the raw-materials exporting model means the same as to upgrade the system-wide crisis in Russia. In the best case it will mean only a continuation of a zero-sum game” (source: Gubanov S.S. *Sistemnyi krizis i vybor puti razvitiya Rossii* [System-wide crisis and the choice of ways for Russia’s development]. *Ekonomicheskie i sotsial’nye peremeny: fakty, tendentsii, prognoz* [Economic and social changes: facts, trends, forecast], 2015, no. 2 (38), p. 33);

S.Yu. Glazyev: “A set of ideas, which is put forward by our key economic agencies, is, in fact, a continued dissemination of the same logic of the Washington consensus: you do not need any independent policy, you do not need to manage your own development, because multinational American and European corporations will decide everything for you... Today it turns out that the government simulates its management of economic development. And in fact, this management depends on the fluctuations of international market, on external shocks and on decisions that are made abroad” (source: Glazyev S.Yu. *Pravitel’stvo gotovo sdat’ vlast’ Zapadu* [The government is ready to hand over its power to the West]. *Novostnoi portal Newsland.com. Novosti ot 25.06.2016* [News portal Newsland.com. News of June 25, 2016]. Available at: <https://newsland.com/user/4296757178/content/sergei-glazev-pravitelstvo-gotovo-sdat-vlast-zapadu/5310381>);

Yu.Yu. Boldyrev: “The Russian Government pursues an irresponsible policy and does not respond properly to economic challenges... If it carries on with such a policy (that is, an irresponsible policy of “doing nothing” and waiting till the West will have mercy, and the price of oil will rise), then it is indeed possible to watch the sun and to forecast the rate at which the price of oil that is beyond our control increases” (source: Boldyrev Yu.Yu. *Pravitel’stvo provodit politiku “nichegonedelaniya”* (interv’yu Yu.Yu. Boldyreva Agentstvu biznes-novostei ot 24.03.2015 [The Government is pursuing a policy of “doing nothing” (an interview with Yuri Boldyrev to the from March 24, 2015)]. *Ofitsial’nyi sait Agentstva biznes-novostei* [Official website of the Business News Agency]. Available at: <http://abnews.ru/2015/03/23/pravitelstvo-provodit-politiku-nichegonedelaniya-boldyrev/>);

V.A. Fadeev: “Currently dominant logic of the Russian authorities that implies a decrease in the risk of negative developments in the economy and even creation of factors favorable for economic growth, actually increases these risks and draws the economy into a long depression” (source: Fadeev V.A. *Naiti istinnye tseli* [To find the true goals]. *Zhurnal “Ekspert”* [Journal “Expert”], 2016, no. 6 (974), 8–14 February, p. 18);

T.A. Golikova: “If the current government turned out in 1998, it would likely have neither the strength nor the will to cope with the situation that demanded immediate and tough solutions. Having got used to the continuous growth of oil prices, the government relaxed: being satisfied by tactical measures, the government seems to hope that oil will rise sharply again in a little while, and all the problems will take care of themselves. It is high time to learn once again to work in crisis conditions” (source: 2015 god byl upushchen [The year 2015 was left out]. *Gazeta “Vedomosti”* [Newspaper “Vedomosti”], 2016, February 03. Available at: <http://www.vedomosti.ru/economics/characters/2016/02/03/626586-2015-god-bil-upushchen>).

“collective West”⁴³, has been going on for more than 15 years (since the beginning of Vladimir Putin’s first presidency). This struggle is becoming increasingly uncompromising and tough⁴⁴, but it has not resulted in any significant breakthrough so far. Therefore, the necessity to improve the effectiveness of parliamentary control in the system of public administration in modern Russia is no less important than it was in the Russian Empire at the beginning of the 20th century and in the Soviet Union in the late 1980s. *“Without real elections, without real opposition, and without parliamentary control over the executive power, it is impossible to establish a competitive administrative environment and build an effective management system in the 21st century.”*⁴⁵

September 18, 2016, Russia will hold the election of the deputies of the State Duma of the Russian Federation of the 7th convocation. The previous State Duma has done much to enhance the efficiency of the mechanism of parliamentary control (in particular, the Law “On parliamentary control” was adopted, which expanded

the supervisory powers of the Accounts Chamber, etc.), but, by and large, modern parliamentarism in Russia has the same flaw as 100 years ago: **the existence of a legal and institutional framework of the parliamentary system does not guarantee its effective functioning, i.e. does not guarantee the possibility to address key challenges of national security on a system-wide basis.**

Against the backdrop of international political events that were unfolding during the period of work of the State Duma of the 6th convocation (the Ukrainian and Syrian conflicts, accession of Crimea and Sevastopol to the Russian Federation, international sanctions, deployment of the hybrid warfare), the “merging of the parliamentary opposition with the ruling party” took place. According to experts, “in such situations, the effect of consolidation around the flag is automatic. The parliamentary opposition did not have other options, except joining this patriotic parade... As a result, the State Duma has ceased to perceive adequately the critical assessments from without”⁴⁶.

The situation in the international political arena largely dictated the key laws that marked the work of the State Duma of the 6th convocation⁴⁷. They were in line

⁴³ Gordeev A. Spor Kudrina s Putinyom. Rossiya na pereput'ye [Kudrin disputes with Putin. Russia at the crossroads]. *Gazeta “Zavtra”* [Newspaper “Tomorrow”], 2016, no. 22 (1174), June 02, p. 4.

⁴⁴ Ilyin V.A. Vybory v Gosudarstvennyu Dumu—2016. Ekonomicheskaya politika Prezidenta v otsenkakh naseleniya [State Duma Election 2016. Economic policy of the President assessed by the people]. *Ekonomicheskie i sotsial'nye peremeny: fakty, tendentsii, prognoz* [Economic and Social Changes: Facts, Trends, Forecast], 2016, no. 3 (45), p. 24.

⁴⁵ Glazyev S.Yu. Prichiny degradatsii ekonomiki [Reasons for degradation of the economy]. *Informatsionno-analiticheskoe izdanie “Internet protiv teleekrana”* [Information-analytical publication “The Internet against television”]. Available at: <http://www.contrtv.ru/common/4407/>

⁴⁶ Vinokurova E. Palata nomer shest': glavnoe, chem zapomnitsya ukhodyashchii sozyv Gosudarstvennoi Dumy Rossii [Ward number six: the most important things by which the outgoing State Duma of Russia will be remembered]. *Internet-gazeta Znak ot 24.06.2016* [Internet Newspaper “Sign”, issue of June 24, 2016]. Available at: https://www.znak.com/2016-06-24/glavnoe_chem_zapomnitsya_uhodyachiy_sozyv_gosudarstvennoy_dumy_rossii (an opinion of political scientist A. Gallyamov).

⁴⁷ Among them: Dima Yakovlev Law, the Law on non-profit organizations – “foreign agents”, the Law on direct elections of governors, the Law on the introduction of the “Platon” system, etc.

with issues discussed in society and in the media, but most of them were not related to the major issues that people are concerned about – inflation, decline in the standard of living and quality of life (*Insert 3*).

Accounts Chamber experts regularly criticize the Government, but their opinion is not taken into consideration. The approval of the Cabinet of Ministers by the State Duma is held through a single list that initially brings to naught their personal responsibility.

The most telling indicator of efficiency of work of the State Duma can be the level of people's trust in it. Experts at the Institute of Sociology of the Russian Academy of Sciences point out that "in Russian society there is a request to change the composition of State Duma officials. Russians are no longer satisfied with the current alliance of party functionaries, businessmen and the so-called "media personalities" (athletes, artists, entertainers) existing in the Duma... Russians would like to see the next Parliament, first, more professional, and second, more adequately representing the major social groups and strata of society and,

thirdly, in the new Parliament there should be a place for civil activists and well-known public figures, many of which have already gained experience and political "weight"⁴⁸.

People's skeptical attitude toward the activities of the deputies is confirmed by the results of regional sociological studies. According to ISEDT RAS, the trust in the deputies after a sharp drop in 2009 (from 42 to 34 p.p.) remained at the same level (*Fig. 1*). The new Duma of the 6th convocation has not introduced any changes in this dynamics. Among all the state institutions, the State Duma has the lowest level of trust among the population, and this is registered throughout the period of 2000 to 2016; that is, during the last three compositions of the deputies. Judging by the data for April 2016, 62% of the people trust Russian President, 50% – the Government, 41% – the Federation Council, 34% – the State Duma, 19% – political parties (*Insert 4*).

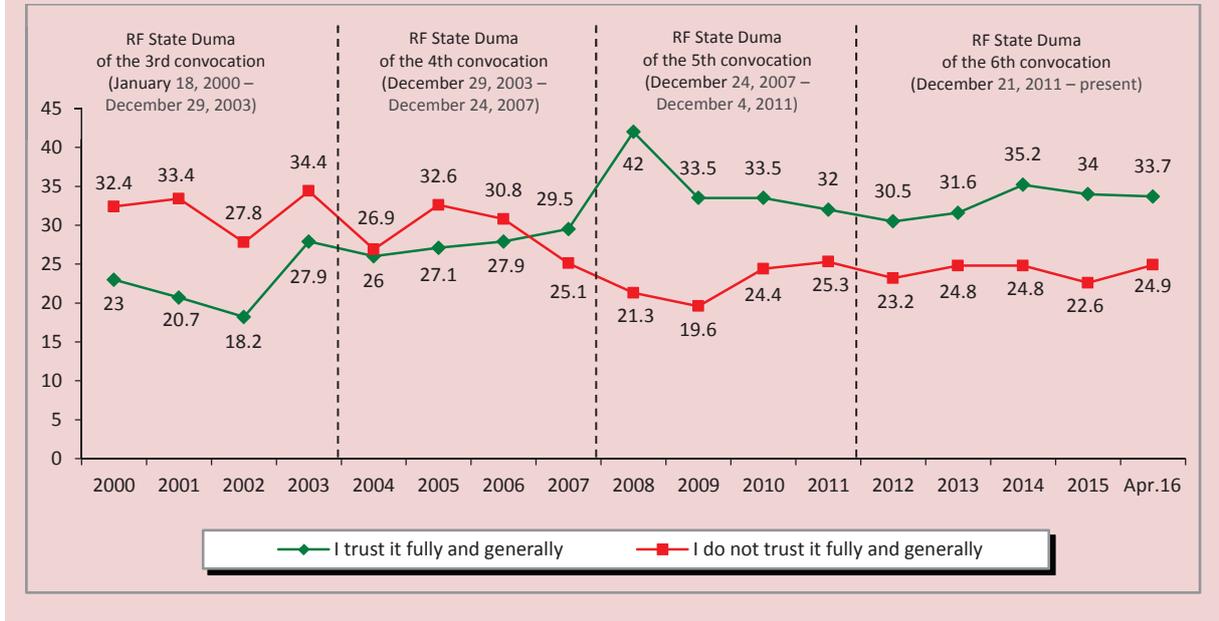
Thus, the key tasks that were set out before the deputies of the State Duma of the 6th convocation (and, more broadly, before the Federal Assembly of the Russian Federation)⁴⁹, have not been resolved. In

⁴⁸ *Rossiiskoe obshchestvo vesnoi 2016-go: trevogi i nadezhdy: informatsionno-analiticheskoe rezyume po itogam obshcherossiiskogo sotsiologicheskogo issledovaniya* [Russian society in the spring of 2016: alarms and hopes: the information-analytical summary on the results of a nationwide sociological research]. Moscow, 2016. P. 23.

⁴⁹ For example: S.E. Naryshkin: "The state must not miss the chance granted by history itself. In particular, we must do everything so that the mistakes of the early period of formation of parliamentarism would not be repeated....if we want sustainable development for decades ahead, we must, consistently and without turning back, strengthen the institutions of democracy. We must increase citizens' trust in the legislative power, enhance its credibility, reputation and independence... In the coming years, we must do everything to ensure significant growth of the authority of the Parliament as an independent and effectively functioning branch of government. It is necessary to achieve maximum transparency of the Parliament. It must not only hear the views of all strata and groups of society, but to have permanent "feedback" with them" (source: Naryshkin S.E. *Demokratiya i parlamentarizm* [Democracy and the parliamentary system]. *Rossiiskaya gazeta* [Russian newspaper], 2012, no. 5750 (77), 9 September. Available at: <https://rg.ru/2012/04/09/narishkin.html>;

S.V. Zheleznyak: "Modern Russian Parliament needs to respond effectively to the changes occurring in the life of the country and society, to provide the processes of socio-economic development with timely legislative support formed on the basis of broad public discussion" (source: Zheleznyak S.V. *Novye informatsionnye tekhnologii povyshayut otkrytost' Gosdumy* [New information technologies increase the transparency of the State Duma]. *Ofitsial'nyi sait partii "Edinaya Rossiya". Novosti ot 09.04.2012* [Official website of the party "United Russia". News of 09 April 2012]. Available at: <http://er.ru/news/80640/>).

Figure 1. Dynamics of trust in the State Duma of the Russian Federation
(as a percentage of the number of respondents)



general, it will be up to the deputies of the 7th convocation to solve them, and the longer the solution is delayed, the more obvious the process of growth of social tension in the country will be. Despite the fact that the share of Russians who are ready to take part in protest actions is, according to various estimates, about 20%⁵⁰, it would be a strategic mistake to ignore the existence of social tensions at the latent level, since it is extremely difficult to forecast revolutionary changes in society; for the authorities and historians, the changes become obvious only “after the fact”, when it is already impossible to do anything to improve the situation.

In lieu of a conclusion. Before the election to the State Duma of the seventh convocation, September 18, 2016...

⁵⁰ The proportion of people who consider mass protests possible, according to VTsIOM (as of July 2016), is 21%; according to ISEDT RAS (as of August 2016) – 18%.

A brief historical overview leads to the conclusion that the Russian Empire at the turn of the 20th century, the Soviet Union in the 1980s, and the Russian Federation in the early 21st century have much in common. Historical parallels can be drawn in the socio-economic development of the state (lagging behind Western countries), and in the specifics of social consciousness (“the instinct of state might”), and the efficiency of public administration (the inability to fulfill the needs of the population in social justice and in enhancing the quality of life).

Furthermore, like 100 years ago, Russia has to deal with the domestic socio-economic agenda in very difficult conditions of the international political situation, where the country plays a key role and, therefore, cannot stand aside from global processes.

Insert 4

Level of trust in governmental and non-governmental institutions (in % of the number of respondents)*

Governmental and non-governmental institutions	RF State Duma (3 convocation) January 18, 2000 – December 29, 2003			RF State Duma (4 convocation) December 29, 2003 – December 24, 2007			RF State Duma (5 convocation) December 24, 2007 – December 4, 2011			RF State Duma (6 convocation) December 21, 2011 – present							
	2000	2003	Dynamics 2003 to 2000		2004	2007	Dynamics 2007 to 2004		2008	2011	Dynamics 2011 to 2008		2012	Apr. 2016	Dynamics Apr. 2016 to 2012		
			+	-			=	+			-	=			+	-	=
RF President	57.1	64.3	+7		54.4	60.3	+6		65.2	50.5	-15		45.7	61.9	+16		
RF Government	42.7	42.7	0		35.2	41.9	+7		60.2	47.4	-13		39.6	49.5	+10		
Church	42.3	45.9	+4		42.9	44.8	+2		51.9	47.5	-4		41.4	45.9	+5		
Army	37.0	30.9	-6		27.1	28.7	+2		37.8	34.1	-4		31.3	42.6	+11		
Federation Council	28.3	34.9	+7		27.1	34.9	+8		47.6	35.5	-12		32.3	40.8	+9		
Police	27.2	25.7	-2		23.7	28.3	+5		36.5	32.1	-4		29.3	39.7	+10		
Procuracy	30.9	28.8	-2		28.8	31.1	+2		40.9	35.4	-6		33.9	38.7	+5		
Federal Security Service	34.2	34.9	+1		28.4	34.2	+6		43.8	35.8	-8		33.2	38.2	+5		
Court	31.6	31.3	0		31.0	32.1	+1		41.3	35.8	-6		36.1	36.8	+1		
State Duma	23.0	27.9	+5		26.0	29.5	+4		42.0	32.0	-10		30.5	33.7	+3		
RF Public Chamber	-	-	-		-	-	-		-	27.3	-		28.1	32.6	+5		
Vologda Oblast Public Chamber	-	-	-		-	-	-		-	25.7	-		25.4	28.5	+3		
Trade Unions	28.4	24.7	-4		26.5	28.6	+2		35.9	30.0	-6		25.6	26.1	+1		
Media	30.2	21.6	-9		31.8	31.0	-1		27.5	29.2	+2		28.7	24.5	-4		
Non-governmental organizations	-	-	-		-	24.4	-		32.6	26.7	-6		26.5	22.0	-5		
			5	5	5	5	5	11	1	1	3	1	12	2	13	2	0
Total number of changes in all the governmental and non-governmental institutions	Russian President Vladimir Putin (1 term, January 2000 – May 2004)			Russian President Vladimir Putin (2 term, May 2004 – May 2008)			Russian President Dmitry Medvedev (May 2008 – May 2012)			Russian President Vladimir Putin (3 term; May 2012 – present)							

* Ranked according to the data as of April 2016.
All in all, the question concerns 18 governmental and non-governmental institutions. This table shows the first 15 that enjoy the greatest trust of the population (according to the data as of April, 2016).

Legend:
 + upward trend of the indicator
 - downward trend of the indicator
 = absence of change or absence of data

At the beginning of the 20th century, the tsarist monarchy was unable to bring public administration to such a level that its effectiveness could be seen by wide layers of population. The basic needs of people were not satisfied, and this led to the revolutionary events that radically changed not only Russia itself, but the whole world.

The same thing happened in the late 1980s: the system of public administration was efficient in coping with the task of strengthening the state and enhancing its industrial and military power; but it failed to consider timely the growing needs of the population that demanded an increase in their well-being and granting of democratic freedoms; all these factors led to the collapse of the Soviet Union.

Today, government authorities again face the same problems, and in order to avoid the mistakes of the past, they will have to take more effective action than 100 and 30 years ago. "One of our key lessons today is that the problem of Russia is the simultaneous existence of unsatisfied democratic and social demands that were long overdue a hundred years ago. This is a reason for the tragedy"⁵¹.

The approaching State Duma election can (and, in our opinion, should) become a turning point in enhancing the effectiveness of public administration. At least those tasks

⁵¹ Dugin A.G. Segodnya Rossii neobkhodima konservativnaya revolyutsiya. A. Dugin v programme Vitaliya Tret'yakova "Chto delat'?", kanal "Kul'tura", VGTRK, 6 iyunya 2005 g. [Today, Russia needs a conservative revolution. A. Dugin in the program of Vitaly Tretyakov "What to do?", the channel "Culture" VGTRK, 6 June 2005]. *Informatsionno-analiticheskii portal "Evraziya"* [Information-analytical portal "Eurasia"]. Available at: <http://evrazia.org/modules.php?name=News&sid=2478>

It is true that now there is a pre-revolutionary situation in Russia. The orange revolution, which began in the autumn of last year, is now just frozen and hidden, but it has not dissolved. It was the same with the revolution of 1905; it, too, was hiding, and then it broke loose.

(Source: Prokhanov A.A. Esli by ne bylo Oktyabr'skoi revolyutsii, Gitler zavladel by vsei Evropoi [If it were not for the October revolution, Hitler would have taken possession of the whole Europe]. *Gazeta "Komsomol'skaya Pravda"* [Newspaper "Komsomol truth"], 2012, November 06 [e. RES.]. Available at: <http://www.vologda.kp.ru/daily/25979/2913360/>).

to be solved by the Federal Assembly and the State Duma of the 6th convocation have not been resolved, and the relevance of bringing the Russian parliamentary system to a qualitatively new stage in its development continues to grow.

However, there is another possible scenario. If in the coming months of political life (especially after the election of a new composition of the State Duma) there are no significant changes in the system of government, if Russian people continue to experience increasing demand for social justice and improving the quality of life, then social tensions in the country could increase significantly and this could affect the overall psychological atmosphere in which the presidential election will take place in 2018. Ultimately, the efficiency of all the chambers of the Federal Assembly today can become a key factor in the presidential election.

Finding solutions to priority tasks that the Federal Assembly and, in particular, the

State Duma of the Russian Federation, have to deal with requires that two conditions are observed simultaneously:

first, the presence of political will, because the roots of the problems of Russian parliamentarism go deep into the structure of the system of public administration prevailing in the last two decades. The merged interests of the political elite and the big oligarchy exist at all levels of the management system, and they systematically and comprehensively impede the implementation of national interests. It is impossible to find a solution to this problem without making tough domestic political decisions;

second, an integrated approach to improving the efficiency of public administration. History shows that adopting laws and establishing any special institutions does not guarantee the efficiency of public administration; this can be said about any of the branches of government. The key task is to ensure that these laws and institutions actually work, and it is a strategic objective not only for the State Duma, but also for the President, who has assumed personal responsibility for dealing with domestic issues in the country⁵².

The years 1905 and 1917 predetermined the century that we lived through. But the prelude and the epilogue are two different things. Granted, the problems are the same today, but at that time they stood before the beginning of their solution, and today they stand after its ending; at that time it was a creative upsurge with all the attendant excesses of the revolution, today it is the period of decadence, decomposition, weakness and so on. There are similarities between today and that day, and in general, today's questions are not solved again, but all these questions of 1905, over a hundred years, during the 70 years of the Soviet regime, were solved, and after them there emerged other issues, and today we are back...

(Source: Dugin A.G. Segodnya Rossii neobkhodima konservativnaya revolyutsiya. A. Dugin v programme Vitaliya Tret'yakova "Chto delat'?", kanal "Kul'tura", VGTRK, 6 iyunya 2005 g. [Today, Russia needs a conservative revolution. A. Dugin in the program of Vitaly Tretyakov "What to do?", the channel "Culture" VGTRK, 6 June 2005]. *Informatsionno-analiticheskii portal "Evraziya"* [Information-analytical portal "Eurasia"]. Available at: <http://evrazia.org/modules.php?name=News&sid=2478>

Thus, the negative historical experience of the Russian Empire and the Soviet Union puts before the government and the President of the Russian Federation the urgent question that *public administration should create conditions facilitating the comprehensive and systematic solution of key challenges of national security at all stages of development of the Russian statehood*.

What will be the response of the President to the growing need for improving the quality of life and social justice in society? To what extent will Russia's historical

⁵² The National Security Strategy–2015 stipulates that “the state policy of the Russian Federation in ensuring national security is carried out through the concerted action of all the elements of the system **under the guidance of the President of the Russian Federation** and with the coordinating role of the Security Council of the Russian Federation” (source: Ukaz Prezidenta Rossiiskoi Federatsii ot 31 dekabrya 2015 goda №683 “O Strategii natsional’noi bezopasnosti Rossiiskoi Federatsii” [Decree of the President of the Russian Federation of December, 31, 2015 No. 683 “On the National Security Strategy of the Russian Federation]. *Rossiiskaya gazeta* [Russian Newspaper], 2015, 31 December. Available at: <http://www.rg.ru/2015/12/31/nac-bezopasnost-site-dok.html>).

experience in ensuring the functioning of the system of administration be taken into account? Today these questions are becoming a cornerstone of national security, because for Russian society they have acquired the nature of lingering expectations. The first months of work of the State Duma of the 7th convocation will have to show determination

in the actions of a new political elite in achieving national interests and first and foremost – in the implementation of the main needs of the population, which will be essential for ensuring national security and subsequent competitiveness of Russia in the 21st century without twists and turns like those in the history of the 20th century.

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Public Opinion Monitoring of the State of the Russian Society

As in the previous issues, we publish the results of the public opinion monitoring of the state of the Russian society conducted by ISEDТ RAS in the Vologda Oblast¹.

The following tables show the dynamics of a number of parameters indicating the social feeling and socio-political sentiment of the Vologda Oblast population in June – August 2016, and also on average for the last six polls (October 2015 – August 2016). These data are compared with the data for 2007 (the last year of Vladimir Putin's second presidential term, when the assessment of the President's work was the highest) and for 2011 (the last year of Dmitry Medvedev's presidency). The yearly dynamics of the data is presented beginning from 2013.

Estimation of performance of the authorities

In June – August 2016, the assessment of work of the President of the Russian Federation did not change significantly (67–69%). Approval of the President's work remains at the level of 2015 (69%), which is significantly higher than in 2011–2014 (55–64%). However, it should be noted that since the beginning of 2016 the share of negative assessments of the President's performance has increased by 4 p.p. (from 16 to 20%)

The assessment of the work of the Chairman of the Government of the Russian Federation over the past two months also did not change (the proportion of positive judgments is 53%, negative – 28%). This figure is somewhat lower than in 2015 (58%), and it roughly corresponds to the level of 2014 (54%). The proportion of negative assessments of the work of the Chairman of the Government has been increasing from October 2015: it was 21% in October 2015; 23% in February 2016 and 28% in August.

For reference: the nationwide level of approval of the RF President's performance remains stable. In June – July 2016 it was 81% according to VTsIOM (the share of negative assessments was 14); and 81–82% according to Levada-Center (the share of negative judgements was 17–18%).

¹ The polls are held six times a year in Vologda, Cherepovets, and in eight districts of the oblast (Babayevsky District, Velikoustyugsky District, Vozhegodsky District, Gryazovetsky District, Kirillovsky District, Nikolsky District, Tarnogsky District and Sheksninsky District). The method of the survey is a questionnaire poll by place of residence of respondents. The volume of a sample population is 1500 people aged from 18 and older.

The sample is purposeful and quoted. The representativeness of the sample is ensured by the observance of the proportions between the urban and rural population, the proportions between the inhabitants of settlements of various types (rural communities, small and medium-sized cities), age and sex structure of the oblast's adult population. Sampling error does not exceed 3%.

More details on the results of ISEDТ RAS polls are available at <http://www.vscс.ac.ru/>

How do you assess the current performance of..? (as a percentage of the number of respondents)

Answer option	2007	2011	2013	2014	2015	Oct. 2015	Dec. 2015	Feb. 2016	Apr. 2016	June 2016	Aug. 2016	Average for the latest 6 surveys	Dynamics (+/-) the latest 6 surveys in comparison with...		
													2015	2011	2007
RF President															
I approve	75.3	58.7	55.3	64.1	69.1	69.3	69.7	68.1	66.9	67.4	68.7	68.4	-1	+10	-7
I don't approve	11.5	25.6	29.4	22.3	17.5	18.1	16.5	16.1	17.9	20.1	19.6	18.1	+1	-8	+7
Chairman of the RF Government*															
I approve	-*	59.3	48.9	54.2	58.1	58.1	57.9	54.9	53.5	52.8	52.7	55.0	-3	-4	-
I don't approve	-	24.7	32.8	27.6	21.7	21.0	21.7	22.6	25.7	28.6	27.7	24.6	+3	0	-
Governor															
I approve	55.8	45.7	44.4	40.1	39.3	38.7	39.7	35.1	34.9	38.2	38.4	37.5	-2	-8	-18
I don't approve	22.2	30.5	33.2	38.9	36.2	36.0	35.3	38.2	39.6	40.3	40.0	38.2	+2	+8	+16

* Included into the survey since 2008.

In June – August 2016, the assessment of success of the President's actions in addressing the key problems of the country did not change significantly:

- the share of the Vologda Oblast residents who think that the President successfully copes with the task of strengthening international positions of Russia is 50–52%;
- the share of the Vologda Oblast residents who think that the President successfully copes with the task of restoring order in the country is 50%;
- the share of those who believe that the President is successful in protecting democracy and strengthening citizens' freedoms is 37–38%;
- the share of those who believe that the President successfully copes with the task of economic recovery and promotes the increase in the welfare of citizens is 27–28%.

In the past two months the proportion of people who consider the President's work aimed to restore order in the country unsuccessful decreased (by 3 p.p., from 38 to 35%), but there was an increase in the share of those who negatively assess the work of the head of the state aimed to protect democracy and strengthen freedoms of citizens (by 3 p.p., from 42 to 45%).

In general, over the past six surveys, there were no significant changes in how the Vologda Oblast residents assess the success with which the President addresses key problems of the country. However, it should be noted that for the period from October 2015 to August 2016, there was a significant decrease in the proportion of positive judgments concerning the work of the President on economic recovery and growth of welfare of citizens (by 5 p.p., from 32 to 27%). According to the data as of August 2016, this figure is significantly lower than in 2007 (47%), in 2011 (31%) and in 2013 – 2015 (31–35%). Accordingly, the share of negative assessments of the success with which the President addresses financial issues of the population for the period from October 2015 to August 2016 increased by 6 p.p. (from 54 to 60%), which is significantly higher than in 2007 (39%), in 2011 (56%) and in 2013 – 2015 (52–57%).

In your opinion, how successful is the RF President in coping with challenging issues?*

(as a percentage of the number of respondents)

Answer option	2007	2011	2013	2014	2015	Oct. 2015	Dec. 2015	Feb. 2016	Apr. 2016	June 2016	Aug. 2016	Average for the latest 6 surveys	Dynamics (+/-) the latest 6 surveys in comparison with...		
													2015	2011	2007
Strengthening Russia's international standing															
Successful	58.4	46.2	45.7	50.4	51.7	50.7	53.2	50.9	50.7	52.2	50.1	51.3	0	+5	-7
Unsuccessful	24.9	33.7	36.2	32.4	31.3	33.1	31.5	29.1	30.9	29.0	30.3	30.7	-1	-3	+6
<i>Index of success</i>	<i>133.5</i>	<i>112.5</i>	<i>109.5</i>	<i>118.0</i>	<i>120.4</i>	<i>117.6</i>	<i>121.7</i>	<i>121.8</i>	<i>119.8</i>	<i>123.2</i>	<i>119.8</i>	<i>120.7</i>	<i>0</i>	<i>+8</i>	<i>-13</i>
Imposing order in the country															
Successful	53.2	36.6	39.4	48.0	50.2	48.6	50.5	47.7	48.1	49.7	50.0	49.1	-1	+13	-4
Unsuccessful	34.0	50.0	47.5	39.1	37.9	38.7	38.0	37.2	38.2	37.5	35.1	37.5	0	-13	+3
<i>Index of success</i>	<i>119.2</i>	<i>86.6</i>	<i>91.9</i>	<i>108.9</i>	<i>112.3</i>	<i>109.9</i>	<i>112.5</i>	<i>110.5</i>	<i>109.9</i>	<i>112.2</i>	<i>115.4</i>	<i>111.7</i>	<i>-1</i>	<i>+25</i>	<i>-7</i>
Protecting democracy and strengthening the citizens' freedoms															
Successful	44.4	32.4	31.8	37.5	40.4	38.1	41.0	36.9	35.6	38.3	36.7	37.8	-3	+5	-7
Unsuccessful	37.0	48.3	51.0	45.4	41.5	44.3	43.7	44.3	45.3	42.2	45.0	44.1	+3	-4	+7
<i>Index of success</i>	<i>107.4</i>	<i>84.1</i>	<i>80.8</i>	<i>92.1</i>	<i>99.0</i>	<i>93.8</i>	<i>97.3</i>	<i>92.6</i>	<i>90.3</i>	<i>96.1</i>	<i>91.7</i>	<i>93.6</i>	<i>-5</i>	<i>+10</i>	<i>-14</i>
Economic recovery and increase in the citizens' welfare															
Successful	47.2	30.7	31.3	34.8	34.2	32.1	30.9	28.0	27.6	27.5	26.7	28.8	-5	-2	-18
Unsuccessful	39.1	56.1	56.8	53.4	52.3	54.3	55.7	57.0	57.9	59.1	60.4	57.4	+5	+1	+18
<i>Index of success</i>	<i>108.1</i>	<i>74.6</i>	<i>74.5</i>	<i>81.4</i>	<i>81.8</i>	<i>77.8</i>	<i>75.2</i>	<i>71.0</i>	<i>69.7</i>	<i>68.4</i>	<i>66.3</i>	<i>71.4</i>	<i>-10</i>	<i>-3</i>	<i>-37</i>

* Ranked according to the average value of the index of success for 2015.

Over the past two months, the structure of the Russians' preferences concerning political parties did not change and it has remained stable since the beginning of 2016. The "United Russia" is supported by 35–37%, KPRF – by 8–9%, the "Just Russia" – by 3–5%. In comparison to the beginning of the year there is a slight increase in the share of people whose interests are expressed by LDPR (by 4 p.p., from 7 to 11%). In comparison to 2015, the number of supporters of LDPR increased almost twice (from 6 to 11%).

With the approaching election to the State Duma of the Russian Federation on September 18, 2016, there is a gradual decrease in the proportion of people who believe that no major political party expresses their interest: in April 2016 – 35%, in June – 30%, in August – 26%. This trend shows the increasing interest of people in the voting results and a growth of voters' expectations in real positive changes in solving the most pressing issues that concern them.

Which party expresses your interests? (as a percentage of the number of respondents)

Party	2007	Election to the RF State Duma 2007, fact	2011	Election to the RF State Duma 2011, fact	2013	2014	2015	Oct. 2015	Dec. 2015	Feb. 2016	Apr 2016	June 2016	Aug. 2016	Average for the latest 6 surveys	Dynamics (+/-) the latest 6 surveys in comparison with...		
															2015	2011	2007
United Russia	30.2	60.5	31.1	33.4	29.4	32.8	38.8	38.0	39.0	35.1	34.1	36.0	36.5	36.5	-2	+5	+6
LDPR	7.5	11.0	7.8	15.4	7.2	7.6	6.2	6.1	7.1	6.9	8.2	10.3	10.5	8.2	+2	0	+1
KPRF	7.0	9.3	10.3	16.8	11.3	9.7	7.1	6.9	6.5	9.4	7.2	8.0	7.5	7.6	0	-3	+1
Just Russia	7.8	8.8	5.6	27.2	4.6	3.5	3.6	3.3	3.7	2.7	2.7	4.0	4.7	3.5	0	-2	-4
Other	1.8	-	1.9	-	0.6	0.3	0.2	0.1	0.4	0.5	0.2	0.3	0.4	0.3	0	-2	-1
No party	17.8	-	29.4	-	34.9	34.4	31.8	32.3	30.5	31.7	34.9	29.7	26.1	30.9	-1	+1	+13
It is difficult to answer	21.2	-	13.2	-	10.2	11.7	12.2	13.3	12.9	13.7	12.7	11.7	14.3	13.1	+1	0	-8

Assessments of social feeling in June – August 2016 did not change significantly:

- the proportion of people who describe their mood as “normal, good” remains at the level of 68–69%;
- the proportion of those who say that “everything is not so bad; it’s difficult to live, but it’s possible to stand it” is 78%.

The proportion of the Vologda Oblast residents who consider themselves “rich” or “with average income” was 43% in August 2016 (as in June), which is slightly higher than at the beginning of the year (40%). At the same time, the proportion of people who consider themselves “poor and extremely poor” increased noticeably (by 3 p.p., from 47 to 50%, which corresponds to the level of February 2016).

From April 2016, there has been a gradual increase in the consumer sentiment index (CSI), which indicates a growth in the positive expectations concerning the changes in the dynamics of people’s financial situation and economic situation in the country: the index was 74 p. in April 2016, 77 p. in June, 79 p. in August. Nonetheless, the consumer sentiment index still remains well below 100 points, which indicates the predominance of pessimistic forecasts in the evaluation of prospects for their personal financial well-being and the general state of the Russian economy.

Estimation of social condition (as a percentage of the number of respondents)

Answer option	2007	2011	2013	2014	2015	Oct. 2015	Dec. 2015	Feb. 2016	Apr. 2016	June 2016	Aug. 2016	Average for the latest 6 surveys	Dynamics (+/-) the latest 6 surveys in comparison with...		
													2015	2011	2007
Mood															
Usual condition, good mood	63.6	63.1	68.6	69.4	68.7	70.4	69.6	63.4	67.0	68.0	68.8	67.9	-1	+5	+4
I feel stress, anger, fear, depression	27.8	28.9	26.2	24.9	25.9	25.4	24.3	28.9	25.4	26.7	25.8	26.1	0	-3	-2
Stock of patience															
Everything is not so bad; it's difficult to live, but it's possible to stand it	74.1	74.8	79.3	80.8	78.4	78.2	78.0	73.1	77.5	78.2	78.3	77.2	-1	+2	+3
It's impossible to bear such plight	13.6	15.3	14.2	12.6	14.5	13.9	12.7	16.1	16.4	15.7	15.5	15.1	+1	0	+1
Social self-identification*															
The share of people who consider themselves to have average income	48.2	43.1	43.9	43.2	38.7	39.2	38.9	39.9	40.9	42.8	43.2	40.8	+2	-2	-7
The share of people who consider themselves to be poor and extremely poor	42.4	44.3	46.9	49.1	50.7	50.2	50.5	51.4	49.4	47.1	49.5	49.7	-1	+5	+7
Consumer sentiment index															
Index value, points	105.9	89.6	90.3	87.6	77.1	77.7	77.7	75.0	74.4	77.3	79.4	76.9	0	-13	-29
* Question: "Which category do you belong to, in your opinion?"															

In general in the Vologda Oblast, since April 2016, the percentage of those who describe their social mood as being "good, normal, positive" has remained stable (67–69%). However, for the past two months there were mixed changes in different socio-demographic groups.

In six out of 14 socio-demographic groups, the percentage of positive ratings of the social mood in August 2016 remained at the level of June. These groups include:

- people aged 30–55 (67%);
- persons with secondary and incomplete secondary and secondary vocational education (62 and 69%, respectively);
- inhabitants of the Vologda Oblast who, according to their own assessments of their incomes, fall into the category of 60% with the average income (70%);
- inhabitants of the city of Cherepovets (74%) and districts of the Vologda Oblast (66%).

In 4 socio-demographic categories there is an increase in the percentage of people describing their mood as positive. Among them:

- women (by 3 p.p., from 67 to 70%);

- people aged 55 and over (by 8 p.p., from 60 to 68%);
- persons with higher and incomplete higher education (by 4 p.p., from 73 to 77%);
- 20% of the poorest (by 4 p.p., from 52 to 56%).

In four out of 14 groups, the proportion of the Vologda Oblast residents who have “good mood; normal, steady feeling” declined. Among them:

- men (by 3 p.p., from 70 to 67%);
- people under the age of 30 (by 6 p.p., from 81 to 75%);
- 20% of the richest (by 6 p.p., from 85 to 79%);
- residents of the city of Vologda (by 3 p.p., from 72 to 69%).

Social mood in different socio-demographic groups (answer “Good mood, normal condition”, as a percentage of the number of respondents)

Population group	2007	2011	2013	2014	2015	Oct. 2015	Dec. 2015	Feb. 2016	Apr. 2016	June 2016	Aug. 2016	Average for the latest 6 surveys	Dynamics (+/-) the latest 6 surveys in comparison with...		
													2015	2011	2007
Sex															
Men	65.9	64.5	69.9	68.9	69.5	69.8	69.9	63.9	66.5	70.0	67.3	67.9	-2	+3	+2
Women	61.7	62.0	67.5	69.8	68.0	70.9	69.2	63.1	67.5	66.5	70.0	67.9	0	+6	+6
Age															
Under 30	71.3	70.0	75.5	75.1	77.1	82.8	76.9	69.9	75.4	81.2	74.5	76.8	0	+7	+5
30-55 лет	64.8	62.5	69.2	69.5	67.2	68.0	69.0	62.1	66.0	68.3	67.1	66.8	0	+4	+2
Over 55	54.8	58.3	62.4	65.4	65.5	66.0	65.9	61.5	63.7	59.8	67.7	64.1	-1	+6	+9
Education															
Secondary and incomplete secondary	58.4	57.4	60.6	62.5	63.6	65.7	64.6	57.8	62.4	62.9	61.7	62.5	-1	+5	+4
Secondary vocational	64.6	63.6	68.1	70.4	70.1	70.3	67.7	60.7	67.3	69.3	68.5	67.3	-3	+4	+3
Higher and incomplete higher	68.6	68.3	77.4	76.2	72.7	75.8	76.9	72.9	71.5	73.3	76.8	74.5	+2	+6	+6
Income groups															
20% of the poorest people	51.6	45.3	46.2	50.8	51.8	54.2	49.8	42.6	51.3	52.0	56.3	51.0	-1	+6	-1
60% of the people with median income	62.9	65.3	71.9	72.3	71.0	70.1	72.2	66.3	67.6	69.3	70.4	69.3	-2	+4	+6
20% of the most prosperous people	74.9	75.3	83.3	84.8	82.0	87.1	78.8	77.9	81.0	85.2	78.5	81.4	-1	+6	+7
Territories															
Vologda	63.1	67.1	75.0	76.4	73.9	77.6	73.6	65.1	69.1	71.5	69.2	71.0	-3	+4	+8
Cherepovets	68.1	71.2	75.3	76.3	70.6	71.4	73.2	66.4	70.5	72.5	74.0	71.3	+1	0	+3
Districts	61.6	57.1	61.6	61.8	64.6	65.9	65.0	60.9	63.9	63.7	65.7	64.2	0	+7	+3
Oblast	63.6	63.1	68.6	69.4	68.7	70.4	69.5	63.5	67.1	68.1	68.8	67.9	-1	+5	+4

Thus, according to the results of the survey conducted in August 2016, of the greatest concern is the dynamics of social sentiment among young people (aged under 30) and among the residents of the Vologda Oblast, who, according to their own assessments of their incomes, fall into the category of 20% the most well-to-do. Moreover, negative changes in these population groups in 2016 are marked for the first time.

Conclusion

The election to the State Duma of the Russian Federation on September 18 is a major political event of 2016. Its approach raises people's hopes for a tangible change in the dynamics of the standard of living and quality of life, which, in turn, plays an increasingly important role in shaping the dynamics of public opinion.

Research findings show that the level of support of the President of the Russian Federation remained stable (69%), although the increase in the share of negative assessments of his work (by 4 p.p. compared with the beginning of the year, from 16 to 20%) suggests that people are less satisfied with the efforts the head of state makes to solve the most pressing problems of the population.

This is also confirmed by the dynamics of assessments of the success with which the President handles the issues of economic recovery and growth of welfare of citizens: for the past six surveys (from October 2015 to August 2016) the share of positive judgments decreased by 5 p.p. (from 32 to 27%).

The proportion of people whose interests are not expressed by any major political party remains significant (26%, i.e. more than 300 thousand people); however, from April 2016 it has been decreasing (from April to August – by 9 p.p., from 35 to 26%), indicating the growing public interest in the election on September 18.

The relevance of financial problems is shown by the increase in the proportion of people who consider themselves to be “poor and extremely poor” (in June – August 2016 – by 3 p.p., from 47 to 50%). For the period from 2007 to August 2016, the proportion of representatives of this group increased by 8 p.p. (from 42 to 50%), i.e. by nearly 80 thousand people (from 515,667 to 593,843 people).

Consumer expectations of the population still arouse concern. The consumer sentiment index according to the data as of August 2016 is 79 p., which indicates the predominance of pessimistic expectations regarding the prospects of personal well-being and economic situation in the country. Moreover, the annual dynamics shows a decrease in the CSI: in 2007 – 106 p., in 2011–2013 – 90 p., in 2014 – 88 p., in 2015 – 77 p. Nevertheless, in recent months, the dynamics of the consumer sentiment index is positive: from April to August 2016 the CSI increased by 5 p. (from 74 to 79 p.), which may be associated with the pre-election

atmosphere that has a positive effect on people's expectations regarding the resolution of economic difficulties in the country after the beginning of a new political cycle.

In June – August 2016 there are controversial changes in the dynamics of the social mood of the population. **First of all, it is necessary to note the decline in the share of positive assessments of emotional state among people aged under 30 and representatives of 20% of the richest inhabitants of the Vologda Oblast.** It is difficult to talk about the reasons for these changes yet. It is also unknown whether they can become a trend. Perhaps, this is due to a feeling that amidst the current confrontation between the capitalist and socialist development paradigms the beginning of a new political cycle can make significant adjustments in favor of the latter. At least this is what the expectations of broad layers of the population are focused on. According to experts, “socialism has not only risen, but it has exposed itself as a powerful political alternative to the ruling liberal mainstream”².

Thus, the results of sociological studies clearly demonstrate the trends of public opinion that were discussed in the article from the Chief Editor – people's dissatisfaction with the dynamics of the standard of living and quality of life, the critical need for social justice and its protection by the government are lingering and aggravating; this plays an increasingly important role in the formation of electoral preferences of Russians. Apparently, addressing the key concerns of the population is postponed to the beginning of a new political cycle and will be the theme line during the first months of work of the State Duma of the seventh convocation. Otherwise, it may cause social tension that will significantly complicate the situation in which the 2018 presidential election will be held.

² Kholmogorov E. O nereshennoi probleme sotsializma [About an unresolved issue of socialism]. *Gazeta “Zavtra”* [Newspaper “Tomorrow”], 2016, no. 17 (1169), April 28, p. 3.

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Public Nature of the Concepts for Economic Development in the Northern and Arctic Regions of Russia



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Abstract. In a situation when Russia's economic development is unbalanced by factors and financial sources, there emerges a threat of depletion of its natural resources in the Northern and Arctic regions, which does not bring any apparent benefit to Russia itself, and especially to its northern dwellers. In order to work out a proper policy with relation to the North, it is necessary to consider not only the specifics of the raw material specialization of the Northern and Arctic territories and their structural-functional organization, but also the crucial public nature of this specialization and this organization. It is from the point of view of public interest and national security of our country that residents of the North should be viewed not as a tool to provide the world economy with raw materials and fuel, but as an inherently valued reality, competing for their "place under the sun" and capable of equipping this place based on their own abilities, needs and perceptions of well-being. The purpose of the present paper is to show the social character of the interdependence between internal and external factors in the development of the North and the Arctic: the national and world market of mineral raw materials and fuel, the transcontinental, regional and local environmental functions of the tundra and taiga, the general trends of improving economic federalism and a special approach to stimulating regions

¹ The North includes the Far North and the territories equated to the Far North; the Arctic is the part of the Far North established by the Presidential Decree no. 296, dated 2nd May, 2014.

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that have extreme and difficult conditions of life and production, the priority of social welfare of the population rooted in the North and in the Arctic along with the desire for national socio-territorial equity.

Key words: social change, northern specifics, concepts, development and improvement, economic incentives, environmental factor, systemwide upgrade.

Guided by the idea that *a region is its developing population*, O.S. Pchelintsev wrote: “The leading role of the regions in the economic system of sustainable development is implemented through the functions of organizing quality resource reproduction using the methods of spatial planning and infrastructure development” [10, p. 9]. This is true, since the quality of life of each person and the society as a whole determines the meaning of our intentions to assess the present and shape the future of a particular region.

The theoretical concepts of socio-economic geography and regional economy (in Russia and other developed countries) currently assign the primary role to historical acquisitions (including the diversity of natural and cultural landscapes) and intellectual resources. Social forms of household management (concentration, specialization, combination, cooperation, integration) are given new content. The crucial role is assigned to the spatial concentration of knowledge and innovation; specialists’ intellectual capacities are spatially combined, their cooperation takes place within regional clusters aimed at addressing specific problems of innovative development; inter-country and inter-

regional integration is widely implemented as a manageable correlation of different spheres of activity. Human, money and information flows have become important actors of the society, as well as high mobility of organizational management structures and the strengthening associated effect from one type of activity to other types [5, 6].

All these innovations can also be applied to the Russian North. Guided by this very idea of improving the quality of life, the Northern policy should be aimed at solving specific problems related to the metropolitan functions of regional, national and district centers, the margins of the population’s attraction from the periphery to these centers and large cities and maintaining their high cultural and technological level, etc. Cities and regions of oil, gas and mining specialization have their own “quality issues”, including those regarding their relation to reindeer breeding and agriculture. With the “attenuation” of mining and oil enterprises reindeer herdsman and service workers are also in a critical situation due to reducing demand for their products and services. It should be noted that a quarter of the population of the North live in the cities and districts of the forestry and agricultural specialization. Sustainable

development of these territories becomes a primary issue in terms of choosing new forms of social insurance of the population of forest settlements and villages, rather than in terms of production. The relatively autonomous areas of reindeer, sheep and horse breeding outside the cities living on subsistence farming should, according to the idea of post-industrial development, be transformed on a new technological and social basis which would not infringe the traditional way of life [3].

About 15% of the country's gross domestic product is produced in the North of Russia, including the Arctic zone – 10%. These proportions are gradually decreasing for two reasons: a positive one is a relatively slow economic growth of the central and southern regions of the country; a negative one – the stagnation (from the standpoint of macroeconomics) of all Northern regions, with the exception of Yamalo-Nenets Autonomous Okrug, which does not demonstrate any noticeable progress at all.

Development forecasts, strategies and programs of the Northern and Arctic regions reflect the problems of economic growth amid the declining international prices for hydrocarbons and minerals and lack of

capacities for their processing in Russia; GRP and labor capacity dynamics for the next 5–10 years is recorded at 2–3% per year [1]. The slow rate of economic growth is related to the output of core products of industry and agriculture, but not to the sphere of energy, transport, construction, housing and other social services, banking and financial activities, public and municipal administration. Here, the level of technology and labor organization is even lower; however, the prices and tariffs are high. Such balance of high and low helps individual organizations to survive, but drag down the overall economy of the regions and the country as a whole.

In this respect, the example of the Komi Republic is illustrative. *Table 1* indicates that the population and the number of the employed are declining; GRP production fluctuates around the base 100%; labor capacity is growing very slowly.

There is no place for science and technological progress in the structure of production created by the forecasts. The problems of transition from low to higher technological and economic level are not reflected, as well as the problems of improving public relations. Somehow it

Table 1. Socio-economic dynamics of the Komi Republic in 2010–2018, %*[13]

Indicators	2010	2011	2012	2013	2014	2015	2016	2017	2018
Population	100.0	99.8	98.7	97.7	96.9	95.9	95.1	93.9	93.1
Number of the employed in the economy	100.0	98.6	97.6	95.2	92.7	91.0	89.8	88.6	87.8
GRP in fixed prices of 2010	100.0	105.7	107.6	104.0	102.4	98.5	99.9	101.6	103.1
GRP per one employee	100.0	107.2	110.2	109.2	110.4	108.2	111.2	114.7	117.4
* Regions of Russia [11], 2016–2018. Author's assessment.									

becomes possible to avoid the issues of optimal land use with a view to organizing organic farming, maximizing the amount of the distributed land fund and its structuring by proprietary types: federal, sub-federal (oblast, regional and national), municipal, private. This also applies to forest plans and programs of subsurface use. Progress in managing households and small-scale farms has not been considered in any state document yet.

This is the result of the fact that amid peripheral capitalism, the society is seriously influenced by political and economic crises, various transformations and deformations. The main attention has to be paid to macroeconomic indicators such as GRP, rather than to vital functioning conditions of regional and local communities. The dispersion of estimates of this indicator even when two variants are available (minimum – maximum) in the Northern regions is 2.5 – 3 times. These crises are not easy to predict, which makes it extremely difficult to get used to them as something inevitable. However, it is in times of crisis that we have to overestimate the past experience of forecasting with a focus on the positive trend only.

Change of development concepts

The economy of the Russian North has always been associated mainly with the development of its natural resources, transport construction and traditional economic sectors of low-numbered peoples.

Natural resource specialization within the national economy is historically entrenched and relevant. In modern conditions, the problems of expanded social reproduction cannot be solved without the resources of the North. However, the principles of their involvement into the global economy appear to be mixed.

The circumstances of the national economy are reflected in three approaches to the North, which are based on the ideas of: 1) further colonization of the North as a raw material appendage of both Russian and world economy with its transnational corporations; 2) free (market) trade in natural resources of the North by domestic and “mixed” enterprises under the Russian jurisdiction, but without the limitations (except for strategic scarce resources) and according to the rules of the World Trade Organization; 3) attaching resources of the North primarily to the Russian manufacturing industry, the market with restrictions on the export of mineral raw materials, oil, gas, coal and timber.

In our view, priority should be given to the third option, i.e. to the full development of the national economy with a balanced combination of extractive and manufacturing industries. This predetermines the interaction of economic subjects located in the North with their domestic and foreign agents regarding the distribution of resource earning (profit), rather than of resources (goods).

The development concept of the Russian North – “the development of natural resources for foreign exchange earnings” – is gradually acquiring a new interpretation: “the development of natural resources, production and transport modernization, physical planning of the population’s residence in order to ensure Russia’s national security and sustainable development of its national economy”. From a public perspective, the natural course of socio-economic development of the North (including the continental part of the Russian Arctic) with the formation of historical and cultural centers of relatively stable living as parts of a unified state is more important than domestic colonization for the sake of capital accumulation. This provision is also necessary to be emphasized because another position currently prevails, which is focused on almost full export of potential capital to Moscow and abroad. It is no coincidence that RAS researchers and the experts in regional management, who are familiar with the economy of the North, distinguish at least two groups of socially significant factors in sustainable development of the Northern territories: “The first is the redistribution of rental payments which would provide an adequate standard of living for people living and working under extreme conditions. The second is the diversification and innovative restructuring of the economy which would increase the competitiveness of economic systems in the near future” [14, p. 40].

In view of this concept, in recent years there have been intensified scientific research on comprehensive socio-economic development of the Northern regions and territorial systems which “are beyond administrative boundaries”: the Karelia-Kola, Dvina-Pechora, Ob-Irtysh, Angara-Yenisei, North-East and other systems. The role of social aspects of development and ethnic culture are due to the “selfworth” character of the lifestyle, language, culture and economies of the peoples inhabiting the Northern territories. An attempt has been made to provide a scientific basis for the models of the welfare of the population of the Northern territories. Various options to optimize the size of resident population and the number of people working in on a rotational or seasonal basis have been offered.

The essence of a correct approach to the solution of the Northern problems is as follows: first, it is necessary to identify the patterns in the natural and historical development of the population and economic systems of the North; second, facilitate the implementation of these patterns through indirect social and economic mechanisms. In this regard, it should be noted that in the late 1980s all regions of the European North and some regions of the Asian North of Russia had demographic capacity sufficient for the self-reproduction of the population and labor resources with minimal external migration. But economic crises recurring under the influence of external

conditions and internal policy mistakes have considerably reduced the population of the North of Russia: from 12,654 thousand people in 1990 to 9,954 thousand people in 2015, including the Arctic zone, from 3,178 to 2,383 thousand people respectively. Now this is not a question of population “at all costs”, but of enhancing human capacity (primarily health), further training of the employed in all areas of economic activity, the transformation of natural resource revenues into social, infrastructural and financial capital. Only in this case would the focus of the Northern regions on self-development and evolutionism be justified.

The Russian North is historically ready to diversify the structure of production on the basis of extensive processing of natural resources and wide cooperation in the framework of the national and global economy. The problem of reproduction of natural and economic complexes is very relevant in this case [2, 13].

In order to be able to ensure the resettlement of the northerners, their economic activity requires special technologies suitable for extreme and adverse climates, namely: territorial “correlation” of standard projects subject to the conditions of increased construction costs; the use of urban zone design basics; the development and use of machinery in the North; the minimization of auxiliary and service production facilities, wide technological cooperation; the use of rotational, district

and field methods of mineral resource development; the establishment of complex industrial and transport companies capable of developing “multi-resource” mineral deposits and territory according to a single plan using the latest technology.

From a public point of view, the most important socio-economic problems are:

- for the Arctic zone and the Far North
- the poor state of the communities of low-numbered peoples and the complexity of the organization of labor and living management when using field, rotational and district methods of natural resource development;
- for the Middle North – the strategic uncertainty regarding the formation of the industrial and commercial support bases along with the qualified staff training centers for the entire Northern region.

Special attention should now be paid to loading spare capacities, providing a higher level of equipment for the existing enterprises, particularly in terms of enrichment and reprocessing of minerals. The level of final productive and individual consumption should be sufficient in order to ensure efficient social reproduction in Russia. Domestic consumer must not be subject to discrimination to serve the interests of western countries and individual corporations. It is a question of the benefits of gasoline export instead of, for example, crude oil, as well as the fact that gasoline and other operational resources would serve the cause of economy modernization and high-tech industries development.

The reduction in unit capital costs for the development and construction of the Northern territories is due to two main factors: technological progress, including the development and adoption of engineering and technology in the North and territorial organization of the economy (transportation network optimization, auxiliary and service industries minimization, the use of rotational and district methods of resource development, etc.). However, the appropriateness of production costs should be brought under a more systematic control, especially in terms of transaction costs.

Business must not only be controlled, but also protected against the destructive effects of informal market taking into account the distinctiveness of the Northern economy within the organized state-controlled market. Such protectionism should be implemented by the “classic” market regulation methods, i.e. through the reduction of transportation, electricity and heat tariffs, tax rates, through the allocation of targeted grant-in-aid and concessional export crediting of the Northern regions. In fact, these “classic” methods are currently not implemented; on the contrary, there is an opposite trend: rates and taxes are being raised; financial resources are redistributed in profit of Moscow, the republics of the North Caucasus and the Volga region; the patterns of interaction between corporations and the budget system of the country “drain” territorial budgets.

The problem of investments in the economy of the North has now become multiple-aspect, but more often it is caused by the “decumulation” of the accumulation fund. The mandatory opening of private (for enterprises) and regional investment accounts with transfer of the entire amount of depreciation and a share (for example, 15%) of foreign exchange earnings as one of the steps towards the solution of this problem. It is advisable to establish state control over targeted use of funds from these accounts.

The phased solution to the problems of the North is associated with the improvement of economic relations between the federal government, regional governments, municipalities and business. The mismatch between the Federation’s fiscal system composition and the needs of its Northern (and not only northern ones) territories puts the latter at a disadvantage. In addition, financial distortions lead to imbalance of value proportions in extractive and manufacturing economic sectors of the country and thereby break the technological consistency of interrelated industries.

The environmental factor in the development of the North is as important as the production factor. It is clear that the state of the environment of the Northern territories determines the level of the Earth’s population safety, primarily, of the northerners. This conception should not only be abstract. It can change the historical trend of natural resource management in

the North. This trend is still reflected in the following: as soon as the organization of natural resource management is an internal matter of the native population, ecological problems are local rather than frontal; but once natural resources become a commodity for external owners, a means of capital accumulation which is transferred to the central Russia and abroad, a commodity not associated with the multipurpose use of natural resources, environmental protection and the preservation of the best aspects of life of the native population, the environmental issues are multiply complicated and become regional, interregional and even global. These issues are currently clearly manifested in the deterioration of public health, reproductive disorder of the population, the loss of traditional activities and cultural heritage in some regions and in the contradictions between the commodity and rental and ecological functions of tundra and taiga. With the transition to the stability and growth of the industry the tendency of over-exploited natural resources of the North is emerging. They occupy the first place as a source of capital accumulation including that the former “free” sources – denationalization and privatization – have already been exhausted. Such a prospect leads to the recognition of the need for environmental protection as a key direction of the global policy based on the positive experience of economy organization in the territory of the foreign North.

Taking into consideration the environmental factor in public reproduction reflects the real picture of our lives. For example, according to official data, before the crisis of 2008–2010 the annual GDP growth in Russia was 6–7%. But according to the data of the World Bank, the environmental correction (accounting for natural capital depletion and environmental pollution) led to negative changes during this period – minus 10–13% [12, p. 17].

The North “demonstrates” the diversity of the world order where economic indicators are in line with social and environmental indicators. The crucial role of nature in the human activity is evident here, as well as the necessity to strengthen the economy as a means of evaluation of socially necessary costs, including a monetary equivalent of natural risks [7, 8]. It should be born in mind that many ecological safety issues now have to be addressed to financially low-efficient municipal units, and this often determines the dead-end nature of their consideration.

Northern appreciation and the public nature of its essence

In order to solve the problems of the North, a proper evaluation of the prime production costs appreciation and maintaining the average standard of living by discomfort zones (the Far North and the territories adjacent to it) is considered sufficient. In fact, a more fractional differentiation in accordance with the economic and geographical position of the

settlements and enterprises is required: in the main and the peripheral development direction. For example, according to the calculations made by T.E. Dmitrieva, the budgeted cost variation coefficients of construction and assembly works on the axis of economic development are (relative to the Moscow Oblast) as follows: in Syktyvkar – 1.43; in Ukhta – 1.56; in Pechora – 1.70; in Vorkuta – 1.83. In peripheral areas adjacent to these cities these coefficients equal respectively: 1.63; 1.82; 2.00; 2.50 [4, pp. 117, 127].

The strategic way to solve the problems of improvement of financial compensatory mechanism of northern appreciation is to offset the appreciation by the market price under strictly standardized private expenditures, the level of profitability and the social component of commodity value. The “public component” is becoming increasingly important and is considered in the national economy as an integral part of expanded social reproduction.

The theoretical concept that the value of national and even world commodity turnover is ultimately determined by a complex of people’s needs, including the need for decent environment, is now practical in nature. The value of a single product is not generated from separate parts (certain types of expenditures), as it first seems, based on financial calculation; it is initially formed in the market as a single unit which is then decomposed into parts, including nature conservation and the renovation of natural resources.

Economic incentives

Taking into account the abovementioned circumstances, the state’s obligation is to compensate the regions and the population of the North for the lost income. The principle of compensation can be implemented in different ways, but it should always be done according to the rules and regulations of economic incentives. However, the probability of a false interpretation of regional incentives should also be born in mind. It should be reminded that the variety of ideas about the improvement of economic federalism includes both positive and negative aspects. For example, in the 1990s, some national republics initiated a particularly dangerous course towards full fiscal independence of Russia’s federal subjects with the use of the so-called “commingled method” of collection and distribution of all taxes and other financial resources. This is despite the negative experience of the USSR, when the method which implied that the USSR republics became the taxpayers to the state budget, contributed to its collapse. There is another method which is very similar to the previously described one – the method of regulatory tax allocation between the federal and territorial budgets based on a preset ratio, for example 50:50. This would further increase the already excessive social inequality of the territories. The principle of primary taxation sources allotment to a certain level of governance on a full-scale basis or with subsequent splitting in certain proportions must remain unchangeable.

This principle is fundamental in the system of economic federalism and does not limit the ability to provide incentives for territorial development.

In Soviet times, the issue of the provision of economic incentives for the regions was also relevant, especially during the years of reforms and crises. This was mentioned by academician E.M. Primakov: “...*During the government meetings chaired by me (after the default of August 1998 – V. L.), it was suggested that beneficiary federal subjects are allotted a fixed rate on the national budget replenishment for the period between government elections. The amount of the rate was established as the difference between the transfers from the centre and the regional tax liabilities to the federal budget. The difference was determined as the average for the previous inter-election period. All the extra funds earned and collected beyond that were supposed to be left at the disposal of the regions. This scheme, which could limit both the subjectivity of the center and the lobbying of the Federation, was supported by a number of governors during the conversations with me. Their statements indicated that the introduction of such a scheme would create a strong incentive to boost the tax collection capacity and, ultimately, stimulate socio-economic development in the regions*” [9].

The situation in the Northern regions that are highly differentiated by budget revenues suggests that this recommendation is acceptable not only for beneficiary regions, but it can also be applied to the

entire system of fiscal federalism with some small modifications. The currently applied incentive schemes do not yet produce the desired result. For example, inciting the regions to the implementation of the federal programs on the basis of halving the costs of their implementation (half federal, half regional). The use of such a scheme could really encourage a more vigorous regional activity. However, most of the regions lack the funds for their “half”.

At present, the most important is the shift of economic resources of the country towards the regions and municipal units. The existing depleted territorial budgets and their constant and widespread deficits and the excessive government debt of Russia’s constituent entities cannot be considered a normal condition; such a condition is contrary to the principles and standards of constitutional federalism; it can be interpreted not as forced, but as artificially created for the sake of exaggerating the role of the federal government.

The strengthening of the economic base of territorial development is also possible through the increase in regional and municipal property and its management. For example, regions and municipal units could replenish their land funds through socializing private areas and land shares which are not involved in economic turnover for a long time. It seems reasonable to transfer at least small areas of state forest resources to municipal units. The latter could also create general purpose property

complexes more actively and earn money in their economic use.

Northern territories' tactics of economy regulation based on public interests

This tactics is related primarily to taxation and cost restructuring. Previously, the exception from the tax base of costs, based on objective factors in the Northern appreciation and the part of income which is allocated to investment in technological modernization of production was considered appropriate. Rental income was expected to be fully and adequately included in the economic turnover. In accordance with the structure of natural and resource rent as the main in extractive industries, two types of taxes were considered: "mineral replacement tax" – type of tax similar to property tax, "rental tax" amounting to 70% of rental income (30% of the rent as part of the extra profit should remain at

the enterprises' disposal for technological modernization). The situation is currently following this very model, but the extent and the scheme remain unknown to the public. Highly confidential "internal accounting" makes it impossible to know the true product value, which, in turn, does not allow to assess legally its social component.

On regional coefficients and northern allowances for the length of service in the Northern regions (Tab. 2)

To a certain extent, they reflect the correlation between social and economic aspects of life within specific geographic boundaries. But this extent should not be exaggerated. In fact, the North has little in common with extrabudgetary economic sectors where they are only nominally present as an integral part of the already fixed payroll budget. If there were no northern allowances, each employee

Table 2. Regional coefficients and northern allowances in the North of Russia (excluding the islands of the Arctic Ocean)*, %

North Zone	Minimum			Maximum		
	Regional coefficient	Northern allowance for the length of service	Total amount	Regional coefficient	Northern allowance for the length of service	Total amount
European North						
Arctic Zone	50	80	130	80	80	160
Far North	40	80	120	50	80	130
Near North	15	50	65	20	50	70
Asian North						
Arctic Zone	50	80	130	100	80	180
Far North	50	80	130	100	80	180
Near North	30	50	80	40	80	120
* The regional coefficient in the islands of the Arctic Ocean amounts to 2.0 (100%), northern allowance – 100%; the total amount is – 200%, which indicates a triple increase. Source: http://bushminsergey.blogspot.ru/2013/01/blog-post.html (accessed: July 5th, 2016).						

would still receive his\her share of the budget under the contract. Another thing is state employees. For them, the regional coefficient and northern allowance for the length of service in the North is a significant addition to the standard salary. Therefore, it is necessary to consider whether there is hope to increase the amount of northern allowances, especially for those of state employees who live in the Arctic and the areas adjacent to it.

Even taking into account these coefficients and allowances it is difficult to give a reasonable explanation for the growth of the ratio of average income per capita and subsistence minimum as real incomes are declining and subsistence minimum is increasing due to the rising prices. It should be noted that this ratio in the Komi Republic is 1.2 times lower than the Russian average, and 1.6 times lower than in Moscow. Northern coefficients and allowances do not compensate for the high cost of living in the Northern regions. Northern allowances only slightly level the indicators of social stratification by income: the average national R\P 10% coefficient in 2014 amounted to 16 (which characterizes the ratio of the average income of the richest 10% to the poorest 10%), in the republics of Karelia – 10.3, Komi – 14.9, Sakha (Yakutia) – 14.5; in the oblasts: Murmansk – 12.5, Arkhangelsk – 11.3, Magadan – 14.0, Sakhalin – 16.1; in autonomous okrugs: Nenets and Yamalo-Nenets – 17.6, Khanty-Mansiysk – 16.9, Chukotka – 16.1; in Kamchatka Krai –

11.5 [11, p. 227]. Economic science and sociology have declared the impermissibility of such a situation in the social stratification both in Russia and in its regions, referring to the example of European countries where the indicator comprises 7–8.

The issues of the Arctic region and public interest

Russia's federal government considers the development of the Arctic in two main directions: 1) improvement of the Northeast Passage as a major component of the overall transportation system of the country and as a geopolitical factor in Russia's strengthening in the global maritime industry; 2) establishment of coastal defense and economic infrastructure. Attempts are made to implement both directions through special-purpose program formation of "core support zones" of socio-economic development. The key increase points in each zone are those focused on the development of the two directions mentioned above.

Governments and municipal units of the Arctic areas, as well as other Russian regions, are related to the whole structural-functional spectrum of economic and social sphere. Their specific interest in the Arctic vector of development lies in the hopes of acquiring additional federal resources in order to improve the population's standard of living. Thus, the contents of the Arctic policy is defined by the development issues of specific regional communities of people and, therefore, is not limited by a single type

of objectives – geopolitical, transportation, military, energy, bio-resource, ethnic and cultural, etc., it is focused on the complex of these objectives, which corresponds to the general methodology of sustainable development.

Conclusion

Public benchmarks of regional development indicate that current socio-economic issues of the North and the Arctic region of Russia need to be shifted from “in-breadth” natural resource development to the integrated “in-depth” development, i.e., to the modernization of the already established economy, the restructuring of the system of population settlement, transport,

industry and agriculture. The update of the Arctic issues highlights the necessity of social and environmental improvement of the already formed territorial and economic complexes, individual industrial centers and the rural periphery; the necessity of life extension of the existing crafts, mines and mining plants using the latest technology of extraction, enrichment and processing of raw materials; the balanced use of biological resources of the tundra and northern seas; the establishment of scientific and technological infrastructure of the Northeast Passage and the Arctic enterprises; and the introduction of the local economy to the needs of defense facilities.

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Barriers to Modernization and the Degree of Coherence of Its Main Components in a Macro-Region of the Russian Federation*



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Abstract. The author considers the issue regarding modernization change in the set of economic, social and cultural transformations. The paper looks into the essence of modernization, its importance to man and society, and the problems of its implementation in Russia and regions. In the framework of various modernization doctrines quite a few theoretical-methodological concepts were designed to explain possible aspects of social development. The purpose of this study is to assess the degree of coherence among the economic, social, and cognitive components of the modernization process in the macro-region of the Russian Federation. The study has the following tasks: to review the data on evolutionary processes of modernization, obtained by the author in the framework of the program “Problems of sociocultural evolution of Russia and its regions” (supervisor – RAS Corresponding Member N.I. Lapin); to consider methods for measuring modernization and analyzing its components; to assess the consistency of these components in regions of the Northwestern Federal District (NWFD) in 2000–2012. A study of quantitative estimation of integrated modernization as the relative gap between

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the level of modernization in different areas and the high global standard has shown the unevenness of its development in constituent entities of the Russian Federation. The study has revealed positive dynamics of growth of the integrated index of modernization and its balance, which is undoubtedly a positive aspect. Due to a different level and different opportunities for development, regions will need different time to implement each stage of modernization. Apparently, it is expedient to carry out a moderately balanced development of all territories. The emergence of the information economy, based on knowledge and new industrialization makes it necessary to promote productivity growth in respective industries, to increase the proportion of people engaged in intellectual work and, most importantly, to increase the contribution of knowledge and innovation in economic growth. To fulfill this challenging task, it is necessary to pursue a science-based modernization policy, to form and adjust the strategy for its implementation timely.

Key words: modernization, modernization level, culture, modernity, regional development, balance.

The interrelationship of economic, political and cultural transformations is very close, which makes it possible to forecast the nature of their impact on social development. This statement forms a basis of many scientific studies conducted by supporters of modernization theory since M. Weber and K. Marx. Although for over two centuries, there has been a continuous controversy concerning its objectivity, it is being used successfully to identify major trends in social development and general social forecasts. As is known, it is impossible to predict the exact changes in the development of a specific socio-cultural process or event.

The interest and controversy of Marx's idea about a logical interconnection between social and economic changes immediately attracted the attention of many scientists. And this was caused not only by Marx explaining the nature of economic, social and political transformations, but also by the opportunity to forecast social change

to some extent. However, making a forecast is a rather ungrateful job, and it often can only satisfy the ego of the researcher. The reason for the failure and impossibility of any attempt to give a precise and completely unambiguous forecast concerning the development of an individual and society lies in the multifaceted nature of man, and the exposure of his conduct to the action of numerous factors that are difficult to be taken into consideration, including subjective factors.

The impossibility to forecast the exact path of social change in view of the above reasons does not allow us to claim that we make accurate predictions. However, one cannot deny the interrelated transformations of certain sets of cultural, political and economic factors, taking into account different probabilities of possible development options. Some social processes that have gained considerable circulation may lead in the long term to significant

value changes in society and the state. For example, in any society, phenomena such as urbanization, growth of professional specialization, and institutionalization are generated by the development of a long-term social process – industrialization. Less obvious phenomena that have a profound influence on the development of the situation in the country, for example, raising the level of political participation, mass higher education, etc. are also of great importance¹. In general, such ways of development of society that are characterized by the emergence and improvement of a whole set of elements are called modernization.

Knowledge of the level of political activity of the population does not provide an opportunity to predict the precise decisions and actions of certain political leaders or government, but makes it possible to suggest, in what countries at a given moment in time it can be crucial for the initiation of radical change, and in what countries there will be no development leaps. In addition, it is possible to diagnose the most acute contradictions and problems of the state or region that may become the driving force of important changes in the political life of society, and the reliability of such a forecast is quite high.

But we can talk not only about political processes. A wide range of socio-cultural

transformations is also very closely related to the process of modernization. For example, there is a practical blurring of the differences in the social roles of men and women in a mature industrial society; an increasing interest of the population to savings and investment is formed under the influence of certain cultural values generated at the initial stage of industrialization.

But it should be noted that social change that is developing implicitly is non-linear. Any trend, having reached a certain level in its development, begins to wane or is supplanted by another, more relevant one. This is what happened when, in the course of modernization, mature industrial societies at a certain level of their development made a turn in a new direction – post-industrialization. If we consider not only industrial development but also the development of the entire set of related socio-cultural and political factors, then a new direction of the evolution of society can be called neo-industrialization.

The emerging modern worldview is gradually and increasingly supplanting the views of the world that prevailed during the industrial revolution. These new views reflect the expectation of certain changes. A new worldview is shaped so as to reflect people's desire to change the nature of the underlying norms of labor, political, religious, family and social life. The process of economic development has led to the fact that modernization transformations at a certain

¹ Inglehart R. Modernizatsiya i postmodernizatsiya [Modernization and postmodernization]. *Novaya post-industrial'naya volna na Zapade: antologiya* [A new postindustrial wave in the West: anthology]. Ed. by V.L. Inozemtsev. Moscow: Academia, 1999. 631 p.

stage contributed to the change in priorities, and there emerged post-modernization – a movement in a new direction with the latest content, features, and a set of beliefs and values. Post-modernization (an unproductive, outdated term), which is closely related to the processes in industrial and economic structure of society, is a later stage of development of society. A set of beliefs and faiths accompanying it, which emerged initially as a result of gradual economic and social change, reaches the “critical mass”, turns on and starts to form new socio-economic conditions, while beginning to experience their impact as well.

In accordance with the essence of modernization, socio-political transformations everywhere, connected together, lead to industrialization. Speaking of the modern or industrial society, it is necessary to note that its model is not single, universal and common to any country. There is every reason to believe that broad social, cultural and political transformations are generated by economic development and associated not only with industrialization but also the whole set of changes, covering urbanization, occupational specialization, mass education, development of mass communications, and bureaucratic and democratic institutions in society².

² Inglehart R. Modernizatsiya i postmodernizatsiya [Modernization and postmodernization]. *Zapadnaya sotsiologiya: sovremennye paradigmy: antologiya* [Western sociology: current paradigms: anthology]. Compiled by G.N. Sokolova, L.G. Titarenko. Minsk: Belaruskaya navuka, 2015. Pp. 432-449.

Great interest in the theory of modernization, noted recently, emerged on the basis of the prospects that it opened in the field of socio-cultural forecasting. This theory argues that the society embarked on the path of industrialization will come with all probability to certain changes and transformations in all spheres of public life, including those of cultural and political nature; there will emerge natural effects such as the strengthening of the role of government, increased life expectancy, lower fertility, increased political activity, and development of civil society. Opponents of this concept criticized the fact that it argued the inevitability of widespread establishment of liberal democracy as a necessary result of economic development, claiming that this thesis is quite naive and ethnocentric. Many scientists involved in the development of modernization theory in the course of one and a half centuries agreed that there was a relationship between economic and technological transformations on the one hand, and socio-cultural and political transformations of the social structure on the other. And all this time there have been continuous disputes about the essence and particular nature of causality, about what comes first: economic transformations affect changes in culture and politics or, vice versa, social demands and needs form the economic model of relations that is able to satisfy them.

The position of the Marxists was based on the assertion that the technological level of development of a society predetermines its economic model, which, in turn, forms the superstructure of this society and determines its cultural and political and legal features³. The Russian followers of Marx shifted the emphasis and paid more attention to the role of ideology and culture in the emergence and resolution of a revolutionary situation, in contrast to economic determinism that implies spontaneous emergence of a revolutionary leap in the social structure⁴. In contrast to Marx, the influence of culture was highlighted by Weber and his followers, who saw injustice in the assessment of culture as a secondary phenomenon, its inability to be reduced to the level derived from the economic system. Weber proved the importance of culture as an independent factor able to shape people's economic behavior and reflect the existing economic model of society. It was thus postulated that the formation of a certain system of human beliefs and faiths could influence political and economic development of society; in turn, public views themselves began to fall under the influence of economy. The relationship between cultural diversity and economic growth is considered in detail in

³ Marx K. K kritike politicheskoi ekonomii (predislovie) [To the criticism of political economies (foreword)]. In: Marx K., Engels F. *Soch.: v 3 t.* [Writings: in three volumes]. Moscow, 1979. Vol. 1.

⁴ Fedotova V.G. *Modernizatsiya i kul'tura* [Modernization and culture]. Moscow: Progress-Traditsiya, 2015.

the works of M. Berliant and M. Fujita⁵, who empirically came to the conclusion about the presence of direct relationship between the heterogeneity of culture workers and performance of creating new knowledge⁶. Unanimity of religious views of the population promotes the revitalization of trade relations (M. Helble)⁷, invention of new technologies and innovations (J. Bradford DeLong)⁸, having a beneficial effect on the economy (R. Barro, R. McCleary)⁹.

The question whether modernization inevitably leads to the establishment of democracy remains open. Let us consider, for example, the Soviet Union since the Great Patriotic War (1941–1945). The collapse of the Communist system in the 1990s only confirmed this trend. The desperate attempts made by democratic countries in the 2000s to “export democracy” by force – through military incursions, “color revolutions” and economic sanctions – have destroyed many authoritarian regimes, but

⁵ Berliant M., Fujita M. *Culture and Diversity in Knowledge Creation, RIETI: Discussion Paper Series II-E-046*. 2011. Available at: <http://www.rieti.go.jp/jp/publications/dp/11e046.pdf>.

⁶ Limonov L.E., Nesena M.V. Kul'turnoe raznoobrazie rossiiskikh regionov i ekonomicheskii rost [Cultural diversity of Russian regions and economic growth]. *Obshchestvennye nauki i sovremennost'* [Social sciences and modernity], 2016, no. 1, pp. 63-79.

⁷ Helble M. Is God good for trade? *Kyklos*, 2007, vol. 660, pp. 385-413.

⁸ Bradford DeLong J. Productivity growth, convergence, and welfare: comment. *American Economic Review*, 1988, vol. 78, pp. 1138-1154.

⁹ Barro R., McCleary R. *Religion and Economic Growth. National Bureau of Economic Research Working Paper*, 2003, no. 9682. Available at: <http://www.nber.org/papers/w9682.pdf>.

have not led to the triumph of democracy, rather, they have caused de-industrialization and degradation of the countries on the ruins of which rose the barbaric extremist and terrorist regimes, much more dangerous and very far from democratization and modernization.

The majority of sociologists and economists today are skeptical about the concept that states that economic development promotes democratization and industrialization has demonstrated its ability to lead to democracy or dictatorship.

We are not going to argue with the supporters of the modernization theory in relation to the main thesis concerning the existence of a logical and, to some degree, predictable relationship between political change, socio-cultural transformations and economic development of society; instead, we want to draw attention to the possibility of analyzing and modelling the most probable development paths for society (out of many valid and possible ways). Thus, N.I. Lapin notes that now, in the era of spreading telecommunications and increasing mobility of the population, many people compare life in their country to that in other countries; they make conclusions and respond accordingly (they adapt to these living conditions or protest against them)¹⁰. In addition, competition between countries

¹⁰ Lapin N.I. Sotsiokul'turnye faktory rossiiskoi stagnatsii i modernizatsii [Socio-cultural factors in Russian stagnation and modernization]. *Sotsiologicheskie issledovaniya* [Sociological studies], 2011, no. 9, pp. 3-18.

and peoples for resources and better living conditions is becoming tougher. Therefore, it is important to take into account their nature and dynamics, otherwise there is a risk of social disaster. The political elite should see not only technological and economic development in modernization, but also to initiate its socio-cultural content. It becomes necessary to take into account the strengths and weaknesses of territories' development and respond immediately and correctly to emerging threats.

Integrated modernization index and the balance of its components

Modernization development of Russian regions was carried out according to the methodology developed by He Chuanqi¹¹ and N.I. Lapin¹², with the help of the information-analytical system "Modernization" (<http://mod.vscs.ac.ru/>)¹³. Out of the three proposed indexes let us analyze the integrated modernization index, which represents a relative difference between the level of modernization in different countries

¹¹ He Chuanqi. *Modernization Science: The Principles and Methods of National Advancement*. Beijing: Science Press, 2010; Martinelli A. Chuanqi H. *World Modernization Report*. Beijing: Science Press, 2014; Zongsheng Z. Shuyao W., Chuanqi H. Comparison of Quality of Life in 120 Countries in the World. *Theory and Modernization*, 2006, no. 4, pp. 15-20.

¹² Lapin N.I. Izmerenie modernizatsii rossiiskikh regionov i sotsiokul'turnye faktory ee strategii [Measurement of modernization of Russian regions and the socio-cultural factors in its strategy]. *Sotsiologicheskie issledovaniya* [Sociological studies], 2012, no. 9, pp. 4-24.

¹³ Lastochkina M. Development of the tools to assess the level of modernization of Russia's regions. *IJAS*, 2015, vol. 5, no. 3, pp. 85-89.

(regions) and the high global level¹⁴, as each country had and has its own way of economic development and its own model of modernization reforms in the period of industrialization (primary modernization) and in the period of neo-industrialization (secondary industrialization)¹⁵. In turn, the coordinated development of these stages includes an integrated modernization, which are the basis of both economic development and quality of life, and ecology.

Having assessed the integrated modernization index (IMI), we note that by 2005, all the subjects in the Northwestern Federal District that had a low level of modernization have raised it and moved to the group with the level below median (*Tab. 1*). Saint Petersburg moved to the median level of IMI. After seven years, the indices in the regions increased, but not significantly; thus, in 2012, the picture remained virtually unchanged: the group with the median level received only two

regions – Nenets Autonomous Okrug and the Murmansk Oblast; and Saint Petersburg had the high level of development.

A key feature of modernization reforms in Russia is the uneven development of territories. Causes of this inequality are found in the disparities in economic and social development, a non-diversified structure of economy, low innovative activity, and ineffective administration at all levels of government, mainly the spontaneous nature of modernization processes. Significant influence during the reporting period was caused by the financial and economic crisis of 2008 and its aftermath, which caused stagnation and even regression of modernization development.

Let us analyze in more detail the constituent elements of the integrated modernization index, the calculation of which is based on three integrated sub-indices: economic (*IEI*), social (*ISI*), and knowledge (*IKI*). We will try to identify the factors hindering and stimulating the dynamics of modernization, especially its secondary stage.

Figure 1 shows significant differences in the values of the secondary modernization index. In 2000, the integrated social modernization sub-index (*ISI*) was much higher than the IMI, so that most regions of the Northwestern Federal District had the difference (Δ) of 15–25 p.p. The fact that the social sub-index is in the lead suggests that social factors shape social

¹⁴ He Chuanqi. *Obzornyi doklad o modernizatsii v mire i Kitae (2001–2010)* [China modernization report outlook (2001–2010)]. Translated from English; under the general supervision of N.I. Lapin; foreword by N.I. Lapin, G.A. Tosunyan. Moscow: Ves' Mir, 2011. 256 p.

¹⁵ Lastochkina M.A. Territorial'nye osobennosti modernizatsii Rossii [Territorial peculiarities of Russian modernization]. *Regional'naya ekonomika i upravlenie: elektronnyi nauchnyi zhurnal* [Regional economy and management: electronic scientific journal], 2013, no. 2 (34), pp. 29-41; Lastochkina M.A. Razvitie metodologii i instrumentariya otsenki modernizirovannosti regionov Rossii [Development of methodology and tools for assessing the degree of modernization in Russia's regions]. *Problemy razvitiya territorii* [Problems of territory's development], 2015, no. 4 (78), pp. 69-79.

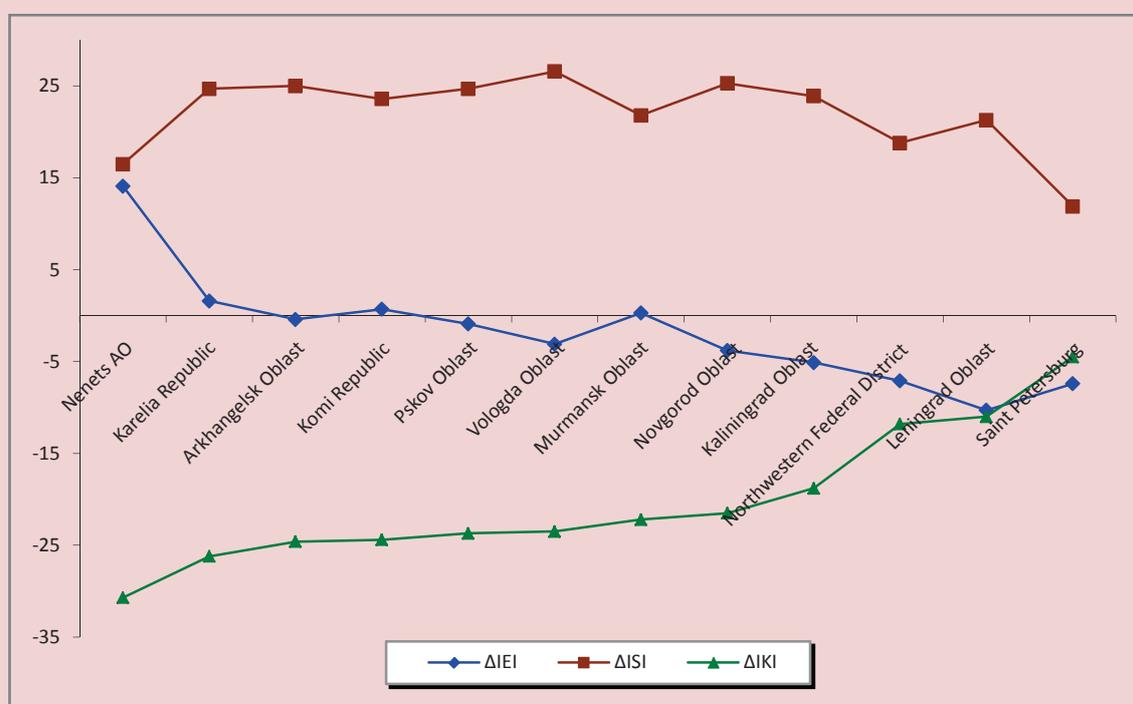
Table 1. Dynamics of the structure of modernization in the regions of the Northwestern Federal District (the number of regions according to the level of integrated modernization index – IMI)

Year	Low ($32.5 \leq \text{IMI} < 47.5$)	Below median ($47.5 \leq \text{IMI} < 63.5$)	Median ($63.5 \leq \text{IMI} < 77.5$)	Above median ($77.5 \leq \text{IMI} < 87.5$)	High ($87.5 \leq \text{IMI}$)
2000	Kareila Relublic, Arkhangelsk, Vologda, Leningrad, Novgorod, Pskov oblasts (6)	Saint Petersburg, Nenets AO, Komi Republic, Kaliningrad, Murmansk oblasts (5)			
2005		Nenets AO, Karelia and Komi republics, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Murmansk, Novgorod, Pskov oblasts (10)	Saint Petersburg (1)		
2008		Nenets AO, Karelia and Komi republics, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Novgorod, Pskov oblasts (9)	Saint Petersburg, Murmansk Oblast (2)		
2009		Nenets AO, Karelia and Komi republics, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Novgorod, Pskov oblasts (9)	Murmansk Oblast (1)	Saint Petersburg (1)	
2010		Nenets AO, Karelia and Komi republics, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Novgorod, Pskov oblasts (9)	Murmansk Oblast (1)	Saint Petersburg (1)	
2011		Karelia and Komi republics, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Novgorod, Pskov oblasts (9)	Murmansk Oblast (1)	Saint Petersburg (1)	
2012		Karelia and Komi republics, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Novgorod, Pskov oblasts (8)	Nenets AO, Murmansk Oblast (2)	Saint Petersburg (1)	

Note. The number of regions in the group is given in parentheses.

Source: compiled with the use of IS "Modernization". Available at: <http://mod.vscs.ac.ru/>

Figure 1. Difference (Δ) between the IMI sub-indices (*ISI*, *IEI*, *IKI*) and the IMI index in the regions of the Northwestern Federal District in 2000, p.p.



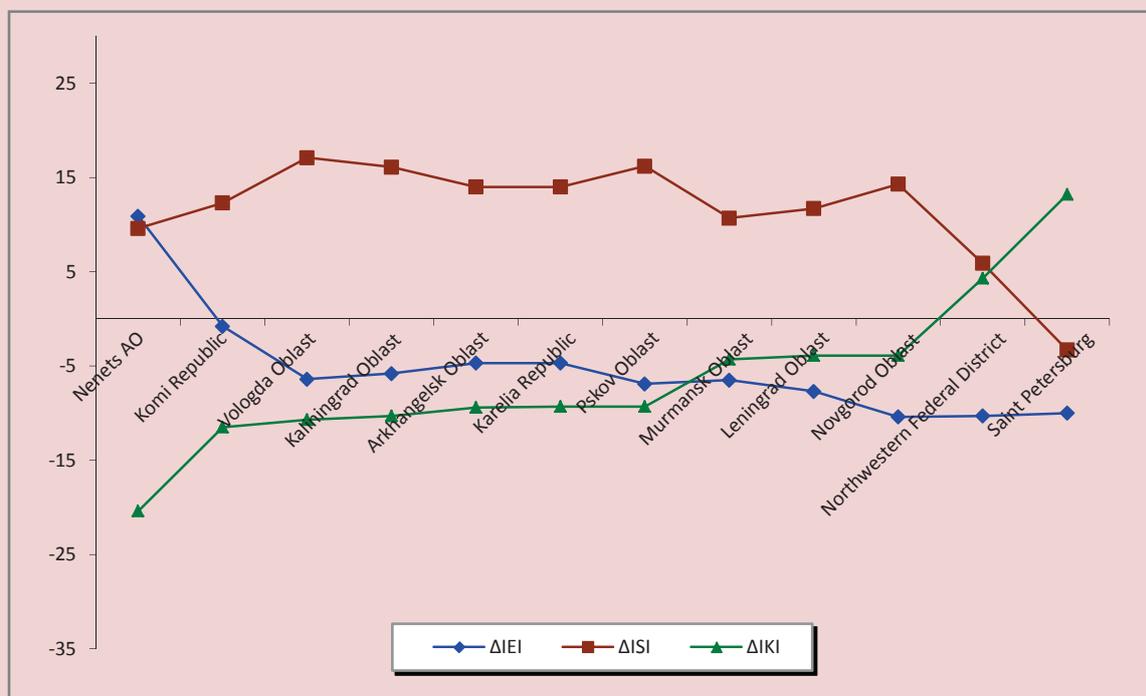
Source: compiled with the use of IS "Modernization". Available at: <http://mod.vsc.ac.ru/>.

challenges of modernization in the regions. The gap between the IMI and the integrated economic modernization index (*IEI*) is not more than 15 p.p., the difference is negative in eight regions, so that this sub-index is a factor that hinders modernization. The third sub-index – the integrated knowledge modernization index (*IKI*) in all subjects without exception was a factor that hindered their development (the difference between it and the IMI is from 43 to 30%). The indicators involved in its calculation such as the share of R&D expenditures in GRP and the number of residents who filed patent

applications (per one million people) are much lower than the world standard (in Russia on average they were equal to 10 and 1%, respectively). Increasing their level is an important step toward modernization.

By 2012 compared to 2000 the situation has changed in the following way: there was an overall decrease in the gap between the IMI and all the sub-indices (the amount of variation was from -20 to 17 p.p.). Saint Petersburg, where an integrated knowledge modernization index began to exceed the IMI, is the “engine” of modernization (*Fig. 2*).

Figure 2. Difference (Δ) between the IMI sub-indices (*ISI*, *IEI*, *IKI*) and the IMI index regions of the Northwestern Federal District in 2012, p.p.



Source: compiled with the use of IS "Modernization". Available at: <http://mod.vsc.ac.ru/>.

The distribution of regions into groups depending on the degree of remoteness of the sub-index from the integrated modernization index will help describe trends in the changes in the components of the IMI. We divide the difference (Δ) between the indicators into intervals as follows:

- lagging development with delays at $\Delta \leq -15$;
- moderately lagging development at $-15 < \Delta \leq 0$;
- moderately advanced development at $0 < \Delta < 15$;

– rapidly advanced development at $\Delta \geq 15$.

So, in 2000, all the constituent entities of the Northwestern Federal District belonged to the cluster with the rapidly advanced development of the integrated social index. Most of them (7 regions – 64%; *Tab. 2*) had the moderately lagging development of the integrated economic modernization index. The most balanced development at that time was observed in Saint Petersburg and the adjacent Leningrad Oblast – two sub-indices (IKI, IEI) had a trend of moderate development.

Table 2. Clustering of the NWFD regions according to the integrated index of modernization imbalance (2000 and 2012)

	Lagging development with delays <i>IKI</i> ($\Delta \leq -15$)		Moderately lagging development <i>IKI</i> ($-15 < \Delta \leq 0$)		Moderately advanced development <i>IKI</i> ($0 < \Delta < 15$)	
	2000	2012	2000	2012	2000	2012
Rapidly advanced development <i>IS/</i> ($\Delta \geq 15$) and moderately lagging development <i>IE/</i> ($-15 < \Delta < 0$)	Arkhangelsk, Pskov, Vologda, Novgorod, Kaliningrad oblasts (5)		Leningrad Oblast, Saint Petersburg (2)	Vologda, Kaliningrad, Pskov oblasts (3)		Saint Petersburg (moderately lagging development <i>IS/</i>) (1)
Rapidly advanced development <i>IS/</i> ($\Delta \geq 15$) and moderately advanced development <i>IE/</i> ($0 < \Delta < 15$)	Nenets AO, Karelia and Komi republics, Murmansk Oblast (4)					
Moderately advanced development <i>IS/</i> ($0 < \Delta < 15$) and moderately lagging development <i>IE/</i> ($-15 < \Delta < 0$)				Komi and Karelia republics, Arkhangelsk, Murmansk, Leningrad, Novgorod oblasts (6)		
Moderately advanced development of 2 sub-indices: <i>IS/</i> and <i>IE/</i> ($0 < \Delta < 15$)		Nenets AO (1)				

Note. The number of regions in the group is given in parentheses.
Source: compiled with the use of IS "Modernization". Available at: <http://mod.vscs.ac.ru/>

In 2012, a marked increase in the balance of the IMI sub-indices was observed: half of the regions (6 regions – 55%) moved to the cluster with the median development of all the sub-indices (see lower right quarter of Table 2).

The knowledge modernization index began to correspond to the moderate

development (with the exception of Nenets Autonomous Okrug). Consequently, we can speak about the growth of the balance of integrated modernization processes in the constituent entities of the Northwestern Federal District, and the increase in the balance of modernization processes in 12 years.

Let us present the balance of the components of the IMI using the balanced index of integrated modernization (IDSM)¹⁶ in the form of this model:

$$IMI = \frac{100}{\Delta IEI^2 + \Delta ISI^2 + \Delta IKI^2} ,$$

where $\Delta IEI = IEI - IMI$ is the difference between the integrated economic modernization index and the IMI,

$\Delta ISI = ISI - IMI$ is the difference between the integrated social modernization index and the IMI,

$\Delta IKI = IKI - IMI$ is the difference between the integrated knowledge modernization index and the IMI.

Table 3 shows the dynamics of the balance of the integrated modernization index. Judging by the distribution of territories in *Table 3*, in 2009 the balance in the regions of the Northwestern Federal District decreased. Since 2010, the balance of the index began to grow once again, so that in 2012, its low level was observed only in Nenets Autonomous Okrug. The high level of balance was marked in the Murmansk Oblast, the level above median – in the Leningrad Oblast.

The study of the model for quantitative evaluation of the integrated modernization

¹⁶ Lapin N.I. *Problemy sotsiokul'turnoi modernizatsii regionov Rossii* [Issues of socio-cultural modernization of Russian regions]. Compiled and edited by N.I. Lapin, L.A. Belyaeva. Moscow: Academia, 2013. 416 p.

(index) as a relative gap between the level of modernization in different regions and a high global standard has shown the unevenness of development in the Northwestern Federal District. Due to the fact that Russia is a huge country divided into many regions with different capabilities and levels of development, these regions will need different periods of time for different stages and phases of modernization. Apparently, it is expedient to implement a moderately balanced development option. The emergence of the information economy based on knowledge and neo-industrialization dictates the necessity to increase productivity in knowledge-based industries, to increase the share of people employed in intellectual work and, most importantly, to increase the contribution of knowledge and innovation in economic growth.

In order to address modernization tasks efficiently, it is necessary to achieve national consolidation: only a united people can become a master of its destiny¹⁷ and achieve high development goals. Economic growth, and enhancement of the standard of living and quality of life are inseparable

¹⁷ Shemyakin Ya.G. Fenomen modernizatsii: tsivilizatsionnoe izmerenie. Stat'ya 2. Tsennosti modernizatsii na Zapade i v "nezapadnom" mire: osobennosti vospriyatiya i dinamika evolyutsii identifikatsionnykh strategii [The phenomenon of modernization: civilizational dimension. Article 2. The values of modernization in the West and in the "non-Western" world: specifics of perception and the dynamics of evolution of identification strategies]. *Obshchestvennye nauki i sovremennost'* [Social sciences and modernity], 2016, no. 1, pp. 117-128

Table 3. Dynamics of the balance structure of regions in the Northwestern Federal District (the number of regions by the integrated index of balance of modernization – IID).

Year	Low (IID < 0.18)	Below median (0.18 ≤ IID < 0.31)	Median (0.31 ≤ IID < 0.44)	Above median (0.44 ≤ IID < 0.57)	High (0.57 ≤ IID)
2000	Nenets AO, Karelia and Komi republics; Arkhangelsk, Vologda, Kaliningrad, Leningrad, Murmansk, Novgorod, Pskov oblasts (10)			Saint Petersburg (1)	
2005	Nenets AO, Karelia and Komi republics; Arkhangelsk, Vologda, Kaliningrad, Novgorod, Pskov oblasts (8)	Leningrad, Murmansk (2)			Saint Petersburg (1)
2008	Kareila Relublic, Arkhangelsk, Vologda, Kaliningrad, Pskov oblasts (5)	Nenets AO, Komi Republic, Leningrad, Novgorod oblasts (4)	Murmansk Oblast (1)		Saint Petersburg (1)
2009	Kareila Relublic, Arkhangelsk, Vologda, Novgorod, Pskov oblasts (5)	Nenets AO, Komi Republic, Kaliningrad, Leningrad, Murmansk oblasts (5)		Saint Petersburg (1)	
2010	Vologda, Pskov oblasts (2)	Karelia and Komi republics; Arkhangelsk, Kaliningrad, Leningrad, Novgorod oblasts (6)	Murmansk Oblast, Saint Petersburg, Nenets AO (3)		
2011	Nenets AO (1)	Saint Petersburg, Kareila Relublic, Arkhangelsk, Vologda, Kaliningrad, Novgorod, Pskov oblasts (7)	Komi Republic, Leningrad Oblast (2)	Murmansk Oblast (1)	
2012	Nenets AO (1)	Vologda, Kaliningrad, Novgorod, Pskov oblasts (4)	Karelia and Komi republics; Arkhangelsk Oblast, Saint Petersburg (4)	Leningrad Oblast (1)	Murmansk Oblast (1)

Note. The number of regions in the group is given in parentheses.
Source: compiled with the use of IS "Modernization". Available at: <http://mod.vscs.ac.ru/>

from each other and are interrelated; besides, social equality and justice are also engines of modernization. In addition, it is advisable to combine European and native traditions of the Russian population. It is important not only to analyze the degree of modernization in developed countries

and compare it with that of Russia, but also to carry out continuous research into regional modernization. To achieve the high goal, it is necessary to pursue a science-based modernization policy, to form it and introduce timely adjustments in the strategy of its implementation.

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Regional Competition for Confidence: Features of Formation*



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Abstract. The increase in economic independence of the regions inevitably leads to an increase in the quality requirements of the regional economic policy. The key to successful regional policy, both during its development and implementation, is the understanding of the necessity of gaining confidence (at all levels), and the inevitable participation in the competition for confidence. The importance of confidence in the region is determined by its value as a competitive advantage in the struggle for partners, resources and tourists, and attracting investments. In today's environment the focus of governments, regions and companies on long-term cooperation is clearly expressed, which is impossible without a high level of confidence between partners. Therefore, the most important competitive advantages of territories are intangible assets such as an attractive image and a good reputation, which builds up confidence of the population and partners. The higher the confidence in the region is, the broader is the range of potential partners, the larger is the planning horizon of long-term concerted action, the better are the chances of acquiring investment, the higher is the level of competitive immunity of the territories. The article defines competition for confidence as purposeful behavior of a market participant in economic environment, aimed at acquiring specific intangible competitive advantage – the confidence of the largest possible number of other market actors. The article also highlights the specifics of confidence as a competitive goal, presents factors contributing to the destruction of confidence, proposes a strategy to fight for confidence as a program of four steps, considers the factors which integrate regional confidence and offers several recommendations for the establishment of effective regional competition for confidence.

Key words: competition, region, confidence, cooperation, image, reputation, brand.

Globalization of the world economy, increasing competition, deepening economic crises have led to a relevant need to achieve greater independence of the regions in the economic space. Active participation of regions in international cooperation, their competition with each other and active positioning in the global economy have become global trend. For example, in the 21st century the economic policy of China is demonstrating a growing importance of regional independence, where the government grants the regions significant economic independence, including international cooperation, in order to promote competition among provinces.

In the search for ways out of the current economic crisis for Russia it seems necessary to intensify the implementation of the policy on the increase of regional economic independence. This was noted by E.M. Primakov in one of his recent speeches, where he urged to improve the status of regions and municipal units and give them more powers [1, p. 10]. Potentially, Russian regions, in order to become globally competitive, need to learn to position themselves in the Russian economy and in the global economic space, to cooperate actively with each other and with major Russian companies and foreign partners. Such qualities are not acquired quickly and

suggest appropriate training of regional management. The key to the successful regional policy both during its development and implementation is the understanding of the necessity of gaining confidence (at all levels) and the inevitable participation in the competition for confidence.

The importance of confidence is largely determined by the evolving climate in current economic environment, which involves higher requirements to the regions from investors, business, potential partners, etc. In the context of globalization, the economic crisis inevitably causes increased territorial competition for investment, partners, tourists and qualified workforce in international markets. This forces the regions to support existing competitive advantages and to search for new ones [2, pp. 67-85]. As M. Porter rightly pointed out, the availability of workforce, capital or raw materials does not determine company's success as these resources have become widely available [3, p. 23]. The same rule is also applicable to regions. Workforce and capital have become highly mobile, migrating to the most favorable areas, and the development of communication lines has made the movement of raw materials and products relatively inexpensive.

In modern conditions, the government, regions and companies clearly express their focus on long-term cooperation which is impossible without a high confidence level between partners. That is why the most important competitive advantages of the

territories are intangible assets such as the image and reputation (including quality of government performance and a low degree of corruption, favorable business environment, social orientation, etc.). It means that attractive image and positive reputation of the region increase confidence of the population and partners [4, pp. 4-10].

Regional competition for confidence, image and reputation is an example of extra-market, or non-market, competition [5, p. 237]. However, the fact that this competition occurs outside the market, does not make it less real, and ignoring such competition may have an adverse impact on the region. Understanding the importance of confidence and the necessity of its gaining allows the regions and cities to prepare for new economic realities.

In order to understand the peculiarities of the emergence of the competition for confidence it is necessary to reveal its essence. *From our point of view, confidence is an integral component of economic relations which characterizes their participants' expectations concerning their compliance to commitments and the established rules of interaction.* Confidence, as emphasized by many scientists [6, p. 246; 7, pp. 20-21; 8, p. 188; 9, p. 83], stimulates economic cooperation, ensures the willingness to cooperate and implement commitments, contributes to the reduction of opportunism and the emergence of "animal spirits" (according to J.M. Keynes), stimulating people's economic activity.

The profitability of confidence has long been taken into account in companies' activities, when they compete in their reputation built on the confidence in their ability to implement their commitments and meet their clients' demands, rather than in their products and their knowledge [10, pp. 118-119]. In some cases, company's assessment of its trademarks, which serve as an embodiment of production reputation and confidence in the company itself, accounts for up to 90% of company's value. In fact, the value of the company is determined by its ability to build and maintain confidence. This experience should be used in the regions, especially since there already exist striking examples of territories' development almost from scratch due to a high level of confidence of partners and population. Former Prime Minister of Singapore Lee Kuan Yew believed that confidence is the most valuable asset, and explained economic and social progress of Singapore by gaining people's confidence. He also consistently strived to maintain the confidence of foreign companies and banks in Singapore, which allowed this small city-state without any valuable resources to become one of the financial and business capitals of the world in half a century. Confidence has become the key competitive advantage for Singapore.

The higher the confidence in the region, the broader is the range of potential

partners, the larger the planning horizon of long-term concerted action, the better are the chances of acquiring investment and the higher is the level of competitive immunity of the territories [11, pp. 139-156]. The region which gains and maintains confidence becomes more prosperous, therefore it is not surprising that confidence gaining becomes one of the competitive goals [12, pp. 4-23] of the region and a prerequisite to the beginning of cooperation and long-term collaborative projects. In today's economic environment regional competition for confidence is more and more apparent.

Competition for confidence, in our opinion, is purposeful behavior of a subject of the market in economic environment, aimed at acquiring specific intangible competitive advantage – the confidence of the largest possible number of other market actors. It is a conscious activity to gain and maintain confidence through the formation and improvement of an attractive image and positive reputation [13, p. 79].

Region's victory in a competition for confidence means that it will receive additional intangible competitive advantages in the form of an attractive image and positive reputation, which are the basis for mutually beneficial cooperation with partners, investors, consumers and central government. Thus, any region has incentives to participate in the competition for confidence.

In practical terms, competition for confidence is now recognized and taken into account when conducting regional policy in a number of oblasts of the Russian Federation. This is reflected in the interview of the first Deputy Chairman of the Government of the Novosibirsk Oblast V. Znatkov about the importance of confidence for the region and competition of regions for the development of the Oblast [14]. The experience of competition between regions in China is very interesting. Amid the crisis and the economic slowdown regional governments of peripheral provinces are increasingly trying to integrate into mega-projects announced by Beijing. When in 2013 the government announced a plan to build a new Silk Road, Chinese regions were involved in fierce competition for the right to participate in this ambitious project. Regional leaders seek to gain confidence of the central Chinese government. Reporting on new transportation routes and international exhibitions, they want to link their projects to the Silk Road. An example of such action is rebranding the Harbin Fair into Russia-China Expo [15]. Well-organized cooperation of the Chinese province with Russian regions increases Chinese government confidence in the country and greatly increases the chances of its inclusion in the Silk Road project. Thus, the promotion of territorial competition allows China to minimize the effects of the crisis by stimulating the interest of the

provinces in joint projects and building closer cooperation with neighbors.

Confidence as a competitive objective has its own characteristics, which determines its specific nature. We identify a number of specific characteristics of confidence as a competitive goal.

1. Trust is a behavioral characteristic that determines the peculiarities of his gaining.

Yu.Ya. Ol'sevich notes that sequential behavior dictated by the trust instinct, an inherent need of people to trust their own kind and the society, is characteristic of the majority of market participants [16, p. 15]. Confidence is a mutual feeling which requires mutual efforts in order for it to emerge. Each producer and consumer is to a certain extent prone to trust and needs confidence. It would be impossible for a market participant to gain confidence of others, if he loses confidence in his partners and consumers [17, pp. 80-81].

The special feature of confidence is that it initially has not only economic, but primarily a psychological value. Economic relations are largely dependent on the person's necessity and need for relationship and cooperation with other people. People's need for trust and being trusted can also be mentioned. Stephen Covey Jr. is convinced that "...people want to be trust. They respond to confidence. They flourish when they are trusted" [18, p. 50].

2. Confidence is irrational and changeable, it is not fixed and is extremely difficult to transmit and easy to lose.

Confidence, being a largely irrational expectation, is closely linked to risks, primarily reputational. There is always an unpredictable risk of confidence loss. The reason for this may be both the mistakes of a company or a particular region, and external factors which deter market participants from their commitments. Confidence, which is formed and strengthened for a long time and gained with great effort, may be lost in an instant.

Confidence, like reputation, cannot be automatically prolonged or transferred to someone else. Even a long institutionalized process such as trademark sales creates a risk of value reduction of the sold brand due to the change of ownership. Therefore, “confidence capital” gained by the company, as well as reputational capital embodied in the form of a registered trademark, may be fully realized by the company itself (this rule also works with regard to the regions). This is a fundamental difference between confidence and other resources of market participants (tangible and intangible, human, etc.).

3. Confidence may be an unlimited resource, available to all competitors, which forms the basis for their cooperation.

According to V.V. Radaeva, competition is the activity of two or more market participants aimed at obtaining the same limited resource, which becomes available if some efforts are made on their part [19, p. 48]. Confidence may be both an unlimited resource, and a competition target. One and the same person, one and the same company

is able to confide in all market participants, even if they are competitors with one another. In this case the decision to choose be made either through the comparison of the degree of confidence in the competitors (higher–lower), or confidence will be one of the criteria for selection of goods and services suppliers, while other factors will be crucial – the product’s price, its quality, discounts, etc. Using sport terminology, we can say that confidence and reputation allow market participants to go through to the “Premier League”, to become a consumer’s “number one pick” among suppliers and partners, since confidence and reputation, which market participants have provided while working with former clients, reduce risks for new clients receiving guarantees of reliability [20, pp. 136–138]. Confidence is a resource available to multiple competitors, unlike, for example, financial, material or human resources, the reception of which by one market participant means that other market actors will not receive them, or they will, but in limited amounts. That is why *confidence may serve as a basis for cooperation of competing market actors.*

4. Confidence, unlike many other types of resources, is capable of renewing.

If confidence is not justified and is lost, there is still the possibility of restoring it. Financial and material resources mistakenly wasted are most often impossible to restore, but lost confidence may be regained, thought by making considerable effort. A compelling example of successful regain of

confidence in the country and its economy was the policy of Ludwig Erhard, Minister of Economy of the Federal Republic of Germany from 1949 to 1963 and Chancellor of West Germany in 1963–1966. L. Erhard in his work “Prosperity for All” states that regain of world confidence in Germany is his main achievement. The program on country confidence regain in South Korea after the crisis of the 1990s also comes to mind.

5. Confidence of different groups must be gained separately.

Since the interests of different groups (public, business community, federal government, major foreign companies) do not always coincide, it is impossible to win the confidence of all at once. For example, environmentalists and the population may oppose the construction of new industrial enterprises of a particular profile in a particular area, while entrepreneurs will advocate for new plants, etc. The region has to find consensus, ranking the interests and building confidence-based relations within the bounds possible and acceptable to the majority. While implementing major projects it is necessary to contemplate the forms and amounts of compensation for those groups whose interests are affected. This is the only way to maintain confidence for the future.

The highlighted characteristics should be taken into account when developing programs for gaining and maintaining confidence in the region. It is important to bear in mind that confidence is by no means

a goal of the economic policy of the region in itself. As it is rightly indicated, confidence, providing competitive advantage, is still the only resource to rely on. It does not guarantee business success, but is the spiritual capital, which allows other organizational structures, strategies and tactics to be more efficient [21, p. 239]. Creating confidence without institutionalizing other development mechanisms means working counterproductive and soon losing confidence when the region fails to fulfil the expectations of the population and partners.

Despite all the difficulties of gaining confidence, it is much harder to maintain it. We should highlight the factors contributing to the loss of confidence in the region, which are the most prominent:

1. Non-confidence within the region between individual target audiences, for example, between the population and the government, between the entrepreneurs and the population, between the investors and the government, etc.
2. High rate of corruption at all levels.
3. Large-scale underground economy, high level of economic crimes.
4. Unsuccessful projects implemented (or not implemented) in the region in the past.
5. Underdeveloped institutional environment, absence of legal framework, high administrative barriers.
6. Economic and social instability.
7. Absence of socio-oriented policy of regional authorities, etc.

Eliminating or minimizing these phenomena is a complex and at the same time a necessary condition for region's successful competition for confidence. The actual strategy of competition for confidence is presented as a program of four steps (stages).

The first step – gaining confidence of the population and local business in the regional administration and in its offered/implemented projects.

It is difficult to imagine a company trusted by its partners for a long time but with no confidence between employees and between managers and employees. In a firm of this kind explicit or implicit opportunism of employees would inevitably affect collaborative projects with partners, destroying their confidence in the company. Similarly, it is difficult to imagine a region with high confidence degree of the partners, but with a relative low confidence degree between the government and the business community, between local businessmen, between regional authorities and the population.

What will be the price of the region's effort to gain confidence of external partners, when collaborative projects fail due to local entrepreneurs' sabotage or population protests? In this case the gap between partners' expectations and the final outcome will lay the groundwork for deep distrust in the region and regional authorities. A good example of confidence issues in the region is the history of construction

of Tominskiy GOK in the Chelyabinsk Oblast. "Russian Copper Company" has managed to find common ground with the regional leadership for a major design of a mining and processing plant [22], but this project failed to gain population's confidence, which caused the escalation of the conflict between the residents and the company [23]. Regional authorities, having won confidence of the "Russian Copper Company", clearly overestimated their influence on the residents and were unable to convince them of the benefits of the plant construction for the region. This mistake threatens to result in both company's losses and reputation damage of the region, which failed to support its partners on the joint project.

At the first stage competition for confidence only begins to emerge. Most of the residents and local companies are tied to the region and will not change it. However, competition starts at the level of individual experts and unique production among Russian regions, as well as among foreign territories, attracting required personnel by better working and living conditions. Therefore, regions have to attend to keeping valuable staff and prospective companies on their territory, developing special programs for their welfare and confidence.

The second step – winning confidence of federal authorities.

This stage includes fierce competition for confidence between Russian regions. Confidence of the federal centre is necessary

for the region's integration into large-scale national projects (e.g. hosting 2018 FIFA World Cup, international exhibitions, forums, etc.) and participation in the development and implementation of major projects of state-private partnership, such as design and construction of high-speed railways, etc.

The third step – gaining confidence and development of interest in the region to the people outside it – both in Russia and abroad.

In order to achieve this, the region should not only be recognizable in the world, but also attractive for visiting and living. It is worth mentioning that, for example, the development of tourism tests the region's readiness for long-term confidence maintenance: whether the trip there will become a one-time extreme and exotic experience, or the region will seem a friendly and pleasant place for people to visit again and again. Well-developed tourism raises the interest in the region of potential economic partners, while entertainment visits may be of interest from the point of view of doing business there.

At this stage the region has to compete for confidence with hundreds of regions worldwide, which makes it extremely difficult to establish leadership in the competition for confidence. At the same time it helps study the experience of other regions in confidence gaining and choose the most optimal ways of gaining confidence

in one's region using the achievements of competitors and taking into account their mistakes.

The fourth step – winning confidence of major Russian and foreign companies, other regions and countries.

The most difficult and responsible stage of the competition begins when leaders in confidence gaining become actively engaged in the competition. At this very stage partners for costly long-term collaborative projects are selected, which is considered as the "prize" in the competition. The successful implementation of such projects allows the region to pass to the "Premier League", facilitating further maximization and maintenance of confidence in the region.

The region will always be tempted to go directly to winning confidence of large companies and other regions in order to participate in major projects. The benefits from such projects are too obvious: international reputation, interest of potential partners worldwide, project implementation experience and new potential prospects. Regional authorities do not always consider the difficulties and costs such as intense competition over the participation in a project, significant resource and effort costs (tangible and intangible) for at least getting on the list of candidates for participation in such projects; originally high costs and long-term cost recovery; discontent of the

population, which may think that their daily needs are neglected for the sake of major projects; the declining confidence in the region in case of its failure, etc. The history of Tominskiy GOK construction and the failure of Yekaterinburg to win the right to hold EXPO 2020 prove that it is better to gain confidence step by step participating in competition for global projects only if the necessary confidence capital of the population and business in the region is developed.

Without confidence even good undertakings of both federal and regional authorities are doomed to failure. There are many examples of this in the Russian history. The example which proves it best is the Russian-Transcaucasian Trading Company, in which A.S. Griboyedov was actively engaged, who was not only the author of the famous “Woe from Wit”, but also the most influential official and a skillful diplomat. In order to develop and explore the region, recently annexed to the Empire, a new trading company with

joint state-private capital following the model of the British East India Company was expected to be established. Announced in 1831, the company, however, never initiated activities, despite government money invested in it. In the search for the reasons for company’s failure, the local official claimed that local Armenian merchants “are not prone to mutual agreement” and Moscow manufacturers, being the best hope of company’s project planners, did not invest in the company [24, pp. 152-154]. Without confidence in the authorities even the prospect of sole trade with the most prosperous region could not encourage Moscow merchants to cooperate neither with the government, nor with the Transcaucasian regional officials.

Unfortunately, nowadays the level of public confidence of residents and businesses in Russia still remains low. According to the results of our sociological survey in the Ural Federal District, the level of confidence between the federal subjects of the Russian Federation is also low (*Tab.*).

Distribution of answers to the question: “How would you rate the current level of confidence in Russian economy (between the federal subjects of the Russian Federation)?”, %

	All respondents	Including the representatives of:		
		authorities	business	scientific community
High	-	-	-	-
Above average	5	8	4	4
Average	42	58	40	29
Below average	30	22	27	39
Low	12	4	14	17
Not sure	11	8	15	11

The 2013 survey¹ showed that 42% of respondents rated the level of confidence in the economy as “below average” and “low”. The proportion of such answers among the representatives of the authorities amounted to 26%, while among businessmen – 41%, and among the representatives of the scientific community – more than a half (56%). The problem of confidence is fully relevant in Russia, and the prospects of the establishment of competitive cooperation between the territories in current economic environment will depend on its solution.

It would be fair to give positive examples of competition for confidence in the Sverdlovsk Oblast. Ural Mining and Metallurgical Company (UMMC) is particularly noticeable. The holding

¹ The survey was devoted to the assessment of the competition and the prospects of the establishment of competitive cooperation of the territories in current economic environment. Three hundred and sixty-seven questionnaires were received from the representatives of the authorities and management (128 respondents), businesses (111 respondents) and scientific community (142 respondents) of the Ural and Volga Federal districts. Among the representatives of the authorities and management are Deputies of regional and city dumas, leading experts of economic ministries and departments of the Sverdlovsk, Chelyabinsk, Tyumen, Orenburg and Kurgan oblasts, as well as employees of economic committees of cities such as Yekaterinburg, Nizhny Tagil, Izhevsk, Perm. The representatives of business community included heads and deputy heads of enterprises of small and medium-sized businesses operating in the Sverdlovsk, Tyumen, Kurgan, Chelyabinsk, Perm oblasts and in the Republic of Bashkortostan and the Udmurt Republic. The scientific community is represented in the survey by academic economists of Institute of Economics of the Ural branch of the Russian Academy of Sciences, Ural State University of Economics, Tyumen State Oil and Gas University, Perm National Research Polytechnic University and Udmurt State University.

company, being the largest copper producer in Russia, integrates more than forty companies in different regions of Russia and abroad. In addition, UMMC implements projects in the sphere of agriculture, construction and development, enters the market of telecommunication, medical and insurance services. Such a large company must inevitably build trusting relations not only with the Russian and regional authorities, but also with the population. This became particularly important when the implementation by UMMC of a series of projects provoked its prosecution of environmental damage.

Today the company continues to claim its responsibility for the development of the territories where the holding’s enterprises are located, for social welfare and the increases in the level of material well-being of the residents. UMMC plays an important role in the participation in the industrial personnel training program, implemented in cooperation with the authorities of the Sverdlovsk Oblast and other companies. In 2013 Corporate UMMC University of Technology was established (Verkhnyaya Pyshma), centers of engineering creativity for pupils in the Sverdlovsk Oblast were opened on the basis of joint projects under the Ural School of Engineering. Supporting regional business, the company tries to take on partners among local businesses, establishing long-term and mutually beneficial cooperation. Such

multilateral efforts in the development of the region and gaining confidence of the population deserve the highest appraisal and may be good examples to be followed. It is fair to say that UMMC successfully competes for confidence of not only the authorities and business partners, but also the population.

The government must also help build confidence. Confidence as the most important prerequisite of social transformations and a condition for achieving socio-economic stability must be the core of the state policy. The government must not only initiate, but also promote the establishment and development of confidence in economy by creating favorable conditions for doing business throughout the whole country, by protecting property, business entities, etc. [25, pp. 155-172]. It is necessary to ensure the unity and consistency (within reason) of the “rules of the game” operating in the territories of all sub-federal entities. Without such national regulation of competition for confidence the results of cooperation between regions, between regions, business units and the population would be negligible.

Confidence is based on many factors which must be taken into consideration regional competition. This determines the complexity of control and neutralization of negative phenomena and processes which can lead to losses while competing for confidence. These losses usually coincide

with the risk factors of reputational loss and the damage of the image of the region and business community. They include:

- legislation violation by market entities, failure to fulfil contractual obligations, inadequate quality of products and provided services;
- negative or indifferent attitude of regional authorities and individual companies to the needs of the population and businesses, to ethical issues and rules of corporate culture, social responsibility, etc.;
- unethical and fraudulent operations of business representatives and authorities of all levels;
- participation of regions, cities and companies in high risk and non-transparent projects;
- failure of the relevant authorities and structures to adequately protect the most important socio-economic projects of the regions from embezzlement and other economic crimes;
- absence of effective and efficient partnership of the regional authorities and business with the media.

Analyzing the world experience of building confidence in economy, we propose several recommendations for the establishment of effective regional competition for confidence.

1. It is necessary to use a variety of methods to disseminate objective information about the region in order to form its attractive image and positive reputation and, finally,

confidence in it. Media promotion campaigns extremely costly, but absolutely necessary in the process of gaining confidence. Newsworthy information may be very different. Charity, participation in joint social programs with authorities, and promotion of cultural activities contribute to the increase of frequency of the region's reference in the media and the creation of confidence of the population.

Participation of regional companies in exhibitions, specialized conferences, and steady work in professional associations within one's industry and chambers of Commerce and Industry promote the creation of a positive image, reputation and confidence in the region in a professional environment. Such associations may help coordinate competitive cooperation, develop general rules of the game and define the goals, objectives and development prospects of the industry and the region.

2. *As a major success factor in the competition for confidence it is important to consider the ability of regional authorities and companies to anticipate future technological and organizational changes*, which help be in advance of the rivals within the depth of the planning horizon. Both competitive cooperation in scientific and technological progress, in joint implementation of new technology and competitive intelligence, focused on the study of strengths and weaknesses of the competitors, not willing to cooperate, are effective.

3. *To minimize the risks posed by reliance on confidence in order to improve competitive immunity of the region, ensure its viability and confirm the success of the chosen confidence building strategy it is necessary to conduct permanent analysis of rivals effectiveness and partners' and consumers' loyalty, and to measure their level of confidence in the region and companies operating in it.*

4. *A timely competent adjustment of tactical actions, and sometimes a shift in paradigm of confidence building is required, based on the abovementioned monitoring of strategy, risks and level of confidence.*

5. *When competing for confidence it is not recommended to use methods which undermine confidence.* They include bribery of the authorities and the media, spreading false information about competitors, consumer fraud regarding the quality and characteristics of goods and services, etc. These methods may be beneficial in the near future, but they will completely destroy confidence in the region in the distant future. In addition, it is necessary to remember that sustainable development of modern economy is increasingly dependent on the interaction with competitors. Under the massive information flow the world is becoming more "transparent" and deception is getting more and more difficult to remain unnoticed. Honesty is the best and least expensive policy on gaining confidence. It is also important that "confidence must be earned" and maintained for as long as possible.

In conclusion, it must be emphasized that the establishment of competition for confidence among the regions in Russia will probably occur in the context of continued poor management quality (i.e. bad institutions) and lack of real federalism (which implies economic and political autonomy of the regions). In order for the regional competition for confidence to be realized in practice, it is necessary to ensure the stability of the rules of the game (institutions), institutional support is required.

The continuing lack of initiative from regions and municipalities in gaining confidence and competition for it is not often the result of lack of resources and finance. Lack of initiative and depressive character of the territories is largely due to a big amount of untapped potential in both organization and communication strategies of regional authorities. Regional authorities remain passive in the organization of state-private partnership, coordination of the cooperation of regions and municipal units,

mobilization of factors and conditions increasing the mobility and creativity of economy in the area under their jurisdiction. Of course, it is fair to note that today there is lack of drivers for such activities due to the fact regional and local communities have no real autonomy. It appears that the development of competition for confidence between regions is hampered by:

- uneven economic development of regions and municipalities;
- underdevelopment of the institutional environment;
- excessive dependence of economic development of the regions on the federal center;
- low level of confidence in the country, including the sphere of economy;
- weak mobility of regional and municipal economies;
- low diversification level of territorial economies;
- insufficient integration maturity of the territories.

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Study of the Quality of Life of the Older Generation: a Regional Experience*



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Abstract. The increase in life expectancy in Russia along with low fertility has led to the fact that the age structure of the population has undergone significant changes: the proportion of children in the total population was continuously reducing, while the share of people over 60 was growing. Such transformations have multiple impacts, ranging from the issues of financial provision of pension systems, functioning of the labor market to the change in the value orientations of society. The growth of socio-demographic groups of elderly people leads to the fact that it is becoming increasingly important for the socio-economic development of territories, thus facilitating research in the field of studying its

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resource potential and quality of life. The paper is devoted to the study of components of a “subjective” quality of life of the specified group of the population. The authors present conceptual approaches to the problem of an “ageing” society and specifics of studying the quality of life of the elderly. The paper substantiates the importance of sociological assessments in the study of issues typical of the elderly. The authors show the place of Russia in the international ranking of the Global AgeWatch Index and its position for all the four particular indices. Based on the findings of a sociological study, the authors highlight major problem areas that hinder the improvement of the quality of life of the elderly population, and put forward possible ways to level them. The paper considers the main normative legal acts that regulate the activities of federal and regional authorities in ensuring the decent quality of life of this socio-demographic group. The authors discuss several social projects (taking the Vologda Oblast as an example) that aim to improve the living conditions of the elderly, highlight the problems associated with the implementation and scientific substantiation of the relevance of these projects. The conclusion is made concerning the necessity of constant monitoring of the quality of life of the older generation at the regional level that, with proper management approach and accounting in strategic planning, will provide effective regulation of socio-economic development of territories in the context of population ageing.

Key words: quality of life, the elderly, secondary socialization, monitoring research.

The transformation of the demographic structure in Russia and in some developed countries is due to population ageing. The increase in the proportion of the elderly inevitably involves change in the social space, increasing the burden on the working population, and aggravating financial problems of the pension system. Society and economy will have to adapt to the changes: first, it concerns the attitude of society toward the elderly in general (“the concept of old age”), toward their role and place in society and economy, and second, it concerns institutional and infrastructural transformations that implement the principles of the society of equal opportunities for this socio-demographic group.

Population ageing is a global process, which nevertheless has significant territorial differences. Somewhere this demographic phenomenon emerged quite a long time ago and was of a moderate nature (in the countries of continental and Northern Europe), in other places the rates of increase in the proportion of older people were more rapid (Eastern Europe and Russia), in some regions this process has not yet begun (African countries located to the south of the Sahara). The values of major factors of population ageing such as fertility, mortality and migration can differ radically. Anyway, differences in the development of the process of population ageing have a definite impact on economic and social policy related to older citizens in the local area.

Even within one region of Russia, not all areas are homogeneous in socio-economic and demographic terms. The major cities of the Vologda Oblast such as Vologda and Cherepovets differ in many ways from its other municipal formations (hereinafter – MF) not only in population but also its age structure, fertility and mortality, migration, etc. For example, the proportion of older people in Vashkinsky District is 11 percentage points higher than in Vologda (29 and 18%). Accordingly, a system of activities carried out in each MF to implement the policy in relation to the elderly may differ both quantitatively and qualitatively, which affects the choice of instruments and mechanisms in achieving common goals and objectives.

Thus, the aim of the present paper is to study the quality of life of older people (within the framework of the sociological approach) and to analyze the demographic policy in the field of its provision.

Conceptual approaches to the problem of an “ageing society” and the quality of life of the elderly

The problem of rapid population ageing at a global scale is widely discussed at the highest level since the second half of the 20th century. However, still there exist opposing views regarding the manifestations and consequences of this process, which range from the recognition of population ageing as a worldwide achievement that opens new prospects in all spheres of life of

society to hypotheses about the exceptionally destructive nature of the process.

A famous French demographer Alfred Sauvy in his book “Théorie générale de la population” describes the ageing process as the most measurable, most consistent in its development, most adapted to forecasting, and most severe in its consequences [15]. Drawing an analogy with the ageing of an individual, we can say for sure that society, just like this individual, will change its “appearance” and values, although it is still not clear in what form it will be manifested. Thus, Polish demographer Edward Rosset was one of the first to point out the fact that society affected by population ageing is prone to innovation not only of a demographic nature, but also social, economic, political and psychological innovation [11]. It should be noted that both scientists were rather cautious in their statements concerning the possible consequences of demographic ageing.

There exist some opinions that are more elaborated. In 1996, a famous American economist L. Thurow in the book “The Future of Capitalism: How Today’s Economic Forces Shape Tomorrow’s World” noted that for the first time in the history, in society, there would emerge very large groups of economically inactive older people, who would continue to receive most of their income from the state and increase the already high cost of social security [27]. In his opinion, they burden the welfare

of the state, undermine the financial component, and threaten the investments that all societies need to make to ensure their future.

Thurow is right in pointing out that now the government is required to pay more attention to the problem of the elderly. There is an unspoken social contract, according to which parents care about their children and the society (the collective taxpayer) will take care of the parents. But the number of older people is increasing, which leads to an increase in the burden on the able-bodied members of society. However, Thurow did not consider an important feature: the achievements of modern medicine not only affect the overall growth of a person's life expectancy, but also his/her ability to prolong labor activity.

There is another issue, which can conditionally be called "generation gap". The findings of a research conducted in the late 1990s by American scientists K. Edwards and J. Wetzler are a telling example of this [22]. They argue that young people consider the elderly as a potential threat, they feel anxiety toward them, which is caused by those factors that accompany ageing (weakness, fatigue, possible physical disability). Edwards and Wetzler confirmed this hypothesis by their research, and they believed that the perception of the elderly as the threat was being overcome and the anxiety of the young was reduced if young people initially perceive themselves as part

of the group to which the elderly also belong and to which the young will belong to in the future.

Sociology and social gerontology consider several comprehensive theories of ageing, the main figure of which is an elderly individual and his/her role in public life (*Tab. 1*) [1; 13; 21; 23].

These theories affect the issue of adaptation of elderly people who have to readjust themselves under the conditions of institutional transformations. In fact, we are talking about secondary socialization. After "retirement", the circle of contacts narrows, former social roles disappear, economic activity reduces considerably. This is largely due to changes in the system of motivation of an individual throughout his/her life. Scientific papers published before the 1990s often point out that society shows disrespect for old age. An especially large amount of research is devoted to the negative stereotyping of the elderly, the phenomenon of ageism. All these factors lead to the fact that the threshold of retirement becomes an invisible barrier that splits the society. In this case, we can speak of "old age" as a conditional subculture that is based on the sense of community of older people and a gradual distancing from other social groups.

In the context of the above, the quality of life is becoming increasingly important for the formation of a humanistic social policy in connection with the need to adapt to new conditions of life in old age [4].

Table 1. Sociological theories of ageing society and the role of the elderly person in it

Name of a theory	Authors	Essence
Disengagement theory	E. Cumming, W. Henry, M.D. Aleksandrova	The gap between the individual and society takes place shortly after retirement, the elderly person mechanically continues to maintain old ties, inquires what is going on at work. The amount of information he/she receives is reducing, the range of his/her interests is narrowing, and the activity is falling.
Activity theory	M. Maddox	The main aspect is a positive relationship between the level of activity and life satisfaction. Activity theory suggests that older people should be involved in the life of society, this should mean that the more active people are, the more satisfied they are.
“Ageism”	R. Butler, M. Meade, L. Feuer, J. Mandel, D. Gutman, K. Victor, I.S. Kon	The concepts of social discrimination and rejection of people of older age groups by younger age groups.
Subculture of ageing theory	A. Rose	The theory assumes that discrimination against older persons and their sense of community give rise to the subculture of old age. In practical terms, A. Rose proposed to create villages, residential houses, residential care facilities for seniors.
Happy old age model	M. Baltes	Built on the idea of filling in the losses in old age by positive selection processes, compensation and optimization.
Socioemotional selectivity theory	L. Carstensen	The theory considers the relationship between the changes in terms of narrowing social contacts throughout life as a result of changes in the motivation system.

The concept of “quality of life” is usually used to characterize how fortunate the situation in life is for certain individuals as members of a particular social group. In the 1970s, a concept of a “binary” quality of life was developed: it deals with the objective and subjective quality of life [20]. This was the beginning of a still dominant understanding of the psychological component (personal perception) only as people’s subjective evaluation of their quality of life in general or some of its aspects [5]. The criteria for objective assessment of the quality of life are found in existing standards related to people’s needs and interests, according to which one can objectively estimate the

degree of satisfaction of these needs and interests. In this case, the following criteria are assessed: financial welfare of an individual (standard of living), state of health, living conditions, family situation, etc. From the theoretical viewpoint, the “quality of life” means that each person in the course of his/her life acquires his/her own life experience; therefore, different people assess the quality of their life in different ways. At that, the concept of “quality of life” as a whole is or its individual sectors are often associated with the concepts of “happiness” and “life satisfaction” [5]. In the present paper we will adhere to the following definitions: the quality of life is a sociological concept that

refers to a set of necessary and sufficient conditions for the realization of subjectively determined decent human life in a society [10]. It operates within the concept of social inclusion of the elderly and other categories of the population, the concept of society of equal opportunities, without denying the existence of subjectivity in the assessment and perception of “well-being” of life.

Sociological approach to the evaluation of the quality of life of the elderly

The world practice of research into the subjective side of the quality of life confirms the importance of using sociological methods. For example, the study of the quality of life using the SF-36 questionnaire is a universally adopted, highly informative, sensitive and economical method for assessing the health status of the population as a whole and that of individual social groups. The method provides the quantitative assessment of human life – the physical, psychological and social functioning of an individual [9].

Russian scientists E.V. Davydova, A.A. Davydov, M.N. Alferova, V.P. Babintsev, A.A. Belov, A.A. Garmashev, S.V. Zainchkovskaya, M.S. Salimov, etc. consider it necessary to combine the objective and subjective methods (particularly sociological) in measuring the quality of life. Sociological research methods allow us to evaluate important aspects of how people assess their own well-being (e.g., self-assessment of their health, relationships

with others, values, etc.) that complement and compensate for the objective indicators of the quality of life.

The results of the study of individual aspects of the quality of life of older people can be found in the works of the World Health Organization [28], the United Nations Department of Economic and Social Affairs [29]. One of the most informative and scientifically sound is a global study Global AgeWatch Index and its accompanying ranking of countries by quality of life and well-being of older people [25]. The index is calculated according to the method of an international non-governmental organization HelpAge International on the basis of statistical data and results of surveys obtained from national institutions and international organizations, and accumulated in the United Nations Population Fund (UNFPA).

The ranking is based on a statistical analysis of 13 indicators of the quality of life and well-being of the elderly in four main domains:

1. Income security (assesses people's access to a sufficient amount of income, and the capacity to use it independently, in order to meet basic needs in older age). Includes the coverage of pension income, poverty rate in old age relative welfare of older people and GDP per capita.
2. Health status. Includes health, life expectancy after 60 and the psychological well-being.

3. Capability. Includes the level of employment, level of education and duration of active life after 60 years.

4. Enabling environment (older people want to have the freedom of choice to live an independent life). Includes social connectedness, safety, civic freedom and access to public transport.

According to the Global AgeWatch Index, in 2015, Switzerland (90.1 points) was the best country for the elderly (*Tab. 2*). The top ten included South European countries (Norway, Sweden, Iceland)

and the countries of continental Europe (Germany, the Netherlands), Canada, USA, UK and Japan. The data presented in the table indicate that the quality of life of the elderly in the European Union, and other developed countries is much higher than, for instance, in the BRICS countries.

Russia was on the 65th place in this ranking with a score of 41.8 points. And it is worth mentioning that there were positive changes in the index of the quality of life of older people: in 2013, Russia ranked 78th (30.8 points). It is noteworthy that there is

Table 2. Global AgeWatch Index rankings and values on the whole and for individual indicators, 2015

Country		Rank and value		Income security		Health status		Capability		Enabling environment	
		Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value
Leaders	Switzerland	1	90.1	27	77.3	2	81.3	2	75.0	1	83.7
	Norway	2	89.3	2	89.4	16	73.5	1	76.3	4	80.1
	Sweden	3	84.4	7	83.5	12	75.2	5	65.6	6	79.4
	Germany	4	84.3	15	80.9	11	75.6	3	68.4	11	78.6
	Canada	5	84.0	10	82.9	4	80.3	10	61.2	9	78.9
	Netherlands	6	83.0	5	85.9	13	74.8	12	59.6	5	79.6
	Iceland	7	81.8	4	86.6	8	78.2	18	54.5	10	78.8
	Japan	8	80.8	33	75.1	1	83.9	7	62.7	21	75.0
	USA	9	79.3	29	76.3	25	70.1	4	65.7	17	76.8
	UK	10	79.2	14	81.5	27	69.3	20	53.6	3	81.8
	...										
BRICS countries	China	52	48.7	75	39.2	58	46.5	39	37.8	28	71.8
	Brazil	56	46.2	13	81.5	43	57.4	58	29.9	87	54.6
	Russia	65	41.8	30	76.2	86(!)	27.1	25	48.4	82(!)	55.5
	India	71	37.9	72	45.9	87	27.0	55	30.1	52	65.3
	South Africa	78	35.0	19	79.5	89	25.9	69	25.9	83	55.0
	...										
Outsiders	Mozambique	94	4.5	84	22.8	94	18.9	94	4.5	96	45.1
	Malawi	95	4.1	96	5.6	95	18.8	84	19.0	94	48.4
	Afghanistan	96	3.6	83	23.3	96	7.1	91	12.1	95	47.0

Source: Global AgeWatch Index. Available at: www.helppage.org/global-agewatch/

a significant differentiation of places that Russia occupies in the rankings according to private indices. For instance, if by the level of income security of the elderly it ranks 30th and is at about the same level as the US, Japan and Switzerland, the by health status it ranks only 86th, i.e. belongs to the group of the least developed countries. According to the Global AgeWatch Index, Russia has a high level of education and employment of the elderly (25th position), but the enabling environment is estimated as being very low (82nd place).

Thus, the results of the research conducted by HelpAge International help identify the main issues in the quality of life of older people in modern Russia:

- poor health;
- adverse social environment.

Let us pay attention to the fact that the status of pensioner as the person who no longer works predetermines with a high probability his/her low financial security [3]. For example, according to the data for 2014, the replacement ratio (the ratio of the size of the pension to average wage) in Russia amounted only to 36% (in the U.S. – 90.5%, in Switzerland – 56%) [18]. The high position of Russia in the ranking of the Global AgeWatch Index at the level of financial security is due to the fact that the Russian legislation allows for the opportunity to continue employment and receive pension benefits at the same time. The need for additional earnings is one of the reasons that compel older people to

continue to work after they have retired: in 1997–2012, the share of working old-age pensioners in Russia increased from 25.5 to 37.7%, respectively [12]. A higher level of education of “new” pensioners is also a significant factor in the growth of labor activity among retirement age people. However, in the vast majority of cases, the level of financial security of the elderly becomes lower, and cross-country differences are determined only by the magnitude of this reduction.

The purpose of the present paper is to study two other important components in the quality of life of older generation, namely, health and a supportive social environment. Considering the second criterion, we focus on the study of the structure of social ties as one of the most important elements of subjective well-being of older people [6]. Both components have a direct impact on the possibility of continuing employment (which, consequently, leads to an increase in the purchasing power of the elderly and an increase in pension capital) and social activity of older persons.

Given the importance of using sociological methods in studying the quality of life, the Institute of Socio-Economic Development of Territories of RAS conducted a research into the quality of life of older people in the Vologda Oblast in 2015. The survey was conducted with the use of the questionnaire survey, the quota sampling by gender and age, with the proportional distribution of the units

of observation (*Tab. 3*). Sample size was 1,500 people over the age of 50, sampling error did not exceed 5%. The questionnaire consisted of eight blocks of questions to assess different aspects of the quality of life of older people, including their health status, system of values and social relations.

The block of questions aimed to identify the respondents' satisfaction with their health status was formed on the basis of the standard SF-36 questionnaire. Domestic and foreign studies indicate a link between life satisfaction and high self-rated health: physical health significantly predicts satisfaction with the quality of life [16]. The data obtained during the survey indicate that only 22% of the respondents rated their health as "excellent" and "good" (*Tab. 4*).

As people get older, the percentage of positive ratings concerning the state of their health significantly reduces: from 35% in the population approaching retirement age (50–59 years old) to 5.5% in people over the age of 70.

Although the average life expectancy in women at retirement age is much higher, they are more pessimistic in their assessments of their health status than men are (the share of answers "mediocre" and "very poor" is 18 and 29%, respectively). As experts assume, the reasons why women assess their health as being poor include not only social and psychological factors, but also a much wider prevalence of chronic diseases in women than in men, which also has a significant negative impact on the quality of life and

Table 3. Distribution of respondents by gender, age and place of residence, persons

	Men, years					Women, years					Total
	50-54	55-59	60-64	65-69	70 and older	50-54	55-59	60-64	65-69	70 and older	
Vologda Oblast	155	148	116	54	108	183	192	165	85	294	1500
Vologda	32	31	27	13	22	45	48	41	22	62	343
Cherepovets	36	32	25	13	27	47	46	41	23	70	360
Districts	87	85	64	28	59	91	98	83	40	162	797
Including city	28	29	23	10	19	34	39	34	16	56	288
village	59	56	41	18	40	57	59	49	24	106	509

Table 4. Distribution of answers to the question: "How would you assess your health?", %

Answer option	Total	Sex		Age, years				
		Men	Women	50-54	55-59	60-64	65-69	70 and older
Excellent	1.5	2.4	1.0	3.8	1.2	1.7	0.0	0.3
Good	20.7	26.4	16.9	36.7	29.5	15.0	13.4	5.2
Mediocre	53.7	50.0	56.0	47.2	52.9	64.1	59.9	50.0
Poor	16.3	12.7	18.7	6.4	8.7	10.5	17.6	36.1
It is difficult to answer	7.8	8.5	7.4	5.8	7.8	8.7	9.2	8.4

the formation of assessments of their own health, despite relatively high indicators of life expectancy [16]. In turn, men over the age of 60 are much more susceptible to cardiovascular diseases than women in the same age category [19].

Women see a doctor more often than men: one woman in five among those polled goes to a medical institution not less than once a month, while among men – only one in ten does. Probably one of the reasons for

the greater duration of the period of survival in retirement age for women is their greater medical activity, which allows them to take timely measures to prevent disease and preserve health.

The questionnaire asked to assess the truth of some statements regarding the health status of respondents. Thus, according to one in five people among those aged over 50 (20%), he/she is more susceptible to disease compared to others (*Tab. 5*). Women

Table 5. Distribution of answers to the question: "To what degree is each of the following statements right or wrong in relation to you?", %

Answer option	Total	Men	Women
<i>I think I am more susceptible to disease than other people</i>			
Definitely right	3.7	2.9	4.2
Mostly right	16.7	15.1	17.7
I don't know	45.7	45.6	45.7
Mostly wrong	22.9	23.6	22.4
Definitely wrong	11.1	12.9	10.0
<i>My health is not worse than that in the majority of my acquaintances</i>			
Definitely right	8.8	10.5	7.7
Mostly right	36.4	34.2	37.8
I don't know	41.1	40.8	41.3
Mostly wrong	10.4	10.8	10.1
Definitely wrong	3.3	3.6	3.1
<i>I expect my health to deteriorate</i>			
Definitely right	1.6	1.7	1.5
Mostly right	16.9	14.7	18.4
I don't know	57.5	56.4	58.2
Mostly wrong	16.5	18.1	15.4
Definitely wrong	7.5	9.0	6.5
<i>My health is excellent</i>			
Definitely right	2.9	4.2	2.0
Mostly right	18.3	22.5	15.6
I don't know	37.7	38.6	37.1
Mostly wrong	25.7	22.9	27.5
Definitely wrong	15.4	11.7	17.8

agree with this statement more often than men (22 and 18%, respectively). With the increase in age, the share of people who consider themselves to have more illnesses than others also increases: the proportion is 12% in the group of persons aged 50–54, and the proportion is 29% in the group of those older than 70. About half of the respondents (45%) agree with the statement that their health is not worse than in the majority of their acquaintances, and one in five people (21%) believes that in general his/her health can be called excellent. When speculating about the future state of their health, 18.5% of the respondents expect that it will deteriorate. And here women are also slightly more pessimistic than men (20 and 16%, respectively).

Two-thirds of the older people who participated in the survey (66%) point out that occasionally their physical and emotional state prevents them from active communications with others, visits to relatives, etc. This again confirms the fact that poor health of older generation represents a significant limiting factor in the process of communication with even the nearest environment, and this has a negative impact on social relations and, in extreme cases, can cause desocialization.

The system of cultural and moral values developed in the old people's environment is an important factor influencing the subjective quality of life of the elderly. Thus, a monitoring survey of public opinion conducted by ISEDT RAS in 2014 that

applied the value survey developed by Milton Rokeach has shown that the values of older residents of the Vologda Oblast differ little from the values of other socio-demographic groups (*Tab. 6*). Good health, material prosperity, happy family life and the presence of loyal friends – these are the specific terminal values that are most important according to most respondents. Significant age difference acts less importance for the elderly. This is because for most people in retirement the value of leisure prevails over the desire to continue working, which is probably due to the quality of working life, labor activity (for example, high levels of stress, violation of the regime of work and rest, not by vocation, professional burnout, etc.).

In the system of abstract values of older people the first place is occupied by wisdom, which is reflected in the maturity of judgment when making important decisions. Higher places in comparison with the values of the population of the region as a whole are occupied by altruistic (care about other people's happiness) and aesthetic (contemplation of the beauty of nature and art) values. Worldly wisdom and an altruistic orientation serve as a base for one of the most important functions of the social group of older people – the transfer of life experience to younger generations. This function is carried out mainly in the family circle. Nuclearization of family relations that becomes more and more widespread in Russia reduces the possibility

Table 6. The system of values of population of the Vologda oblast according to the method of M. Rokeach, 2014

TERMINAL VALUES	Average for the Vologda Oblast		Older people	
	Average score	Rank	Average score	Rank
Concrete (ranked according to the average score for the Vologda Oblast)				
Health (physical and mental well-being)	4.36	1	4.30	1
A comfortable life (a prosperous life)	4.35	2	4.20	2
Family security (taking care of loved ones)	4.31	3	4.03	3
True friendship (close companionship)	4.08	4	3.87	4
Interesting job	3.72	5	3.12	8
A sense of accomplishment (lasting contribution)	3.68	6	3.38	5
Social recognition (respect and admiration)	3.62	7	3.32	6
An exciting life (a stimulating, active life)	3.56	8	3.30	7
Pleasure (an enjoyable, leisurely life)	3.45	9	3.01	9
Abstract (ranked according to the average score for the Vologda Oblast)				
Mature love (sexual and spiritual intimacy)	3.96	1	3.63	2
Inner harmony (freedom from inner conflict)	3.88	2	3.61	3
Wisdom (a mature understanding of life)	3.82	3	3.80	1
Freedom (independence, free choice)	3.70	4	3.42	6
Development (self-cultivation, continuous physical and mental improvement)	3.62	5	3.41	7
Happiness of others (well-being, development of other people and population in general)	3.62	6	3.52	4
Cognition (an opportunity to expand one's education, outlook, culture intellectual development)	3.61	7	3.40	8
A world of beauty (beauty of nature and arts)	3.51	8	3.47	5
Creativity (possibility to engage in creative activity)	3.29	9	3.04	9
Source: ISEDТ RAS public opinion monitoring data, October 2014.				

of communication between relatives, which is a risk factor for loneliness and desocialization of the elderly [14].

Communication processes and social relationships are the most important factors in the secondary socialization of the elderly. According to the survey, in general, older people are satisfied with relations in family and with friends (67%). However, the older a person gets, the lower the level of his/her satisfaction. The reason is that when an

individual grows old, the circle of contacts narrows considerably, and many older people are faced with the problem of loneliness. The results of a study of the quality of life of older people in 2015 show that 9% of the respondents consider themselves lonely, a little more than 40% of the respondents occasionally feel lonely (*Tab. 7*). There is a growing number of lone residents: if at the age of 50–59 this share is 11%, then at the age of 60–69 it is 22%. The next and most

Table 7. Distribution of answers to the question: "How often do you feel lonely", %

Answer option	Total	Sex		Age, years				
		Men	Women	50-54	55-59	60-64	65-69	70 and older
Constantly	9.1	6.3	10.9	5.2	4.6	8.0	9.9	17.0
Sometimes	40.7	35.9	43.7	35.9	42.5	44.3	44.4	39.3
Virtually never	36.8	40.2	34.6	43.7	39.0	35.5	34.5	30.4
It is difficult to answer	13.5	17.6	10.8	15.2	13.9	12.2	11.3	13.4

significant increase is observed in people aged over 70, when this indicator increases to 37%. And this happens more often among women, because in the majority of elderly couples men pass away before their female partners. According to foreign studies [26], married people, regardless of age, assess the level of their well-being higher than unmarried ones [24]. The issue of loneliness is to the greatest extent common among two polar age groups: adolescents and the elderly. Moreover, adolescents are faced with this phenomenon even more often than the elderly; however, its causes differ for these two groups [17]. For instance, in adolescence, the emergence of feelings of loneliness is more often caused by personal characteristics of an individual and his/her behavior, while in old age this problem falls into the category of social issues caused by the breakdown of previous social relationships, as well as the stereotyping of the socio-demographic group of older people.

Loneliness among the elderly is mostly a system-wide phenomenon emerging under the action of an invisible barrier that conditionally divides human life into periods "before retirement" and "after retirement". Thus, an increased importance is attached

to the existence of regular communication and maintaining intergenerational ties. Our survey shows that pensioners socialize mostly with their neighbors and children (39.5 and 31% of the respondents noted that it is possible to communicate with them every day). One-fifth of the respondents (21%) communicate daily with their grandchildren. Older people communicate more seldom with their other relatives (about 3.5% of retirees do it every day), friends (7%) and work colleagues (10%). From this we can conclude that social contacts of pensioners are mostly limited to their immediate environment (immediate family members and neighbors), and this is where their main social ties manifest.

Another factor that has a rather significant impact on how the elderly perceive their well-being is their confidence that they can still be useful to society. More than one third of the respondents (36%) think they are not of any use to the state and society, and only 28% think otherwise. However, with regard to their family, about 78.5% of the elderly point out their usefulness. More than half of the respondents (54%) believe that they do good to their friends, colleagues and neighbors.

On the whole, the study confirms the relevance of many of the issues concerning the quality of life of the elderly (low assessment of their own health, loneliness, breaking social ties). The combination of these phenomena has a negative impact on how the elderly perceive their environment and their own well-being, and in some cases it can evoke the feelings of “uselessness” and frustration. The authorities should direct their efforts to the solution of these problems through the development and implementation of the measures, among which the priority ones, in our opinion, are as follows:

1. Improvement of the system and principles of providing social services to the elderly with the aim of ensuring decent living conditions and better health. It is necessary to focus on the promotion of ideas of health-preserving (self-protective) behavior among people [7]. We believe that this direction can be successfully implemented if the federal and regional levels adopt the concept for active longevity, the purpose of which includes the formation of personal responsibility for one’s own health, and the acquisition of knowledge and skills for a long and active life.

2. Development of effective and less expensive ways of working with older people. In the conditions when their number increases continuously, the expenditure part of the federal and regional budgets on many items will also increase (including social services expenditures). In this case,

one of the ways to improve the functioning of the social service system can be a gradual transition to in-home elderly care. Support within the family and family relations are crucial for older people; therefore, government support can be directed toward strengthening family relationships. It is necessary to consider the possibility of introducing preferences for people who care for their elderly relatives: for example, providing flexible working arrangements or financial compensation of a part of potential earnings.

3. Establishment of favorable conditions for the secondary socialization of the elderly, which will shorten considerably the period of adaptation of pensioners to new conditions. These measures should be implemented through the establishment of communication between older people and other age groups (both at the level of the whole society and at the family level) in order to prevent social and cultural “gaps” between them. This function can be performed by cultural and leisure centers for the elderly; these institutions, as shown by a successful experience of such an institution in the city of Vologda (“Care” center), promote re-socialization of the elderly and help them maintain their active lifestyle.

4. Introduction of training in gerontology for the professionals who work with older people: health workers, teachers, specialists in the reactionary sphere and the sphere of leisure. Working with older

people requires appropriate skills and should aim to support emotional well-being for the prevention and control of loneliness, identity, social relations and participation in social life.

Regional and municipal authorities bear the main functional load in the sphere of formation of specific areas and programs of demographic policy and allocation of available resources for its implementation. The most important function is to adopt strategic documents taking into account the specifics of the municipality.

Shaping social policy in the interests of the elderly in an ageing population

The increase in the intensity of demographic ageing and the decline in the working-age population in Russia cause a growing concern in the ruling circles. Socio-economic policy in these conditions should simultaneously aim to maintain a decent standard of living and quality of life of older persons and create conditions for the implementation of the resource potential of this population.

In this regard, according to the Decree of the President of the Russian Federation Vladimir Putin, in 2015, the Ministry of Labor developed a draft “Strategy of actions in the interests of elderly citizens until 2025”, which aims to define the principles, objectives and priorities of the state policy with regard to the older generation. The strategy is a document of the federal level, the main goal of which is to create a unified system of measures recommended for

implementation in the regions. In turn, when regional authorities develop the measures, they should take into account the specifics of the concrete subject of the Russian Federation, its economic, social, cultural, geographical, religious and other distinctive features.

The main areas of governmental social policy with regard to the elderly are reflected in the orders of the President of the Russian Federation that he gave after the meeting of the Presidium of the State Council of the Russian Federation (the List of instructions of the President of the Russian Federation “About the development of the system for social protection of senior citizens” dated August 5, 2014 No. PR-2159). They concern the application of the differentiated approach to the definition of the forms of social support for the elderly, to the development of modern forms of social services and alternative forms of care, to the development of conditions for leisure activities for the elderly, computer training, development of the social services market. These tasks are implemented in the region through the activities under the state program “Social support of the Vologda Oblast citizens for 2014–2018” and strategic plans and programs of the Department for Social Protection of the Vologda Oblast population.

The issues concerning the quality of life of older people remain a subject of discussion of the Vologda public. For instance, on April 1, 2016 in Vologda, a round table

“Active generation: solving tasks – changing lives!” was held on the basis of the “Foundation for support of civil initiatives” in the framework of the charity program “Active generation” (sponsored by Elena and Gennady Timchenko Foundation). The event presented the results of the program in 2015, and the projects that received support from the Fund and that are being implemented on the territory of the Vologda Oblast:

- “Psychological assistance in overcoming grief and bereavement in the elderly” (Vologda);
- “Organization of safe activity for older people”. The booklet “Home alone” and “Social courier” (town of Totma);
- “Mobile veterinary clinic” (Vologda Oblast);
- “Theatre studio “Neunyvai-ka (stay positive)” (Cherepovets);
- “Creating a comfortable environment for the residents and the disabled elderly in the Monastery of St. Nilus of Sora” (Kirillovsky District).

It is difficult to overestimate the importance of all these projects in working with elderly population in the Vologda Oblast. But several problems still exist. Although the project organizers initially do not attempt to cover the maximum possible number of people, the scale of the activities appears to be low. Probably, one of the reasons is the lack of funding (the amount of grant funds allocated varies in the range from 50 to 100 thousand rubles), which prevents

the expansion of the coverage. However, the most important problem, in our view, is to substantiate the projects scientifically. The whole system of programs should be based on the results of scientific research that identify and reveal priority issues in the quality of life of older people. Programs and projects to improve the living conditions of the elderly implemented on the territory of the Vologda Oblast aim to solve the problems identified, in particular, in the course of the studies conducted at ISEDT RAS. Nevertheless, some of them have not been addressed. For example, promoting the employment of elderly population. ISEDT RAS research held in 2015 shows that one in five unemployed pensioners in Vologda (20%) is willing to undertake any kind of work, if such an offer arrives. It is impossible to ignore the fact that 13% of the interviewed elderly people encounter age discrimination in employment [2]. Of course, employment is first and foremost the object of attention of regional authorities. But the business community and non-profit organizations (NPOs) may also have a significant effect on the change in the situation (e.g. introduction of customized jobs for the elderly; introduction of a system of internships for pensioners with the right of conclusion of the employment contract, etc.). In our opinion, when developing a project, the priority should be given to a comprehensive analysis in the area under consideration, which, however, requires an information base.

In order to identify the problems of the elderly on time, it is necessary to carry out a constant monitoring of the quality of their lives.

The most famous studies that monitor the standard of living and quality of life are the “Russian monitoring of economic situation and population health at the NRU HSE” (conducted since 1992), “Parents and children, men and women in a family and society” (was conducted by the Independent Institute for Social Policy in 2004–2011), monitoring studies carried out by VtSIOM and others.

Following the meeting of the Presidium of the State Council of the Russian Federation (the List of instructions of the President of the Russian Federation “About the provision of a comprehensive monitoring of the socio-economic situation of the elderly, including the identification and consideration of all older people in need of social services” dated November 27, 2010 No. Pr-3464GS, i. 2), the executive authorities of constituent entities of the Russian Federation were instructed to carry out a monitoring of the standard of living and quality of life of older people and adopt measures based on the results obtained that would help raise their standard of living. However, such studies targeted directly at the problem of the quality of life in this socio-demographic group, are not numerous. All the studies are carried out at the regional level and are often non-recurrent. Examples of such studies are the

Study of the socio-economic situation of elderly citizens in the Sverdlovsk Oblast (carried out in 2012 by the Ural Institute for Social Education (branch) of the Russian State Social University in Yekaterinburg), and the “Comprehensive monitoring of the socio-economic position of older people in the Samara Oblast (carried out in 2012 by Business Group Ltd. upon the order of the Ministry for Social-Demographic Development of the Samara Oblast).

One of the most elaborated research, from a scientific point of view, is the “Comprehensive monitoring of the standard of living and quality of life of elderly citizens of the city of Moscow” conducted in 2011 by the Institute for Retraining and Advanced Training of Managers and Specialists in the Social Protection System of the City of Moscow (GAU IPK DSZN) according to the instruction of the Department for Social Protection of the City of Moscow. It meets the social monitoring requirements such as appropriateness, continuity, periodicity, comparability, objectivity, predictability, and considers objective and subjective indicators that characterize and the quality of life of older residents.

At the same time, the data to be collected and the choice of the spheres of life to be surveyed basically depend on the current system and the forms of statistical observation and do not fully conform to the recommendations of the Health Ministry of Russia. The procedure of collecting data and reporting the monitoring data is not uniform

and it is determined by the normative documents of the executive bodies of Russian Federation subjects. Due to this fact, it is necessary to work out a common form for monitoring studies to create the conditions for a comparative analysis across all regions of the Russian Federation.

In our opinion, the experience of monitoring studies at ISED T RAS and its study “Quality of life of the elderly in the Vologda Oblast” create all the necessary conditions for the formation of long-term monitoring of the quality of life of older people in the region. The results of the monitoring will help, first, trace the dynamics of change in old people’s assessments of their quality of life; second, evaluate the effectiveness of activities held in the Vologda Oblast and aimed to improve the living conditions of senior citizens; third, set out strategic directions in the sphere of regulating the socio-economic development of the region in the conditions of population ageing.

In conclusion we should point out that population ageing is not just a demographic process reflected in the increasing proportion of older people, but it is a phenomenon that causes structural change in practically all the spheres of public life. The concept of “ageing society” implies a change in the socio-cultural paradigm, the revision of the attitude toward the elderly as a disadvantaged group. In the context of demographic ageing, the resource potential of this part of the population becomes

a critical aspect of sustainable socio-economic development of territories. In this connection, of special importance is the study of the problems of the quality of life in this socio-demographic group. The studies that have been conducted, including those based on subjective assessments given by older people themselves, confirm the relevance of many of the issues typical of old age, such as: poor health condition, “breaking” social ties, and a feeling of loneliness. Together, these phenomena build the very “invisible barrier” that separates older people from the rest of society and divides life into “before” and “after” retirement. In most cases, the consequence is a further decline in physical and social activity of older people, which certainly is an obstacle to the implementation of their resource potential. The solution to the above problems should be a priority for federal, regional and municipal authorities responsible for improving the quality of life of older citizens. The choice of directions and measures to improve the policy in relation to the elderly should be based on the data of the monitoring studies of the quality of life of older generation, and this is what the majority of Russia’s regions, including the Vologda Oblast, lack. In general, it should be noted that the region is experiencing positive change in the sphere of work with older people: the normative-legal base is being improved, new projects are being developed. In our opinion, in the future, regional authorities, socially

responsible businesses and NPOs need to focus on the promotion of employment of the retirement age people, because this

socio-demographic group has huge resource potential, which, unfortunately, has not yet been disclosed.

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Life Strategies of Young People: Sociological Research Experience



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Abstract. Modern reality is the world of formation of various life prospects of a young person. The relevance of the topic depends, firstly, on insufficient sociological research into the mechanism of formation and realization of life strategies of modern youth; and, secondly, on the need to substantiate the sociological concept of youth life strategies in terms of professional self-determination with regard to its social and group characteristics. In this context, young people as the most active social group are of great interest to the authors who consider them a research target. Due to the transitivity of a social status and the incomplete processes of social maturity formation young people need a targeted design of their future. The sociological analysis of the issue involves a clarification of the concept of “life strategy” at the conceptual level (A.A. Volokitin, S.N. Ikonnikova, E.I. Golovakha, Yu.A. Zubok,

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V.T. Lisovsky, M.N. Rutkevich, G.V. Leonidova, K.A. Ustinova, etc.). The article presents the author's definition of "life strategies", which is a dynamic system of perspective individual orientation aimed at designing one's life in the future. At the same time the results of the author's sociological research are presented, including a standardized interview, questionnaires, which provide an opportunity to form an idea about the living choices of young people living in Yugra. The declining influence of social institutions and the emerging opportunities for developing their life prospects on their own challenges young people to select their life targets and ways of their implementation independently. The article justifies the necessity of intensified activation of new forms of young students' management when planning their life trajectory. Life strategies disclose its content in specific life situations associated with choice. The key choice is the career choice of young people which directly depends on the socio-economic conditions of regional development, accumulating all the institutional contradictions in the spheres of education and labor and creating various social problems in the life of young people.

Key words: young students, social group, social maturity, life strategy, life prospects.

The modern world provides great opportunities for the formation of various life strategies of a person. On the one hand, there is a wide range of opportunities for self-determination, individual freedom in self-actualization, individual initiative and creativity; on the other hand, there is a growing problem of survival related to the process of social differentiation of the population, the loss of social guarantees, the increase in social tensions and the decrease in the standard of living [2, p. 217]. Significant shifts in young people's public consciousness occur on the background of these transformation processes. Despite a relatively high level of young people's social optimism, they express their dissatisfaction with the declining quality of life which has become more apparent in recent years; favor the reform of the improvement of the socio-economic wellbeing of the country and the formation of civil society [5, p. 17]. Amid

global social changes the study of young people's life prospects is becoming relevant due to a number of circumstances.

First, due to the reduced role of traditional institutions of socialization and value modification.

Second, young people ensure the development of society, therefore the study of their life strategies becomes the most important indicator which helps predict further social processes and development trends.

Third, there is a deformation of the age structure, which indicates the beginning of depopulation process.

Finally, the process of social differentiation leads to the change in young people's status in society, which is manifested in the growth of unemployment among the youth and in reduced prospects in social growth and professional self-actualization.

The concept of “life strategy” holds a special place in the conceptual framework and is used in different contexts. Its primary purpose is to implement long-term interrelated actions aimed at achieving the desired result. The content of life strategy is a set of rules for decision-making used to determine activity directions. Unfortunately, the majority of young students is not capable of strategic rebuilding of their future and prefers to “go with the flow” and “live in the present”.

It is known that life strategy¹ implies a high level of organization of the culture of living. Life strategies are the research target of a wide range of scientific knowledge, in particular philosophy, psychology, social studies, cultural anthropology, etc. Each of them examines a particular aspect of formation and implementation of personal life strategies. However, with all the diversity of scientific research, the problem of life prospects formation remains theoretically and empirically under-explored and the definition of the given scientific category lacks logical precision and clarity (*tab. 1*).

According to the interpretations of the term presented in table, the formation of life prospects of young students is influenced both by external factors, involving changes in the scope of their activity and internal factors, manifested in the change of value

¹ Life strategy – a system of perspective individual orientation aimed at conscious planning of one’s future life (author’s definition).

identity and the design of academic and professional plans. Our position resonates well with the opinion of local researchers, T.E. Reznik and Yu.M. Reznik, who claim that life strategy is a dynamic system characterized by a well-designed scheme of value orientations, goals set on their basis, and the meaningfulness of behavioral attitudes. It is safe to say that the identification of a life trajectory of a young person is a purposeful process of the realization of the concept of life, the success of which primarily depends on the level of a person’s social activity and responsibility acceptance. This is confirmed by L. Hjelle, who also emphasizes that each person’s development in this direction is unique [21, p. 307]. A similar position is expressed by E.I. Golovakha, who stresses that “life prospects should be considered as a holistic image of the future” [3, pp. 266–267]. It is generally accepted that amid the turbulent state of the society young people are characterized by divergent life strategy realization vectors and lack of life meaningfulness and clarity of attitude formation.

In order to study life prospects of young students in 2015 an author’s research was conducted in three municipalities of the Khanty-Mansi Autonomous Okrug (Ugra), including Surgut, Lyantor and the settlement of Nizhnesortymskii. In order to conduct comparative analysis, analytical materials on the Khanty-Mansi Autonomous Okrug have been used, which are presented in the report

Table 1. Life strategy is ...

Representatives (authors)	Essence	Positions and approaches
K.A. Abul'khanova-Slavskaya	Principal ability of an individual to link their personality with the living conditions, to reproduce and develop, realized in various environments and circumstances [1].	According to the concept, complex analysis of an individual life strategy implies the connection of the person's individual, status and age capabilities with public demands.
A. Adler	The formation of a person's lifestyle which may be considered as an integrated style of life adjustment and interaction [18].	In this case, life strategies are considered from the point of view of the adaptation approach. The author believes that a person's lifestyle begins to form in the childhood, acquiring integrated features for successful life adjustment and interaction.
Yu.A. Zubok	An idealized reflection of the future life trajectory of young citizens entering employment [6].	The definition indicates that young people do not always consider the uncertainty of possibilities of a good career start and self-actualization in the society.
D.A. Leont'ev	A person's ability for self-development, creation of individual history, and reconsideration of their own essence [10].	This definition reflects a profound meaning of an individual's self-actualization.
M.B. Marinov	A rationalized, space-, time- and future-oriented system of relations between the human and the society implemented by a visionary personality based on resource management and the value of human life [11].	From the point of view of socio-philosophic analysis, the strategy implies individual activity self-reflection at two interrelated organization levels – environmental and time-and-space. The cultural aspect of life strategies' social dimension is presented in the context of interaction between the culture and the personality.
A.V. Petrovskii	A form of focused organization of a human's life including the attitude to their own capacities and resources, their actualization and realization [12].	The basis of the concept is the understanding of the term from point of view of conscious establishment of targets and objectives, basic activity directions, priorities and values, new ways of problem solution both in personal life and in the society by a person.
M.N. Rutkevich	Self-prediction, orientation formed in the consciousness by the time of further life trajectory choice [16].	Implies a system of activities arranged in a specific sequence which help realize a person's life plan.
T.E. Reznik, Yu.M. Reznik	A dynamic system of perspective and long-term orientation of an actor in the future life in order to transform it in a specific socio-cultural environment [15].	Types of strategies are distinguished by a number of institutional features: socio-economic position; way of reproduction and transmission of cultural standards; a control and regulation system; social character; professional ethnicity, which, in combination, form a complex criterion of sociological classification of life strategies.
G.A. Cherednichenko	Active choice of a personality, in which specific objectives and resources are considered as elements [20].	The idea of life strategies as active choices is defended; specific objectives and resources as indicators representing a life goal and achievements of an individual with attention to the study of vocational orientations are distinguished as elements of these choices.
E. Fromm	A controller of social behavior in modern conditions which provides successful social adaptation, full self-actualization and the development of a person's identity [8].	Life strategy, from the point of view of an individualistic approach, regulates an individual's social behavior and shapes his/her identity at the intersection of public demands and requirements for an individual.
C. Jung	"Self-attainment", continuous gaining of new skills and achievement of new goals [18].	From the point of view of an individualistic approach, during their whole life humans continuously acquire new skills, achieve new goals, which promotes their full development. The outcome of activity is the establishment of a united, unique and whole individual.

of the Socio-Political Analysis and Public Affairs Committee of the autonomous okrug Governor's Office.

The choice of a social group of young students as a research target is justified by its extremely heterogeneous composition. It is known that this age is characterized by the physiological maturation, the social development of the personality, the educational process and the establishment of a future professional activity foundation and life trajectory [4, p. 148]. Moreover, this group is marked by a diversity of functions, roles and social statuses which correspond to the stages of personality growth. The objectives set by the sociological research are as follows:

- identification of social well-being of young students;
- study of academic plans of young people;
- prediction analysis of professional strategies of Ugra young people.

According to official statistics, the number of general population estimated 368.8 thousand of Ugra young people. The sample size consisted of 750 people aged 15–18 (inclusive): in Surgut – 457 people, in Lyantor – 225, in the settlement of Nizhnesortymskii – 68 people. When selecting the respondents, quota sampling and target demographic methods have been used. The sample is representative, the structure of the sample population by place of training and dwelling corresponds to the structure of the sample population.

On order to attain the objectives the following research methods have been used: questionnaires, expert interviews, content analysis. Fifty-seven experts took part in the expert interview – teachers of educational institutions and active members of parent community.

The term “young people” is a well-known social category; however, it does not have a single interpretation, especially in terms of age limits of this socio-demographic group. In the Russian Federation a youth is a young person aged 14–30 (in Europe – 15–29). This study adheres to theoretical and methodological approaches which present young people as the “most active social group aged 14–30 and characterized by a high level of social mobility, intellectual activity and health, which distinguishes it from other social groups and helps quickly adapt to modern living conditions” [9, p. 102]. Nowadays there are about 35 million young people in Russia, which amounts to approximately 25% of the total population of the country². Young people certainly play a significant role in the development of the modern society. First, they are a source of innovative ideas and a huge amount of energy for transformation processes. Second, they put new creative ideas into practice [17, p. 10]. This is confirmed by V.T. Lisovskii, who claims young people to be “an important subject of social changes, a huge innovative force on which depends the welfare of the society” [7].

² According to the Federal State Statistics Service.

Figure 1. Number of young people aged 14–30 in Russia, million people



Source: Demographic forecast of the Federal State Statistics Service up to 2030.

The Federal State Statistics Service demographic forecast for young people up to 2030 is disappointing: statistical indicators confirm that Russia will experience a sharp reduction in the number of young people – from 35.2 million in 2012 to 25.6 million people in 2025, i.e. by 27.3% (*Fig. 1*).

The results of international research of the position of young people in Russia are alarming. In 2013 the Russian Federation was ranked the 88th among 170 countries on Youth Development Index (YDI)³.

In this situation it becomes obvious that the economic and social burden on the Russian youth will increase in the near future. The process of youth population reduction may lead to the deepening problem of the formation of human resources which

³ http://www.youthdevelopmentindex.org/cms/cms-youth/_images/197918019952385f3219c75.pdf

are able to increase the intellectual and technological capacity of the country and reduce highly qualified personnel training, which will result in the growing external technological dependence of Russia. In this regard, the state policy should be focused on solving the key problem of ensuring an intensive growth of human capital and, consequently, improving the quality of life.

The Russian Federation demographic policy Concept for the period up to 2025 emphasizes the need of including objectives and activities aimed at improving the demographic situation into federal and regional programs of the socio-economic development of territories. At the same time the Concept raises the need to minimize physical and social losses and the issue about the most profound and effective socialization of young people, the

development of traditional values and the creation of opportunities for positive youth development.

The Khanty-Mansi Autonomous Okrug is one of the “youngest” regions of the Russian Federation ranked the 8th. The characteristic feature of the okrug is the stability of its demographic development which is provided by the youthful age structure of the population (*Tab. 2*).

The average age of Khanty-Mansia residents in early 2015 was 34.1, which is 5.3 years less than the average age of the Russians (39.4). The share of people below working age in the country’s social

structure is 22.4%, which is 4.7 percentage points higher than the national average (17.7%). There is also an annual growth of birth rate indicators in the autonomous okrug, which positively affects the natural population growth and ensures a stable economic and financial situation of the territory (*Tab. 3*).

The distinctive social quality of the youth is their ability to participate in active transformation of the society. It should be noted that young people in the context of transformational changes are more flexible in responding to social changes, more aware of the processes occurring in various

Table 2. Youth demographic indicators in the Russian Federation and the Tyumen Oblast, %

Federal subjects of Russia	2012			2015		
	Number of young people aged 14–30, people	Population, people	Proportion of youth population in total population, %	Number of young people aged 14–30, people	Population, people	Proportion of youth population in total population, %
Tyumen Oblast	398254	1571546	25.34	342617	1748409	19.60
Khanty-Mansi Autonomous Okrug	398254	1571546	25.34	342617	1748409	19.60
Yamalo-Nenets Autonomous Okrug	141894	564311	25.14	133363	644980	20.68
Russia	35226771	143902170	24.48	25639217	143204049	17.90

Source: Federal State Statistics Service demographic forecast up to 2030.

Table 3. Demographic indicators dynamics of the population in the Khanty-Mansi Autonomous Okrug, people

Dynamics of demographic situation indicators	2011	2012	2013	2014	2015
Resident population (annual average), thousand people	1549.2	1572.7	1590.7	1604.716	1621.1
Number of people born, people	25393	27712	27770	27676	27796
Natural population growth, people	15325	17826	17803	17365	17421

Source: Demographic Yearbook (2011–2015). Part 2: the Khanty-Mansi Autonomous Okrug – Ugra.

fields of science, technology and social life. They rapidly acquire modern forms of communication and technology and are actively engaged in the global information space.

The empirical research of young students' self-actualization consists of three blocks. The first block includes the indicators of social well-being. The second – the results of youth academic plans research in the Khanty-Mansi Autonomous Okrug. The substantive basis of the third block is formed by young people's professional preferences representing the future life attitude. The article considers each block separately and in detail.

Problems and social well-being of the youth of the autonomous okrug

The concept of “social well-being” characterizes the general attitude of a person, their life assessment, its comfort or discomfort. The contemporary society crisis period in many spheres of life creates many problems for modern youth. Against the background of transformational changes they experience the feeling of insecurity

and lose confidence in the future; their psychological stability declines, their social attitudes change and social tensions emerge.

Social well-being is a complex sophisticated system interacting with various processes and mechanisms of purposeful activity of an individual, which have an impact on their development. It is important to study the social well-being of young students because of their social, age and psychological characteristics, as they are most susceptible to external influence.

During the questioning, the respondents were asked a question: “Does your future seem promising to you?” According to *Table 4*, positive attitudes of most respondents are explained by the fact that these young people are still dependent on their parents and have not yet faced the difficulties of independent living. Thus such positive attitude is attributed to their age peculiarities.

One of every two respondents is confident about their future prospects. Such positive approach is explained by the mobility, optimism and loyalty of the representatives of this age group. Moreover, their attitude

Table 4. Expectations of Ugra youth, % (“Does your future seem promising to you?”)

Variant	2015			
	Surgut	Lyantor	Nizhnesortymskii	Khanty-Mansi Autonomous Okrug
Yes	43.5	38.9	48.8	49.7
No	31.4	29.7	37.4	35.8
Not sure	22.1	27.1	10.8	18.4
No answer	3.0	4.3	3.0	6.1

Compiled from: analysis materials of the Socio-Political Analysis and Public Affairs Committee of the Khanty-Mansi Autonomous Okrug Governor's Office; the results of the author's sociological research (Surgut, Lyantor, Nizhnesortymskii).

to the current social changes is less sophisticated than that of the older generation. However, the share of respondents pessimistic about their future is about 1/3 in each territory. This is attributed to the difficulties of adaptation to modern living conditions and negative socio-psychological expectations of young people.

It should be noted that the components of the social well-being index of the age cohort under study are represented by the seven indicators which depend on balanced and optimal living conditions, such as family relations and its economic well-being, academic achievements, health behavior, relationships with peers, participation in social activities and emotional state of adolescents.

Table 5 presents the respondents' answers to the question "How satisfied are you with the following aspects of life?" The analysis has revealed that the majority of respondents is satisfied with the aspect of family relations and partly satisfied with their families' economic welfare. A quarter of the respondents positively assess their academic achievements, health behavior and emotional state. At the same time it is particularly disturbing that only one out of six respondents positively evaluated their participation in the activities of public organizations. In general, judging by the results of the research, the proportion of respondents dissatisfied with certain aspects of life is small, which is certainly a good trend.

Table 5. Opinions of young people about their satisfaction with various aspects of life, %

Indicators	2015											
	Surgut			Lyantor			Nizhnesortymskii			Khanty-Mansi Autonomous Okrug		
	Satisfied	Partly satisfied	Dissatisfied	Satisfied	Partly satisfied	Dissatisfied	Satisfied	Partly satisfied	Dissatisfied	Satisfied	Partly satisfied	Dissatisfied
Academic achievements	25.4	67.6	7.0	25.4	67.6	7.0	22.0	59.8	18.2	27.4	63.6	9.0
Family relations	64.0	27.5	8.5	65.0	28.3	6.7	63.3	30.2	6.5	60.5	31.0	8.5
Health behavior	44.3	46.4	9.3	45.3	46.4	8.3	36.8	53.3	9.9	49.1	41.0	9.9
Participation in social life	16.0	73.0	11.0	15.5	73.5	11.0	16.2	73.5	11.0	15.5	73.5	11.0
Emotional state	57.1	35.1	7.8	55.0	39.5	5.5	38.3	53.9	7.8	55.0	37.2	7.8
Family's economic well-being	28.0	40.2	31.8	39.1	34.2	26.7	29.4	46.8	23.8	26.4	44.8	28.8
Relationships with peers	37.2	49.6	13.2	37.2	49.6	13.2	30.8	60.8	8.4	37.2	49.6	13.2

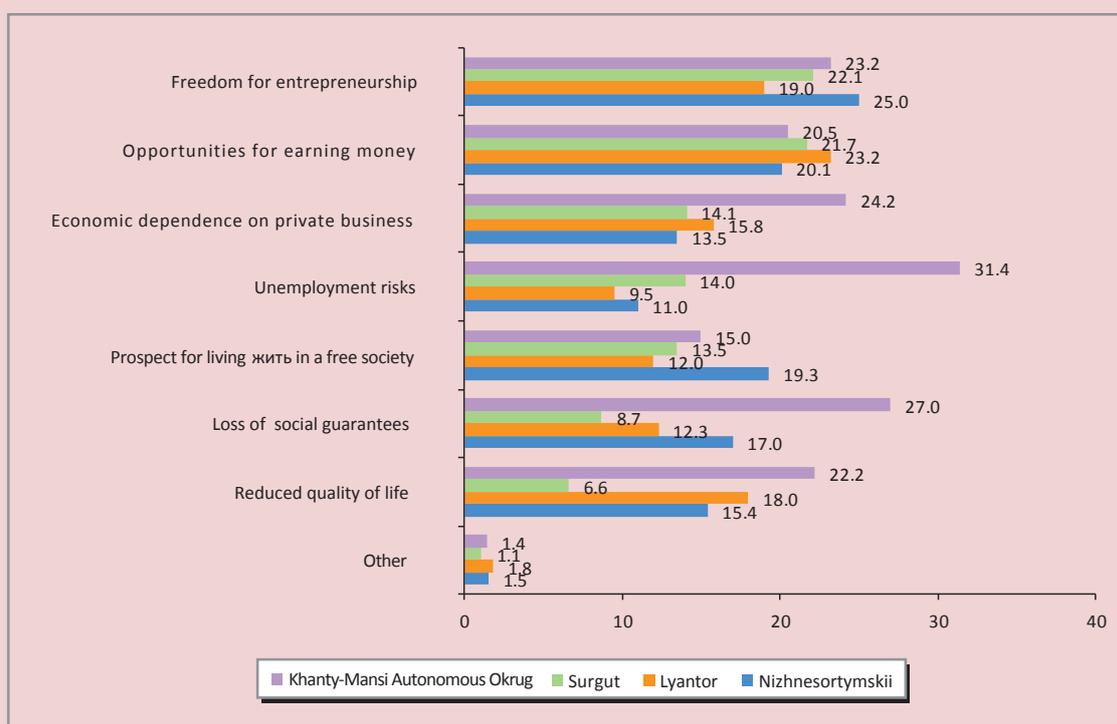
Compiled from: analysis materials of the Socio-Political Analysis and Public Affairs Committee of the Khanty-Mansi Autonomous Okrug Governor's Office; the results of the author's sociological research (Surgut, Lyantor, Nizhnesortymskii).

The economic behavior of young students is usually determined by a complex interaction of their consciousness and objective reality. Radical changes in the modern society inevitably affect the peculiarities of value consciousness and behavioral attitude formation, the strategy of youth as a subject of the labor market. In these circumstances, it is important to gauge the attitude of young students at the beginning of their socio-professional actualization to economic transformations of the region. As can be seen (Fig. 2), young

students are more loyal to the issues of the forming regional economy. A quarter of the interviewed young students of educational institutions believe that the transformation of the economic sector of the okrug provides an opportunity for business development and earning a lot of money.

From the point of view of the informants the transition to a market economy has led to the loss of young people’s social guarantees and the risk of becoming unemployed. Therefore, young people’s consciousness is directly affected by social market economy

Figure 2. Young students’ attitude to the results of economic transformations in the Khanty-Mansi Autonomous Okrug, %



Source: analysis materials of the Socio-Political Analysis and Public Affairs Committee of the Khanty-Mansi Autonomous Okrug Governor’s Office; the results of the author’s sociological research (Surgut, Lyantor, Nizhnesortymskii).

formation aspects which, for various subjective and objective reasons, do not always form an adequate attitude of young people to work and active involvement in market relations.

Young students’ academic plans

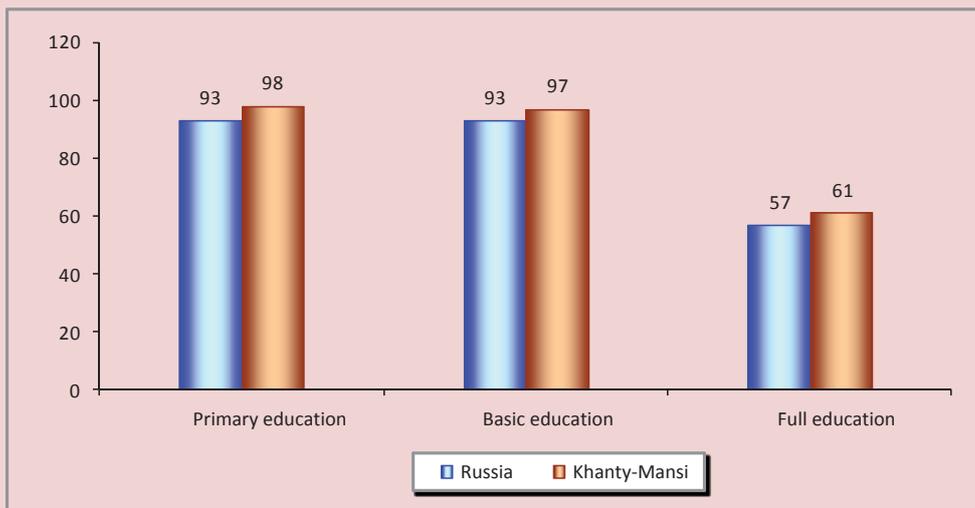
A strategic priority in the development of the educational system of the autonomous okrug is to create conditions for competitive citizens training in accordance with the socio-economic needs of the okrug. In the sphere of general education there are 309 municipal, 23 state and 5 private educational institutions equipped with modern facilities in accordance with the educational system modernization (*Fig. 3*).

The availability of school education by enrolment rate in the okrug is higher than the national average and corresponds to the

average rate by a comparable group of regions. This indicates that almost all adolescents of the Khanty-Mansi Autonomous Okrug are involved in the system of general education. Education provides opportunities for young people’s self-actualization reflected at the level of their mentality and formation of behavioral attitudes.

Nowadays in the labor market there is a growing demand for a personality possessing fundamental knowledge and professional qualifications, skills of constructive search when addressing production objectives, a high level of creative and analytical thinking. This is confirmed by the graduates of educational establishments, being convinced that in order to achieve a high social and professional status and success in life high-quality knowledge is required.

Figure 3. Coverage of general secondary education by stage, %



Source: Education development Strategy of the Khanty-Mansi Autonomous Okrug up to 2020.

Academic plans of the graduates of educational establishments in Surgut and the Surgut region are presented in detail in *Table 6*.

The survey results revealed both common features and peculiarities of young students' academic plans. According to the table, plans for further education are different and are among the main intentions of the graduates of educational establishments. The academic orientation of the respondents is mostly focused on higher education – young people seek to increase their competitiveness in the labor market. As confirmed by the results of the research, training in the system of secondary vocational education prevails to a greater extent among the respondents of Surgut and Lyantor: there are institutions of this category in these areas.

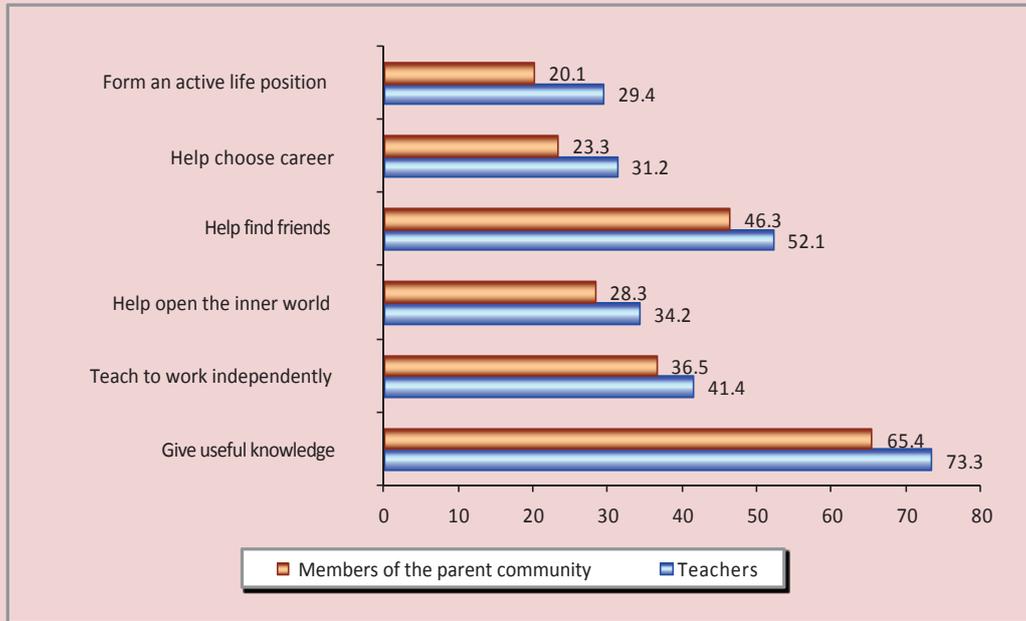
Nowadays young people are aware that knowledge and skilled labor is getting more valuable in the labor market. There is a certain inertia element in further education, as young people deliberately extend the

period of their study in an attempt to avoid rough conditions of the real labor market. A small proportion of graduates of educational establishments are planning on taking courses. Unfortunately, nowadays there are no mechanisms for the implementation of a regional model of social partnership of business and professional education in the field of professional training. Defining education as an important life value, young people during the survey expressed their dissatisfaction with the level of education received in educational establishments – 21.3%, 36.7% of respondents are only partially satisfied, 32.9% – are satisfied and 9.1% of respondents found difficulty in replying. About a half of the respondents (48.7%) expressed their hope that in the future they will become professionals and qualified specialists [21, p. 79]. The school system is intended to form socially significant qualities of the younger generation, in particular, common culture and the ability to adapt to modern living conditions.

Table 6. Academic preferences of graduates of educational establishments, %

Variant	2015		
	Surgut	Lyantor	Nizhnesortymskii
Higher educational establishment	73.0	68.2	66.5
Secondary vocational education	21.3	24.1	17.6
Combining work and education	2.2	3.9	6.8
Educational courses	0.5	0.9	3.2
Employment	1.2	2.2	3.9
Military service	1.8	1.0	2.0
Compiled from: the results of the author's sociological research.			

Figure 4. Experts' opinions on the role of educational establishments in the development of youth, %



Compiled from the results of author's sociological research.

The opinion of teachers and members of the parent community was of particular interest in the study, as they act as experts and evaluate the role of educational system in a graduate's personality development. According to the members of the parent community, a modern educational institution contributes to the formation of these socially important qualities "at the average level". This applies in particular to the formation of young students' vocational orientation. Teachers' evaluations were slightly better. According to the survey results, 65.4/73.3%⁴

⁴ Here and further the nominator indicates the number of answers from the members of the parent community and the denominator – the number of teachers' answers.

of experts (*Fig. 4*) confirm the usefulness of knowledge provided by the educational system and at the same time indicate the presence of old roles and functions of school education despite the introduction of the Federal State Educational Standard (FSES) into the educational process. Experts believe that the educational system is changing rather slowly still focusing on the transfer of useful knowledge.

Experts' evaluations in relation to students' independent knowledge acquisition are very disappointing (36.5/41.4%), as well as in terms of the socializing influence of educational establishments on the personality (23.3/31.2%) [14, p. 79]. The

parent opinion monitoring about the quality of educational services revealed that the most important is fundamental knowledge acquisition (43%), the acquisition of knowledge for personal development (38%), knowledge in demand in the modern labor market (24%), the introduction of innovative educational technologies into the educational process (23%), the high level of professional competence of the teaching staff (35%).

Consistent with the logic of current changes in the educational process, it is quite reasonable to appeal to the teachers' opinion. According to the qualified teachers, the personality aspect of education involves the development of individual abilities and certain qualities of the students' personality. The educational process which develops students' personality, provides for equal "teacher – student" relations. Internal motivation provides the student's activity with energy, optimism and purpose. The majority of qualified teachers identify the following qualities of modern graduates: pragmatism (42%), egocentricity (36%), ambitiousness (29%), determination (16%) and successfulness (27%). As can be seen, priority is given to a "pragmatic" student. The obtained results are attributed to the socio-economic changes of contemporary society. According to the teachers, today's students need to master organizational skills – to analyze and plan their activity. Expanding horizons, increasing the level of cognitive

independence and intellectual development should become a priority among modern graduates' activity directions. The vast majority of teachers consider today's student to be reflective, constantly dealing with a large amount of information, which causes a lot of cognitive problems and develops cognitive capacity (from reproductive to transformative). The use of interactive educational technologies in the educational process changes the position of the pupil, forcing him\her to think, improvise and use intelligence. Thus, experts agree that in order to improve the quality of learning it is necessary to choose the methods and forms of educational process management which best fit the goals of personality development.

Young people's professional identity

In the life of a young person vocational choice is an important step, on which depend the success in life and the process of realization of personal potential. Graduate's vocational choice is exposed to a number of factors: parents – 32.3%, the media – 6.2%, the educational system – 17.2%, friends – 18.2%, the rating and the geographical position of the institution – 12.1% and 14.0% respectively.

Various motives for getting vocational education are the basis for formulating academic plans of the respondents (the respondents were invited to choose three variants). The dominant motives for a large part of the respondents were "getting a profession" (62.3%), "high earnings" (45.5%)

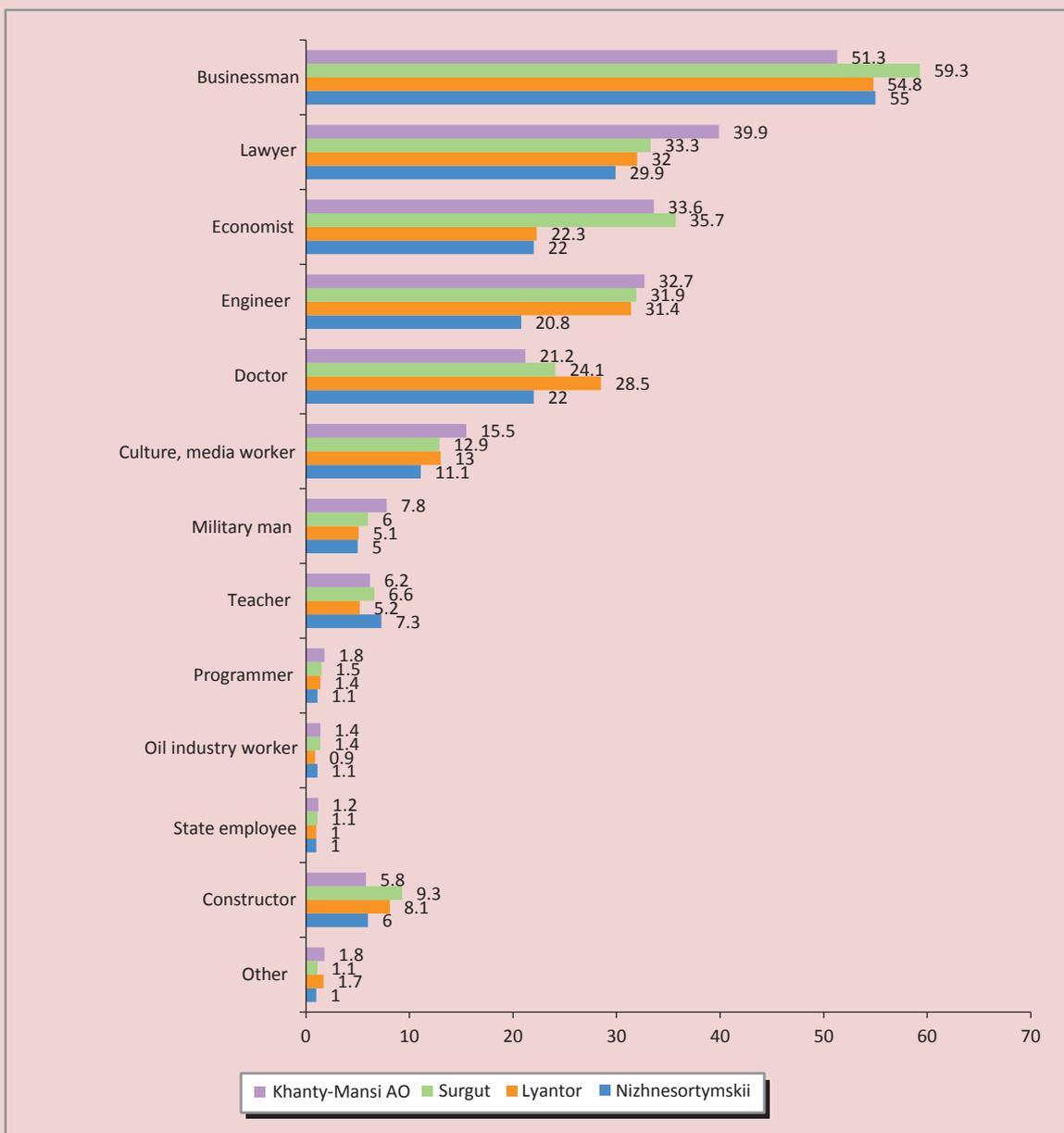
and “career opportunities” (39.4%). The respondents expressed their appreciation for the high-quality educational level as access to getting vocational education (48.1%) and the condition for the realization of potential opportunities (32.3%). It is necessary to pay attention to the fact that getting education is not only a means of achieving financial security for 1/3 of the respondents. The performance indicators of this process include the satisfaction with choice of the field of study and educational establishment, a clear view of one’s social status directly connected with the profession, and the possibility of further employment. However, when choosing a profession, young people are mostly guided by calculation. It has been revealed that subjective value is refracted in assessments of occupational prestige (60.2%). Unfortunately, only one in every five respondents (24.2%) is interested in the content of future professional activity. When entering the labor market, young people are dominated by idealistic visions of future employment, which contradict the real situation in the labor market. A graduate chooses the field of study on the basis of the ideal vision of the future desired employment without considering the real situation in the labor market. This leads to further serious imbalance between labor demand and supply.

However, about a half of the respondents (47.2%) are confident about their future employment after receiving vocational education, a quarter of the respondents

expressed concerns on this matter, 16.0% already know what their future employment will be, 11.8% are still confused by this problem. It should be emphasized that professional attitudes of the respondents directly depend on the social support of the family. Thus the respondents from financially secured families are more optimistic about their chances for admission to the university. 62.3% of teenagers from the families of executives are focused on higher education, 59.1% – from the families of qualified professionals, 56.4% – from the families of entrepreneurs, 41.2% – from the families of the working class. Therefore, professional identity of the graduates of educational establishments to a certain extent takes into account such factor as the social status of the family [23, p. 108]. Everyday practice confirms that if the profession is selected in accordance with the interests of the individual and the needs of the society, labor becomes a source of joy, inspiration and provides maximum benefit for the person.

The top five professions are a businessman, a lawyer, an economist, an engineer and a doctor (*Fig. 5*). Less popular and demanded among young people are professions of the construction sector. Oil and gas industry also presents low rates [4, p. 144]. In the column “Other” high school students gave polar responses: “go to college”, “work”, “everyone studies”, “for the diploma”, etc. The preliminary choice of the professional sphere of half of

Figure 5. Students' professional preferences, %



Compiled from the analysis materials of the Socio-Political Analysis and Public Affairs Committee of the Khanty-Mansi Autonomous Okrug Governor's Office; the results of the author's sociological research (Surgut, Lyantor, Nizhnesortymskii).

the respondents was made with the focus on the content of their future profession; 15% consider education as the beginning of a future professional activity; 1/3 have not decided on their occupational choice, which may lead to an inconsiderate choice of profession and educational institution.

The Khanty-Mansi Autonomous Okrug is primarily an oil and gas producing territory with a particular geopolitical importance and unique natural resources which provide energy security of the country.

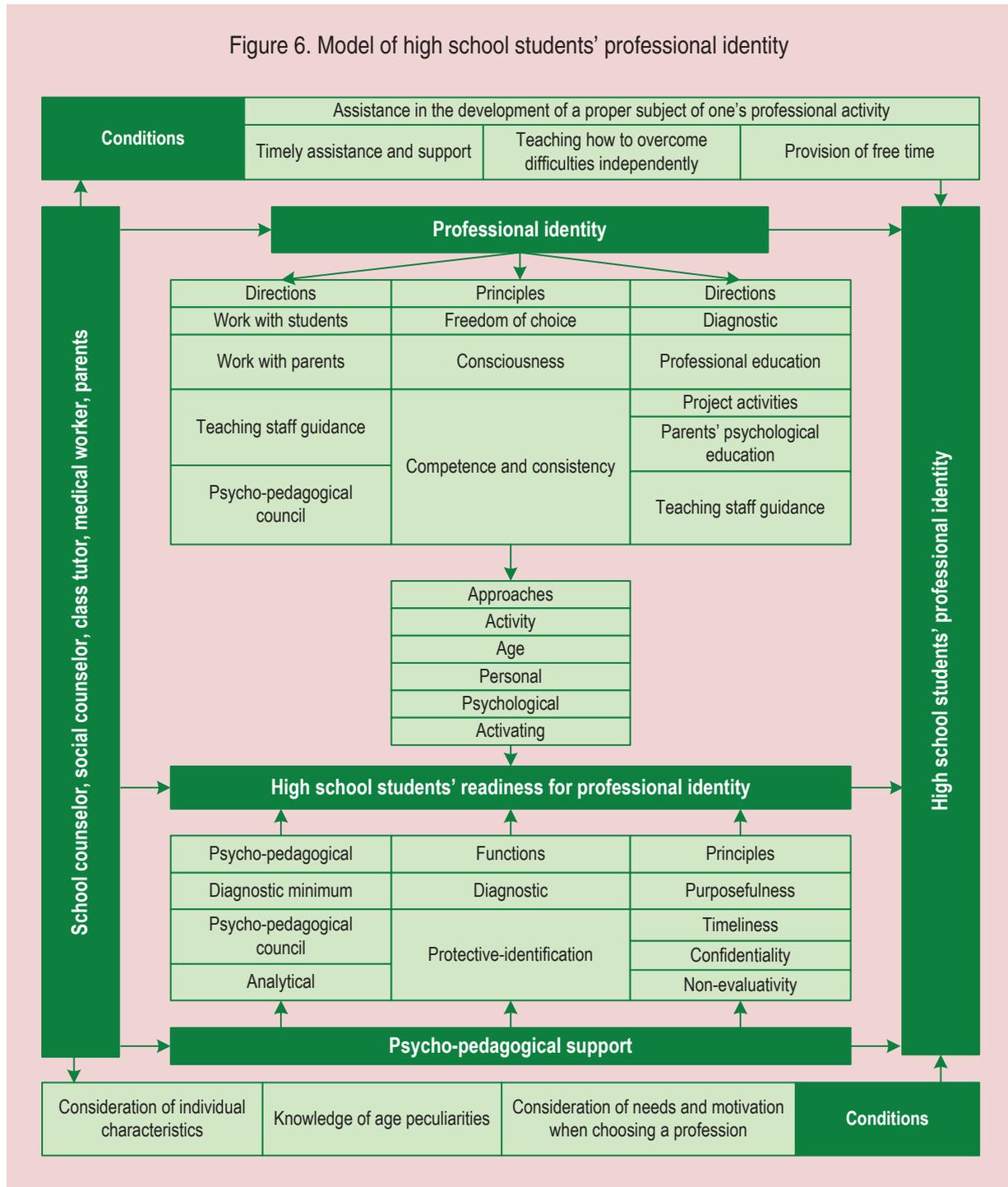
Data in *Table 7* indicate, first, lack of both workers with secondary vocational education and specialists with higher professional education; second, this includes not only industry professionals, but other specialists. Nowadays there is a generally increased demand for “blue-collar workers” in the autonomous okrug. The vacancy structure by individual municipal units is 90% blue-collar workers: a car driver (473), a salesman (139), a crane operator (126), a workover assistant driller

(106), a cook (105). Professions in the construction and pharmaceutical industries are also in demand. However, blue-collar jobs are the least popular among young people. According to the data of the Department of Labor and Employment of the Khanty-Mansi Autonomous Okrug, the inconsistency between occupational choice and the needs of the regional labor market leads to the situation where a significant share of graduates at the beginning of their career are forced to become unemployed. Recently, a serious problem has emerged: the structure of professional training in universities reflects the needs of region’s population in diplomas of education of a particular speciality rather than the needs of the economy of the region [13]. It is necessary to intensify career-guidance work in order to form among the graduates the attitude of conscious choice of educational institutions and field of study with regard to the structure of recruitment needs in the labor market in the city, district and

Table 7. Most workforce-scarce economic sectors of the Khanty-Mansi Autonomous Okrug, people

Economic sector	Need for labor resources, people
Mineral extraction	4054
Processing industry	1133
Transportation and communication	3154
Power generation	2766
Construction	2340
Education	3483
Healthcare and social service provision	7726
Compiled from: data of the Department of Labor and Employment of the Khanty-Mansi Autonomous Okrug (2015).	

Figure 6. Model of high school students' professional identity



okrug. In this context, comprehensiveness and consistency as fundamental principles of organization of career orientation and support of professional identity of the graduates is reflected in the Concept of professional orientation system development of the autonomous okrug in terms of allocating to the educational institutions the function of creating conditions for a systematical skilled and complex work on career guidance.

The model of professional identity of students developed and implemented by educational institutions allows adjusting the main directions of career guidance: education, diagnostics, counseling, correction (*Fig. 6*). The student in cooperation with the teacher in the process of projective activity independently designs a personal professional action plan based on specific and

realistic goals, interests and abilities, tracks the directions of his/her self-development and determines the final result.

Each generation creates its own ideal model of success in life and proposes its components. The structure of components of success in life helps understand the peculiarities of life strategies of young people's behavior. *Table 8* presents modern young people's interpretation of the concept "success in life".

According to the responses, today's young people have not moved far from their predecessors – they are equally concerned with the choice of purposeful targets which represent success in life. The youth sample draws attention to the frequent selection of such variants as "a well-paid interesting, meaningful job", "realization of life plans and achievement of goals". Traditionally,

Table 8. What does "success in life" mean to you?, %
(multiple answers)

Variant	2015		
	Surgut	Lyantor	Nizhnesortymskii
Happiness in personal life, family well-being	34	28	31
Realization of life plans and achievement of goals	37	42	33
Well-paid interesting, meaningful job	45	53	49
Self-actualization, determination of one's life purpose	25	32	37
Material well-being, prosperity	32	36	34
Success, career, senior position	27	21	26
Respect, public recognition	21	19	11
Good friends	35	29	33
Education, level of professionalism	14	17	14
Health	13	16	21
Housing issue solution	14	11	9
Independence, self-reliance	11	8	4

family is highly ranked in terms of success in life as it integrates all its components. The value of family relations is increasing as a family becomes a certain “home front” for young people. Claims to prestige are associated with the employment career; recognition of success among friends and family is becoming important for many respondents. Nowadays the process of formation of an individual-oriented type of person is quite active, utilitarian and pragmatic attitudes among young people are spreading, which are expressed in the desire for material well-being. A rare reference to education as a component of success suggests that it has become a means of achieving other goals for the majority of young people.

Young people tend to explain their failure to realize their life plans by objective circumstances: lack of material resources (38.4%), lack of experience (27.8%), lack of opportunities due to place of dwelling (21.4%). According to young students, personal-subjective qualities are also an obstacle for the achievement of their goals: “lack of motivation” (12.3%), “fear of risk, preference to live in peace” (18.4%). Achieving success is directly linked to the availability of education (43.3%), hard work (32.1%), determination (24.1%), professionalism (45.3%), money (52.3%) and honesty (18.3%). Not least important are resources such as ties to “the right people” (43.2%), i.e. social capital and

flexibility – the ability to adapt to various situations (38.4 %).

Thus the process of formation of educational plans and life expectations of young students occurs in the context of a systemic crisis, and is governed by a complex change dynamics. However, most young people’s attitudes are quite optimistic: they are mostly ready for the recognition and solution of problems arising at the regional level. The youth has a significant level of mobility, intellectual activity and health, they act as a social group of the population most adaptable to new conditions. Only a minor part of the youth shows uncertainty about the future and prefers not to make long-term predictions. The study of academic and occupational plans of high school students has shown a contradiction between regional needs for labor force and professional preferences of the youth. Lack of information about occupations in demand in the regional labor market is obvious. The revealed contradictions confirm the relevance of the development of the professional identity formation system of the youth adequate to the structure of the labor market. Only an effective system of professional identity will help expand opportunities of personal and professional self-actualization and successful career options under a conscious social position, and lay the foundation for professional mobility of the graduates of educational institutions.

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Monitoring of Opportunities for Development of Self-Employment in the Novosibirsk Oblast



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Abstract. The article, based on data of three sociological researches held in the Novosibirsk Oblast, considers development problems of self-employment among the unemployed population as one of the directions of the active policy promoting population's employment and reducing unemployment. The dynamics of recovery from unemployment is studied, namely the unemployed population's willingness and readiness for self-employment, the focus on its specific types, as well as on the necessary forms of support. The research has revealed favorable changes and trends in life and consciousness of unemployed citizens and their attitude to self-employment: the decreasing amount of citizens compelled to as little money as possible on most necessary things and living in poverty, growing incomes from self-employment in personal subsidiary plots, the increasing amount of people ready for self-employment, social mobility and self-reliance. But paternalistic moods of half of the respondents and the dominance of passive and compelled strategies raise concerns. It has been concluded that the majority of the respondents considers self-employment as a phenomenon of considerable potential, which does not save from unemployment, but is capable of providing the fulfilment of needs of a considerable part of rural population for working and earning money. Besides income as a means of living, self-employment forms an important position of the unemployed social activity, as opposed to social dependency. Measures to support the self-employed should be implemented either at the federal or at regional level. This would promote the increase in business activity, the growth of middle class and the general increase in Russian economic efficiency.

Key words: self-employment, unemployed population, unemployment, active employment policy, business of one's own, personal subsidiary plot, government support.

Profound changes in the social, economic, political and other spheres of Russia, which began in the perestroika period and continue up to the present, have led to the emergence of a population category such as the unemployed. In 2014 the unemployment rate in the country amounted to 5.2%. According to the population survey on employment issues, the number of the unemployed has not changed as compared to 1992 and accounts for 3,889 thousand people, although in certain years, under the crisis conditions in the society there was a significant increase in the number of the unemployed, and since 2010 – a

marked annual decrease. Slightly different statistics is noted regarded the unemployed residing in rural areas. Compared to the figure of 1992, their number increased 2.2 times (1992 – 639, 2014 – 1,408 thousand people). The proportion of the unemployed rural population in the total number of the unemployed has increased symmetrically from 16.4 to 36.2%¹.

The Russian state, implementing active employment policy, takes responsibility of creating conditions to provide employment

¹ Rossiya v tsifrakh – 2015 [Russia in figures – 2015]. *Federal'naya sluzhba gosudarstvennoi statistiki* [Federal State Statistics Service]. Available at: http://www.gks.ru/bgd/regl/b15_11/IssWWW.exe/Stg/d01/06-11.htm

for those citizens who are looking for and ready to work. Among the directions of the active employment policy, self-employment is of great importance, as it absorbs the unemployed workforce and serves as a kind of a social “shock absorber” due to high labor-absorbing potential.

Self-employment is a complex socio-economic phenomenon. In this regard, there are different approaches to its definition. Without elaborating further on their reviewing, we should note that scientific literature suggests two approaches to the definition of self-employment: the narrow and the broad.

The narrow approach distinguishes self-employment and entrepreneurship. The authors consider self-employment as the smallest forms of independent activity. For example, V.V. Radaev, considering entrepreneurship, writes that “...it is joined by the adjacent periphery in the form of large groups of self-employees, who, however, do not belong to actual entrepreneurs”². T.I. Zaslavskaya emphasizes the individual nature of activity within self-employment with the use of one’s own financial means³. Supporters of the most common broad approach include, for example, E.A. Abramova, who believes that “the self-

employed in Russia are those who provide and organize their activities, which serves as their main source of income⁴.

S.A. Guchek writes that “self-employment can be both formal and informal,” and views its different forms, including enterprise creation⁵.

We also adhere to a broad understanding of the term, which is based on the view of the ILO (International Labor Organization): “self-employed workers (without permanent employed workers) and working owners of unincorporated businesses (with permanent employees) are considered self-employed”⁶. This, in our opinion, is a special kind of people’s participation in socially useful activities based on their personal initiative, independence and responsibility, and directed, as a rule, to receiving labor income which provides realization of personal potential and self-actualization of the individual as a personality, which is manifested as relations (economic, social, legal, etc.) between people.

⁴ Abramova E.A. Samozanyatost’ naseleniya kak stupen’ pod’ema ekonomiki v period preodoleniya krizisa [Self-employment of the population as a stage of economic growth in the period of crisis overcoming]. *Sovremennye naukoemkie tekhnologii: regional’noe prilozhenie* [Modern science-incentive technologies. Regional Supplement], 2010, no.1, p. 6.

⁵ Guchek A.S. Samostoyatel’naya zanyatost’ naseleniya: podkhody k izucheniyu, metody issledovaniya [Self-employment: study approaches and methods]. *Trudy Karelskogo nauchnogo tsentra RAN* [Transactions of Karelian Research Center of Russian Academy of Sciences], 2012, no. 6, p. 3.

⁶ MOT: sodeistvie razvitiyu samostoyatel’noi zanyatosti: doklad VII Mezhdunarodnoi konferentsii truda, 77-ya sessiya [ILO: promotion of self-employment development: report of the 8th International Labor Conference, 77th session]. Geneva, 1990. p. 3.

² Radaev V.V. *Ekonomicheskaya sotsiologiya: kurs lektsii* [Economic sociology: course of lectures]. Moscow, 1997. p. 112.

³ Zaslavskaya T.I. *Biznes-sloi rossiiskogo obshchestva: sushchnost’, struktura, status* [Business segment of the Russian society: essence, structure, status]. *Obshchestvennyye nauki i sovremennost’* [Social studies and modernity], 1995, no. 1, p. 22.

Self-employment is closely connected to entrepreneurship. However, certain characteristics underlying the two concepts must be distinguished. In our opinion, the term “entrepreneurship” is based on both the sphere and the activity, and the concept of “self-employment” includes the degree and the nature of human involvement in labor, i.e. employment peculiarities of a person. Self-employment serves as the basis for enterprise creation, its foundation. We believe that self-employment is prior to entrepreneurship, since it cannot be implemented without initiative, independence, risk, innovation, etc. Thinking about entrepreneurship, an individual chooses the kind of employment which contributes to the development of his activity, creativity, freedom, which is self-employment. In relation to the aforementioned, self-employment is any form of entrepreneurship, but it is important that the person is self-employed and uses money or natural products for his\her existence which are received as a result of self-employment. We also contrast self-employment and “hobby” – activities which do not bring material reward and are mainly performed off-duty.

Both employed and unemployed citizens can switch to self-employment due to their dissatisfaction with wage work, its content, or in order to address their creative needs, needs for self-expression and realization of personal potential. The article explores the unemployed who have transformed social interactions with society, changed their social status, standard values and interests. For

them it cannot be perceived without any harm or feelings of bitterness and resentment. The interests of the majority of the unemployed are often unstable. Self-employment can help them reintegrate into the social structure of the society through its inclusive nature, providing the opportunity to work, support themselves and their families, and helping increase the citizens’ conviction that they are again able to restore social interaction and become full members of the society.

It should be noted that self-employment may not be practiced by all unemployed citizens. It requires that people possess certain qualities, skills, abilities and willingness to work independently. They must also have special character qualities and demonstrate a different level of activity compared to wage work. It is also important to take into account the fact that the shift to self-employment is compelled for the majority of the unemployed people due to adverse circumstances. For them, self-employment is a means of survival. J. Storey has shown in his study that about a quarter of entrepreneurs in the surveyed area were unemployed⁷. Self-employment in foreign countries has long been considered as a form of employment, mitigating and smoothing social upheavals which produce the rise of unemployment⁸.

⁷ Storey L.J. *Entrepreneurship and the New Firm*. London: Routledge, 1988, p. 117.

⁸ Kuhnlein I. Weniger Erwerbsarbeit – mehr Eigenarbeit? Chancen und Potentiale Öffentlicher Eigenarbeit. *Aus Politik u. Zeitgeschichte*, 1997, no. 48–49, pp. 41–46.; Sen A. *The penalties of unemployment*. Roma, 1997. Pp. 27–32.

Encouraging the unemployed to shift to self-employment in Russia is entrusted to the state employment service and relevant subdivisions of the regional administrations. Employment services are designed to target the unemployed towards certain forms of self-employment. That is why they test people using special techniques aimed at revealing business and entrepreneurial qualities, provide consulting services, assist in writing a business plan, familiarize with a package of documents on business establishment, refer, if necessary, to entrepreneurship training, help in credit support, etc.

However, for successful self-employment implementation within the framework of the active policy such services require information about the intentions of the unemployed concerning their way out of unemployment, about their desires, motives, readiness for self-employment, etc. This fact served as the purpose for the monitoring of sociological surveys on development possibilities of self-employment among the unemployed population applying to the employment services. Such monitoring was conducted in the Novosibirsk Oblast. It included three researches: in 1995 (sample – 551 people), in 2002 (sample – 618 people) and in 2013 (sample – 346 people). Two-stage sampling was used to conduct the survey. The first stage included the selection of survey groups (a population group of a rural district, an “oblast” city was chosen for this survey). In 1995, in accordance with economic, natural climatic features and

the degree of small business development, five typical districts in each zone were selected. Inside each zone a 10% sample of the unemployed applying to employment services was used. In 2002, the approach to sampling was slightly modified. Due to the fact that each group was more homogeneous than the whole population group it was decided to increase the number of selected groups and to reduce the number of people in each group. As a rule, the sampling error tends to zero when using such sampling method⁹. Therefore, in order to obtain reliable results and use them in practice, it was decided to conduct a sociological survey in all rural areas and cities of the Oblast without exception, dividing between them the size of the sample in proportion to the number of the unemployed applying to the employment services. The second sampling stage randomly selected the respondents by a 10% sample among the unemployed applying to the employment services within districts and cities. The same approach was used in 2013.

Let us consider the results of the survey. It is no secret that unemployment forces people to reconsider the approaches to the traditional way of life, change their habits and save money. Thus self-evaluation of financial situation shows that in 2013, 63.6% of respondents noted that they had financial difficulties and often had to save

⁹ Osipov G.V., Moskvichev L.N., Kabysheva A.V. et al. *Sotsiologiya. Osnovy obshchei teorii: ucheb. posobie* [Sociology. General theoretical basics: training manual]. Moscow: Aspekt Press, 1996. P. 376.

money; 25.5% were forced to save even on the essentials, and 7.5% actually live in poverty. However, it should be remembered that unemployed rural people are largely relieved by household plots. The analysis of the dynamics of financial situation self-evaluation shows that this indicator has marked positive trends. During the period under review the number of people experiencing dissatisfaction with their financial situation decreased by 33% (1995 – 94.4 %, 2002 – 92.6%, 2013 – 63.6%), the number of people forced to save money decreased by more than a half (1995 – 48.6%, 2002 – 39.0%, 2013 – 23.3%), while the number of people living in poverty decreased by 61% (1995 – 19.3%, 2002 – 13.8%, 2013 – 7.5%). Data on the sources of income of unemployed people demonstrate that within the income structure the most substantial are the wages of a wife or a husband (43.2%), unemployment benefits (30.8 %), household plot income (8.9%), parents' pension (6.5%). There are no significant changes in the income dynamics, excluding household plot incomes. Their share in the income structure has grown by more than 4 times compared to 1995 (2.1% in 1995 and 8.9% in 2013). This is partly due to the fact that in the Oblast, starting from 1998, has been continuously working on the development of self-employment in household plots.

Unemployed citizens have difficult life, that is why they reduce their remuneration requirements in order to get a job. Thus in

1995, 12.6% of the respondents were willing to reduce the size of the salary, while in 2013 the proportion reduced to 35.3%.

The monitoring has shown that the period under research produced a number of significant changes in people's consciousness, their activity, adaptation to market economy, their social and labor expectations, etc. Ten years after the beginning of perestroika in Russia, P. Sztompka wrote about "socialist mentality", "socialist spirit", "Homo Sovieticus"¹⁰, emphasizing that the low degree of people's participation in the development of new types of activities, the devaluation of their work values, the rejection of changes did not coincide with the directions of the active state employment policy, especially in the initial period of perestroika, when people, instead of being active and industrious, preferred to wait for the state to take good care of them. Today such paternalistic dependence and people's attitude is steadily changing. The monitoring demonstrates that the number of respondents believing that the state should support all members of the society, has declined by 38.6% (in 1995 the number of such respondents comprised 82.5% and in 2013 – 51.4%). At the same time the number of citizens who prefer self-reliance has increased from 4.2% in 1995 to 20% in 2013, which indicates people's change of attitude to the market. This point is implicitly confirmed by the trends demonstrating a

¹⁰ Sztompka P. *Sotsiologiya sotsial'nykh izmenenii* [The Sociology of Social Change]. Moscow, 1996. P. 305.

decrease of 26.4% of respondents who prefer to be unemployed, receive unemployment benefits and expect everything to change for the better (in 2002 their number comprised 9.6%, in 2013 – 6.4%). Simultaneously, the number of citizens engaged in temporary or irregular employment is gradually increasing (in 1995 – 12.6% of respondents, in 2002 – 31.2%, in 2013 – 48.7 %). However, despite the favorable trends, it has to be admitted that paternalistic attitudes still remain quite strong.

People's attitude to the change of profession for the purpose of mercenary job is gradually changing. On order to get such job only 10.3% of respondents were ready to change their profession in 1995, 28% – in 2002, 29.5% – in 2013. The analysis of data from 2013 has shown that 43.9% of respondents used to be manual workers before losing their jobs, and 36.7% were office workers. Mostly these are different rural professions. Despite this, it is difficult for rural residents to find a job in their vocational field due to the monostructural and sectoral economic development in rural areas, and spatial mobility is not always possible and acceptable for them. However, since 2002 the number of people not willing to change their profession has stopped changing and now amounts to 67% of the respondents, while in 1995 this number comprised 87%. However, a positive trend in this direction must be noted: the number of people not willing to change their profession or specialty is declining,

albeit slowly, which indicates an increase in people's professional mobility.

In general, the survey results show that for a long time unemployed people applying to the employment services tend to use mostly passive or forced active strategies when addressing their own employment problems. The negative impact of state paternalism, which was typical of Russia earlier, continues to affect people's attitudes, as evidenced by the fact that more than 40% of the unemployed citizens unemployed registered with the employment services take a passive waiting position, accepting unfavorable and illegitimate conditions of temporary employment¹¹.

The reason for this is the habit, established over the years of the Soviet power, of working at state-owned enterprises, receiving stable wages without any fear for the future. However, the respondents underestimate the global changes that have occurred in the country and affected people's social roles and positions, as well as the fact that the market policy is currently directing people at an independent, competitive activity. Furthermore, there are little opportunities of wage labor, as the majority of collective and state farms collapsed, and new enterprises capable of attracting the unemployed as employees, are established not very often.

¹¹ Volovskaya N.M., Plyusnina L.K., Rusina A.V. *Masshtaby i sfery rasprostraneniya tenevoi oplaty truda (po materialam sotsiologicheskogo obsledovaniya)* [The scale and spheres of "shadow" remuneration prevalence (based on materials of sociological research)]. *Vestnik Buryatskogo gosudarstvennogo universiteta* [Bulletin of Buryat State University], 2010, no. 6.

Another category of the unemployed includes people who do not wait for wage work and actively try to escape from adverse circumstances and “try on” self-employment having no work experience in the market economy. In fact, after the perestroika period the state abandoned people to the survival on their own (with the exception of unemployment benefits), without considering the fact that during the years of socialism and communism construction they grew unaccustomed to independence, initiative and enterprise. They are often motivated to start their own business after the disappearance of the former life supports, material poverty and the need to provide themselves and their families with means of survival. These people with little support from the employment services try to adapt, survive, develop their own ways of self-sufficiency and take their place in the agricultural space. The consequence of these processes is the broad-scale spread of self-employment, the development of which made it possible for the processes of rural area employment to improve. In a number of cases rural self-employment is the only opportunity for the unemployed to earn their living and resist unemployment.

In general, during the period under review the number of people among the respondents who consider self-employment as part of employment strategies increased by 40.1%. The shift of the unemployed to self-employment may be manifested in various forms (*Tab. 1*).

The data clearly demonstrate that the preferences of the unemployed in rural areas mainly extend to two forms: starting one’s own business (small business, individual labor activity) and self-employment in household plots. The dynamics of preference change suggests that in general during the period under review the number of people willing to start their own business was decreasing, but it decreased compared to the level of 2002. The substantial increase (by more than 7 times) in the number of people willing to undertake self-employment in household plots is also worth noting. On the other hand, only 1.7%–4.0% of respondents in different years considered establishing a farm. The dynamics of people’s views about the transition to self-employment is affected by various reasons: unpreparedness for entrepreneurial activities, lack of funds, difficulties with registration of rights in land stakes, severe shortage of own equipment, poor forms of assistance and support, frequent change of tax regimes, etc.

Table 1. Choice dynamics of certain employment types (% of the total number of respondents)

Employment types	1995	2002	2013
Starting one’s own business	27.0	15.4	24.3
Working in a household plot	2.4	17.4	18.7
Organizing a farm	4.0	1.7	3.8

Much in the solution of these problems depends on the attitude of state and regional authorities, which is now beginning to change. Significant assistance is provided to the residents of the village of the Novosibirsk Oblast by the implementation of regional programs “Family cattle farm” and “Beginner farmer”, aimed at the development of self-employment and improvement of living standards in rural areas, as well as by the long-term target program “Development of small and medium business units in the Novosibirsk Oblast for 2012–2016”, by the functioning of the portal “Small and medium business of the Novosibirsk Oblast”, the creation of funds for development, support and microfinance of small and medium business; the organization of contests and conferences among the self-employed.

However, willingness alone is not sufficient for the implementation of self-

employment, there must also be certain readiness of the unemployed to practice it (*Tab. 2*).

The table shows a tenfold increase in the proportion of people who are ready for self-employment and know how to do it. A significant number of the respondents is ready for self-employment but is not familiar with the business procedure. During the period under review this proportion increased by 2.6 times but such people require small business training¹². Socio-demographic analysis of this group has shown the group consists of mostly young people. The fact that young people accepted market conditions and are ready to conduct business activities, but need training, is evidenced by the research results of other authors¹³. There is also a gradual decline in the number of citizens (31.9%) who are not ready for self-employment.

Table 2. Readiness of the unemployed to practise self-employment (% of the total number of respondents)

Readiness variants	1995	2002	2013
1. Ready and know how to do it	2	10	20
2. Ready but cannot	8	22	21
3. Ready but do not want to	1	2	4
4. Know how to do it, but not ready personally	12	6	8
5. Not sure	25	18	18
6. Not ready	44	38	30

¹² Shukshina Z.A. Vuz i obuchayushchiysya vzroslyi: sotsial'no-innovatsionnyi kharakter vzaimodeistviya [University and an adult student: socio-innovative interaction]. *Vysshee obrazovanie segodnya* [Higher education today], 2007, no. 3.

¹³ Inozemtseva A.V. Molodezh' i maloe predprinimatel'stvo: rezul'taty sotsiologicheskogo issledovaniya [Youth and small business: results of sociological research]. *Teoriya i praktika obshchestvennogo razvitiya* [Theory and practice of social development], 2014, no.19, pp. 34-37.

The study has shown that in 2013 service sector was considered the most promising sector for starting a business (27.6% of respondents), followed by agricultural production (21.1%) and mediation services in purchase and sale (10.6%). According to the monitoring, the preferences of the respondents on the fields of activities remain unchanged over time. The only exception is mediation services which in 1995 were put by the respondents to the 6th place, but since 2002 they have firmly held their position in the top three favorable sectors. From the point of view of the respondents the aforementioned sectors are more suitable for self-employment due to obstacle-free product marketing (24.8%), the opportunity to use unemployed labor force (22%), and available natural conditions to create prerequisites for the resource base replenishment (22%).

Self-employment in household plots, resulting from the negative influence of macro-economic factors, is developing as a real form of unemployment reduction in rural areas. This is evidenced by the experience of the Yaroslavl, Vologda, Voronezh, Tver, Novosibirsk, Tyumen and other oblasts, where unemployed people are provided with the assistance in order to develop self-employment in household plots, using different forms.

According to the survey, in 2013, 18.7% of respondents connected their future life with self-employment in household plots (in 1995 – 2.4%, in 2002 – 17.4%). These are most often older women (50–60

years old), which indicates their adequate estimation of their own employability. Young people, compared to other age groups, are less willing to engage in the household plots, and over time the proportion of young people in the given category is reducing. In 2002 28% of young people (population aged under 29) expressed their willingness to practice self-employment in household plots, while in 2013 the figure reduced to 17%. Moreover, no one among the young people aged under 20 chose this type of self-employment, which is understandable. Young people have successfully adapted to market conditions, they are for the most part ambitious and do not consider such type of employment prestigious. The study has shown that this age group is more inclined to start their own business.

Respondents willing to engage in self-employment in household plots are more focused on livestock production (45.1%), bee-keeping (9.8%) and poultry farming (5.9%). The majority of them (31.4%) want to independently produce and sell agricultural products without intermediaries, 19.6% – want to produce agricultural products without selling, and 13.4% want to engage in young stock and poultry fattening on a contractual basis. However, unemployed people who are engaged in self-employment in household plots need support. On the one hand, they have a solid background relying on their families (94.7% of those wishing to start their own business and 54.6% of those who intend to engage in household plots hope for their families' support). On

the other hand, family support alone is not sufficient. For this category of citizens it is extremely difficult to start a brand new activity without external assistance.

The available survey data on the types of assistance required during the transition of citizens to self-employment are presented in *Table 3*.

The data from the table show that in order to shift to self-employment the respondents primarily require tax benefits, money loans, support of rural and regional authorities, receiving necessary skills and knowledge and provision of cattle, sheep and poultry with young stock. The need for these types of assistance was mentioned by respondents in three surveys, and we have repeatedly noted that the main problems of self-employment development are gradually transforming into its stable characteristics. Data analysis in the dynamics shows that

in 1995 and 2002 respondents considered money loans the main type of assistance but in 2013 this type has moved in importance to the 2nd place. Tax benefits as a necessary type of assistance in 1995 and 2002 were placed by the respondents on the 2nd place, and in 2013 – on the 1st place. For many years our society has been raising the issue of the simplification of the tax regime, the government has repeatedly declared the change in the tax policy for entrepreneurs, their willingness to assist them, however, there are still no significant changes in this respect. On the contrary, self-employed people are often negatively affected by wrong decisions. Thus P.M. Kozyreva cites as an example a twofold increase in insurance premiums in Russia since the 1st January, 2013, which has resulted in the closedown of almost 500 thousand individual entrepreneurs¹⁴.

Table 3. Types of support necessary for self-employment development (% of the total number of respondents)*

Options	1995	2002	2013
Money loans	72.3	61.0	54.0
Tax benefits	68	62.9	66.0
Provision of cattle, sheep and poultry with young stock	6	11.4	34.0
Provision with forage and seeds	8.4	13.4	28.0
Receiving necessary skills and knowledge	59.4	30.0	30.2
Psychological support	32.4	12.9	4.0
Possibility of cooperation with other residents	28.4	18.3	14.0
Possibility of processing and product storage	22.1	18.9	18.0
Support of rural and regional authorities	58.4	44.2	52.0
* Respondents had multiple-choice options.			

¹⁴ Kozyreva P.M. Maloe predprinimatel'stvo v Rossii: povsednevnye problemy i trudnosti razvitiya [Small business in Russia: everyday issues and development constraints]. *Ekonomicheskie i sotsial'nye peremeny: fakty, tendentsii, prognoz* [Economic and social changes: facts, trends, forecast], 2015, no. 1, pp. 48-49.

Thus the inability to find a job and the need to support a family motivate unemployed people to shift to self-employment. That is why their potential readiness for self-employment is rather strong. The study of socio-demographic characteristics of the unemployed population applying to the employment services shows that, in general, about 85% of respondents constitute the most efficient population groups, 35% of which have higher education. They are more mobile to acquire new knowledge and possess the necessary knowledge base to practice self-employment. However, the acquired profession leads them primarily in the search of wage work.

Of course, self-employment is only one of the directions of active population employment policy, and by its development alone it is impossible to fully solve the problem of unemployment in rural areas. Therefore it should not be made a fetish. However, real help to at least 15-20% of the unemployed can be provided, those who choose this difficult path. Regional and territorial authorities should deliberately engage in the development of self-employment, including the development of special programs, targeted assistance and support for those willing to become self-employed based on their business preferences, since domestic and foreign experience shows that self-employment is successfully implemented when much social significance is attached to its development,

and, on the contrary, its development is slow, accompanied by significant economic and social costs if the government or the region is not actively involved in this process. Self-employment currently gets an additional chance in its development due to the impact of global factors¹⁵. The imposition of sanctions to ban the import of certain agricultural products (meat, milk, fish and vegetables) creates favorable conditions for the application of the labor of the self-employed. The government intends on taking a number of measures contributing to the development of self-employment. Thus D.A. Medvedev has proposed to introduce a new mechanism of taxation for self-employed people – they need to register with the tax administration and obtain a temporary tax exemption. Self-employed people will have to notify the tax service about their work. After filing the notice they will be exempt from paying taxes for 2–3 years. At the end of this period the person should decide which tax system is suitable for him to work with¹⁶.

The development of self-employment in the Novosibirsk Oblast has the most favorable

¹⁵ Volovskaya N.M., Plyusnina L.K., Rusina A.V., Inozemtseva A.V. *Nezanyatoe naselenie i samozanyatost' v sibirskom regione* [Unemployed population and self-employment in the Siberian region]. *Sotsiologicheskie issledovaniya* [Sociological Studies], 2015, no. 5, p. 60.

¹⁶ Medvedev D.A. *“Edinaya Rossiya” – otvetstvennaya politicheskaya sila goda: doklad na XV s’ezde Vserossiiskoi politicheskoi partii “Edinaya Rossiya”* [“United Russia” – responsible political force of the year: report at the 15th Congress of the all-Russian political party “United Russia”]. Official website of the Party. Available at: <https://er.ru/news/139360/>

impact on the social situation in rural areas. Successful independent activity with the support of regional authorities is of great socio-economic importance: a self-employed worker sets an example to the younger generation, since he demonstrates

that, while living in a rural area, one can find the scope and place of application of their labor and ideas, work profitably, boost self-esteem and raise social status, overcome dependent and wait-and-see attitudes and believe in oneself.

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Problems and Specific Features of Sub-Federal Budgets Execution in 2015



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Abstract. Last year has been marked by worrying trends in the development of a budgetary crisis in Russian regions; the crisis became apparent in 2013, when regional authorities had to get into huge debts in order to provide finances for the social obligations in the framework of the presidential decrees of May 7, 2012. The budget process in 2015 was characterized by expanding negative trends in those regions that had previously been the engines of economic growth and budget donors, which contradicts the regional development strategy. The crisis response measures consist in a large-scale optimization of expenses. Despite an attempt undertaken by the Government to replace commercial borrowings with budget loans, there are still no prospects for solving the debt issue. On the contrary, expert forecasts predict a doubling of the debt stock in regions by the end of 2017. Cuts in the expenditures on human capital development should be considered as a new negative trend, naturally resulting in the deterioration of material well-being of Russians, which was expressed in the decline in their real incomes and raising poverty level. It seems that on the eve of the RF State Duma elections the social policy of the authorities ceases to be socially oriented. Under the circumstances of an aggravating budget crisis, the Government is not increasing unrepayable financial aid (it did increase it in 2009); instead, it is pursuing the opposite policy and estranges itself from providing support to regions. Moreover, the Cabinet of Ministers does not openly wish to carry out a just division of powers and obligations of governmental units, but turns it into a mechanism for financing federal budget deficit

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by shifting state obligations onto the regions. The paper presents the results of the analysis of sub-federal budgets execution in 2015. The main goal was to identify the features of budget process and trends in the dynamics of budget parameters. The main conclusion is that the real causes of regional budgets destabilization lie not only in the growing social burden due to need to implement Vladimir Putin's "May decrees", but also in the ineffectiveness of fiscal policy pursued by the federal center. The author offers measures to change the paradigm of this policy. The study is based on the official data of the Ministry of Finance of the Russian Federation [7], Federal Treasury [8] Federal Tax Service [9], and the Federal State Statistics Service [10].

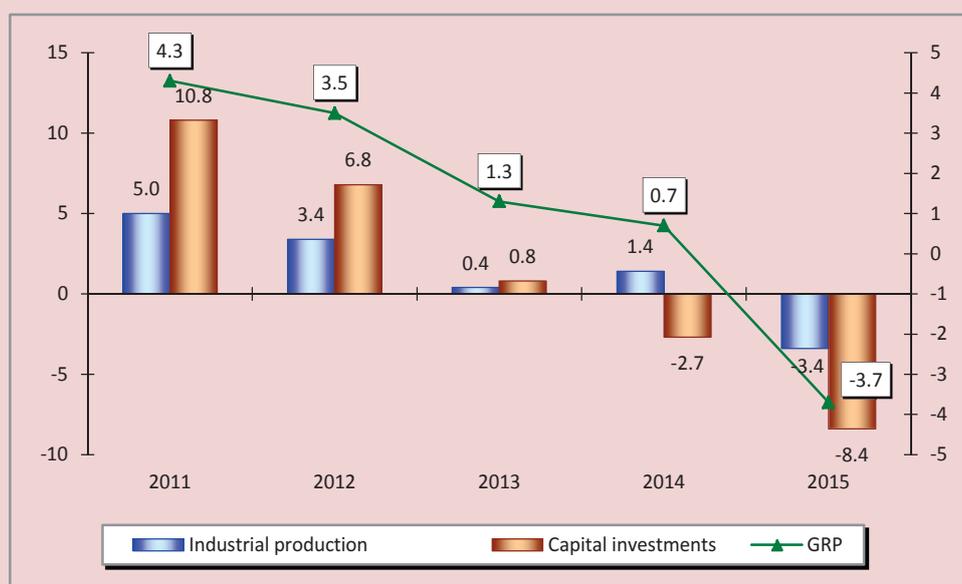
Key words: region, budget, deficit, loans, public debt, adjustment of fiscal policy.

Execution of territorial budgets in 2015 was carried out under the structural crisis of the Russian economy, which contributed to the negative dynamics of major macroeconomic indicators (*Fig. 1*).

A radical drop, amounting to 8.4%, affected investments in fixed assets. The investments declined in two thirds of the

regions, with a stronger downturn affecting the major industrial centers in the Volga, Siberian and Ural federal districts. In 40% of the regions, the decrease in investment activity is observed for two consecutive years, which indicates the long-term nature of the investment crisis, complicating the solution of the problem of import substitution.

Figure 1. Growth rate dynamics of GDP, industrial production and investment in 2011–2015, % to the previous year in comparable prices



Source: Federal State Statistics Service (Rosstat).

Reduction in the level of Russians' welfare and consumption is no less acute. Stagnation of people's real incomes that began in 2013 was replaced by their 0.8% decrease in 2014, which accelerated in 2015 to 4.3% (Fig. 2). Only seven Russian regions were not affected by this process. Simultaneously there was a decrease in retail turnover and increase in people's savings in banks, which essentially meant the transition from the consumer to the savings behavior model, which in the future may serve as an additional deterrent to economic growth because it reduces demand further.

The budget process in 2015 was characterized by the following features.

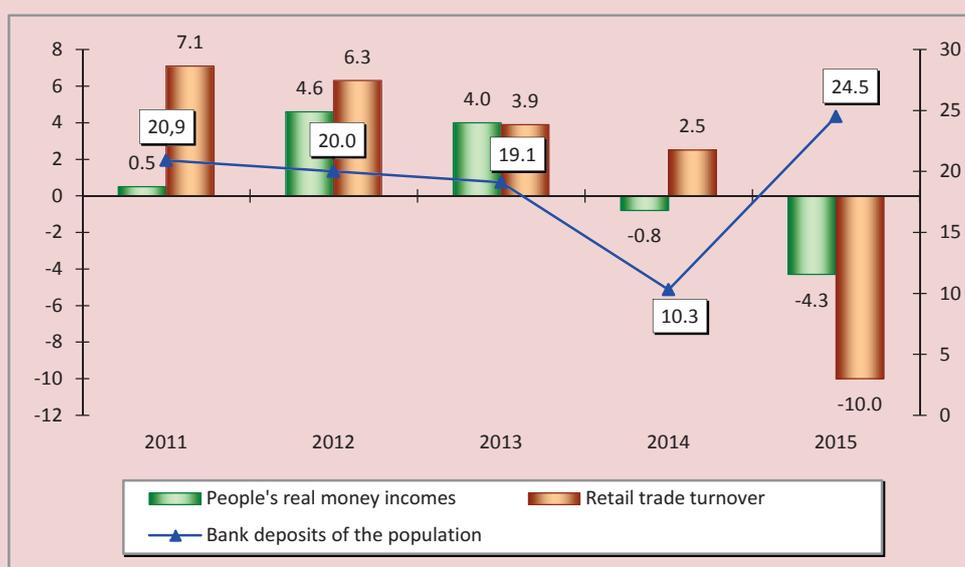
1. Stagnation in the growth of Russia's consolidated budget revenues and decline

in growth of federal budget incomes – both caused by a shortfall of oil revenues as a result of the downfall in global oil prices (Tab. 1).

The Ministry of Finance estimates that the balance of the federal budget is reached at an oil price of 82 U.S. dollars per barrel; that is why the lack of structural adjustment of the Treasury to the new market realities resulted in rising deficit, which reached two trillion rubles or 2.4% relative to GDP. The federal budget was executed with a large volume of deficit only in 2009 (Fig. 3).

A pronounced escalation of disbalancing processes at the highest level of the country's budgetary system poses extremely high risks for territorial budgets, primarily from the

Figure 2. Dynamics of real money incomes of the population, retail turnover and bank deposits in 2011–2015, % to the previous year in comparable prices*



* Bank deposits are given in current prices.

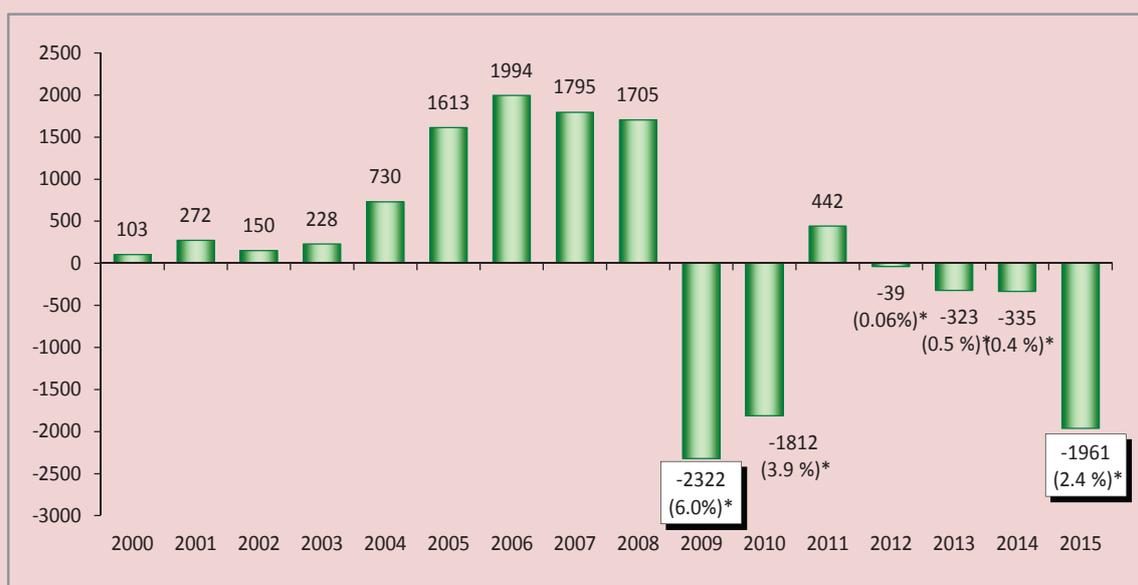
Sources: Rosstat; the Bank of Russia; author's calculations.

Table 1. Revenues of the consolidated and federal budget of the Russian Federation in 2011–2015, billion rubles

Revenues	2011	2012	2013	2014	2015
World oil price, U.S. dollars/barrel	109	110	108	98	53
<i>Growth rate, %</i>	<i>139.7</i>	<i>100.9</i>	<i>98.2</i>	<i>90.7</i>	<i>54.1</i>
Consolidated budget revenues	20855	23435	24443	26766	26922
<i>Growth rate, %</i>	<i>130.1</i>	<i>112.4</i>	<i>104.3</i>	<i>109.5</i>	<i>100.6</i>
Federal budget revenues	11368	12856	13020	14497	13659
<i>Growth rate, %</i>	<i>136.9</i>	<i>113.1</i>	<i>101.3</i>	<i>111.3</i>	<i>94.2</i>
Including oil and gas revenues	5642	6453	6534	7434	5892
<i>Growth rate, %</i>	<i>142.3</i>	<i>114.4</i>	<i>101.3</i>	<i>113.8</i>	<i>79.3</i>

Sources: Federal Treasury data; author's calculations.

Figure 3. Dynamics of the surplus, deficit (-) of the federal budget in 2000–2015, billion rubles



* The ratio of deficit to GDP is given in parentheses.
Sources: Federal Treasury data; author's calculations.

viewpoint of sufficient financial provision of the powers of the federal center that were transferred to the regions.

2. The decrease in the revenues of consolidated budgets of RF subjects by 5.7%

in real terms in all the main components (Tab. 2). In addition to the slump in economic activity, revenue growth dynamics was inevitably affected by the maximum level of inflation since 2008 that amounted to 12.9%.

Table 2. Revenues of consolidated budgets of subjects of the Russian Federation* in 2011–2015, billion rubles

Revenues	2011	2012	2013	2014	2015	2015 to 2014, %
Revenues, total	7644	8064	8165	8747	9191	105.1
<i>In real terms</i>	9983	10040	9626	9744	9191	94.3
Own revenues**	5827	6385	6588	7143	7585.5	106.2
<i>In real terms</i>	7610	7949	7767	7957	7585	95.3
- profit tax	1928	1980	1720	1962	2099	107.0
<i>In real terms</i>	2518	2465	2028	2185	2099	96.1
- individual income tax	1996	2262	2499	2681	2788	104.0
<i>In real terms</i>	2607	2816	2946	2986	2788	93.4
Inter-budget transfers	1644	1680	1515	1546	1538	99.5
<i>In real terms</i>	2147	2091	1786	1722	1538	89.3

* Hereinafter, to ensure the comparability of the dynamics, all the indicators for 2014–2015 are given excluding the entities of the Crimean Federal District.
** Tax and non-tax revenues of the budget.
Sources: Federal Treasury data; Rosstat data; author's calculations.

In 2015, there remained a downward trend in own revenues in the regions that have the largest budgets; as a result, these regions were unable to retain revenues from their own sources at the level of 2008 (*Tab. 3*).

Due to the narrowing of the revenue base, the share of eleven budget-forming regions in the total volume of territorial budgets' own revenues decreased from 50.4% in 2008 to 42.6% in 2015. This may not only entail threats to the stable replenishment of the budget, but also demobilize the sources of modernization of Russia's economy.

3. The resumption of the trend of slowing down the growth of profit tax collection that was suspended in 2014 and reduction in the number of regions in which there was a decline in the receipts of payments (*Fig. 4*). At the end of 2015, the growth of profit tax reduced on average

by half in 45% of Russian Federation subjects.

It is important to emphasize that the loss of profit tax affected most seriously the budgets of major industrial regions: in 2015 the receipts of the payments even at current prices did not reach the level of 2011 (*Tab. 4*).

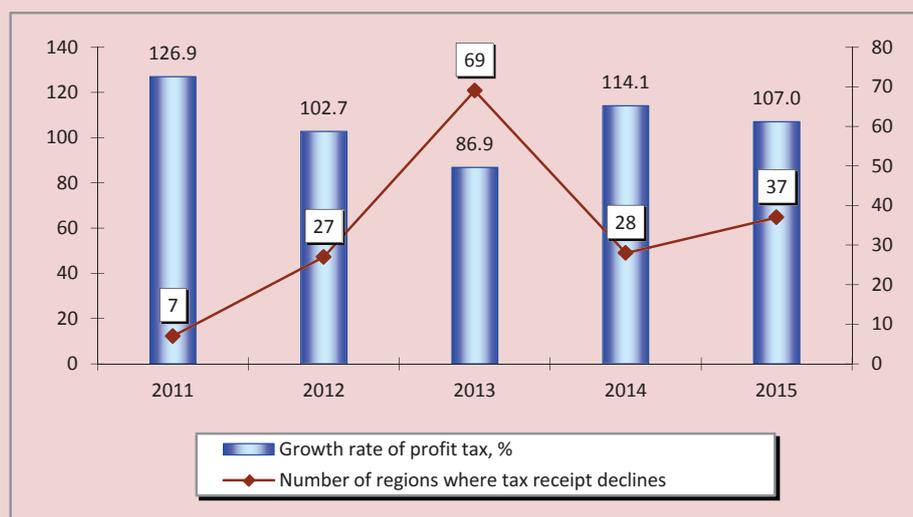
A procedure introduced in 2012 that allowed profit tax to be payed in the framework of the consolidated taxpayer group (CTG) became a significant factor that led to a pronounced reduction in the collection of this tax. This procedure allowed for the offset of profits and losses of the group members. In general, the share of CGT in the total amount of profit tax collected in 2015 was 20%. It is possible to distinguish only a few regions where CTG plays a significant role in the mobilization of tax payments: the Tyumen Oblast, Yamalo-Nenets Autonomous Okrug

Table 3. Own revenues in the consolidated budgets of the subjects of the Russian Federation in 2008–2015, million rubles (prices of 2015)

Subject	2008	2009	2010	2011	2012	2013	2014	2015	2015 to 2008, %
Novosibirsk oblast	113.7	95.3	106.2	116.2	128.3	127.6	121.8	112.9	99.3
Republic of Bashkortostan	156.6	130.9	132.6	139.1	146.9	148.0	147.9	143.9	91.9
Chelyabinsk Oblast	143.4	88.0	119.1	124.4	128.9	126.4	128.9	127.8	89.1
Nizhny Novgorod Oblast	145.6	112.8	124.5	132.6	135.9	140.7	138.1	129.2	88.7
Saint Petersburg	477.5	373.0	403.6	432.3	420.1	447.4	455.2	423.3	88.6
Samara Oblast	152.9	117.4	129.6	146.2	159.3	157.1	154.7	134.2	87.8
Sverdlovsk Oblast	227.7	164.2	193.2	212.7	230.4	220.3	209.5	199.7	87.7
Moscow	2034.3	1450.1	1527.9	1738.4	1762.7	1699.4	1696.2	1598.2	78.6
Perm Krai	152.1	105.0	114.4	123.8	128.0	125.1	112.1	106.9	70.3
Kemerovo Oblast	157.5	104.3	127.4	148.8	132.8	115.4	118.1	108.5	68.9
Tyumen Oblast	236.5	167.2	140.3	184.9	181.6	130.2	166.9	143.7	60.8
Total	3997.8	2908.2	3118.8	3499.4	3554.9	3437.6	3449.4	3228.3	80.8
Share, %*	50.4	46.2	44.9	46.0	44.7	44.3	43.3	42.6	-7.8 p.p.
Russian Federation	7935.9	6290.9	6942.0	7610.5	7949.0	7767.4	7957.4	7585.5	95.6

* The share in the total volume of own revenues of consolidated budgets of RF subjects.
Sources: Federal Treasury data; Rosstat data; author's calculations.

Figure 4. Dynamics of growth of profit tax received by the budgets of RF subjects in 2011–2015, % to the previous year



Sources: Federal Treasury data; author's calculations.

Table 4. Receipts of profit tax to the budgets of Russian Federation subjects in 2011 and 2015, billion rubles

Subject	2011		2015		2015 κ 2011, %	Received from CTG in 2015	
	Billion rubles	Share, %*	Billion rubles	Share, %*		Billion rubles	Share, %**
Krasnoyarsk Krai	69.0	44.5	66.5	36.5	96.4	26.0	39.1
Sverdlovsk Oblast	47.3	29.2	45.6	22.8	96.4	9.1	19.9
Samara Oblast	36.2	31.9	34.8	25.9	96.1	1.3	3.9
Perm Krai	34.0	35.9	32.4	30.3	95.3	4.5	13.8
Irkutsk Oblast	30.1	33.9	28.6	26.8	95.0	0.7	2.5
Moscow	566.9	42.9	484.7	30.3	85.5	30.7	6.3
Tyumen Oblast	108.6	73.4	89.3	62.1	82.2	38.6	43.2
Kemerovo Oblast	35.9	32.0	23.1	21.3	64.3	1.7	7.5
Yamalo-Nenets Autonomous Okrug	47.1	39.8	28.1	21.0	59.7	12.1	43.1
Vologda Oblast	12.0	30.0	6.5	13.8	54.5	1.4	20.9
Belgorod Oblast	25.6	42.6	11.5	19.0	44.9	2	17.8
Russian Federation	1927.9	33.1	2099.3	27.7	108.9	381.8	18.2

* The share in the total volume of own revenues of consolidated budgets of RF subjects.
** The share in the total volume of profit tax.
Sources: Federal Tax Service data; Federal Treasury data; author's calculations.

and Krasnoyarsk Krai. However, even in these regions the overall profit tax receipts declined both in absolute and specific terms after the introduction of consolidated taxation.

We agree with the conclusion of Doctor of Economics L.N. Lykova who points out that the institution of CTG reduces the already low capacity of RF constituent entities to form their own tax policy [5].

4. A significant reduction in the rate of growth of the key revenue of regional budgets – individual income tax – that occurred simultaneously with the decline in real wages that was the most profound one after 1999 (*Fig. 5*).

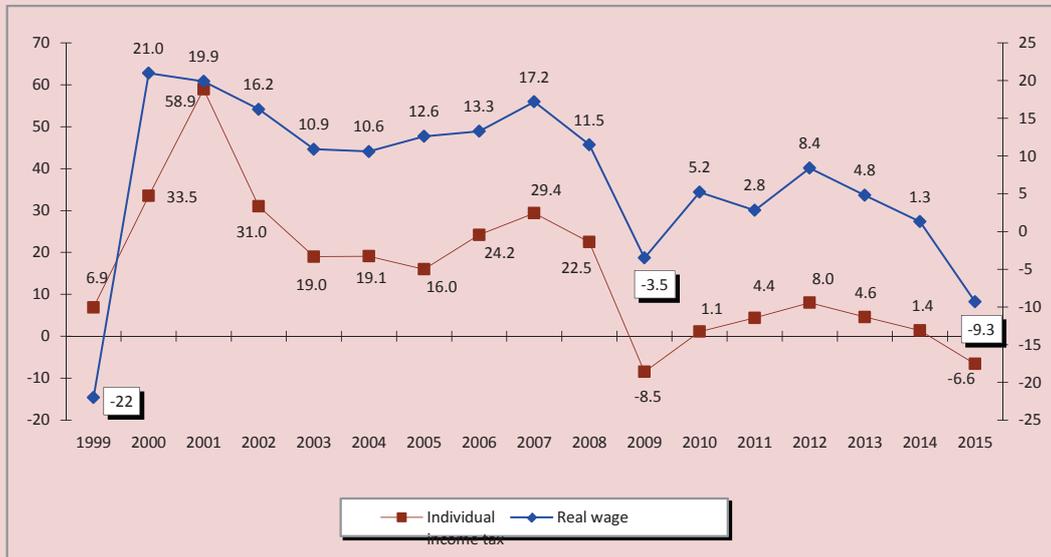
Deterioration of people's financial situation resulted in a sharp increase in the

number of Russian Federation constituent entities that had a negative trend of individual income tax in 2015: their number reached 23, while in 2014 there were only two of such regions.

Negative trends observed in the dynamics of mobilization of major taxes prove the aggravation of problems in the economy of regions and the presence of serious threats to the stable receipts of revenues from own sources.

5. The tightening of intergovernmental policy of the federal center. Unlike the 2008–2009 crisis distinguished by a significant increase in the amount of financial assistance provided to territories, this amount remained unchanged in 2013–2015 (*Fig. 6*).

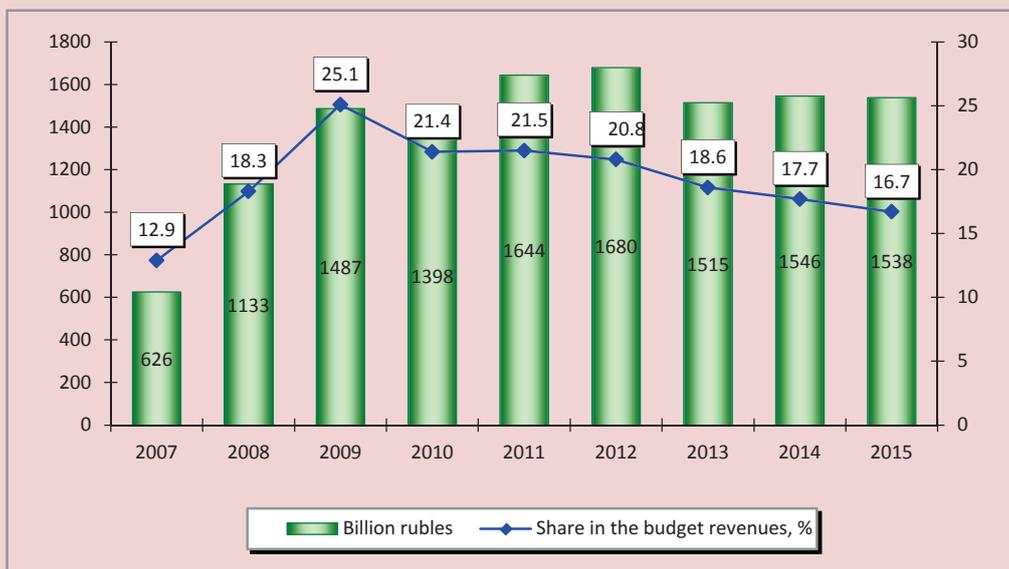
Figure 5. Dynamics of growth rate of real wages and receipts of real individual income tax* to the budgets of Russian Federation subjects in 1999-2015, % to the previous year



* In the prices of 2015

Sources: Federal Treasury; Rosstat; author's calculations.

Figure 6. Dynamics of the inter-budget transfers received by the budgets of Russian Federation subjects in 2007–2015



Sources: Federal Treasury data; author's calculations.

In 2015, the Ministry of Finance continued to pursue a policy of gradual replacement of non-repayable funding of regions with debt funding that it started a year earlier; the proportion of budget loans in the total amount of financial assistance reached almost 50% (Fig. 7).

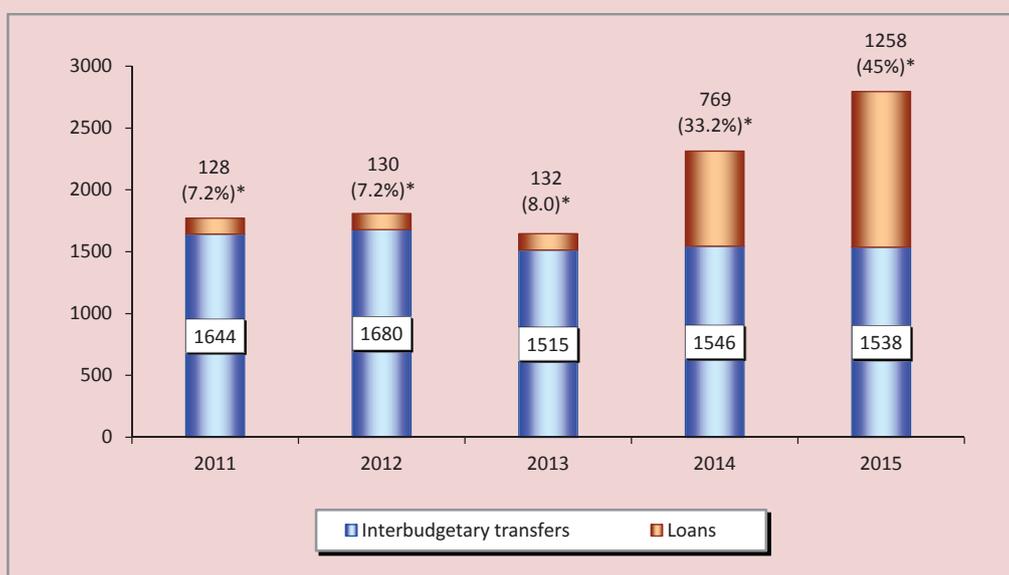
Large-scale loans from the federal budget became an impetus that increased the overall debt load of regions. In 2015, the number of RF subjects in whose budgets the commercial and budget loans exceed own revenues increased to 18 (Fig. 8). Among federal districts, a high debt load

was observed in the constituent entities of the North Caucasian (134.4%), Siberian (69.3%) and Volga (60.8%) federal districts.

In the conditions of insufficient own resources of regional budgets the focus of inter-budgetary policy on repayable funding is not justified. In addition, such a policy will increase the dependence of almost all the constituent entities on the federal center.

6. A slowdown in the growth rate of state and municipal debt along with increasing the absolute amount of debt and debt burden¹ of territorial budgets (Fig. 9).

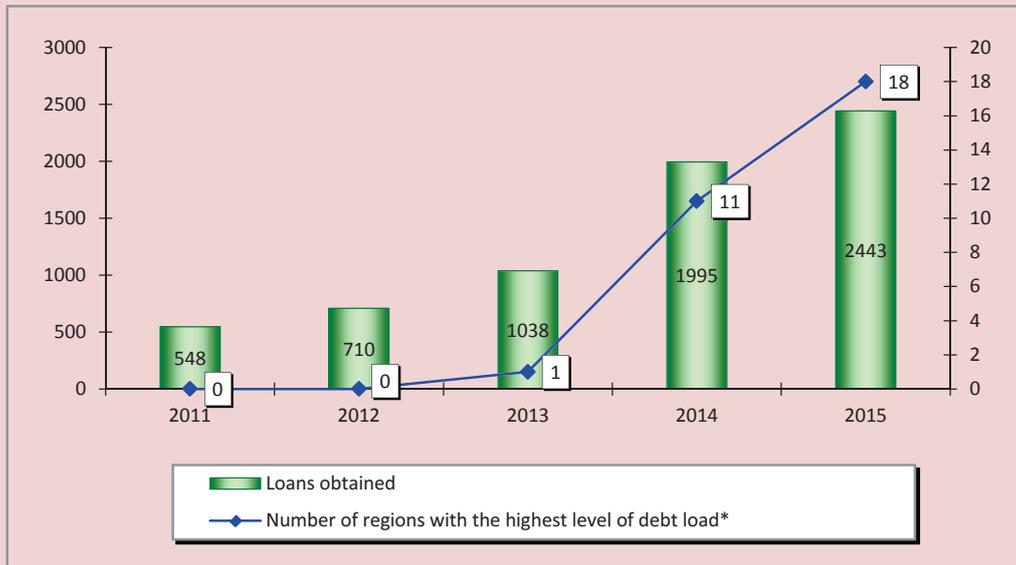
Figure 7. Composition of financial assistance received by Russian Federation subjects from the federal budget in 2011–2015, billion rubles



* The figure in parentheses is the share of loans in the amount of financial aid.
Sources: Federal Treasury data; author's calculations.

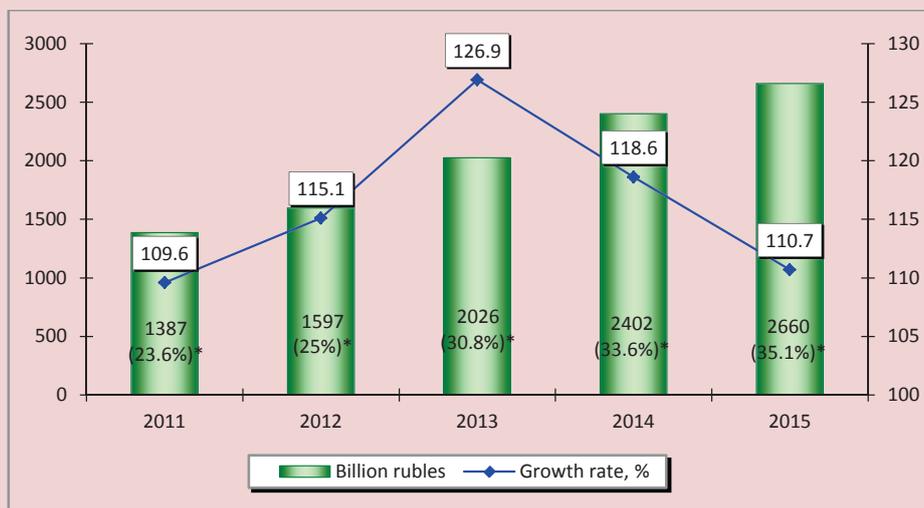
¹ The debt load of the budget is measured by the ratio of public debt to own revenues.

Figure 8. Dynamics of bank and budget loans obtained by Russian Federation subjects in 2014–2015, billion rubles



* The volume of loans is more than 100% of the budget's own revenues.
Sources: Federal Treasury; author's calculations.

Figure 9. Dynamics of state and municipal debt of Russian Federation subjects in 2011–2015



* The figure in parentheses shows the debt burden of budgets.
Sources: Ministry of Finance of the Russian Federation; Federal Treasury; author's calculations.

The number of regions with the level of debt burden exceeding 50% increased to 54 in 2015 vs. 15 in 2011. For the first time it affected federal budget donors such as the Samara, Novosibirsk and Tomsk oblasts, and Krasnoyarsk Krai. Consequently, the debt crisis is gradually affecting the areas that used to have a strong economy; this fact threatened to destabilize the entire budgetary system in the country.

The situation is particularly alarming with regard to the debt of regional budgets, which account for 90% of the consolidated sub-federal debt. At the beginning of 2016, fourteen regions had a critical level of debt

burden that exceeded 100% of own revenues of the budget (*Tab. 5*).

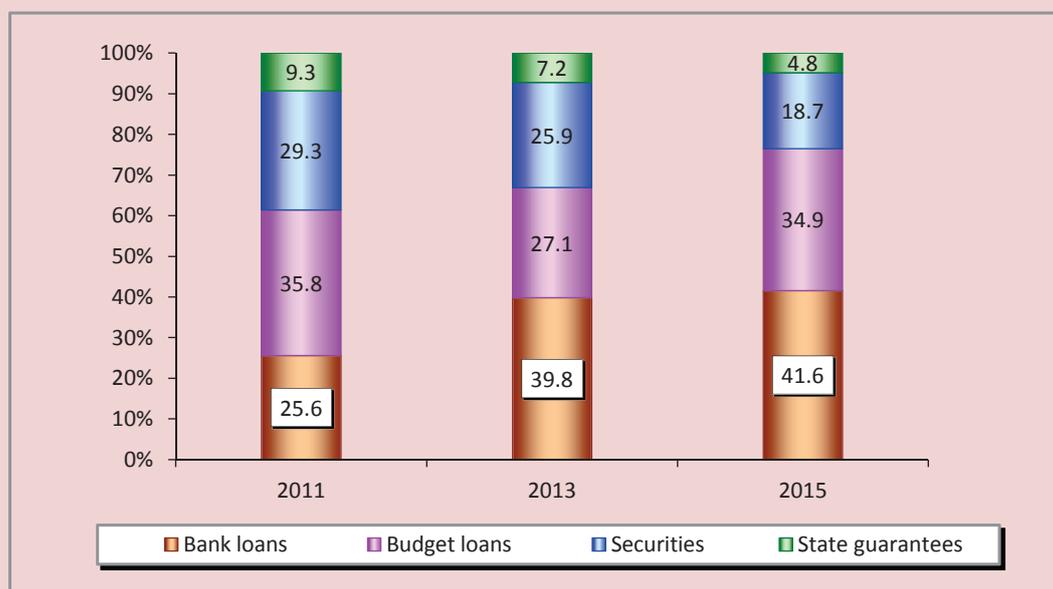
It should be noted that the structure of debt obligations is substantially different in these subjects of the Russian Federation. The debt structure in half of the regions is mainly represented by debt to commercial banks, which further exacerbates debt burden from the viewpoint of the cost of loan servicing. The debt structure of the other half of the regions is dominated by publicly funded loans, which of course puts them in more favorable conditions² and shows that the mechanism for the allocation of funds between the territories is non-transparent.

Table 5. Russian Federation subjects that had a critical level of debt burden in 2011, 2014, and 2015

Subject	2011		2014		2015		Share of bank loans, %	Share of budget loans, %
	Billion rubles	%*	Billion rubles	%*	Billion rubles	%*		
Republic of Mordovia	19.8	175.2	28.6	121.1	36.0	182.5	28.7	52.5
Kostroma Oblast	9.0	96.9	15.9	121.1	17.7	136.7	42.1	42.6
Smolensk Oblast	11.7	70.3	25.2	115.6	30.4	121.4	38.1	54.5
Republic of Karelia	8.0	43.8	19.0	119.3	21.3	119.6	35.8	42.4
Republic of North Ossetia	6.4	118.4	8.6	114.9	9.1	119.1	9.2	90.0
Republic of Khakassia	3.9	38.3	10.9	85.7	16.7	116.8	34.3	19.9
Republic of Ingushetia	0.06	2.6	2.7	113.0	3.2	113.3	0	100.0
Astrakhan Oblast	14.8	98.7	24.6	100.8	26.1	111.4	57.3	42.7
Jewish Autonomous Oblast	0.8	31.6	3.2	73.2	4.5	109.5	55.8	44.1
Zabaykalsky Krai	6.3	30.6	20.0	87.9	26.5	107.2	59.4	39.4
Republic of Mari El	5.9	69.2	10.8	95.0	13.1	106.1	63.9	26.5
Saratov Oblast	30.5	78.1	47.7	99.7	50.4	101.5	52.1	47.9
Chukotka Autonomous Okrug	2.3	21.7	13.1	144.5	14.1	100.9	0	85.3
Pskov Oblast	4.7	43.5	11.9	88.2	13.3	100.7	56.9	38.5
Russian Federation	1171.8	25.1	2089.5	35.4	2318.6	36.5	41.6	34.9
Number of regions with the level of debt load exceeding 100%	2		10		14			
* Debt load.								
Sources: Finance Ministry data; Federal Treasury data; author's calculations.								

² Average weighted rates in 2015 were as follows: 0.1% for budget loans; 10–20% for bank loans.

Figure 10. Structure of public debt of Russian Federation subjects in 2011–2015, %



Sources: Ministry of Finance data; author's calculations.

Unfortunately, the allocation of federal loans has not helped solve the problem of extensive market borrowing, the share of which in the structure of public debt reached 42% (Fig. 10).

Equally disturbing is the continuous rise in expenditures of territorial budgets allocated to the repayment and servicing of loans. These costs have exceeded the half of own revenues in 43% of the regions, and the entire volume of own revenues – in 22% of the regions³. It means that in order to implement expenditure obligations unconditionally regional authorities will be forced to undertake new borrowings to pay

³ In developed countries, their regions allocate 3–5% of their revenues for the repayment and servicing of loans [18].

off the old ones, which will inevitably lead to an increase in the debt burden.

7. A more pronounced trend of slowdown in the growth rate of expenses of sub-federal budgets to 1.6% in 2015 vs. 4.6% in 2014 (Tab. 6). The main factor was optimization of social costs and further cuts of budgetary investments and expenses on housing and utilities.

Accelerating optimization of the social sphere has become a characteristic feature of 2015. Earlier, when choosing capital investment and housing and utilities as balancing items, regional authorities did not consider the social sphere that concerned the interests of the majority of citizens. However, by 2015, sources of optimization have been almost exhausted, except for the

Table 6. Dynamics of expenses of budgets of Russian Federation subjects in 2011–2015, billion rubles

Expenditures	2011	2012	to 2011, %	2013	to 2012, %	2014	to 2013, %	2015	to 2014, %
Total	7679	8343	108.6	8807	105.6	9216	104.6	9361	101.6
National issues	469	510	108.9	546	107.0	575	105.2	597	103.8
National economy	1316	1606	122.0	1730	107.8	1729	99.9	1832	106.0
Housing and utilities	969	881	91.0	902	102.3	901	99.9	849	94.3
Social sector	4493	5093	113.4	5356	105.2	5673	105.9	5804	102.3
- education	1728	2047	118.4	2334	114.0	2452	105.1	2443	99.6
- culture	235	257	109.5	288	112.1	319	110.6	307	96.5
- healthcare	1193	1358	113.9	1251	92.1	1297	103.7	1335	102.9
- social policy	1192	1274	106.9	1313	103.0	1415	107.8	1482	104.8
Capital expenditures	1158	1118	96.6	1067	95.4	1019	95.5	956	93.9

Sources: Federal Treasury data; author's calculations.

cost of human capital development. Twenty-nine regions cut their education funding in 2014, and their number increased to 53 in 2015. At that, the social expenditure management policy of regional authorities cannot always be explained objectively. The greatest sequestration was applied to the expenditures on education in the regions that have a different degree of severity of budget problems, primarily from the point of view of debt burden, and that still carry out targeted optimization (*Tab. 7*).

Speaking about the priorities of budget expenditures, it is appropriate to recall the warning of Academician Yevgeny Primakov, who said that “without financial breakthrough in the provision of healthcare, education and science, the country will have no modernization” [14].

A no less important issue in the eyes of Russians is the housing and utilities sector, because the state of many life-supporting systems depends on its funding. Meanwhile, from 2011 to 2015, cuts in budget funding

of this industry were the most noticeable and amounted to 120 billion rubles, or more than 12%. For this period, two-thirds of the regions have reduced support for the housing and utilities sector, and this process was the most intensive in the major economic regions (*Tab. 8*).

The policy of optimization of sub-federal budgets' expenses increases the risk of deterioration of the quality of life of Russians: the underfunding of the social sector reduces the availability of public services for the population and increases the level of poverty⁴; significant limitation of assistance to the housing and utilities sector can lead to an increase in the tariffs for housing and utilities services⁵.

⁴ According to Rosstat, the poverty rate (the ratio of population with incomes below the subsistence level to the total population) in 2015 increased to 13.3% vs. 11.2% in 2014. According to estimates of the Institute of Sociology of the Russian Academy of Sciences, the poverty rate is about 25% [17].

⁵ For instance, as of August 01, 2014, the payment for capital repairs of common property was established for the Russians living in apartment buildings [6].

Table 7. Education expenses of the budgets of Russian Federation subjects in 2014–2015, billion rubles

Subject	2014	2014 to 2013, %	2015	2015 to 2014, %	Debt load, %
Volgograd Oblast	31.0	115.8	29.98	96.7	73.3
Moscow	266.23	95.3	250.85	94.2	8.8
Khabarovsk Krai	30.16	99.6	28.37	94.1	45.8
Republic of Dagestan	33.86	96.7	31.83	93.8	65.4
Irkutsk Oblast	46.97	102.0	43.85	93.4	23.2
Kemerovo Oblast	45.29	108.4	42.2	93.2	61.2
Republic of Kalmykia	3.84	99.3	3.56	92.8	63.9
Arkhangelsk Oblast	26.92	105.5	24.93	92.6	69.4
Tyumen Oblast	28.27	88.4	26.16	92.5	0.9
Altai Krai	26.85	103.3	24.71	92.0	8.1
Omsk Oblast	25.33	106.5	23.16	91.4	75.2
Vologda Oblast	17.47	104.3	15.89	91.0	78.2
Republic of Tatarstan	75.0	125.0	67.7	90.3	58.3

Sources: Federal Treasury data; author's calculations.

Table 8. Housing and utilities expenses of the budgets of Russian Federation subjects in 2011–2015, billion rubles

Subject	2011	2012	2013	2014	2015	2015 to 2011, %
Kemerovo Oblast	23.4	18.5	17.1	19.5	17.9	76.5
Rostov Oblast	18.0	11.8	12.2	13.6	11.6	64.4
Perm Krai	9.5	6.9	6.9	6.5	6.0	63.2
Novosibirsk Oblast	15.5	10.7	14.0	11.8	9.7	62.6
Yamalo-Nenets Autonomous Okrug	33.4	33.4	34.6	34.4	19.8	59.3
Nizhny Novgorod Oblast	13.0	8.2	7.4	8.7	7.6	58.4
Vologda Oblast	5.6	3.0	2.2	1.9	2.9	51.8
Primorsky Krai	16.3	14.3	10.1	8.4	7.7	47.2
Stavropol Krai	7.0	6.2	8.1	4.0	3.1	44.3
Tyumen Oblast	18.9	14.1	10.7	10.4	8.1	42.8
Chelyabinsk Oblast	17.4	8.6	8.8	8.4	7.4	42.5
Belgorod Oblast	8.8	5.9	3.8	3.5	2.9	33.6
Krasnodar Krai	45.5	32.0	28.1	20.3	14.5	31.9
Russian Federation	968.7	881.2	901.9	900.6	849.4	87.7

Sources: Federal Treasury data; author's calculations.

8. An unprecedented reduction in public funding.

As already mentioned, after the social obligations under the “May decrees” were

transferred to the regional level, the capital expenditure item has been the first to experience the blow of sequestration. Since 2012 there has been a continuing downward

trend in public funding. In 2013–2015, the volume of capital investments of territorial budgets was below the level of 2007, and their share in the total expenditures decreased from 23 to 10% (Fig. 11).

Public investment in some regions reduced by 25–65% (Tab. 9), which significantly exceeded the national average value; moreover, the geography of these regions deserves attention: all of them are large industrial or agricultural centers. At the same time, it is difficult to give objective reasons for the policy of curtailing capital investment by the authorities of federal cities and of the Tyumen Oblast, which have surplus budgets and minimal debt burden.

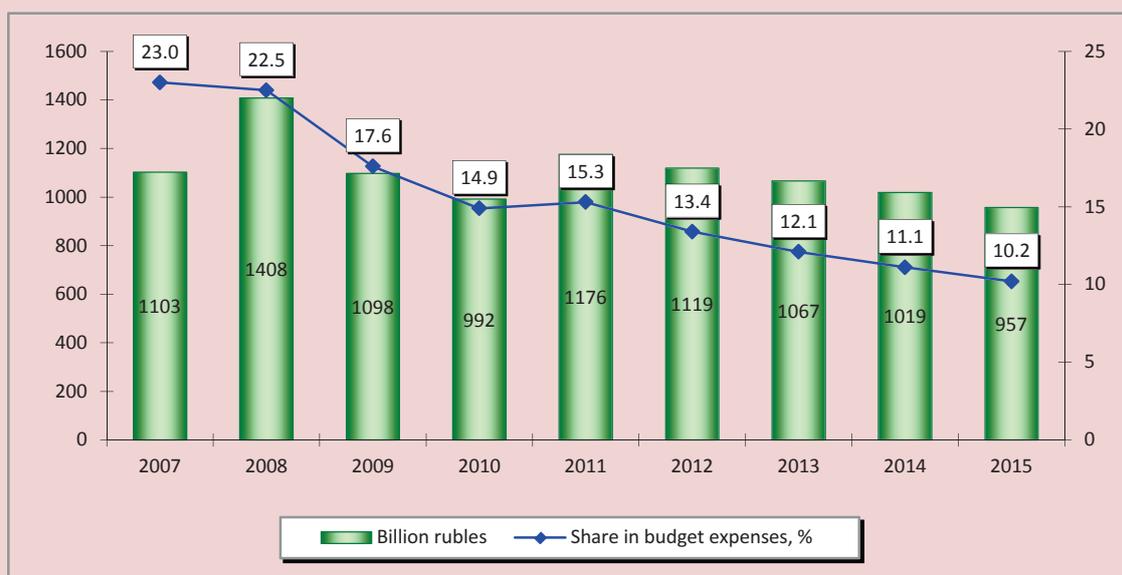
Of course, the reduction in budget investment will impede the creation of long-

term prerequisites for the restoration of economic growth. It is quite natural that in 2014–2015, due to the lack of necessary public investment, the number of regions which experienced a decline in the growth rate of their manufacturing industry increased from 23 to 42. We add that the negative impact of savings on the development budget was acknowledged by the Minister of Finance, who made the following statement: “Switching from investment spending to current spending, the economy inevitably sacrifices its future growth” [1].

9. The number of regions that have budget imbalance is not reducing.

In 2015, seventy-six subjects of the Russian Federation executed their budgets

Figure 11. Dynamics of capital expenditures of the budgets of Russian Federation subjects in 2007–2015



Sources: Federal Treasury data; author's calculations.

Table 9. Capital investments expenses of the budgets of Russian Federation subjects in 2011 and 2015

Subject	2011		2015		2015 to 2011, %
	Billion rubles	Share in budget expenses, %	Billion rubles	Share in budget expenses, %	
Saint-Petersburg	88.6	21.6	66.3	15.1	74.9
Chelyabinsk Oblast	15.7	12.4	10.9	7.0	69.5
Kemerovo Oblast	14.5	11.0	9.7	6.9	66.9
Tyumen Oblast	40.0	23.3	26.7	19.1	66.8
Vologda Oblast	6.7	11.5	4.5	7.4	66.2
Moscow	223.3	15.9	144.1	9.4	64.5
Tomsk Oblast	8.5	16.5	4.4	6.9	52.2
Republic of Tatarstan	53.6	25.9	27.5	11.0	51.3
Belgorod Oblast	20.8	24.9	9.3	11.1	44.6
Krasnodar Krai	41.6	18.4	14.9	5.9	35.9
Yamalo-Nenets Autonomous Okrug	30.0	20.6	10.6	7.6	35.2
Russian Federation	1157.7	15.1	956.5	10.2	82.6

Sources: Federal Treasury data; Rosstat data; author's calculations.

with deficit. Its value, adjusted by the amount of surplus⁶ obtained in seven regions amounted to 170 billion rubles. Without taking into account the surplus, the level of net deficit will increase twice and will reach almost 370 million rubles (*Fig. 12*).

The imbalance of economically strong regions was increasing faster than that of others due to the fact that in 2011 they had a minimum level of deficit⁷ (*Tab. 10*). At the end of 2015, the deficit in these regions increased in 3–7 times, which is significantly higher than the national average.

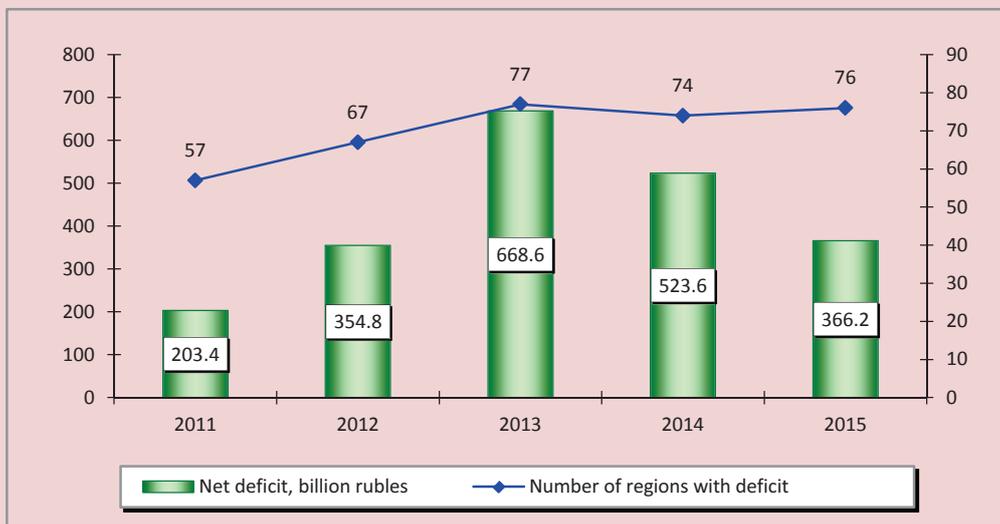
The unprofitability of territorial budgets in recent years is commonly explained by

⁶ The aggregate surplus of sub-federal budgets amounted to 196.2 billion rubles. At that, the share of Moscow was 144.4 billion rubles or 74%.

⁷ The Budget Code of the Russian Federation states that the amount of deficit of the budgets of Russian Federation subjects shall not exceed 15% of the budget's own revenues.

the increased social burden after the adoption of the “May decrees”. In our opinion, the real causes of imbalance lie not so much in the need to implement the tasks set out by the President, but in the inadequacy of the fiscal policy pursued by the Government of the Russian Federation. In the course of the reform of inter-governmental relations in the beginning of the 2000s, 35% of the revenue sources were withdrawn from regional budgets and centralized in the federal budget with the simultaneous transfer of the main part of social infrastructure funding. As a result, unlike the federal budget, territorial budgets in 2000–2009 were deficit-ridden. During the years of reforms the share of revenues of RF subjects in the country's consolidated budget decreased from 56 to 40% (*Tab. 11*).

Figure 12. Changes in the net deficit of the budgets of Russian Federation subjects in 2011–2015



Source: author's calculations based on Federal Treasury data.

Table 10. Deficit of the budgets of Russian Federation subjects in 2011 and 2015

Subject	2011		2015		2015 to 2011, times
	Billion rubles	To own revenues, %	Billion rubles	To own revenues, %	
Perm Krai	0	0	-6,0	-5,6	<i>x</i>
Irkutsk Oblast	0	0	-9.9	-9.3	<i>x</i>
Novosibirsk Oblast	-1.9	-2.1	-13.2	-11.7	6.9
Republic of Komi	-1.3	-2.6	-8.7	-14.3	6.7
Krasnoyarsk Krai	-4.5	-2.9	-21.1	-11.6	4.7
Orenburg Oblast	-1.0	-1.8	-4.5	-6.0	4.5
Rostov Oblast	-3.3	-3.5	-14.6	-11.0	4.4
Kaluga Oblast	-2.5	-7.2	-7.3	-15.9	2.9
Kemerovo Oblast	-3.2	-2.9	-8.9	-8.2	2.8
Russian Federation	-203.4	-6.5	-366.2	-7.7	1.8

Sources: Federal Treasury data; author's calculations.

Actual data confirm that the centralization of revenues that does not meet fundamental principles of budget federalism has become an obstacle to regional development, a decisive factor in the undue reduction in the number of self-sufficient regions and a

high degree of their dependence on central government. However, the RF Government does not want to admit it and openly declares that "...the demarcation of tax sources between the federal center and regions generally corresponds to the modern stage

Table 11. Surplus and deficit of budgets of different levels in 1998–2015, billion rubles

Year	Federal budget	Budgets of RF subjects	Number of self-sufficient subjects*	Share of revenues of the budgets of RF subjects in the consolidated budget of the Russian Federation, %
1998	-146.3	-9.0	no data	55.9
1999	-51.4	7.0	no data	51.8
Total for 2000–2004	1483.1	-51.3	18	43.3
Total for 2005–2009	4784.2	-147.2	16	39.9
Total for 2010–2014	-2067.1	-1523.8	12	39.5
2015	-1961.0	-170.0	14	40.2

* The subjects of the Russian Federation that do not receive subsidies from the federal budget for the purpose of aligning budgetary security.
Source: calculated by the author according to the Federal Treasury data.

of development of federal relations and a substantial revision of this differentiation in the medium term is unnecessary” [15].

The results of the analysis allow us to conclude that budget crisis has affected almost all Russian regions, except for the federal cities, oil and gas regions of the Ural Federal District, and the Sakhalin Oblast that receives enormous flows of profit tax due to the implementation of projects in the framework of agreements on production sharing, and, in varying degrees, several heavily subsidized constituent entities of the North Caucasian and Far Eastern federal districts. Nevertheless, these areas already experience negative trends in certain budget parameters.

The forecasts for 2016 do not contain any signs of recovery of regional finances. The reduction in rental income will limit the ability of the federal budget to increase the transfer assistance to Russian Federation subjects. According to the Finance Ministry, in January–May 2016, the deficit of the Federal Treasury increased by 42% compared

to the same period of the previous year and amounted to 1.5 trillion rubles or 4.6% of GDP [13]. Thus, it is highly probable that the goal of limiting the deficit to 3% of GDP, which was set out by the President of the Russian Federation [16], will not be achieved. Federal loans will not solve the debt issue in regions. Expert estimates show that by 2018, the debt load of constituent entities of the Russian Federation may reach 50% in the volume of the budget’s own revenues [3], which will serve as the main factor constraining investment activity in the majority of areas, and ultimately can undermine the confidence of potential investors to the macroeconomic policy pursued by Russian authorities.

It is necessary to understand that technically simple adjustments to the budget in the form of sequestration or cheap budget loans are temporary measures that do not help overcome the crisis of regional finance. We need system-wide solutions, and making an inventory of revenue and expenditure powers of the federation and its subjects should be a

priority among them. The ultimate result of this inventory will be redistribution of budget flows, which should aim to achieve financial sufficiency of RF subjects.

Are there specific reserves to increase replenishment of Russia's budget, turning it into a real, rather than a declared, source of modernization of the Russian economy? The results of many years of research conducted by ISED T RAS on the issues of formation and execution of budgets at all levels [4, 11, 12,] prove that such reserves do exist. The key ones relate to legislative adjustments to the Tax and Budget codes, in particular: revision of the procedure of administration of the profits of large corporations with the abolition of several unjustified tax privileges; introduction of progressive taxation of incomes of physical persons; restoration of governmental regulation of exchange activities with the introduction of cross-border transactions tax; abolition of large-scale benefits and exemptions on value added tax, and on oil and gas payments.

Our calculations show that with the implementation of these measures it would be possible to achieve additional annual receipts of revenues sources to the national treasury in the amount of more than 15 trillion rubles. This would redistribute a significant part of funds in the form of taxes or transfers in regions' favor.

Budget issues could be solved with the help of impressive unused balances of the federal budget, which, according to the

Federal Treasury report, amounted to 10 trillion rubles at the beginning of 2016.

Due to the fact that budgetary funds managers have a low responsibility in effective expenditure management at the federal and regional level, it is impossible to stop negative processes of growing accounts receivable of budgets. According to our calculations, in 2015, the total volume of receivables increased by a third and reached almost eight trillion rubles, including one trillion rubles in territorial budgets. These funds should also be considered as additional sources of financing budget expenditures.

Despite numerous appeals of regional authorities, Russian Government still has not solved the issue of letting regional budgets retain the unused balances of subsidies and subventions that are not developed due to their untimely transfer from the federal budget and that are subject to refund under current legislation. For this reason, regions annually lose from 20 to 45 billion rubles of revenue.

The reserves stated above should be supplemented by the adoption of measures to eliminate arrears to the budget; taking into consideration its amount accumulated at the beginning of 2016, this would help replenish the revenues of territorial budgets by 420 billion rubles, or 6%. Regional and local payments account for about 60% of the total amount of overdue liabilities, which indicates an insufficient level of activity of regional authorities in their work with taxpayers.

It should be mentioned that when carrying out the optimization that affected almost all the vital areas of spending, regional officials do not hesitate to increase administrative costs every year. According to our estimates, in 2015, management costs increased in 50 regions; this indicates that there is potential for reducing these costs.

Due to a complicated situation with regard to the prospects of possible solutions to debt issues in constituent entities of the Russian Federation⁸, it is expedient, in our view, to consider the possibility of writing off part of regions' debts. Otherwise, the federal center will be forced to issue new loans to repay those already taken.

The growing regional imbalance is a major challenge for Russia. The answer to this challenge requires reconsideration of approaches of the central government to regional policy, which must be focused not only on stabilization but also on the launch of mechanisms for sustainable economic growth, primarily through an adequate fiscal policy. The system of state regulation of territorial development should clearly define the competences of different levels of public authorities, the procedure for funding its commitments and control over execution of decisions of public administration bodies related to the field of regional policy.

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⁸ According to the statement of Chairman of the Accounts Chamber of the Russian Federation T.A. Golikova, "some RF subjects a priori will never solve the problem of budget loans" [2].

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Determinants of the Russian Banking Sector Development as the Drivers of Economic Growth



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Abstract. The paper substantiates the relationship between the situation in the national banking sector and Russia's economy. Using the data provided by the Bank of Russia [8; 9; 10], Federal State Statistics Service [2], IBM SPSS Statistics software product, the authors have carried out a regression–correlation analysis of the main indicators of the Russian banking sector in 2005–2015 and GDP. It has been found that there is the strongest positive correlation between GDP and aggregate banking risks and also the profit of credit institutions; the correlation between GDP and aggregate financial result of the banking sector is weaker; the return on equity has no significant relationship with major indicators of banking activities, except for a moderate negative relationship with the aggregate value of regulatory capital; the return on equity in the Russian banking sector is affected adversely by subordinated debt in the structure of capital. In a stable economic situation (2005–2007, 2010–2013) the authors point out a correlation between capital and the profit of the banking sector; in a crisis situation (2008–2009, 2014–2015), there is a correlation between capital and the profit of profitable credit institutions alone. A positive correlation has been revealed between the proportion of profit of the reserve fund in the structure of capital and risks undertaken. Taking into consideration the correlations identified, the authors make a forecast model for aggregate profits of Russia's banking sector.

Key words: banking; capital adequacy; profitability; business cycles; capital portfolio.

Introduction

Progressive economic development requires an adequate banking system that would meet the needs of economic agents in banking.

The banking system and other economic sectors are interrelated and interdependent; when studying the mutual influence of the most important characteristics of the state of the economy and the banking system the methodological approach is applied, it assesses links between economic performance indicators, prudential rules and indicators of the banking system – the banking sector presented by credit institutions and various kinds of banks (except for the Central Bank).

To assess the development of the banking sector it is necessary to use variables reflecting the state of the economy, and

variables reflecting the most important characteristics of banking activities.

Materials and methods

Assessment of the impact exerted on the banking sector by various parameters characterizing the state of the economy and the rules regulating banking activities is considered in the works of domestic and foreign researchers.

When characterizing the state of the Russian banking sector, Bank of Russia Chairman Elvira Nabiullina uses the following indicators that can be estimated: capital, asset quality, risk, profitability of banks, correlation between banking sector indicators and GDP [4]; other authoritative domestic researchers assess economic growth also with the use of GDP, profit, bank profitability, and capital [1; 6; 11; 21; 22; 25]. However, various studies provide

a somewhat fragmented assessment of development of the banking sector on the basis of profit, profitability, capital and risks in the banking sector in their relation to gross domestic product in dynamics with the use of econometric tools.

Similar approaches to the choice of indicators to assess the state and prospects of development of the banking sector are applied by foreign researchers as well. For instance, J. Goddard, H. Liu, P. Molyneux, and J.O.S. Wilson consider the profit of the banking sector, the stability of its receipt in relation to GDP as an indicator to assess competition. The authors come to the conclusion that the higher the GDP growth, the less stable is the profit margin of the banking sector in different periods of time [19].

The relationship between GDP and banking profit is considered in the works of W.J. Hippler, and M.K. Hassan [20]. The authors come to the conclusion that the more pronounced the crisis manifestations in an economy, the lower the profitability of all firms including financial ones. According to B. Williams, the Australian banking sector is characterized by increasing profits when GDP is growing [27].

Relationships between profitability, capital, profit and risk in the national banking sector and the country's GDP, and the business cycle are also assessed by other foreign researchers [see, e.g., 12; 13; 15; 16; 17; 18; 24; 26].

C.-C. Lee and M.-F. Hsieh study the effect that the value of banking capital has on its profitability (return on equity – ROE) and on the aggregate amount of risks; they also study the influence of GDP on the profitability of banking capital using the data on Asian countries. These authors come to conclusions about the difference of the impact depending on the dynamics of GDP in different countries [24]. Significant influence of the value of capital on ROE is typical of the countries with a low GDP growth; as for the banks in the countries of Central Asia, they show the greatest opposite effect of the amount of capital on the aggregate amount of risks. According to C.-C. Lee and M.-F. Hsieh, the more profitable the activity of banks, the less stable is the value of the growth rate of profit; for the countries whose GDP level is low, it has been found out that that the greater the amount of banking capital, the higher is profitability, the effect is strong. K. Djalilov and J. Piesse come to a similar conclusion about the amount of capital and the exposure to credit risk as factors in determining the profitability of banking capital [17]. M. Košak, S. Li, I. Lončarski, and M. Marinč studied the relationship between the structure of capital and the profit of banks [23]. Having studied the relationship between banking capital, the sources of its increase and bank risks, B. Camara, L. Lepetit, and A. Tarazi draw a conclusion concerning the increase in the risks taken by banks when the share of

subordinated debt in the portfolio of capital increases [14].

In order to carry out a retrospective assessment of the Russian banking sector the present study chooses the indicators that reflect the dynamics of economic development of the country, first of all, GDP, in conjunction with the most important indicators characterizing the banking sector, such as revenue, aggregate amount of risks assumed by the banking sector, the bank's capital base (capital) and its structure.

GDP is used to describe the situation in the economy in most countries, and it largely determines economic policy of the state [5; 21].

The Concept for long-term socio-economic development of the Russian Federation for the period till 2020 is one of the most important regulatory and legal strategic documents of national importance, it defines the targets of economic policy and the banking system. The document sets

out the following goals in the development of the financial system: increase in the contribution of the banking sector in the funding of investments in fixed capital, increase in the level of bank lending to the economy from 40% of GDP in 2007 to 70–75% of GDP in 2015 and 80–85% of GDP in 2020 [7].

The data on the main indicators characterizing the development of the Russian banking sector over the past 10 years are presented in *Table 1*.

Based on the data of the table, a conclusion can be made concerning the development of the scope of activities of the Russian banking sector. However, in order to identify significant factors in this development, it is necessary to conduct an additional analysis of the relationship between GDP and profits of the banking sector as a financial result of its activities in dynamics, which is reflected in the studies by foreign as well as domestic authors.

Table 1. Major indicators characterizing the development of the Russian banking sector at the beginning of the year, %

Indicator	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	End of 2018 (forecast)
Ratio of banking sector assets to GDP	51.9	60.5	67.9	75.8	73	69.7	74	80.8	99.7	103.2	120-125
Ratio of capital to GDP	6.3	8	9.2	11.9	10.2	8.8	9.1	9.9	10.2	11.2	11.5
Ratio of loans in economy to GDP	29.8	37	40	41.5	39.2	39	41.4	45.7	52.5	54.7	70

Compiled with the use of the following sources: O Kontseptsii dolgosrochnogo sotsial'no-ekonomicheskogo razvitiya Rossiiskoi Federatsii na period do 2020 goda: rasporyazhenie Pravitel'stva RF ot 17 noyabrya 2008 g. № 1662-r [On the Concept for long-term socio-economic development of the Russian Federation for the period till 2020: Resolution of the RF Government of 17 November 2008 No. 1662-R]. SPS "Konsul'tantPlyus": Zakonodatel'stvo: Versiya Prof. ["Consultant plus" reference and search system: Legislation: Prof. Version]. Available at: <http://base.consultant.ru>; Osnovnye napravleniya razvitiya finansovogo rynka Rossiiskoi Federatsii na period 2016–2018 godov [Major directions of development of the financial market of the Russian Federation for 2016–2018]. Available at: http://www.cbr.ru/finmarkets/files/development/onfr_2016-18.pdf.

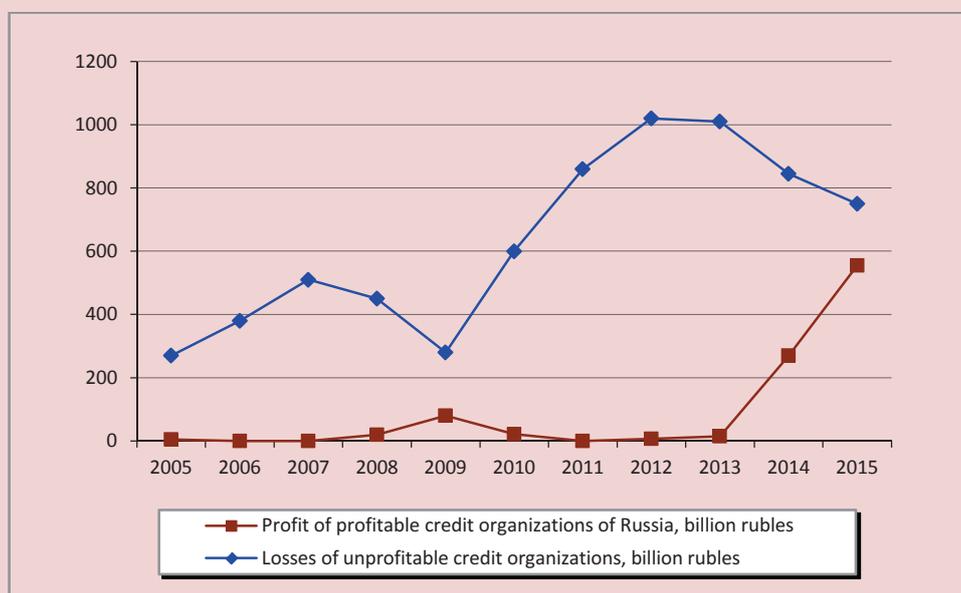
Forecasting the profit of the banking sector depending on the changes in key indicators affecting the banking business is conditioned by several reasons. Besides the fact that a goal of credit organizations is to make profit (formally, it is possible to disagree with it and say that the purpose of a commercial organization is to increase its value); nevertheless, the value of profit cannot be underestimated. Profit forms a country's GDP; carries out a fiscal function in the sense that it is a financial source of obligatory payments, generates budget revenues; acts as an important source of capitalization of the banking sector, a source of the value of individual credit

institutions, contributes to the sustainability of credit intermediaries. Profit performs a social function to some degree, because it contributes to the enhancement of welfare of households through financial incentives for bank employees and charitable activity of banks. In this regard, it is highly advisable to develop a model that would define the dependence of profit of the banking sector on other economic indicators.

Data on the profit of the Russian banking sector is shown in *Figure 1*.

As the first hypothesis to be tested as part of this study, we put forward a hypothesis about the correlation between GDP and the profit of the banking sector. According to

Figure 1. Dynamics of profit of the Russian banking sector in 2005–2015



Source: Obzor bankovskogo sektora Rossiiskoi Federatsii – 2005–2016 [Overview of the banking sector of the Russian Federation 2005–2016]. *Tsentral'nyi bank Rossiiskoi Federatsii (Bank Rossii)* [Central Bank of the Russian Federation (Bank of Russia)]. Available at: <http://cbr.ru/analytics/?Prtid=bnksyst>

theoretical provisions and the findings of other studies, the dynamics of these two indicators must be comparable, i.e. in the conditions of progressive development of the economy characterized by a relatively high GDP growth rate, the profit of the banking sector should increase, and vice versa.

Besides profit, the most important indicators used to assess the activities of the banking sector include sufficient own funds (capital base), and return on equity (ROE).

On the one hand, capital determines the possibility of obtaining profits and increasing the value of the bank. On the other hand, profit affects capital by increasing bank capitalization and strengthening the capital base of the bank.

The modern theory of banking distinguishes several models of bank equity, and the profit in each model is considered as a source of own funds.

The balance capital model in determining the value of balance capital uses the amount of profit reflected in bank balance. Balance capital of the bank in modern conditions is used neither in the regulation nor evaluation of the bank (regulatory or market assessment), its value, in connection with which the amount of balance capital should not be used as a variable in the model that determines the profit of the bank and banking sector.

The economic capital model, which considers economic capital as an aggregate total amount of risks accepted by the bank, views profit as a source of available domestic capital, which must exceed economic

capital. The economic capital model is fairly new in the Russian banking practice; there are no statistics on the amount of available internal capital and the share of profit in the value that does not allow the amount of available internal capital to be used as a variable model that determines the profit of the banking sector.

The bank's market capital model, which became widespread in foreign countries and which implies the valuation of the bank through the value of the bank's own funds by a rating agency, independent appraiser or other participant of the financial market, is used applied to Russian conditions with restrictions. The amount of market capital is generally identified in the circulation of bank shares on the market as well as in transactions of sales of the bank, mergers and accessions. In Russia, the circulation of bank shares on the financial market is very limited, and the available information cannot be used in the model that determines the profit of the banking sector. As for the transactions in the sales and mergers of banks, the official information about the market valuation of the bank in such cases is unavailable. It is inexpedient to use information about market capital of banks when designing the model also due to the isolated nature of such transactions.

Regulatory capital of the bank, if it is used as a variable in the model that determines the profit of the bank and banking sector, has a number of advantages compared to balance capital, market capital and available internal capital. Regulatory capital and

its adequacy ratio are determined uniformly for all national banks and are, with some errors, comparable with the same indicators for foreign banks and banking sectors. The basis of uniformity is the unification of regulations of banking activities in accordance with the recommendations of the Basel Committee on Banking Supervision.

A disadvantage of applying regulatory capital and its adequacy ratio as independent variables in the regression model lies in the different techniques of their calculation in different time intervals in the analyzed period. In order to compensate for this drawback, we complete the developed model with variables such as indicators of the structure of regulatory capital. When calculating the structure of regulatory capital we use an approach that aggregates the elements of capital depending on the source or the uniformity of capital instruments without dividing the capital into levels (primary, secondary, basic, and additional). The structure of the value of regulatory capital of the bank on the basis of homogeneity of capital instruments is represented by equity capital, share premium, reserve fund, undistributed profit, positive revaluations of property, subordinated loans (deposits, loans, bonded loans), revaluation of property, immobilization of capital, under which we mean the aggregate amount of items that reduce capital; thus, we understand passive immobilization as the reduction of capital caused by management errors, and active

mobilization – as the reduction of capital due to the presence of assets that bring profit to the bank, but that are not approved by the regulator [for more details, see 3]. When constructing a model that determines the profit of the banking sector, we identify the significance of various elements in the structure of regulatory capital in the formation of bank profit.

In addition to regulatory capital, it is appropriate to use the aggregate amount of risks as a variable. The aggregate amount of risks of the regulatory model, according to the Basel agreements on capital and the requirements of the Bank of Russia, includes the credit, market and operational risks and, in accordance with the theory of banking, defines the bank's ability to obtain income and generate profit. This theoretical provision is seen as the next hypothesis and its verification is viewed as one of the objectives of the present study. The use of the aggregate value of risk as a variable of the developed model has its advantages and disadvantages compared to other variables, such as the value of the loan receivables, data on overdue loans, investments in securities of third party issuers, the amount of reserves formed. We consider that the advantage of the aggregate value of risk as a variable model that allows bank profit to be assessed is the fact that the specified variable covers a wide range of the risks most important from the point of view of the regulator: the risks on balance sheet and off-balance sheet operations of banks. Another advantage of the aggregate

value of regulatory risks as a variable in the developed model can be a presumably high likelihood of obtaining reliable models, because the study is based on official statistics, there are no expert assessments, therefore, the errors and inaccuracies in the model are minimized. We believe that the drawback of using the aggregate value of regulatory risks as a variable to identify the main determinants of bank profits, is the most important drawback, which is inherent in the overall regulatory model of bank capital: the aggregate value of risks is determined by only three risks and does not take into account possible losses and possible cash inflows from other activities of the bank. In addition, the calculation of the very aggregate value of banking risks

is strictly formalized by the requirements of the regulator and does not take into account differences in terms of functioning and the scope of activities of various credit institutions.

Results

Based on data for the period from 2006 to 2015, the calculation of the Pearson correlation coefficient – GDP indicator – performance of Russian banks (profit, aggregate risk (Ar), total capital (C) and its structure) was carried out, the results are presented in *Table 2*.

The presence of correlation dependence shows the existence of a relationship, but does not show a causal relationship; i.e. judging only by the coefficient, it is impossible to say whether the activities of

Table 2. Correlation between performance indicators of the Russian banking sector and GDP

Indicator	GDP in Russia (in current prices, thousand rubles)		GDP from financial activities in Russia (in current prices, thousand rubles)	
	Pearson correlation	Value (2-sided)	Pearson correlation	Value (2-sided)
Total capital of the banking sector, billion rubles	0.973**	0.000	0.565	0.113
Adequacy ratio of regulatory capital in the Russian Federation, N1 (N1.0 since 2015)	-0.421	0.299	-0.427	0.292
Aggregate amount of risks in the banking sector, Ar, billion rubles	0.986**	0.000	0.713*	0.031
Profit of the banking sector of the Russian Federation, billion rubles	0.841**	0.001	0.876**	0.000
Profit for only profitable credit organizations of the Russian Federation, billion rubles	0.935**	0.000	0.920**	0.000
Authorized share capital of credit institutions, billion rubles	0.974**	0.000	0.715*	0.013
Share premium, billion rubles	0.964**	0.000	0.731*	0.011
Reserve fund and undistributed profit, billion rubles	0.987**	0.000	0.794**	0.003
Subordinated debt, billion rubles	0.934**	0.000	0.625	0.040
Revaluation of property, billion rubles	0.897**	0.000	0.569	0.068
Immobilization of capital, billion rubles	0.984**	0.000	0.783**	0.004
* Correlation is significant at the level of 0.05 (2-sided).				
** Correlation is significant at the level of 0.01 (2-sided).				

banks influences GDP or GDP determines the performance of banks. Repeated measurements of correlation coefficients were carried out for shifted time series. The results show that if we take the current performance of the banking sector and the previous values of GDP, then the correlation between GDP and the total capital of banks increases (with the shift of one period, the correlation coefficient between the indicators is 0.0994) and the relation to the profit of credit institutions decreases. Thus, the state of the economy in terms of GDP determines the ability of banks to generate capital in the coming year; the capitalization of the banking sector depends on GDP; in a complex, crisis situation (which corresponds to a decrease/slowdown in GDP growth) if it is necessary to increase capital, the banking sector needs additional mechanisms and relevant measures of governmental support (state funds).

If the time series are displaced in the current values of GDP and past performance of the banking sector, then the repeated measurements of the correlation coefficients indicate the strengthening of relations with banking profit (at a one-period shift, the correlation is 0.920 for all credit institutions and 0.943 – for profitable ones) and the simultaneous weakening of relationship between capital and its structure. This leads to a conclusion about a positive impact of profit of the banking sector on GDP and the creation of prerequisites for growth/reduction of GDP in the coming year.

Evaluation of the relationship was conducted with both Russia's GDP as a whole, and with the share of GDP derived from financial activities. The strongest correlation can be observed with GDP in Russia as a whole; GDP from financial activities correlates significantly only with the profit of the banking sector. The result fully corresponds to theoretical concepts, since GDP from financial activities is determined by the difference between revenues and material costs, and the profit of the banking sector is determined largely in a similar way – as the difference between revenues and expenditures.

From this we can conclude that the relationship between the indicators is not equal. The volume of GDP in the whole country determines the total capital of banks and its structure, sets the initial conditions of activities and opportunities for obtaining profit. At the same time, the financial result received (the profit of credit institutions) forms GDP from financial activities in Russia and, consequently, increases GDP of the country as a whole. Schematically, the above relationships can be represented as follows:

$$GDP_{n-1} \rightarrow (C_1+C_2+C_3+\dots)_n \rightarrow Pr_n \rightarrow GDP_{n+1},$$

where n is the current period,

$n-1$ – the previous period,

$n+1$ – the future period,

$(C_1+C_2+C_3+\dots)$ – the total capital of the banking sector and its structure, Pr – the profit of the banking sector.

As can be seen in Table 2, except for the regulatory capital adequacy ratio (N1), all the other indicators are linked to GDP, and the correlations are maximum important. The correlation is the highest between GDP and sources of bank capital such as reserve fund and retained earnings (correlation coefficient = 0.987) and equity capital (0.974) and share premium (0.964), the correlation coefficient with the aggregate capital of banks is 0.973. There is a strong correlation with the immobilization indicator.

Assessment of the internal interconnections between the performance indicators of the banking sector (*Tab. 3*) allows us to conclude that the most significant relation exists between the total capital and the aggregate value of risks of the regulatory model (Ar), which is quite natural.

Noteworthy is the fact that return on equity appears to be related to almost nothing. There is a moderate inverse relationship with total capital (-0.723), i.e. it turns out that the higher the total aggregate capital of banks, the lower is the return on equity. This regularity indicates a decline in the attractiveness of the banking sector for investors; a moderate character of the relationship suggests that it is typical of the industry in general, while it may not occur likewise for individual credit institutions. In the conditions when legislation gradually raises the minimum capital for an operating bank, in 2010–2015 small banks increased their capital to 300 million rubles by the beginning of 2015 at a higher rate compared to profit-generating assets, which had a negative impact on the profitability of their capital.

Table 3. Pearson correlations between performance indicators of the banking sector of the Russian Federation

Indicator	Aggregate capital of the banking sector, billion rubles	N1 for Russia as a whole (N1.0 since 2015)	Ar, billion rubles	ROE for Russia as a whole, %	Profit of the Russian banking sector, billion rubles	Profit only for profitable organizations of Russia, billion rubles
Aggregate capital of the banking sector, billion rubles	1	-0.518	0.976**	-0.723*	0.180	0.684*
N1 for Russia as a whole (N1.0 since 2015)	-0.518	1	-0.684*	-0.128	-0.413	-0.731*
Ar, billion rubles	0.976**	-0.684*	1	-0.602	0.205	0.727*
ROE for Russia as a whole, %	-0.723*	-0.128	-0.602	1	0.399	-0.035
Profit of the Russian banking sector, billion rubles	0.180	-0.413	0.205	0.399	1	0.871**
Profit only for profitable organizations of Russia, billion rubles	0.684*	-0.731*	0.727*	-0.035	0.871**	1

* Correlation is significant at the level of 0.05 (2-sided).
 ** Correlation is significant at the level of 0.01 (2-sided).
 Correlation coefficients not marked with an asterisk are not significant (<0.05).

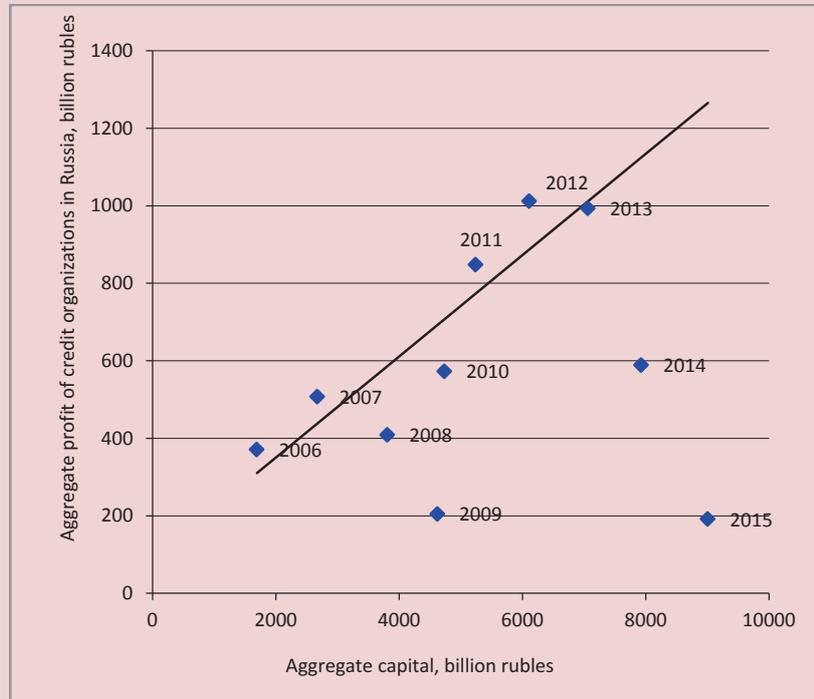
The assessment of correlation indicators (see Tab. 3) shows the difference in the nature of the relationship between bank profit and other indicators for the banking sector as a whole and for profitable credit institutions. In general, the domestic banking sector does not show a direct significant correlation between profit and other major indicators of activity; this is not consistent with the theoretical provisions. We see the reason in considerable differences between the internal factors influencing the formation of the profit of individual banks, which requires additional research. For profitable credit institutions we not a moderate correlation between profit and the capital adequacy ratio (N1), aggregate value of risks of the regulatory model (Ar) and aggregate capital. We highlight the following reasons for the dependencies identified:

- profitable credit institutions have a sound financial policy that helps generate revenues and profit with an acceptable level of risk, while the gross nationwide profit in Russia is affected by the total loss of loss-making credit institutions, which confirms the theoretical position about the imbalance of their policy, manifested in the violation of relations between critical banking indicators;

- in the Russian banking sector as a whole we do not observe a clear dependence between profit and the amount of capital and its structure, but there is a connection with the bank's size, i.e. large banks (in terms of capital value) are more profitable

than small ones. To check this assumption, we built a scatter chart of the total profit of credit organizations in Russia and the aggregate capital (*Fig. 2*). In general, the assumption is corroborated (an approximate trend on the chart is marked with a line); an exception is noted in 2008–2009 and 2014–2015. The situation in 2008–2009 shows that the profit is influenced by a crisis macroeconomic situation, deterioration of assets quality, reduction in revenues and profits, the need to increase reserves, and it justifies the feasibility of implementing measures of state support of the financial sector. In 2014–2015, in addition to the impact of adverse macroeconomic and global factors, the banking sector incurred additional costs associated with the transition to Basel II and Basel III standards, which requires not only the increase in capital and improvement of its quality, but also significant expenditures on the establishment and functioning of internal banking risk and capital management systems. When the indicator of the aggregate profit of the banking sector is replaced with the profit of only profitable credit institutions (excluding total losses), then the identified deviations are leveled. The high concentration of assets, capital and profit of the banking sector [see 10] leads to the conclusion that the largest banks, having received government support, in contrast to others, adapted more successfully to the influence of negative macroeconomic and global factors.

Figure 2. Aggregate profit and aggregate capital of the Russian banking sector



Evaluating the interconnection between the structure of capital and the indicator of profit of credit organizations in Russia (assessment in absolute values), we can note the lack of significant links (*Tab. 4*); at the same time, there exists a relationship with profit of only profitable credit institutions. Thus, profitable banks capitalize the profits gained, and strengthen their capital base. Of greatest significance (0.866) are the links to the active immobilization of capital, which confirm the theoretical premise that active immobilization, although not encouraged by the Central Bank of the Russian Federation, is economically justified, since it contributes

to the generation of profits. The links to the reserve fund and retained profits (0.843) are also significant, because this helps strengthen the capital base, indicates its ability to absorb losses without significant reductions in the sources of capital, and, to some degree, helps obtain profit in the subsequent periods.

Aggregate capital and the indicator of aggregate risk (Ar) are also connected by correlation dependence with all the structural elements of capital. The correlation is the strongest with the size of the reserve fund and retained profit, equity capital and subordinated debt;

Table 4. Interrelation between the structure of capital and the rate of profit of the Russian banking sector

Indicator	Profit of the Russian banking sector, billion rubles	Profit only for profitable organizations of Russia, billion rubles
Authorized share capital, billion rubles	0.263	0.714**
Share premium, billion rubles	0.540	0.843**
Reserve fund and undistributed profit, billion rubles	0.455	0.843**
Subordinated debt, billion rubles	0.202	0.650*
Revaluation of property, billion rubles	0.491	0.775**
Other increase, billion rubles	-0.431	-0.640*
Immobilization, billion rubles	0.242	0.708*
Including active immobilization	0.498	0.866**
passive immobilization	-0.184	0.347

* Correlation is significant at the level of 0.05 (2-sided).
** Correlation is significant at the level of 0.01 (2-sided).
Correlation coefficients not marked with an asterisk are not significant (<0.05).

i.e., profitable banks get an excellent opportunity to generate profits having a certain capital; the capital and all its elements are used to generate income and obtain profit rather than to meet the regulatory requirements to the minimum amount of capital, which is typical of small banks.

The relationship between the structure of capital and profit was estimated in absolute terms (billion rubles); in order to assess the relationship with the indicators of capital adequacy (N1) and return on equity (ROE) the relative data were used (the shares of structural elements of capital). The results are presented in *Table 5*.

Table 5. Relationship between the structure of capital of the banking sector of Russia and adequacy ratios (N1) and return on equity (ROE) of own funds

Elements of the capital of the Russian banking sector	N1 for Russia as a whole (N1.0 since 2015)	ROE for Russia as a whole, (%)
Authorized share capital, %	0.056	0.489
Share premium, %	0.313	0.083
Reserve fund and undistributed profit, %	-0.935**	0.061
Subordinated debt, %	0.090	-0.879**
Revaluation of property, %	0.578	-0.121
Immobilization, %	0.571	0.651*

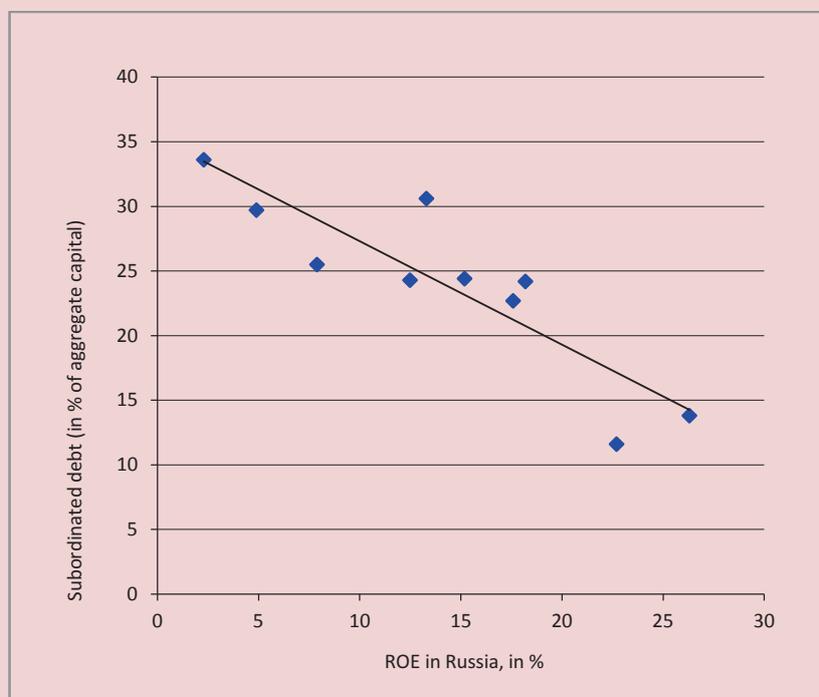
* Correlation is significant at the level of 0.05 (2-sided).
** Correlation is significant at the level of 0.01 (2-sided).
Correlation coefficients not marked with an asterisk are not significant (<0.05).

According to the data in Table 5, a significant inverse relationship between the index N1 and the share of the reserve fund and retained profit is noted; i.e. banks, having a capital of high quality (profit and the reserve fund mostly the elements of the base and fixed capital), pursue a more risky policy and take on more risks. Return on equity (ROE) and the share of subordinated debt in the aggregate capital are also linked by reverse correlation dependence (Fig. 3).

Subordinated debts are initially treated by the theory of banking as a crisis management tool, their provision within

the framework of the measures of state support of the Russian banking sector in 2008–2009 and then in 2015 aimed to absorb excessive pressure of the risks of bad debts on capital, and their negative impact on profit shows a hidden underlying issue: the crisis impact of the macroeconomic situation on the banking system have not been overcome, the quality of the requirements that generate the income and, therefore, profit of banks, is low. In a situation when the banking requirements are of high quality, all the elements of capital ensure the adequacy of assuming economically viable risks and the allocation

Figure 3. Relationship between the return on equity and the share of subordinated debt in the aggregate capital of the banking sector of the Russian Federation



of capital to cover bad debts is minimal. However, the fact of the significant inverse relationship between the return on equity of the banking capital and the share of subordinated debts in its structure suggests a dangerous situation: technically subordinated debts strengthen the capital base; the analysis has revealed that return on equity of the Russian banking sector is influenced negatively by the increase in the share of subordinated debt in the capital.

Identification and substantiation of relationships between the assessed indicators of Russian banking sector development allows us to proceed to the justification of a forecast model of the aggregate profit of Russian credit organizations.

Having determined as a target variable the total profit of the Russian banking sector, we include in the analysis the following variables as the GDP variables: the aggregate

bank capital, capital adequacy ratio N1 (N1.0 from 2015) for the Russian banking sector, the return on equity (ROE), the aggregate value of risks of the regulatory model of capital (Ar) and all the indicators of the structure of capital (share capital, share premium, reserve fund and retained earnings, subordinated debt, revaluation of property, other increase of capital and immobilization). Then we use the step-by-step selection to choose variables to build the regression model. At that, the independent variables that have the highest partial correlation coefficients with the dependent variable, were matched step by step in the regression equation. As a criterion of the step-by-step selection we use the probability of F-statistics (0.05 – for inclusion and 0.1 – for exclusion). The inclusion of variables in the calculation is performed in six iterations (*Tab. 6*).

Table 6. Introduced or deleted variables*

Model	Variables included	Variables excluded	Method
1	Russia's GDP, in billion rubles		Step-by-step (criterion: probability of F-inclusion \leq .050, F-exclusion \geq .100).
2	Authorized share capital		Step-by-step (criterion: probability of F-inclusion \leq .050, F-exclusion \geq .100).
3	Revaluation of property		Step-by-step (criterion: probability of F-inclusion \leq .050, F-exclusion \geq .100).
4	ROE for Russia as a whole		Step-by-step (criterion: probability of F-inclusion \leq .050, F-exclusion \geq .100).
5	N1 for Russia as a whole (N1.0 since 2015)		Step-by-step (criterion: probability of F-inclusion \leq .050, F-exclusion \geq .100).
6		Revaluation of property	Step-by-step (criterion: probability of F-inclusion \leq .050, F-exclusion \geq .100).

* Dependent variable: aggregate profit of the Russian banking sector.

As a result, the variables in the regression model include GDP, the authorized share capital of credit institutions, return on equity (ROE), and capital adequacy N1 (N1.0 since 2015) of the Russian banking sector.

A measure of precision of the model obtained is the coefficient of determination, which for our model is equal to 0.998 (adjusted 0.996).

Table 7 presents the obtained coefficients of the regression model. As a result of assessing the strength of influence of each of the factors included in the regression model, the assessment having been performed according to the standardized coefficients, it has been revealed that the greatest influence on the total profit of the banking sector is effected by GDP (2.449), then – by ROE (1.191) and N1.0 (0.969). The authorized share capital of banks has the least impact (-0.692). Consequently, in order to provide an opportunity to gain

profit, the owners of banks increase capital with the help of various sources, with the exception of authorized share capital.

The non-standardized coefficients of regression equation are used to forecast the target variable, i.e., knowing the values of independent factors and substituting them in the model, one can calculate the total profit of the Russian banking sector. In addition to the forecasting, the model can be used for evaluating the results already existing, i.e. to analyze the discrepancies (and identify the causes of these discrepancies) between the actually received profit and its forecasted value.

Conclusions

The study of the interrelation between GDP and the major indicators that assess the performance of the Russian banking sector provided the following conclusions.

The Russian banking sector has significant relationships between macroeconomic indicators and profit, capital, and aggregate

Table 7. Coefficients of regression equation*

Model	Non-standardized coefficients		Standardized coefficients	t	Value
	B	Standard error	Beta		
(Constant)	-3439.589	209.425		-16.424	0.000
Russia's GDP (in current prices, in billion rubles)	0.056	0.003	2.449	21.216	0.000
Authorized share capital of the Russian banking sector, billion rubles	-0.494	0.098	-0.692	-5.062	0.007
ROE for Russia as a whole	49.869	3.134	1.191	15.912	0.000
N1 (N1.0 since 2015) for Russia as a whole	104.704	6.881	0.969	15.217	0.000

* Dependent variable: aggregate profit of the Russian banking sector.

risks of Russian credit organizations; this fact confirms the relevant theoretical propositions and is not contrary to the similar conclusions obtained by foreign researchers based on the data from other countries.

In assessing the factors that affect banking profit and the return on equity (ROE), the differences have been revealed in the significance of impact of the same factor on the corresponding figures of the Russian banking sector as a whole and on profitable credit institutions separately. Identifying and evaluating the relationships

between bank profits and GDP, as well as authorized share capital, profitability and adequacy of regulatory capital, allowed us to build a forecast model of profit of the Russian banking sector, the accuracy of which is evaluated according to the coefficient of determination (0.998). The specifics that have been revealed in the Russian banking sector development in different periods of macroeconomic conditions determine the direction of further research for the purpose of strengthening the drivers of economic growth.

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Institutional Capacity of Innovation Activity Development in the Region



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Abstract. The article presents the results of the study under the theme of development of institutions of innovation sphere, transfer of scientific results to the real sector of the economy. The purpose of the study is to reveal institutional capacities of strengthening the implementation of research findings, drawing on the functional properties of institutions with regard to innovation activities. The methodology is to apply well-known methodological principles to the solution of emerging challenges (software-based method for fundamental scientific result implementation, sectoral research organizations in the new management environment and statistical records of process innovations by analogy with product innovations). The article puts forward and justifies the proposal for strategic innovation as the institution of communicating the results of fundamental research to social practice by integrating into a single process the results of oriented fundamental research, applied research, engineering development, development and other works, which are realized in the form of a material object or service of a high technology level. The distinguishing feature of strategic innovation is a future-oriented outlook and the solution of long-term objectives. Russian scientific achievements can become the basis for strategic innovation development. The article gives examples of possible research field where strategic innovation can be developed and demonstrates an innovative implementation mechanism in the format of specialized

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research-and-production program which combines government and business participation. The paper gives arguments and development ways of the institution of sectoral research organizations as providers of state technological policy in sectors and regions; coordination of import substitution; centers of communication establishment with engineering companies; analytical and predictive research. The study justifies the expediency of developing an institution for statistical innovation records by introducing the indicator of weight of innovative production technologies which are of particular importance to the measurement and management of innovation processes in extractive industries and regions. We have worked out a proposal for the development of the institution of scientific and technical programming by making an annual operational program implementation plan. The results of the study can be applied to fundamental research results programming and may also be used by federal and regional authorities in the system of measures for the development of national and regional innovation systems. The study can be pursued in line with the proposed institutions in terms of clarifying state financing and the provision of a preference for businesses units within strategic innovation, the introduction of pilot projects on the measurement of process innovation, the development of a short-term scientific and technical program implementation plan.

Key words: institution, strategic innovation, sectoral applied research organization, process innovations, operational plan.

The state of innovation activity in the context of economic challenges cannot be considered satisfactory. According to the statistics, the share of innovative products in the Russian Federation in 2005–2014 ranged between 5–9%.

In the context of the underdeveloped innovation market and the changing external environment (the declining hydrocarbon prices, production imports limitation), the role of the state in the regulation of innovation activity is gaining significance – finding and implementing the ways of overcoming innovation obstacles that hamper its strengthening, including through the development of institutional conditions, i.e. the organizational and managerial rules to streamline and stimulate innovation activity.

The economic literature attaches much importance to the institutions in the economic and social development. Thus “productivity growth” is believed to be “the result of both technological and institutional changes” [7, p. 78]. Amid the technological expansion the same important role is assigned to the institutions, as well as to economic and financial factors [15].

One of the most fundamental purposes of institutions is to reduce uncertainty in human relations, to ensure their certainty which can be achieved through the rules and regulations [7, p. 79]. Uncertainty is an inherent feature of innovation activity. “Uncertainty is the main characteristic of the innovation process... These problems can be partially resolved only through

the institutions”¹. The development of innovation activity institutions implies the reduction of uncertainty in the relations between the participants of the sector of knowledge generation (fundamental, applied, corporate science), the sector of innovation and production (innovative companies, innovation manufacturers and consumers), investors and building of confidence between them.

The institutions may be established at both the federal and regional level. The institutions established at the federal level (venture and seed financing, strategic innovation planning, etc.) are manifested in relevant regional institutions. They are usually associated with the implementation of federal regulations, regulations of a higher level². In addition, additional local institutions of innovative business support may function at the regional level based on the regional budget capacity and the appropriateness of a particular institution in the region, such as patenting subsidies, tax benefits, tax holiday, security for loans, partial recovery of expense on interest rates, etc. They are acceptable and valuable in the regional setting. “The regions should develop their own institutional mechanisms which would meet the needs of innovative activity for a given period of time”³.

¹ Pilyasov A.N. *Sinergiya prostranstva: regional'nye innovatsionnye sistemy, klasteri i peretoki znaniy* [Synergy in space: regional innovation systems, clusters, and knowledge spillovers]. Smolensk: Oikumena, 2012, p. 449.

² *Ibidem*, p. 77.

³ *Ibidem*, p. 630.

The institutions established in the innovation sector play a positive role. However, the level of innovative activity relative to other countries remains low. And its improvement may be associated with the evolution of the institutional environment. “In order to radically alter the situation and increase the susceptibility of the manufacturing sector to the innovations, it is necessary to intensify efforts to create necessary institutional conditions” [6, p. 200].

The article is prepared on the materials of the research conducted at the Institute of Problems of Regional Economics in order to identify the ways which have proven to be successful in the process of scientific results transformation into products which ensure people’s vital activity and, possessing institutional features, are consolidated in the form of rules and regulations.

The research targets are the urgent problems of the introduction of scientific results: the use of fundamental research achievements, the development of sectoral research organizations, the measurement of process innovations as conditions for their management, scientific and technical programs management planning. The research was carried out on the basis of statistical records, official documents, publications, past and present experience. The content of the article may be attributed to institutional design [2, p. 39], i.e. it is aimed at the justification of possible institutions of innovation activity organization and support.

Strategic innovation on the basis of fundamental research

The results of fundamental research are the starting point, the beginning of the innovation cycle. However, the innovative process of bringing them to the finished product and placing on the market is complicated and difficult to implement. Its peculiarities are attributable largely to the differences between the nature of scientific research, aimed at learning the world around, and the real sector of the economy aimed at the production of material product. They also involve uncertainty in achieving the goals, investment risks and a relatively long payback period. The existing difficulties may be partially overcome by the established institutions mentioned above. However, the problem of the implementation of fundamental research still remains. "Modern Russia demonstrates a fundamental disparity and the gap between different links of the chain connecting fundamental research with technologies introduced into the economic environment" [6, p. 199]. "The problem of the Russian innovation system was and still remains slow adaptation of innovative ideas and creation of new products, technologies and techno-technological industries on the basis of these ideas" [13, p. 284].

In practice, there are two forms of fundamental research application. The first is when the solution of global issues such as nuclear power, space, rocket and missile engineering and defence is directly related to setting fundamental science objectives,

the achievements of which are then used in specific projects. The second form implies low-level technology production which may embrace only the selected results of fundamental science. Therefore only a thin layer of fundamental research is commercialized. The extension of their practical importance may be associated with the development of a special type of innovations, taking into account the nature of fundamental research, which lies in the opening of new scientific horizons and future development paths. Therefore, innovations based on fundamental research may represent strategic focus, a vector of fundamental changes. They are aimed at finding the way out of the existing technology structure which has exhausted the productivity growth potential, in order to update the design model with high initial capacities of value creation. Such technologies mark a new stage of economic development of companies, industries and regions. This article deals with strategic innovations based on fundamental research and possessing the features of both final results and innovation process organization.

Strategic innovation is the result of re-conducted oriented fundamental research (the continuation, if necessary, of the existing framework), applied research and engineering development embodied in a material object or service as an element of a new technological pattern or the conditions in reaching it.

The term “strategic innovation” is not new, it is used as a means of achieving the strategic goals of the corporation [14; 20], in the countries’ technological race [16]. Together with “strategic innovation” the term “radical innovation” is used, which is close in meaning [17; 18; 19]. The common feature of the two terms and the term “strategic innovation” used in article is a future-oriented outlook and the solution of long-term objectives. The difference is that the term “strategic innovation” used in the article is the result of a fundamental research. The term is “attached” to the fundamental study and reflects its innovation.

The purpose of strategic innovation as an institution is to streamline the innovation process, to create an instrument of bringing the results of fundamental research to practical application. Strategic innovations are included in the system of strategic planning, development and implementation of the innovation policy. The relevance of strategic planning reflects the fact that, according to expert estimates, Russian science reaches the world level in most critical technologies or exceeds it in some areas (*Tab. 1*).

Strategic innovation as a tool for innovation activity may be of particular importance to the regions with a developed scientific and educational sphere with academic institutes and universities, which are the sources of fundamental scientific results.

When conducting a fundamental research, strategic innovation may represent a major project which includes the full cycle of works: fundamental and applied research, experimental work, development in production, product promotion; i.e. it is aimed at restoring long process chains from science to industrial development [3].

The following proposals of the Institute of Electrophysics and Power Engineering of the Russian Academy of Sciences (Saint Petersburg) on the implementation of fundamental research are a good example of potential strategic innovation.

1. The creation of new types of powerful plasma generators for power engineering, plasma chemistry and the creation of new materials. Project realization term – 2020, the volume of financing – 4.5 billion rubles. Project Participants: Institute of Electrophysics and Power Engineering of the Russian Academy of Sciences, Scientific and Development Association “Iskra” JSC, Power Machines OJSC, Soyuzteplotstroy CJSC.

2. The creation of industrial organic substance reprocessing facilities (wood, municipal solid waste, agricultural waste) for synthetic gas generation in order to produce electric and thermal energy and liquid fuels. Project realization term is 2025, the volume of financing – 7.5 billion rubles. Project participants: Institute of Electrophysics and Power Engineering of the Russian Academy of Sciences,

Table 1. Status of research and development in the field of critical technologies of the Russian Federation [5, p. 220]

Level of research corresponds to the international level and in some spheres – higher	
<i>Communication and innovation systems</i>	<i>Environmental management</i>
Software production technology	Monitoring and atmosphere and hydrosphere state forecast technology
<i>Nanosystem industry and materials</i>	Resource assessment and lithosphere and biosphere state forecast technology
Bio-conductive material technology Membrane and catalyst system technology	
<i>Living systems</i>	<i>Power engineering and energy conservation</i>
Bioengineering technology Biocatalytic, biosynthetic and biosensoric technology	Nuclear power and nuclear fuel cycle technology, safe management of radioactive waste and spent nuclear fuel
Russian research correspond to the international level in general	
<i>Communication and innovation systems</i>	<i>Environmental management</i>
Bioinformatic technology	Natural and technological disasters risk reduction and mitigation technology
<i>Nanosystem industry and materials</i>	Technogenic formations and waste recycling and disposal technology
Polymer and elastomer production and processing technology Crystal materials production and processing technology Composite and ceramic materials production and processing technology	Eco-friendly exploitation and mineral resource extraction technology
<i>Living systems</i>	<i>Power engineering and energy conservation</i>
Biomedical and veterinary technology of human and animal life support and protection Genomic and post-genomic pharmaceutical manufacturing technology Eco-friendly resource-efficient agricultural raw materials and food production and processing technology	Hydrogen energetics technology Energy saving transportation, heat and energy distribution and consumption systems technology
	<i>Transport and airspace technology</i>
	Technology of creating a new generation of rocket and space aircraft and marine facilities
The level of Russian research is generally below the international level, the level is comparable to international only in selected spheres	
<i>Communication and innovation systems</i>	<i>Nanosystem industry and materials</i>
Intelligent navigation and management system technology Information processing, storage, transfer and security technology	Nanotechnology and nanomaterials Mechatronics and microsystems engineering technology
Distributed computing and systems technology Electronic component database technology	<i>Living systems</i>
	Cell technology
<i>Power engineering and energy conservation</i>	<i>Transport and airspace technology</i>
New renewable energy sources technology Organic fuel and energy processing technology	New transportation systems creation and management technology Energy efficient transportation systems engine production technology

Scientific-Production Association “Iskra” JSC, Scientific and Development Association I.I. Polzunov Scientific and Development Association on Research and Design of Power Equipment, Power Machines OJSC 4.

Strategic innovation may be a tool for the implementation of critical technologies. It is important to single out from the structure of scientific groundwork on critical technologies those technologies, which are of primary importance for the rebuilding of the economy, and those which could be specified in terms of content in the form of strategic innovation, based on the criteria of relevance criteria in the world and the needs for the development of the domestic economy.

The content of strategic innovation based on fundamental research may possess the properties typical of a formal institution, which is focused on the reduction of uncertainty of scientific results, risk sharing between the state and the private investor, the coordination of project participants’ activity.

Strategic innovation as an institution combines the following mechanisms:

- government funding of the initial high-risk stages of work (continuation, if necessary, of fundamental and applied research, development works);

- organization of the relations between the participants of the project, their unification with a common goal and a set of technological works and stages;

- coordination of the activity of organizations and enterprises of different industries and competencies in the solution of problems of scientific results transfer;

- non-opportunistic behavior of project participants caused by mutual interest of achieving a common goal – the merchandising of new production and technology.

Initially, strategic innovation may act as an informal institution and only its gradual strengthening can bring it to regulations (at the regional or federal level). The development and implementation mechanism of specialized research-and-production target program may serve as the technology of its creation. The initiator and the subject for such a program may be a scientific organization, a university in cooperation with partners from applied science, business entities with organizational and financial support of the government. If the organization has scientific results that may be the core of a large-scale project with a perspective in the domestic and foreign markets, as well as the probable demand forecast agreed and adopted by the business, they may become a target for the development of a scientific and production program. The special-program method of solving complex scientific and production problems is justified by the need to organize

⁴ *Prioritety nauchno-tehnicheskogo razvitiya Severo-Zapada Rossii* [Scientific and technological development priorities of the North-West of Russia]. Saint Petersburg, 2011, pp. 210-211.

interdisciplinary and inter-firm cooperation of many enterprises and to attract funds from different sources.

An interdependent non-linear innovation process can be implemented in the form of a target program. This process is characterized by more stable, trust-based relations with a possibility of implicit knowledge spillover lying in professionals, workforce, skills, and abilities or in organizational practice, which can be obtained through common activities⁵.

The internal feature of the institution of strategic innovation could be the creation of favorable business environment which stimulates the involvement of business structures, when the state assumes costs and risks of the initial stages of the innovation process with a high degree of uncertainty, and the investment of private capital, secured by the participation of the state can be considered as a reserve with a possibility of obtaining considerable profits due to the emergence of new markets and the presence of intellectual rent in the price of new products. When developing the program hard work is required in order to limit budgetary funds, mobilize private resources and create various incentives from percent bonification to state guarantees and risk insurance [4].

Being a tool for promotion of fundamental research results in public practice,

⁵ Pilyasov A.N. *Sinergiya prostranstva: regional'nye innovatsionnye sistemy, klasteri i peretoki znaniy* [Synergy in space: regional innovation systems, clusters, and knowledge spillovers]. Smolensk: Oikumena, 2012, p. 449.

strategic innovation can solve the problem of reducing the “big lag between the emergence of evidence-based scientific and expert proposals and decision-making by government authorities” [1], which is especially important in the technological race and import substitution at the global level.

Institute of sectoral research organizations in new management conditions

The development of fundamental research implies the involvement of applied science organizations of various scopes. The introduction in practice of fundamental research is possible with a developed applied science in the country. In Russia this process is constrained by a limited composition of applied research organizations. During the reforms of the 1990s, as a result of slumping public investment in scientific research 80% of sectoral research organizations changed their scope of activity and ceased to exist [3]. Previously, “there were 132 sectoral ministries, each having their own academic institutions. Now there are no ministries left and the ministerial applied science is virtually destroyed. It was mostly privatized and new owners did not develop their institutions and used their property for commercial purposes”⁶. Sectoral research still exists in the public sector – in defense,

⁶ Mekhanik A. *Zadacha upravleniya – ne meshat' khoroshim lyudyam rabotat'*: interv'yū s prezidentom Rossiiskoi akademii nauk V. Fortovym [The manager's task is to not interrupt good people's work: an interview with the President of the Russian Academy of Sciences V. Fortov]. *Ekspert* [The Expert], 2015, no. 41, pp. 49-55.

aerospace, shipbuilding and nuclear industry and in some regions (federal subjects of the Russian Federation).

The declining applied science, the extended interruption in equipment and machinery design led to the break of succession of engineering⁷, the decrease in the domestic production base of modern technological equipment and bulk purchase of foreign machinery. In 2011, Russian companies invested 358.9 billion rubles in innovation, primarily in the purchase of imported technology (only 16% of them are of domestic production) [10, 20]. According to the data of Chamber of Commerce and Industry of the Russian Federation, only 13% of the purchased equipment is modern, the rest is rather cheap, but outdated [8].

The country has all the necessary prerequisites for the development of the institution of sectoral science. Firstly, it is the experience of the institution of sectoral research organizations operation. It is believed that “the present and the future are connected with past social institutions and, in relation to the economic system – with the memory, experience and technological opportunities and benefits recorded in them” [11, p. 27]. Secondly, there are powerful social forces interested in the establishment of the institutions of sectoral research institutions: the government is interested in intensifying

the innovation activity in the economy, solving strategic long-term objectives – to maintain and develop the competitive sector of the economy; the sectors are interested in strengthening technological innovations and the implementation of the sectoral technological policy; the region is interested in the socio-economic development of the territory; business entities – in purchasing first-class domestic equipment and providing operational stability and profitability. Academic community is emphasizing the government’s need for maintaining applied science at the appropriate level. Specialization exclusively on fundamental research is unjustified from the economic point of view [6, p. 199]. Applied science is developing, albeit slowly, in civilian sectors in the form of joint-stock companies. Thus public corporation “Rusnanotech” created by the government in 2007, during its development and strengthening on the market was in 2010 transformed into a joint-stock company “RUSNANO”. About 70 applied research institutions exist in the Sverdlovsk Oblast. They have strong science and engineering schools, vast experience in scientific project support [12]. The number of engineering companies which provide design, project support and other services is increasing.

Formed under the aegis of the ministry, sectoral applied research organization, being located in the region and integrated in the socio-economic system with a

⁷ *Sankt-Peterburgskie vedomosti* [Saint Petersburg gazette], 2015, November 27th, p. 8.

developed production and development base, being able to offer a brand new proven technology and produce small series of equipment amid the expansion if its scope of activity and consolidation in the market, may then change its status and become a joint-stock company. The need for sectoral research organizations is understood in leading industrial circles. According to Deputy Minister of Industry and Trade of the Russian Federation, the lack of sectoral institutions is a major challenge for ministries and agencies in terms of their implementation of the sectoral policy⁸.

Sectoral research organizations could become a state technological policy conductor in sectors, regions, including in the implementation of priority directions and critical technologies, a coordination center of the import-substituting policy of production technologies and equipment, and could build communication with engineering and other production and technological companies, conduct forecast-and-analysis research of the cross-sectoral, sectoral and regional character. A major impact on the development of innovative economy is possible only under a strong applied science in a sector, led by a major sectoral research organization with the functions of a research production enterprise and a strategic element.

⁸ Medovnikov D., Mekhanik A. Proizvoditel'nye sily, pod'em! [Productive forces, rise!]. *Ekspert* [The Expert], 2014, no. 27, pp. 44-50.

Statistic records of process innovations

The use of scientific research results in the extractive industries is of particular importance for Russia. However, the observation of innovative activity performance with the use of the specific weight indicator of innovative production, which is currently considered as the principal indicator for its evaluation, does not fully reflect the technological progress in extractive industries. In the regions with a significant share of mineral resource extraction and processing the figure is very low. For example, in the Republic of Karelia, in the Arkhangelsk and Murmansk oblasts it ranges between 0.1% and 3.6% (2006–2014). It can be assumed that the structure of productive sectors in the region may influence the low value of the specific weight indicator of innovative production. The innovation process in the aforementioned regions is largely related to raw material extraction and processing technologies, i.e. to the development and application of process innovations. Extractive sectors are becoming more and more technically advanced, and process innovations which play a central role in their technological development should not be excluded from measurement and control area.

Table 2 shows the correlation between product and process innovations by type of economic activity on the specific weight indicators of organizations and the specific weight of costs of the organizations engaged in innovation activities.

Table 2. Correlation between product and process innovations in 2012

Types of economic activity and technological innovations	Specific weight of organizations engaged in innovation activity, %	Costs of innovation activity
1	2	3
Mineral extraction:		
- product innovations	29.4	16.5
- process innovations	82.6	83.2
Manufacturing:		
- product innovations	67.6	54.3
- process innovations	53.1	44.4
High-quality production:		
- product innovations	79.9	66.7
- process innovations	48.5	32.4

Source: *Indicators of innovation activity, 2014: statistical book*. Moscow: Vysshaya shkola ekonomiki. 472 p.

According to the table, process innovations in the mineral extraction sector prevail over product innovations, their proportions in manufacturing is approximately equal and in high-tech industries a high proportion of product innovations is accompanied by a significant proportion of process innovations. Attention should be drawn to the fact that some organizations implement product and process innovation (column 2). The data from the table confirm the appropriateness of the introduction of statistical monitoring of innovation performance in the sphere of both product and process innovations. By analogy with the specific weight statistical indicator of innovative products, the indicator of process innovation measurement can be offered – the share of innovative production technologies as the ratio of production volume produced with the use of newly developed recently modified technologies

(during the past three years) to the total production volume in percentage [9].

The number of developed and used advanced production technologies recorded by national statistics includes only technological processes managed by a computer or based on microelectronics and does not cover the whole complex of innovative technology. It is also important to have an indicator for measuring the total amount of process innovations.

The need to measure process innovations raises the issue of the development of the institution of innovation activity statistical record. The measurement of process innovations could extend target orientation and program management of innovative development of both extractive and manufacturing sectors in line with the concept of innovation activity as a heterogeneous complex process in need of statistical monitoring improvement. The appropriate

reflection of the real situation in innovation activity is a necessary condition for making right management decisions.

Planning of regional programs implementation

Scientific and technological programs developed at the regional level are not always fully implemented. There are several reasons: their insufficient elaboration, particularly of sources of financing, and the impact of the changing economic environment resulting in inaptitude to the realia adopted in the program of indicators. Lack of personal responsibility for the implementation of the program and its units, along with the program's "vague" character, leads to the failure of implementation. According to the results of the monitoring, the implementation of the "Comprehensive scientific and technological program of the Northwestern Federal District of the Russian Federation for 2010–2030" in 2011 (the second year of program implementation) was suspended due to lack of funding of 99 projects, 20 projects were removed from the program and 22 of them required cost adjustments amounting to 22% of the sum of money planned up to 2030.

Along with the development of the national programming institution, the methods of organizing program implementation need to develop. Their reduction to program monitoring and adjustment does not provide full implementation of its updated parameters. That is why the improvement of program management

effectiveness, including through "accession" the institution of program implementation to the programming process is appropriate. In this case the general scheme of the program management method may be represented in the form of three successive development stages: strategies of scientific and innovative development (of the federation, regions), research and innovative programs at the appropriate level and a short-term plan of their implementation.

The third stage of this three-part research and innovation activity management plan ("strategy – program – plan") will be different in the content and functions compared to the indicative planning which, reflecting future indicators, generates a forecast development plan. In contrast, the scientific and innovative program implementation plan can be devised for the upcoming year as an operational tool for program's implementation. This function implies the specification of parameters of program projects of for the planning period according to expected changes in market conditions, investment amounts and their sources, the composition and functions of counterparts, risk analysis, their possible compensation, etc. The possibility of the plan implementation can be based on making economic contracts of the executives and on confirming the budget expense obligations by public authorities, which determines the responsibility of each participant for the implementation of target objectives. The indicative plan is a forecast

plan, but the program implementation plan is a realization plan of agreed actions for the coming period. An important step towards increasing the practical relevance of the programs is the “Guidelines for the development and implementation of state programs of the Russian Federation” (approved in December 2012 by the Ministry of Economic Development)⁹, which provide for the annual arrangement of the program implementation plan and a detailed (network) scheduled plan with the names of the officials responsible for scheduled milestones of the program (those which have a significant effect on the results). It is important that this regulation is applied not only at the federal but also at the regional level.

Conclusion

The development of institutional conditions for the implementation of the achievements of fundamental research, strengthening the sectoral scientific organizations, the measurement of process innovations and planning the implementation of regional innovative programs will depend on efforts to promote the practical use of these ideas and on the actions of decision-makers, primarily of federal and regional authorities.

The institutional development will require additional financial costs. Their lack in the period of stagnation of the

economy may become a deterrent to the institutional development. At the same time decisive action is necessary in order to change the situation in the innovative sphere and create a real basis for economic growth. The available opportunities for the development of institutional conditions of innovative activity are an additional tool for the transfer of scientific results into the real sector of the economy and for the increase in innovative activity in the region.

The results of the study may be used in programming, planning, coordination of bringing scientific achievements to innovations, especially the results of fundamental research of academic institutes and universities. They may also be used by federal and regional authorities in the system of measures to develop national and regional innovation systems.

The research may be pursued in the direction of the development of the obtained results – the justification of methods of innovation activity implementation: determining the appropriateness of state financing and providing preferences for business units within strategic innovation, the analysis of the state of applied science in sectors and regions and the determination of the appropriateness of sectoral research organizations, the introduction of a pilot project of process innovation measurement, the development of a short-term operational plan of regional scientific and technological programs implementation.

⁹ *Rossiyskaya Gazeta* [The Russian gazette], 2013, February 22nd.

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Research on the Development of Smart Tourism in Jiangxi Province under the Background of the “Internet +”



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1. Proposal and development of smart tourism and “Internet + Tourism”

The conception of smart tourism comes from “smart planet” and “smart city”. Although early in 2008, IBM launched “smart planet” business plan while the word “smart planet” was seldom used at home and abroad, the related tourism industry information has already begun. The

informationized development of China’s tourism industry has made a considerable progress, which can be divided into three stages in general:

(1) The first stage is the professional stage including the introduction of foreign computer technology in early 80’s and the establishment of the information center of CNTA in 90’s.

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(2) The second stage is the beginning of 2001 Golden Tourism Project, in which, the state comprehensively promoted the construction of tourist information, the e-government and e-commerce became popularized and penetrated the entire industry. The office automation system, the business management system and the public network system have initially formed the basic framework of the development of information industry.

(3) The third stage is the period of smart tourism, in which, ecological, cultural, social and economic comprehensive value maximization can be promoted as to achieve a sustainable development of tourism industry by means of the technologies of internet of things, cloud computing, GIS, VR and mobile internet, with application innovation to satisfy the tourist experience requirements, management innovation to improve the enterprise management ability and service innovation to promote the transformation of government functions.

Thus, the smart tourism is a continuation of tourism information and an advanced stage of development of information technology, which is based on a new generation of information technology such as cloud computing, networking, mobile internet and big data technology, paying more attention to people-oriented on the basis of informatization and focusing on the individual needs and the intelligent application experience.

In 2012, China National Tourism Administration proposed to guide and promote the national smart tourism development and the 18 cities, such as Beijing, etc., became the first-batch national smart tourism pilot cities. CNTA put 2014 as a smart tourism year. In September 2015, CNTA issued the Notice on the Implementation of the “Internet + Tourism” Action Plan (Draft) (hereinafter referred to as notice). The notice pointed out that tourism is a comprehensive industry of the national economy and also an important driving force stimulating the economic growth. The notice put forward action requirements to implement the “Tourism + Internet” action plan, which includes the basic ideas and the development goals of action requirements. By 2020, the various fields of the tourism industry will have achieved a comprehensive integration of the Internet which is a main driving force and an important support of the innovation development of China’s tourism industry. The online tourism investments account for 15 percent of the national tourism direct investments while the online tourism consumption expenditures account for 20 percent of the domestic tourism consumption expenditure.

The smart tourism is a model of fusion development of tourism industry and S&R technology innovation development, which is not only the future trend of the development of the tourism industry, but also the key of transformation and upgrading from the

tourism industry to the modern urban service industry. A new round of global technological revolution, with the Internet as the representative, is changing the world economic development and people's production and life, which brings a new change of the development of global tourism industry. The deep integration of tourism development and the Internet has become an irresistible trend of the times.

Therefore, the smart tourism can be achieved by means of "Internet +" in tourism consumption, production management, organization management and services. Based on "1+n" model (such as pension, health care, hot spring, parent child, catering, accommodation, shopping, entertainment, etc.), we can integrate various industrial elements by activating the elements of natural ecology, climatic environment, historical culture, industrial production, circulation consumption and

innovation to form a compound industrial relation, with the primary industry as the foundation, the secondary industry as the support, the tertiary industry as the highlight, and the three industries developing collaboratively.

In this regard, tourism industry is an industrial lubricant and also a transformer of industrial development, which shapes a new ecology and a new future of industrial integration.

2. Development and application of smart tourism in Jiangxi

(1) General development condition of tourism industry in Jiangxi

In recent years, the tourism industry in Jiangxi has developed rapidly which shows a good posture of an exciting, leapfrog development (*Tab. 1 and 2*). In 2010, the number of tourist reception reached over 100 million people. In 2011, the total tourism earnings got over one trillion. In 2013, the

Table 1. Development of tourism industry in Jiangxi

Year	Total tourism earnings (100 million yuan)	As percentage of total national tourism earnings (%)	As percentage of the Province's GDP (%)	As percentage of tertiary industry in the Province's GDP (%)
2004	240.81	3.52	6.97	19.65
2005	320.02	4.16	7.89	22.67
2006	390.89	4.37	8.37	25.00
2007	463.67	4.23	8.43	26.44
2008	559.38	4.83	8.63	27.90
2009	675.61	5.20	8.83	25.62
2010	818.32	5.21	8.66	26.22
2011	1105.93	4.92	9.45	28.20
2012	1402.59	5.42	10.83	31.27
2013	1896.06	6.43	13.22	37.69
2014	2649.70	8.15	16.86	45.82

Table 2. Condition of tourism by region (2014)

Region	Number of oversea visitor arrivals (10000 person-times)	Foreign exchange earnings from international tourism (USD 10000)	Number of domestic visitors (10000 person-times)	Earnings from domestic tourism (100 million yuan)	Number of star-rated hotel (unit)
Provincial Total	171.68	55686.70	31134.47	2615.17	455
Nanchang	20.78	6802.91	4266.02	381.03	55
Jingdezhen	27.76	8831.12	2568.87	206.60	27
Pingxiang	7.91	2563.69	2185.24	154.62	11
Jiujiang	31.35	11209.66	4329.57	385.25	76
Xinyu	2.63	784.63	1056.88	90.72	13
Yingtian	7.48	1867.35	1816.5	138.37	17
Ganzhou	16.33	5068.83	3079.37	269.14	71
Ji'an	20.05	6285.32	3762.02	298.66	47
Yichun	7.89	2607.54	2158.59	175.37	47
Fuzhou	7.16	2518.55	1628.45	132.83	32
Shangrao	22.34	7147.10	4282.96	382.63	59

number of tourist reception reached 250 million people, an increase of 22% over the previous year and the total tourism earnings reached 18.9606 billion yuan, an increase of 36.18%. In 2014, the number of tourist reception reached 313 million people, an increase of 25.18% over the previous year and the total tourism earnings reached 26.497 billion yuan, an increase of 39.75%.

The promotion activities of the brand of Beautiful Jiangxi Scenery have won lots of honors, such as the top ten advertising and marketing classic cases in 2011, Top One of China Brand Marketing Memorabilia, and the Golden Prize of the Great Wall Awards of China Advertisement. The tourism industry becomes an important pillar industry of Jiangxi, which plays an important role in pulling and promoting the economic and social development.

(2) Current situation of smart tourism development in Jiangxi

In February 2012, the website of Jiangxi smart tourism ([HTTP://WWW.JXZHLW.COM/](http://www.jxzhlw.com/)) was introduced, which has opened a brand strategic cooperation between Jiangxi tourism and the Alibaba group. The website of Jiangxi smart tourism is a multifunctional tourism electronic business platform which contains product exhibition, marketing promotion, tourist product booking, online transaction and offline service. The user can experience it by making use of computer, mobile phone, wireless terminal equipment for entry at any time.

The website uses wisdom tour search, treasure bag, and smart card to achieve the four basic functions with intelligent navigation, intelligent tourism guide,

intelligent browser and intelligent shopping guide. The website analyzes user behaviors and travel habits to automatically provide a personalized program. At the same time, cooperation agreements have been signed with Sina, Tencent and Sohu for micro-blog promotion. The use of tickets with the two-dimensional code facilitates the tourists in Jiangxi.

Since 2014, Jiangxi has tried to provide services in network marketing, online booking and online payment. As the first scenic spot to use “WeChat” for booking tickets or hotel services, Mount Longhu has completed the scenic area development planning of smart tourism. GPS coordinates of key attractions, public toilets, ticketing centers, wharfs, restaurants and shops are collected and then input into the WeChat system. Visitors can simply scan the QR code of Mount Longhu to concern about the public service number for tickets, hotels, toilets and voice guide by using the WeChat to enjoy the intelligent services.

Jingdezhen has launched the mobile phone APP of traveling guide in the local city. The tourists can obtain authoritative, comprehensive, timely and thoughtful travel information services by touching their mobile phones.

Yichun also uses the networks for introducing the attractions with a full range of three-dimensional display which provides for tourists one-stop service.

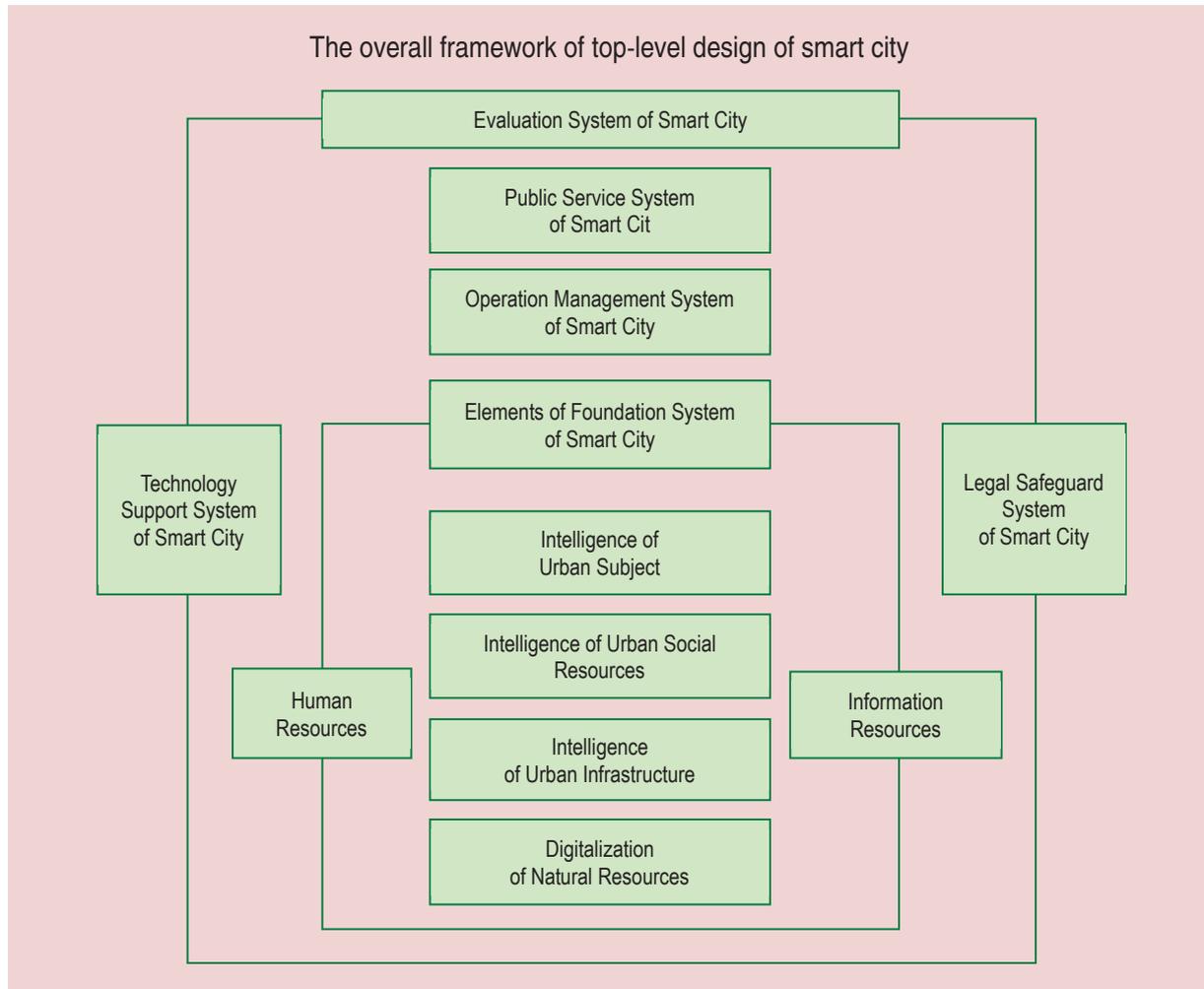
3. Challenges of smart tourism development in Jiangxi

(1) Shortage of unified top-level design

At present, there is neither a clear idea of smart tourism at home and abroad nor a unified definition in domestic research of tourism industry. CNTA only provided the instructional views on construction of smart tourism, in which, the unified standards, conceptions and evaluation system in technology and tourism concerned in the process of smart tourism construction have not been established, causing indistinct goals of smart tourism construction. Independent actions of cities in the construction of smart tourism lead to wasting a large amount of investments. The data can not be shared which is not convenient for visitors.

(2) General mechanism of the “smart city” concept at the top level

During making the overall strategies of smart tourism, the formulation of relevant standards and evaluation system requires the simultaneous implementation of the top-level design and grass-roots construction and the overall planning and all-round considerations (*Figure*). While designing the national-level guiding program with the unified platform, unified standards and unified framework, it is necessary to accelerate the enterprise infrastructure construction with standardization, refinement, programming, digitalization and informatization, convert the achievements



of smart tourism construction to enhance public tourism services and management abilities, such as tourism statistics, tourist satisfaction survey and tourist flow forecast. Guided by the national policies, in line with local conditions, local governments should make a customized and personalized development path of tourism industry. Blind fashion-follow and low-end development are not desirable.

(3) Paying too much attention to hardware construction while ignoring software construction

At present, local governments pay more attention to hardware construction in the smart tourism, measuring the level of wisdom development by the number of servers, and the capacity of bandwidth, etc. The smart tourism cannot be kidnapped by technology. Although the technology is playing an important role in smart tourism development, the smart tourism is a kind of industry development concept which can not fundamentally solve the problems by a certain technology. Therefore, the smart tourism needs the technology which

is fit for tourism and provides a more convenient and high-efficient accessibility, humanized services, and a high-quality visitor experience. The smart tourism can not blindly pursue technological sophistication.

(4) Difficulties in sustainable development

The smart tourism development is not a short-term behavior, which needs a long-term planning and a long-term mechanism.

The top-level design of the smart tourism must be combined with the top-level design of smart cities. At present, many cities lack a long-term mechanism of operation and management in the construction of smart tourism, which are unable to stimulate the enthusiasm and creativity of social forces' participation in the construction of smart tourism. Some places fail to formulate

investment subjects and their rights from the perspective of interest subjects in the process of promoting the construction of the smart tourism, making a dislocation between investment subjects and interest subjects. After direct investments by the government, the system needs a lot of money for a long-term maintenance, leading to difficulties in sustainable development.

(5) Shortage of smart tourism talents

The construction of smart tourism needs lots of technical talents. As the smart tourism is a new thing, whose attractiveness is relatively low, the talent issues are relatively prominent in the smart tourism construction. Therefore, the smart tourism construction needs a professional team in the fields of tourism, information technology, policies and regulations, e-commerce and network marketing for development and guidance.

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Precarious Employment in the Vologda Oblast: Current State and Trends*



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Abstract. The paper is devoted to the study of the phenomenon of precarious employment in Russian regions. Today, the socio-economic sciences lack a single concept of precarious employment applicable to Russian conditions. Despite the considerable amount of scientific and practical works of domestic and foreign authors on the issue of precarious employment, the criteria of its statistical evaluation as applied to Russian conditions have not been determined. At the same time, the development of precarious employment threatens the country's socio-economic welfare, because it creates the risk of unwanted effects such as poor employment, hidden and open unemployment, lower labor productivity, degradation of human capital, etc. The paper provides a brief review of research on the problem stated, and defines precarious employment. The author makes an attempt to determine and substantiate the list of indicators available in official statistics for assessing precarious employment in the region. The study allocates three blocks of indicators: indicators of institutional regulation, conditions of employment and functioning of the labor market. Based on these indicators, the author analyzes the status and trends of precarious work in the Vologda Oblast in the period from 2001 to 2015. In some cases, the author presents a comparative analysis of the data for the Russian Federation and Northwestern Federal District. The analysis has helped identify positive and negative changes

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in the field of precarious employment in the Vologda Oblast. In particular, the author identifies the following problems: an increase in the share of those employed in the informal sector, a relative increase in the number of the working poor, an almost three-fold growth of overdue debts on wages in comparable prices per worker. On the basis of this analysis, the author identifies the directions of the state policy that can help reduce precarious employment: development of information interaction between authorities and population, strengthening of control over the dynamics of overdue debt on wages in troubled sectors – agriculture, manufacturing and construction.

Key words: precarious employment, labor market, informal sector, institutional change, wages.

Precarious employment is employment in such conditions, under which the employee runs the risk of losing his\her job, income or its substantial part, earning income insufficient for labor force reproduction, or, if the formal job position is retained, the risk of becoming unemployed due to downtime, forced leaves, reduced working time, employer's failure to comply with legislative requirements, in particular with socio-economic guarantees granted to the employees [14]. The study of precarious employment is relevant because the development of this phenomenon leads to adverse social consequences such as concealed and open unemployment, inefficient employment, declining standards of living of the working population and, ultimately, degradation of human capital. According to G. Standing, precarious employment may threaten national security [8]. Hypothetically, precarious employment may have some benefits: an increased adaptability of the population to the changing conditions of the labor market, overcoming paternalistic attitudes of employers. However, these

positive characteristics do not currently have scientific and empirical evidence. In this regard, precarious employment will be treated as an adverse socio-economic phenomenon in the context of this study. Yet there is a concept of "precariousness of employment" which refers to essential characteristics of precarious employment and which may be assessed by the proposed statistical indicators.

Moreover, given a relatively high level of economic activity, employment and low unemployment rate, as evidenced by the official Russian statistics, the situation of significant number of employees may become unstable in connection with the risk of loss of employment, inability to work regularly and receive earnings enough to satisfy survival needs of the employees and members of their families. The extent of the mentioned effects has not been studied yet, which, among other reasons, is explained by the fact that the term "precarious employment" implies a significant level of uncertainty. Precarious employment should also be studied because one of the strategic priorities of labor force development in the country and its regions

is the creation of a flexible labor market. This is a positive transformation because it provides a wide range of opportunities for the implementation and use of human capital. However, steps towards the creation of such a market without adjustment for the situation of unstable employment may lead to a number of socio-economic problems – increased unemployment and reduced social protection of workers.

The issue of precarious employment has been raised in the works of many Russian and foreign researchers: C. Cranford, L. Vosko [14] (conceptualization of the term “precarious employment” and its empirical analysis), G. Standing [8] (analysis of the phenomenon of precariat), J. Fudge [15] (analysis of gender aspects of precarious employment and its theoretical analysis), R.I. Kapelyushnikov, V.E. Gimpelson [2] (analysis of shadow labor market), M.K. Gorshkov [9] (sociological assessment of precarious employment), etc.

All these approaches possess (primarily, the theoretical one) a high methodological value, but none of them helps identify clear criteria for quantitative assessment of precarious employment in Russia. Thus, the determination of the extent of precarious employment in a Russian socio-economic environment is a methodological problem. Statistical records methodology is developed in very few countries (in particular, such records are kept in Canada) but it is unsuitable for our country – primarily, due to lack of relevant statistical surveys. In this

article we will try to propose and justify statistical indicators which would help assess the extent of precarious employment at the regional level in Russia and consider its status and trends in the case of the Vologda Oblast. Due to absence of statistical data for the entire research period we had to use different periods for different indicators. But, in our opinion, the presented data help trace the general trends of the phenomenon under study.

In accordance with the requirements for sustainable employment identified in the previous stage of the research, three blocks of indicators have been proposed: (a) indicators of institutional regulation; b) indicators of conditions of employment; c) labor-market performance indicators (*Tab. 1*). We will try identifying the main ones in each block.

Institutional indicators should reflect informal employment and the functioning of formal institutions of the labor market.

1. The prevalence of the informal sector. Informal employment prevalence may be assessed on the basis of official statistics. It is necessary to distinguish between the concepts of “informal sector” and “shadow sector” (“non-observed economy”). The informal sector includes small-scale economic entities or economic activity conducted on a household or individual basis [1]. According to the Federal State Statistics Service methodology, the informal sector includes: a) sole proprietors; b) people employed by sole proprietors and

Table 1. Statistic indicators of labor market resilience

Indicator block	Assessment criteria	Indicator
Indicators of institutional regulation	Employment in informal sector	Employed in informal sector as a percentage to the total number of the employed
	Protection of labor rights, legitimacy of social and labor relations	Number of applications to labor inspection regarding violations of labor regulations per thousand employed in the regional economy
	State regulation of labor remuneration	Ratio between minimum monthly wage and subsistence minimum set for the employed population, %
Indicators of conditions of employment	Working hours usage	Specific weight of employees on payroll who worked part-time at the employer's initiative in the total number of employees on payroll, percentage of the total number of the employed in the economy
		Specific weight of employees on payroll in a downtime due to employer's fault or for reasons beyond the control of the employer or the employee, in the total number of the employed in the economy, %
Labor-market performance indicators	Decent salary	Specific weight of employees paid below the subsistence minimum in the total number of the employed in the economy, %
		Specific weight of employees on and off payroll with an organization's overdue wage arrears, in the total number of the employed in the economy, %
Source: compiled by the author.		

individuals; c) family members who help with business run by one of the relatives; d) self-employed people not registered as a sole proprietor; e) employed in a private household specializing in agricultural and forest production, hunting and fishing for sale or exchange [14]. The informal sector is a heterogeneous set of employees; however, all its participants are either entrepreneurs or employed in households. Thus, the activity of the former is by definition associated with the risk of adverse changes in economic situation, and the latter can not rely on institutional guarantees. Thus, precariousness of employment may be judged by the prevalence of the informal sector.

The proportion of informally employed in the total number of the employed in the economy (the level of informal employment) is proposed to be used as an indicator of the prevalence of informal employment.

2. The amount of state guarantees, compliance with labor regulations. In our opinion, it is impossible to assess precarious employment relying on the statistics. Apparently, a compromise solution is the estimation of the number of citizens' applications regarding violations of labor regulations. This information is provided by the Federal Labor and Employment Service in Russia [14]. This figure reflects compliance with labor legislation by employers. In order to bring the indicator to a comparable

form, the number of applications to the labor inspection regarding violations of the labor legislation per 1,000 employed in the economy of the region may be calculated.

The number of applications does not fully characterize the labor legislation compliance situation for several reasons. First, not all workers are aware of the possibility of online applications regarding the issues of labor legislation. Second, there are informal institutions in the Russian labor market – paternalistic attitude to the employer, the misconception that complaining to formal authorities is “not accepted” and that one should hold down their job. Such institutions are manifested variously in different territories and these territorial features have not been studied yet.

3. The ratio between minimum monthly wage and subsistence minimum set for the employed population in the territory. This indicator reflects wage regulation in the region and helps answer the question about how the legislation on minimum monthly wage is observed (Article 133 of the Labor Code of the Russian Federation, according to which minimum monthly wage can not be lower than subsistence minimum for working-age population [10]). Accordingly, the higher this ratio, the higher the quality of the institution of regional minimum monthly wage.

Indicators of employment conditions. As stated above, we believe that an important criterion that draws the distinction between non-standard and precarious employment

is the employee’s voluntary acceptance of unusual working conditions. On the basis of materials of official statistics it is impossible to determine how a certain condition was followed – voluntarily, under employer’s constrain or at his\her fault.

The exception is one measurement – working hours. In order to assess employment sustainability on this criterion the following indicators will be used:

1. The share of employees on payroll who worked part-time at the employer’s initiative in the total number of employees on payroll.

2. The share of employees on payroll in a downtime due to employer’s fault or for reasons beyond the control of the employer or the employee.

Perhaps, these indicators do not give full information about the use of working hours, since official statistics takes into account the number of employees who worked part-time by agreement of the parties, and, due to the prevalence of paternalistic attitudes and the above-mentioned informal institutions, the employer often has the ability to force the employee to enter into a “voluntary” agreement. However, this issue seems controversial; therefore, we will restrict it to the indicators of working time presented above: for all their possible incompleteness, they at least are comparable and allow us to estimate the temporal dynamics and territorial differences.

Labor-market performance indicators. In order to assess the sustainability of

employment from the point of view of income the specific weight of the employed in the economy who receive wages below the subsistence minimum for working-age population may be used. Accordingly, the higher the proportion of such workers is, the less sustainable employment in the region is.

Another indicator is overdue wage arrears which reflect the income regularity rather than its amount – the number of employees on and off payroll with an organization's overdue wage arrears. In order to bring this figure to a comparable form it is necessary to calculate the specific weight of this indicator in the total number of the employed in the economy for the relevant period of time.

The indicators presented above may be used in the evaluation of employment regarding its sustainability (unsustainability) as they reflect its essential characteristics.

The proposed indicators are chosen by the criterion of accessibility in the materials of official statistics. They do not reflect all acts of precarious employment displaying only its separate characteristics, but they provide an opportunity to get a general idea about the prevalence of precarious employment in Russian territories.

In general, the period 2001–2013 in the country and the Northwestern Federal District is marked by an increased employment in the informal sector (*Tab. 2*).

Table 2. Employment in the informal sector

Territory	2001		2004		2009		2013	
	Thousand people	% of the total number of employed	Thousand people	% of the total number of employed	Thousand people	% of the total number of employed	Thousand people	% of the total number of employed
Republic of Karelia	29.4	8.2	37.2	10.4	43	12.8	51	16.9
Komi Republic	48.2	9.4	54.1	11.6	62	12.9	85.8	18.4
Arkhangelsk Oblast	81.0	11.7	101.1	15.8	115	18.2	126.4	21.3
Nenets Autonomous Okrug	1.3	5.6	1.5	7	3	13.1	2.9	13.7
Vologda Oblast	85.2	14.1	95.2	15.9	118	19.1	119.3	20.2
Kaliningrad Oblast	77.1	19.1	143.4	30.6	113	24.7	79.5	16
Leningrad Oblast	92.8	11.4	100.2	12.1	73	8.6	134	14.5
Murmansk Oblast	57.6	11.4	63.2	14	48	9.9	40.5	9.3
Novgorod Oblast	58.4	16.9	44.5	13.6	51	15.7	65.9	20.5
Pskov Oblast	60.8	18.1	79.9	22.7	68	21.1	53	16.2
Saint Petersburg	104.2	4.5	104.5	4.2	67	2.6	77.7	2.8
Northwestern Federal District	694.8	10.1	823.4	11.8	758	10.7	832.9	11.5
Russian Federation	9190.3	14.3	11500.0	17.1	13490	19.5	14096.3	19.7

Source: Official website of the Territorial Body of the Federal State Statistics Service in the Vologda Oblast. Available at: <http://www.gks.ru/> (accessed January 21, 2016).

In Russia, the share of the employed in the informal sector increased by 5.4 percentage points, in the Northwestern Federal District – by 1.4 p.p., in the Vologda Oblast – by 6.1 p.p. In some regions (the Kaliningrad, Murmansk, Pskov oblasts) a decline in this indicator was observed over the range of 2–3 percentage points. As of 2013, the Vologda Oblast is characterized by a moderate extent of the informal sector in the labor market (20%; the national average was also 20%).

It should be noted that the expansion of the informal sector may be associated with the development of sole proprietorship in Russia and its regions. However, the expansion of the informal sector, regardless of its structure, affects employment sustainability. Small business units (classified as part of the informal sector by the Federal State Statistics Service) are more vulnerable to crisis phenomena in the economy, which may be attributed to both the reducing demand for their goods and services and their high debt load. Thus, the expansion of the informal sector over a twelve-year period provides an opportunity to talk about reducing employment sustainability in the country and many of its regions. In this respect the Vologda Oblast follows the common trend.

Another indicator – the number of applications to the agencies of the Federal Labor and Employment Service regarding labor legislation. It is important to note that

official statistics from 2013 are available; however, the number of applications in 2013 was very small, which does not allow us to use such data as an objective source. In order to bring this indicator to a comparable form we calculated the number of applications per 1,000 people (*Tab. 3*).

An increase in the number of applications per 1,000 people over a two-year period can be noted: in Russia from 0.60 to 0.75; in the Vologda Oblast from 0.38 to 0.51. According to the obtained data, the most common violations in the Russian Federation and in the Vologda Oblast are those related to payment of salaries.

In general terms, the situation is as follows. A relative increase in the number of citizens' appeals regarding violations of labor legislation means that their labor rights are more often violated. This, in turn, suggests that the legitimacy of labor relations is not provided properly. Accordingly, it leads to reduced employment sustainability in the area.

One of the reasons for the deteriorating employment sustainability is the worsening economic situation. The overall assessment of these changes may be conducted with the use of unemployment and salary rates (loss of employment and dismissal are the main issues that force the employees appeal to labor and employment services). In 2014–2015 the unemployment rate in the country as a whole increased by 0.4 percentage points (from 5.2 to 5.6%), in the Vologda

Table 3. Number of citizens' applications to the agencies of the Federal Labor and Employment Service regarding labor legislation

Topic section of labor legislation	Russia		Vologda Oblast		Russia		Vologda Oblast	
	2014	2015	2014	2015	2014	2015	2014	2015
	<i>Total number of applications</i>				<i>Number of applications per 1,000 employed</i>			
Time off	372	457	2	4	0.01	0.01	0.00	0.01
Salary	15463	21119	61	111	0.22	0.29	0.10	0.20
Working conditions modification	619	1121	0	4	0.01	0.02	0.00	0.01
General benefits and compensations	0	0	0	0	0.00	0.00	0.00	0.00
Employee's liability to the employer	696	593	1	3	0.01	0.01	0.00	0.01
Employer's liability	5393	4451	54	41	0.08	0.06	0.09	0.07
Work safety	70	119	1	2	0.00	0.00	0.00	0.00
Hiring	604	926	5	3	0.01	0.01	0.01	0.01
Other issues	5154	6990	18	46	0.07	0.10	0.03	0.08
Working hours	395	587	5	6	0.01	0.01	0.01	0.01
Termination of employment	12916	16793	67	65	0.18	0.23	0.11	0.11
Working conditions of individual groups of employees	1186	1224	10	7	0.02	0.02	0.02	0.01
Total number of applications	42868	54380	224	292	0.60	0.75	0.38	0.51

Sources: Official website of the Federal Labor and Employment Service. Available at: <http://xn--80akibcicpdbetz7e2g.xn--p1ai/statistics> (accessed January 21st, 2016); author's calculations.

Oblast – by 1.2 percentage points (from 5.6 to 6.8%). Real wages over the same period decreased by 8 and 10%, respectively [13]. However, labor market conditions cannot be regarded as the only reason for employment sustainability changes, separately from the institutional changes that occurred in Russia and its regions.

“Institutional changes” are shifts in the attitudes of Russians to the surrounding reality. Contemporary sociological studies demonstrate decreased paternalistic attitudes among them. From the point

of view of the authors of the monograph “Russian society: transformation in the regional discourse”, by 2015 a group of “self-sufficient Russians” has been formed – those who are able to provide their living independently, without expecting support from the state, and take responsibility for what happens in their lives and in the life of the society [5]. Unwilling to be dependent on the employer, they may defend their rights more actively, without fearing to make complaints and claims (which, under Russian conditions can often be associated

with the risk of losing a job or value for the employer). Presumably, the emergence of such social strata in the future will change the paternalistic model of the relationship between the employer and the employee.

In addition, the mechanisms for receiving public services in electronic form have proliferated, become more popular and affordable – this has simplified the process of application to state services (including the Labor and Employment Service), which is also reflected in the number of appeals. The examined institutional changes complicate the assessment of the market conditions impact on the labor rights violation and, as a consequence, on employment sustainability. Nevertheless, it is safe to assume that the declining employment sustainability in Russia depends on the factors of market conditions.

Institutional basics of employment sustainability include wages regulation, in particular, its minimum size (*Tab. 4*).

During the period 2001–2013 the minimum monthly wage to subsistence minimum ratio has been rising: in the Vologda region – by 56 percentage points, in Russia – by 55 percentage points. At the beginning of the period under review this ratio comprised 13% both in the country as a whole and in the region, where it reaches its highest point in pre-crisis 2007 (83%), as in this year an additional regional agreement on the establishment of the minimum monthly wage different from the federal wage was made [6]. In Russia its highest point was in the crisis year of 2009. By 2013 the indicator fell, amounting to 69% for the country as a whole and 68% for the Vologda Oblast. Its growth was primarily due to the gradual

Table 4. Subsistence minimum for working-age population and minimum monthly wage

Territory	2001	2004	2007	2009	2013
<i>Subsistence minimum for working-age population, rubles</i>					
Russian Federation	1513	2502	3993	5497	7633
Vologda Oblast	1513	2313	3998	5633	7545
<i>Minimum monthly wage</i>					
	2001	2004	2007	2009	2013
Russian Federation	200	600	2300	4330	5205
Vologda Oblast	200	600	3300	4330	5205
<i>Minimum monthly wage to subsistence minimum ratio, %</i>					
	2001	2004	2007	2009	2013
Russian Federation	13.2	24.0	57.6	78.8	68.2
Vologda Oblast	13.2	25.9	82.5	76.9	69.0
Sources: Minimum monthly wage: reference information. ConsultantPlus. Official website of the Territorial Body of the Federal State Statistics Service in the Vologda Oblast. Available at: http://www.gks.ru/ (accessed: January 21st, 2016); author's calculations.					

increase in the minimum monthly wage and the changes in its institutional functions: previously it was used as a tool which helped determine the amount of fines for violations, later it began to perform its direct function – set the lower limit of wages.

Similar dynamics is demonstrated by another indicator of struggle against poverty among the population – the Kaitz index (the ratio of the nominal legal minimum monthly wage to average monthly wage): in 2001 it amounted to 6% in Russia and in the Vologda Oblast, in the crisis year of 2009 – 23 and 26%; in 2013 – 16 and 21% respectively.

Although the changes demonstrate a clearly positive trend, there is still a legal conflict related to the size of the minimum monthly wage in Russian legislation: according to article 133 of the Labor Code of the Russian Federation, it must not be below the subsistence minimum [11]. However, despite this contradiction, the current situation indicates the strengthening of the institutional framework of employment sustainability in Russia and in the Vologda Oblast.

It can be assumed that federal and regional authorities for fear of possible adverse circumstances (higher prices for goods and services, massive release of labor force), avoid a sharp increase in the minimum monthly wage and ensure its gradual growth, increasing its regulation in crisis periods (which appears to be justified and logical).

It should be noted that the authorities of the Vologda Oblast demonstrate a certain lack of law-making initiatives in this respect: in the region there are minimum monthly wage standards established at the federal level. The minimum monthly wage regulation mechanisms in Russian regions are present: according to paragraph “k” of Part 1 of Article 72 of the Constitution of the Russian Federation [3] labor legislation matters are jointly managed by federation and regional authorities. In case of crisis situations, regional authorities could use this mechanism, too.

One of the indicators of employment sustainability is its stability from the point of view of the working hours. Illustrative examples may be the numbers of the employed who worked part-time (*Tab. 5*).

During the period 2002 – 2014 the proportion of employees who worked part-time at the employer’s initiative decreased in the Vologda Oblast by 1.2 percentage points (in 2014 – 0.2%), in the Northwestern Federal District – by 1.5 percentage points (0.2%), the national average dropped by 2.7 percentage points (0.3%). Since 2010 the official statistics takes into account the indicators of working hours missed due to downtime, which, in our opinion, should also be considered. Previously, such statistics was not gathered since in practice it is quite difficult to establish whether the working hours were actually skipped at the employer’s initiative or due to circumstances beyond

Table 5. Employees on payroll who worked part-time, by specific groups of employees, thousand people, % of the average number of employees

Territory	2002		2004		2010		2014	
	thousand people	%						
<i>Employees on payroll who worked part-time at the employer's initiative</i>								
Vologda Oblast	5.8	1.4	1.1	0.3	1.0	0.6	0.7	0.2
Northwestern Federal District	69.4	1.7	34.7	0.9	10.7	0.6	8.2	0.2
Russian Federation	1213.4	3.0	533.9	1.4	186.5	1.2	96.6	0.3
<i>Employees on payroll in a downtime due to employer's fault or for reasons beyond the control of the employer or the employee*</i>								
Vologda Oblast	-	-	-	-	1.5	0.9	2.0	0.7
Northwestern Federal District	-	-	-	-	8.2	0.5	15.8	0.4
Russian Federation	-	-	-	-	126.9	0.8	236.3	0.7
* During the period 2000 – 2010 statistical records were not maintained. Source: Official website of the Territorial Body of the Federal State Statistics Service of the Vologda Oblast. Available at: http://www.gks.ru/ (accessed: January 21st, 2016).								

the control of employment relationship participants. The problem is that the employer does not always inform that the employees' transfer to part-time occurs at his\her initiative in order to avoid the deterioration of the company's business image or the performance of employment contract obligations. Nevertheless, the employer's initiative as such is of no particular importance for the research because any reasons (except the employee's wish) indicate employment unsustainability in the enterprise. By combining the indicators of number of employees working part-time at the employer's initiative for reasons beyond his/her control (excluding employee's personal statement), we can conclude that in 2014 the proportion of employees working part-time amounted to 0.9% in the Vologda Oblast, 1% – in the Russian

Federation, and 0.6% – in the Northwestern Federal District. Consequently, the share of employees working part-time has decreased, and from this point of view, employment sustainability has increased compared to previous periods. We do not exclude the situations where the employer using his/her official position and authority, aware of employees' paternalistic attitudes compels them to write applications on the reduction of working hours "by choice", however, without having reliable sociological data, we will not dwell upon it.

Sustainable employment also includes labor remuneration – wages which help maintain stable and acceptable standard of living. One of the indicators undoubtedly demonstrating low standards of living of certain categories of employees is the poverty rate of the working population. In

this study, the indicator of the working poor is the share of the employed receiving wages below the subsistence minimum in the total number of the employment (*Tab. 6*).

In 2005, when the country and many of its regions were still recovering from the 1998 crisis, the proportion of the working poor in the Russian North-West and in the Vologda Oblast was significantly less (16 and 17%) than in the country as a whole (24%). Since 2005 there has been a downward trend in this indicator, and in 2006 the Vologda Oblast which demonstrated a relative increase in the share of the working poor, was 4.5 percentage points ahead of the North-West, and by the crisis year of 2009 surpassed the country as a whole. The possible reasons for this situation were weak economic diversification, a significant role of industry; as a result, the region

became vulnerable to the economic crisis. After 2011 the share of the working poor decreased but by 2015 a new crisis caused by the political situation in Russia and its policy on the international stage began, resulting in a new increase in this indicator. However, by 2015 the Vologda Oblast became an outsider again: the share of the working poor amounted to 14% (which is 2.3% less than in 2005). Thus, despite the general improvement of the situation of the working poor, employment in the region still remains less sustainable than in Russia and in the Northwestern Federal District from the point of view of labor remuneration.

Nowadays, when the economic crisis is escalating to a new stage, the situation of overdue wage arrears in the region remains tense (*Tab. 7*).

Table 6. Share of employees with wages below the subsistence minimum, %

Territory	2005*	2006	2007	2009	2011	2013	2015
Russian Federation	24.4	22.2	16.5	10.4	13.1	7.8	10.7
Northwestern Federal District	16.3	13.9	10.4	7.5	8	4.7	8.4
Vologda Oblast	16.5	18.4	13.7	13.3	16.1	9.8	14.2

* Statistical records of earlier years were not maintained.

Source: Official website of the Territorial Body of the Federal State Statistics Service of the Vologda Oblast. Available at: www.gks.ru/ (accessed: January 21st, 2016).

Table 7. Indicators of overdue wage arrears in the Vologda Oblast measured in 2015 rubles

Indicator	2002	2006	2009	2013	2015
Amount of overdue wage arrears, thousand rubles	48583.1	8901.6	44933.1	7342.7	72439
Number of employees, to whom a company owes wages	39615	602	3474	516	2007
Per an employee, to whom a company owes wages, rubles	12263.9	14787.5	12933.5	14230.6	36093

Source: Official website of the Territorial Body of the Federal State Statistics Service in the Vologda Oblast. Available at: <http://www.gks.ru/> (accessed: January 21, 2016).

Between 2002 and 2015, the change in the wage arrears indicator was abrupt. The largest number of workers of employees, to whom a company owed wages was observed in 2002 (39.6 thousand people), but in 2015 the amount of wage arrears per an employee was the largest (36 thousand rubles). On the one hand, this may be explained by wage increase in real terms. Wage increase resulted, respectively, in wage arrears increase. It should be noted that the current situation indicates the worsening differentiation in the labor market and, consequently, social disparity. Employees, who are deprived of their livelihood in the conditions of general wage increase experience social exclusion, lose satisfaction with their job and life in general, they are not interested in the quality of their work. Predictably, in 2009, when the economic crisis affected the labor market, all wage arrears indicators deteriorated dramatically, which once again confirms the argument about the vulnerability of employment in relation to adverse economic conditions.

As of 2015, agriculture and manufacturing appeared to be the industries most affected by this issue. In these economic sectors the proportion of employees to whom a company owes wages, comprised 36 and 35% respectively. This compares with the agricultural sector most affected by the issue in 2009. Sixty-five per cent of the total number of the employees to whom the employer owed wages were employed

in this sector. Thus, the sectoral character of the phenomenon under consideration is preserved, but to a lesser extent than in previous crisis periods. It should be noted that during the period under review the share of the employed in agriculture has not changed significantly – it decreased by only 0.7 percentage points (from 10.2 to 9.5%). In order to avoid superficial conclusions, no correlation between the employment dynamics in the sector and overdue wage arrears is assumed. Probably, there is no direct correlation between these indicators, which is explained by the peculiarities of the Russian model of the labor market: employees try to save their jobs even in case of reduction or delay in wages, fearing the possible difficulties of finding another job will be difficult. As a result, a stable level of employment is maintained. However, it is obvious that employment sustainability is differentiated by types of economic activities.

Having considered some indicators of precarious employment, we may conclude that contradictory trends have developed in the region, in the country in general and in the Northwestern Federal District. On the one hand, the economy has witnessed a significant strengthening of the informal sector. The informal sector itself is not an entirely negative phenomenon, since it includes farmers, sole proprietors and other small business entities. Many of them are market agents, an increase in their number

leads to the development of a competitive environment, which can be considered as a positive trend. On the other hand, the analysis has revealed the vulnerability of the labor market to adverse developments of economic environment, i.e. in a down economy these labor market actors are at risk. In this regard, a decrease in employment sustainability may be mentioned.

From the point of view of legislative regulation certain improvements are noted. Thus, an increase in the minimum monthly wage as respects subsistence minimum has become a stable and positive trend. However, state guarantee on the minimum monthly wage established by law are still not implemented. The mechanism of establishing minimum monthly wage at the regional level is not used, though it is not critical, as the changes in consumer prices in the Vologda Oblast are close to the national average.

It should be emphasized that the mechanism of consideration of employees' appeals to the employment supervisory authorities has become more transparent and convenient for the citizens. This involves the creation of an informational website platform allowing people to prepare an appeal (a question, a complaint) to the federal labor and employment services. Since the project is new, the present study refrains from far-reaching conclusions regarding the dynamics of the number of

appeals to avoid superficial results. Yet it may be argued that the fact of creation of such a website is a positive institutional change which promotes employment sustainability.

The situation of the use of working hours has also improved, which is reflected in a significant reduction in the number of part-time employees. This situation has some positive aspects for the employees, employers and ultimately for the economy in general. It may be stated that from the viewpoint of the use of working hours, employment sustainability in the region had generally increased.

The situation of labor remuneration may be called contradictory. On the one hand, the positive aspect is an almost universal decrease in the proportion of employees with wages below the subsistence minimum. However, the Vologda Oblast is not in an advantageous good position: the proportion of people working for remuneration below the subsistence minimum in the region is higher than in the Northwestern Federal District and in Russia in general, it dropped by 2.3 percentage points in 2005, the year of the beginning of statistical accounting of this indicator. For example, territorial proximity to prosperous Saint Petersburg weakens the competitive advantages of the Vologda Oblast in the North-West of the country. The situation is aggravated by the increase in overdue wage arrears per an

employee. The share of employees to whom an employer owes wages has decreased. The problem of wage arrears is sectoral in nature: the largest share of employees receiving overdue remuneration is concentrated in the sectors of agriculture, construction and manufacturing industry. It can be assumed that it may trigger the growth of the shadow labor market and aggravate the situation of unsustainable employment and precariousness of employment of the working population in the region.

Nowadays, the mechanisms aimed at addressing precarious employment are not being developed. The question whether to identify vulnerable employment as a separate issue in the sphere of social and labor relations may be debatable. At the same time, one of the strategic challenges of the modern labor market, in the opinion of some researchers and government representatives, is the formation of the so-called flexible labor market, i.e. the market which would provide a wide range of opportunities for the implementation of labor force. In particular, this position is taken by the authors of the “Strategy for development of labor resources in the Vologda Oblast up to 2020” [7]. However, measures to create a flexible labor market may exacerbate the existing problems. Therefore, in order to control the flexibility of the labor market it is necessary, in our view, to have an proper idea about employment sustainability.

1. In order to receive more information about employment sustainability it is advisable to improve the mechanisms of cooperation between the Federal Labor and Employment Service and the scientific community. In particular, the Federal Labor and Employment Service could issue an information bulletin containing data on citizens’ appeals in the regional context. Currently, the information is public and posted on the Internet, however, access to full datasets is limited due to the features of the Internet portal operation.

2. It is necessary to maintain the policy of progressive increase in the minimum monthly wage; this should probably be adjusted for the differences in consumer prices in Russia and in the Vologda Oblast. The minimum monthly wage in the Vologda Oblast cannot be lower than in Russia as a whole: the Federation determines the minimum and the regions, depending on the economic situation, establish wage premiums and upward coefficients. This, as we see it, will help resolve the problems of the working poor, whose wages are below the subsistence minimum (but not below the minimum monthly wage).

3. It is necessary strengthen control over the situation with overdue wage arrears in manufacturing, construction, and especially agriculture industries.

In our view, these measures will help increase employment sustainability in the region.

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SCIENTIFIC REVIEWS. OPINIONS

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Results of the Best Scientific Book – 2015 All-Russian Competition

The All-Russian contest for the best scientific book has been held since 2003 among university professors and the staff of research institutions. The organizer of the contest is the National Education Development Foundation and the Russian Academy of Education. The main objective of the contest is to support scientific research in the field of economics and management, law, humanities, pedagogics and psychology and engineering. Scientists from the Institute of Socio-Economic Development of Territories of the Russian Academy of Sciences take an active part in the contest and, judging by the results of another stage of the contest announced in June 2016, their participation once again became successful.

Laureate's diplomas in the category "Economics and Management" were awarded to:

- **A.A. Shabunova, Doctor of Economics; T.A. Guzhavina, PhD in Philosophy;**



I.N. Dement'eva, T.P. Kozhina, D.A. Lastovkina; D.A. Afanas'ev, PhD in Sociology, for the monograph "Regional Civil Society: Development Dynamics".

The monograph covers the theoretical and methodological basis, the social relevance and importance of the civil society development at the present stage. The integrated characteristics of civil society at the regional level are presented (through the example of the Vologda Oblast). Based on official statistics and sociological research, the analysis of public institutions' activity has been conducted, the categories of the population which make up the core and the periphery of the civil society have been distinguished, the peculiarities of

institutional and interpersonal trust and population's protest behavior have been revealed.

The monograph is intended for researchers, specialists of regional and municipal authorities, university professors, students, as well as for a wide range of readers interested in the issues of regional development.

- **Professor V.A. Ilyin, Doctor of Economics, for his book “Public Administration Efficiency: Chief Editor’s Point of View”.**

The book contains the articles of Professor V. A. Ilyin, Doctor of Economics, Chief Editor of the journal “Economic and Social Changes: Facts, Trends, Forecast” issued by ISED T RAS, which headed the Journal's issues in the period from 2012 to 2015. The key topic of these publications is the problem of improving the efficiency of public administration at all levels of authority in modern Russia: federal, regional and local. The articles present extensive materials on the solution to this problem based on the research of the author and the staff of the research team, which he has headed for 25 years. The author justifies the urgent necessity for the real transition of the country to innovative development and the creation of conditions for this transition. The author also characterizes the aspects which slow down the process of economic and social transformation in the country: the commitment of the power elite to the comprador oligarchic capital; corruption which has infiltrated all government

levels; the growing differentiation of the population's standard of living. Specific measures are offered to provide the security of the country and its regions and support the principles of social justice and the constant increase in the human capital in the Russian state. The articles are accompanied by tables and charts which illustrate the characteristics of the dynamics of the population's attitudes to various branches of government, and are compiled according to the results of long-term monitoring studies conducted by ISED T RAS.

The book will be useful and interesting to the officers of the government authorities, specialists of research institutions, teachers, postgraduates, and students of the economic and social specialty.

- **T.V. Uskova, PhD in Economics, N.V. Voroshilov for the monograph “Regional Policy of Territorial Development”.**

The monograph is devoted to the topical issues of the regional policy of municipalities' development. The proposed rating methodology of its evaluation is aimed at the improvement of its effectiveness, in particular, the creation of six administrative districts, the coordination Council for the development of municipal units, as well as the algorithm for choosing the form of the implementation of territorial transformations. The book summarizes the recommendations on the harmonization of strategic documents of the subject of the Russian Federation and municipal units.

The book is intended for scholars and specialists state and municipal administration, teachers, students of educational institutions in disciplines and areas “State and municipal management” and “National economy”.

* * *

It should be reminded that in 2010 laureate’s diplomas were awarded to L.V. Kostyleva for the book “Socio-Economic Inequality of the Region’s Population” in the category “Economics” and to K.A. Zadumkin for the book “Strategic Life Management: Manager’s Advice” in the category “Marketing and Management”.

In 2013, the Foundation’s experts recognized the monograph “Human Capital of the Territories: Problems of Formation and Use” edited by A.A. Shabunova one of the best scientific books in the category “Economics and Management”.

The laureate’s diplomas in 2014 were awarded to V.A. Ilyin and A.I. Povarova for the monograph “Public Administration Efficiency. Market Transformation Trends. Crisis of the Budget System. Role of Private Capital. Strategy-2020: Implementation Issues”, and to T.V. Uskova, R.J. Sulimenkov, A.N. Anishchenko and A.N. Chekavinskii for the book “Food Supply Security of the Region”.

AUTHOR GUIDELINES
for Submission of Manuscripts to the Editorial Office of the Scientific Journal
“Economic and Social Changes: Facts, Trends, Forecast” (in concise form)

The Journal publishes theoretical and experimental articles that fall within the scope of the journal. The Journal publishes original theoretical and experimental articles that fall within the scope of the journal. The manuscript should be of no less than 16 pages (1 page contains approximately 1,800 characters). The maximum length of the paper submitted to publication is 24 pages (approximately 43,000 characters). Book reviews, information on scientific conferences, scientific chronicles are also submitted to publication. The papers should contain research findings of completed and methodologically proper works.

The decision for publication is made by the Journal’s Editorial Staff on the basis of the reviewer’s report. The novelty, scientific importance and relevance of submitted material are also taken into consideration. Articles rejected by the Editorial Staff will not be re-considered.

Requirements to the package of materials submitted

The following materials are submitted to the editorial office in printed form:

The article signed by the author on the first page. For students, postgraduate students and degree-seeking candidates a notarized signature of the supervisor is also required, the seal must be clear.

Full information about the author on a separate page: full name, academic degree and title, place of work and position, contact information (postal address, telephone, e-mail – if available).

Written commitment of the author that the article is not (will not be) published in other printed and/or electronic editions prior to its publication in the Journal.

The materials are sent to the address: (56A, Gorky Street, Vologda, 160014, to the editorial office of the scientific journal “Economic and Social Changes: Facts, Trends, Forecast”).

The following materials are submitted to the editorial office in electronic form:

A file containing the article in a Microsoft Word document, format .doc or .docx. The name of the file is typed in the Roman characters and reflects the author’s last name (e.g.: Ivanova.doc).

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The photo of the author in the .jpeg format of no less than 1 MB.

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(samples are available at the Journal's website, section "Guidelines for submission of manuscripts...")

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Right – 1 cm, others – 2 cm.

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Font size of the article's text – 14, type – Times New Roman (in case a special type font is needed, when typing Greek, Arab, etc. words, Windows default fonts are to be used). In case the paper contains seldom used fonts, they (font family) are to be submitted along with the file.

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First page of the article.

In the upper right corner, the UDC is placed, under it – the LBC, then – the symbol ©, and the name and initials of the author. Central alignment is used for the title of the article. The abstract and key words are given below, without indent, in italics and aligned by width. After that, the text of the article is placed.

Abstract.

The abstract contains from 250 to 300 words. The abstract states the purpose of the research, points out its undoubted scientific novelty and its differences from similar works of other scientists; contains the methods used by the author and the main results of the work performed; identifies areas of application of the results of the study; briefly formulates the prospects for further research in this area.

Examples of good abstracts for different types of articles (reviews, scientific articles, conceptual articles, application articles) are available at: <http://www.emeraldinsight.com/authors/guides/write/abstracts.htm?part=2&PHPSESSID=hdac5rtkb73ae013ofk4g8nrv1>.

Key words.

There should be not more than 8 words.

Tables.

Tables are inserted; drawing tools and AutoShapes are not allowed; column and cell alignment using spaces or tabs is not allowed. MS WORD table editor (Office 2003, 2007) is used for tables. Each piece of data of the stub and head of the table correspond to discrete cell. Only editor standard tools are applied for creating and formatting tables, no pilcrow, spaces and extra blank lines for semantic breakdown and line adjustment are allowed. In the title, the word “Table” and its number are given in common type face, the headline is given in bold, and is center aligned.

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