

Encouraging Russian Regions to Transition on Self-Development: Methodological Aspect

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ABSTRACT

The author, analysing scientific publications in the economic literature on the problem of self-development of regions in Russia over thirty years, determines the dynamics of the growth and decline of researchers' interest in the problem. The result of the analysis resulted in the conclusions: first, the interest in the issue intensified since the early nineties of the last century under the influence of the main storylines for the system of perestroika, the democratisation of the economy, have declined to date to a minimum; secondly, the decision problems are not only not held, but rather worsened – the number of economically insolvent regions increased five times. Stating an objective necessity of conditions creation for transition regions to the self-development mode, the paper presents arguments that define the main factor impeding the regions' self-development – the refusal of the Federal Centre from the economy democratisation, the power and development resources centralisation, depriving the regions' opportunities to a diversity of the economy. Another counteraction factor is the weakness of the methodological foundations for stimulating self-development. The main reason is the lack of identification of the definition of the region self-development concept from the concepts of territorial development and sustainable development of the region, leaving aside the study of the causes and driving forces of self-development presented. In the article: author's formulation of the essence of the region self-development, the criteria for defining the region of self-developing, the main directions and measures for the transition regions on the mode of self-development.

Keywords: *Region Self-development, Actualisation problem, The democratisation of the economy, Criticism of methodological foundations, Counteraction factors, Identification criteria, Potential of self-development, Conditions for encouraging regions' self-development.*

1. INTRODUCTION

The beginning of the actualisation of the regions' transition to the self-development mode can be considered the speech of N.A. Nazarbayev in May 1989 at the First Congress of People's Deputies of the USSR. He justified the thesis: "...only a strong republic is the basis of a strong centre. It is necessary to expand the rights of all republics as equal, sovereign members of the federal union..." [1]. The subsequent sharp rise of the attention to the problem was due to the Federal subjects' sovereignty parade and the well-known phrase of the head of the country, in which the regions were allowed to take as much freedom as they wanted. Top

issues were the powers division between the federal and regional authorities, the transfer of some of the Centre's powers and responsibilities to the regions. Scientists, economists and specialists have decided on the appropriate research areas.

Great weight in the study of the problem was created by Academician A.I. Tatarkin scientific school with the related subject. The study involved Akberdina V.V., Doroshenko S.V., Zakharchuk E.A., Ignatova E.D., Lavrikova V.V., Mariev O.S., Nekrasov A.A., Pasyukov A.F., A.A. Sidorova E.N., Tatarkin D.A.

From other schools, a particularly significant role in the study was played by Avtonomov A.M., Buvaltseva

A.I., Kofanov D.G., Leksin V.N., Pechatkin V.V., Sokolovsky M.V., Fedolyak V.S. et al.

Judging by the research results reflected in the press, an active interest in the problem of self-development of regions remained until 2012. After this period, there is a decrease in publication activity; in 2018, the central press practically does not reflect the research results related to regions' self-development. Simultaneously, there is a significant parallel reduction in the number of economically independent regions of Russia. Thus, if in 1995, according to Rosstat, there were 65(?) regions with no need subsidised assistance, then at present, there are 12 such regions. The ongoing process in the aspect of possible self-development of the regions had a pronounced negative vector, which could not contribute to economic progress. Therefore, *this study* aims to determine the directions and measures to ensure the regions transition to the self-development mode. The following tasks are set:

- justification of the need for self-development of the region;
- criticism of the existing concept of self-development of the region as a category.

The solution of these problems is considered to reflect the existing factors of inhibition of the transition of regions to self-development and the author's justification of the methodological messages that stimulate this transition.

2. THE NEED TO REVIVE ATTENTION TO THE REGIONS' SELF-DEVELOPMENT PROBLEM

It is not difficult to notice that interest in the regions' self-development fell as they moved away from the original plot of changing the social formation - the economy's democratisation. There was a process of growing eccentricity in the direction of strengthening the federal Centre's powerful role in managing the economy to the detriment of the regions' economic independence. Since the beginning of the 2010-decade, firstly, the administrative structure of management has been changed: the regions are included in the territorial federal districts headed by plenipotentiary representatives of the Russian Federation president. The leadership of the district administration mainly mediated the Centre-region relationship. Secondly, the resources withdrawal from the regions to the federal Centre has increased: the existing equal division of income from the extraction of natural resources between the Centre and the regions has been abolished; the deduction of taxes to the federal budget has increased. The Centre has moved away and continues to move away from the Budget Code adopted in 1998, which defines the federal budget division between the Centre and the Federation's subjects with 50 to 50 per cent. The Centre is increasing

fiscal tax exemptions, and it has almost completely monopolised the authority to use natural resources.

Many well-known academic economists believe that the path of rigid centralised economic and political management, on which the federal authorities have put the country, is hopeless. In Russia, increased centralisation of power tends to lead to authoritarianism with negative consequences in using development resources. Many costs are carried out in the order of subjective non-system decisions, which neither in the current periods nor in the visible future do not give sufficient economic returns, create an investment deficit in the branches of material production. Due to the lack of investment resources, the regions, as generators of the total reproduction of the country's economic potential, can increase it in a diversified way and simply reproduce it.

Unfortunately, the government remains deaf to the scientific justification of these consequences and ignores scientists' warnings about the emerging prospect of economic development. As noted by Academician A.I. Tatarin, with excessive centralisation of power, funds and resources at the federal level, while at the same time excessive regulation of the activities of regional and municipal authorities and management, an inefficient, wasteful attitude to the centralised funds inevitably manifests itself. The author argues that it is necessary to demonstrate the political will of the top leadership of the Russian Federation "to decentralise the organisation of management of the country's economy and expand the capabilities of lower authorities, to develop the institute of self-development more systematically and on market principles" [2, pp.9-25].

Academician A.G. Aganbegyan justified the same position based on reliable calculations. He characterises the tax policy and the country's economy in general as fiscal and suggests "to stop the annual forced state price increases in favour of state monopolies and oligarchs, shifting the difficulties of the state organisation to the population and other consumers" [3, pp.8-9].

Academician E.M. Primakov devoted his report at the "Mercury Club" meeting to the need to pay serious attention to improving the status of territorial socio-economic systems in socio-economic and social development. He argued that the decentralisation of management is an essential condition for the realisation of the urgent need to "assign regions and municipalities the role of locomotives of Russia's spatial arrangement, considering their economy structure peculiarities, socio-cultural and national traditions" [4].

It is difficult to agree that the literature, reflecting the state of the Russian economy, notes its defeat by four large – scale crises: transformational – 1990-1992, debt – 1998-2000, under the influence of the global financial crisis – 2008-2009, and since 2013 - economic

and political [5]. The latest crisis is currently being layered with the defeat of the economy by the coronavirus pandemic. This characteristic does not correspond to the classical understanding of the essence of the crisis. The result of overcoming the crisis should be reaching a higher level of development of the economic system. In Russia, in none of these periods was there an economic recovery based on its development. It was not a series of different crises, but a series of recessions and stagnations manifested in the form of fluctuations in one permanent crisis. The bursts of economic growth during the noughties were not the result of development based on modernisation measures. Speculative factors drove them. Namely, Russia has been focused on the development of material goods, and the excavation of the storerooms of land resources, well-educated, there is no human activity that is the source of wealth and the economy's success as per A. Smith, but the creation of nature [6]. The vector of development determines the type of crisis in Russia with only one remaining characteristic – "transformational". At the same time, as follows from the speeches of Academician S.Yu. Glazyev, Russia did not take the 6th technological way and significantly lost the 5th way position, formed in the late 80s of the last century [7]. I.e., the vector of development of the Russian economy for the entire thirty-year period had a negative direction.

Thus, in the world economy, Russia represents a country that is lagging in economic growth and not awakening economic development. Being in an insurmountable track of economy centralisation calls into question the federal Centre's acceptability to update attention to the Institute of regions' self-development. Nevertheless, the awareness of the current line of activity of the authorities as infernal, namely, fraught with loss of national security and possible collisions of social and economic negatives, dictates to scientists the need to maintain civil and professional responsibility in increasing attention to research in the areas of political and economic development, both in Russia and its regions. The Institute of self-development is one of the components of these areas.

3. CRITICISM OF THE EXISTING CONCEPT OF "REGION SELF-DEVELOPMENT" CATEGORY

3.1. Reflection of the concept of region self-development in the literature

The second factor that hinders the self-development of regions is the weak methodological justification of the self-development concept's essence. Let us consider the main characteristics of the definition of the concept of "Region self-development" category, reflected in researchers' publications on this category's topics.

Many researchers consider the key definition of the essence of region self-development to be the formulation of Academician A.I. Tatarkin: "Under the self-development of territorial economic systems is understood as a sustainable ability of the region (municipality) in the conditions existing in the society in the macro environment to provide the expanded reproduction of the gross regional product due to the existing potential of the private resource opportunities and sources of revenue to implement macroeconomic goals and national priorities and targets intra-systemic nature" [2, p.7].

This definition is concretised by several other researchers, including adherents of the A.I. Tatarkin school, and other researchers.

Thus, A.I. Tatarkin himself, proving the purpose and determining the need for self-development, says that in contrast to biological systems, in which the potential of self-development is reproduced naturally, in socio-economic systems, the reproduction of the potential of the territory as a socio-economic system to develop it and create a public good *requires active human participation*.

V.S. Fedolyak defines the essence of self-development because it is designed to promote the *effective use of the region's economic potential* (competitive advantages that the region has) [8, pp.429-430].

F.M. Avtonomov *does not recognise a symptom of self-development of the region's economic performance if they achieved not based on the driving force of self-development – initiative on the territorial units* [9, pp.46–50].

The specified authors' approach is considered the region self-development, the purpose of which is *to create favourable conditions for the life and quality of life of the population of the territories, as well as the rational use of natural, industrial, scientific, labour, demographic, social and cultural potentials of the territories and increase activity. The authors divide this general function into economic, financial, demographic, social, and environmental components*. This approach is reflected by E.D. Ignatieva and O.S. Mariev [10, pp.117-118].

E.A. Zakharchuk, A.F. Pasyukov, A.A. Nekrasov give a self-developing system a characteristic as *being able to independently determine the goals of its development and criteria for achieving them, as well as to ensure growth with its revenue sources*. The authors specify *the growth of GRP* as a criterion for classifying the region as a *self-developing territory – the increase in GRP should be greater than the national average; the second criterion is the provision of own income sources*. Methodologically substantiate *the region's potential of self-development as a set of private potentials*:

economic, financial, social, demographic and environmental [11, pp.11–12].

Group of authors Yu.G. Lavrikova, V.V. Akberdina, A.V. Dushin, E.N. Sidorova, D.A. Tatarkin claims: "Under the self-development of the socio-economic system of any scale is understood <...> *self-regulation in the practical absence of external influence*". It should also be noted that the authors state for *the state priority attention in "the redistribution of the resources in favour to the self-development mechanism formation in the most prospective territories..."* [12, p.3].

S.V. Doroshenko argues: the self-development of a region implies *its systems' ability to adapt to changing external conditions; not all regions are capable of self-development; a self-developing region must use its unique natural resources to ensure competitive economic specialisation* [13].

E.N. Sidorova and D.A. Tatarkin believe that *underdeveloped regions should overcome subsidisation for the transition to self-development. The region's development in this period cannot be considered self-development* [14, p.46].

3.2. The weakness of the methodological promises of regions self-development stimulation

In explanatory dictionaries, the essence of the term "Self-development" is not disclosed; the explanation of the essence is addressed to the term "Self-movement". In the Philosophical Encyclopaedia, Self-movement is "Movement that has a source, a cause in the moving thing itself" [15]. It is explained that the concept of self-movement in its function denies the "external push". Without denying that the region self-development has commonality with the concept of self-movement as a movement that has a source, a cause in the moving thing itself, it should be kept in mind that the region is one of the system elements – the country, and this limits the degree of independence of relations to ensure the stability of the entire system. This expresses the commonality and difference between the concepts of self-movement and region self-development

Based on the above, we can formulate: *The region self-development is understood as a movement that has a source, a cause in the region itself, which carries out development in the interests of achieving both its goals and objectives of a systemic nature, as well as macroeconomic and national priorities.*

This formulation defines the *object of research-the driving forces of society's development (in this case, the region as a socio-economic system), emphasising the manifestation of one's initiative and possible independence in development.* As well-known, the main driving force of development is the contradiction

between the growth of needs and production. In the field of attention should be *such research subjects as the conditions of manifestation* in the region of initiatives for implementing the population's creative work. This is the essence of the category "Region self-development".

The previous paragraph reflects a relatively modest approach of researchers to the concept of self-development. It is limited by such characteristics as the minimisation of external management impacts (Zakharchuk E.A. et al.), the region's independence in determining the goals and objectives of its development, considering macroeconomic settings (Lavrikova Yu.G. et al.). And the fact that the achieved financial results can be recognised as obtained based on self-development shows its management and executive initiative (Tatarkin A.I., Avtonomov A.M.). Simultaneously, the reservation about the initiative remains a simple statement and is not considered a research subject. We think this is one of the manifestations of the fact that in most of the research is the substitution of notions about "Region self-development" concepts of the categories of "Sustainable development" and "territorial development", leaving out the root foundations of self-development.

Of course, there is a commonality between all three categories. For example, in all categories, the same goals and objectives are formulated in many ways – achieving comfortable living conditions for the region's population, efficient use of resources, accounting and implementation of macroeconomic policies, etc. Nevertheless, the category of "Region self-development" has its identification, determined by the object and research subjects.

The confusion of categories narrows the scope of the possible transition to self-development of a significant number of regions. The terms "capable" and "incapable" of self-development are used. If we consider the existing UN criteria, there are no regions in Russia that are objectively incapable of self-development. The authors should have used the terms "possibility" or "impossibility" of self-development under certain existing conditions. The authors classify the region as not capable of self-development according to the following criteria:

- GRP growth is not stable and does not exceed the average growth in the country,
- does not have starting economic potential,
- own natural resources are insignificant,
- the region is subsidised.

It is illogical to classify a region as not self-developing if, firstly, there is even a minimal but stable increase in GRP per working person. Secondly, this increase is realised by the sovereign initiatives of all employees in the region.

The next two positions are also untenable. The facts show that the link between a country's resource availability and economic development is not always direct. Russia has enormous resource conditions but lags in Japan's economic development, which does not have such resource prosperity. In general, it is necessary to pay attention to researchers' incorrectness in determining the resource potential of self-development. It is also calculated as if it was performed in the usual way when drawing up programs for the territory's development. The example of Japan shows that it is necessary to consider the social environment's state as an incentive for people to work creatively when determining the potential for self-development. This is reflected by R. Hall and Ch. Jones in their development model, in which they include not only traditional growth factors – physical capital, finance, labour, etc., but also social, political, institutional, and geographical location [16].

As for the regions' subsidisation, these are the costs of an inefficient policy of state management of territorial development. It should be preserved until the regions in the order of self-development do not leave this state.

In this aspect, note that more and more attention is paid to traditional economic models that are untenable without considering non-economic factors that affect economic development in modern science. Thus, the Nobel laureate Richard Thaler believes that human behaviour does not always lend itself to economic modelling standards; knowledge and consideration of his psychological mood factors are also important [17]. Samuel Bowles and Herbert Gintis focus on the importance of traditional corporate culture in society's development [18]. The justification of culture's role in countries and regions' economic development became particularly relevant at the turn of the twentieth and twenty-first centuries. Its adept was the former UN Secretary-General Perez de Cuellar [19]. Lawrence Harrison, Director of the Institute for Cultural Change (USA), also contributed significantly [20].

And the authors who suggest discrimination – the priority attention of the state in supporting economically prosperous regions with resources to the detriment of others - are too far from a scientific approach to solving self-development problem (Lavrikova Yu.G. et al.). It seems that these researchers are far from knowing the theory of synergistic development.

All the reflected methodological messages can not contribute to the introduction of regions self-development. Moreover, they can maintain their now entrenched dependency, which manifests itself in competition in obtaining subsidies, obscuring the importance of solving regional development problem.

4. CONCLUSIONS

At the level of world economic comparisons, the Russian Federation is defined as a country with weak economic growth due to natural resources' sale and no awakening economic development. The Russian Federation by economic volume (GRP) has moved from third to twelfth place, and by GRP per capita is in forty-sixth place among all world countries. One of the main reasons is that the country has fallen into an economic trap. Namely, excessive centralisation of power and resources in the federal Centre leads to a reduction in the regions' economic potential. This situation persists from year to year; that is, it has the character of permanent reproduction. To get out of this situation, you need to:

- Adopt and implement the new law "Budget Code of the Russian Federation", in which the formation of the federal budget must meet the criterion - " Strong regions-the basis of a strong centre and a strong state»;

- Develop and implement a systematic set of state arrangement measures to democratise the economy, including encouraging regions to show sovereign development initiatives based on the principles of self – movement/self-development, considering their interests and the interests of stable development of the macrosystem - the country.

To ensure the practical implementation of the transition of regions to the self-development regime, revise the existing methodological foundations of self-development radically. Should:

- To exclude the preoccupation of the identification essence of the category "Region self-development" with the categories "Territorial development" and "Sustainable development" that has developed in the methodological foundations. Such an exception will make it possible to clearly define the role and responsibility in the sovereign initiative of regional management and management bodies in the growth and development of the region's economy;

- Not to allow an unequal, discriminatory approach in creating conditions for the transition to a self-development regime for regions with different levels of economic development;

- When determining the potential of self-development, it is necessary to take into account not only the known factors of social production-capital, labour, land, etc. but also the qualitative and quantitative characteristics of non-economic factors of economic growth and development;

- To consider the region as self-developing according to the criterion of stable growth of GRP per capita is independent of its need for subsidised

assistance if the increase is achieved by the region's management bodies and management efforts.

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