

# *Imbalances in the socio-economic development of the regions of Russia in the context of new industrialization*

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**Abstract**—Transition to an innovative model of post-industrial development inevitably reinforces the territorial imbalances in the economy. One of the reasons for the emergence of inter-regional disproportions in the Russian economy is structural dysfunctions of the state’s economy as a whole. Lack of strategic goal setting; orientation of the state economic policy on solving current problems; support for the priority development of the oil and gas industries; the destruction of the interregional and inter-sectoral interaction systems that developed in the industrial era — all of these factors have led to the gradual separation of the subjects of the federation. As a result, there has appeared clear differentiation of regions into “donors”, ensuring a stable replenishment of the federal budget and “recipients”, requiring constant financial support from the central government to ensure the minimum acceptable standard of living of the population. To ensure balanced economic growth and overcome the disparity of socio-economic development of individual regions of the country, it is necessary to develop fundamentally new methods and tools for strategic management in the real sector of the economy. In order to accomplish this task, in the near future, it is necessary to focus on the issues of developing a methodology for the operative diagnostics and monitoring of socio-economic disproportions of spatial development.

**Keywords**—*regional economy; structural disparities; spatial development; regional policy*

## I. INTRODUCTION

Interregional differentiation in modern Russia is manifested in significant differences between poor and fairly wealthy subjects in terms of gross regional product, investments and the standard of living of the population. The study conducted by the authors confirms that the stratification of regions observed in Russia according to the level of socio-economic development is caused by objective reasons. The tendencies of spatial development that have taken shape in the

past 15 years have proved to be resistant to external factors, therefore neither the financial crisis, nor the economic recovery that followed, nor the current economic challenges, led to any noticeable change in the territorial disparities in production and consumption. The scientific novelty of this study is to develop and substantiate new methodological approaches to improving the mechanisms for restoring business activity in the real sector of the economy, facilitating flexible adaptation of economic actors to changes in the institutional environment. The purpose of this study is to identify the key indicators of the socio-economic development of the territories (federal districts) of Russia and their spatial imbalances. The results of this study are supposed to be used in the designing of an innovative model for managing the development of territorial socio-economic systems based on the wave model of cyclical business activity of economic entities, taking into account the influence that the investment processes and the level of innovativeness of the regional industrial policy have on the spatial structure of the economy [13], [14], [17], [21], [23].

## II. THEORETICAL BACKGROUND

The main theoretical aspects of the concept of “new industrialization” are described in the works of such scientists as E. G. Animitsa [18], [22], E. B. Dvoryadkina [4], S. Y. Glazyev [5], Y. P. Silin [18], A. I. Tatarkin [21], [22].

The evolution of scientific views on the problems of economic growth and macroeconomic stability in terms of spatial development is reflected in the publications of G. B. Kleiner [9], N. Lygina, O. Rudakova and Y. Soboleva [11], V. M. Polterovich [15], H. Saito and J. J. Wu [16], O. S. Sukharev and E. N. Voronchikhina [20].

The study of territorial disproportions of socio-economic development caused by the natural disparity of the resource potential of the regions is conducted in the works of

such scholars as M. Chomjakova et. al. [3], A. Isaksen [8], M. Viturka [23], H. W. C. Yeung and N. M. Coe [24].

The impact of the global crisis and economic sanctions on structural changes in the economy of the Russian Federation is discussed in the publications of P. Aalto and T. Forsberg [1], S. S. Gubanov [6].

Conceptual approaches to the management of spatial development, aimed at reducing socio-economic imbalances and ensuring the macroeconomic stability of the regional economy through effective management of internal and external system resources are presented in the works of R. Boschma [2], I. B. Ilukhina and S. A. Ilminskaya [7], N. V. Lisichkina et. al. [10], E. I. Minakova et. al. [12].

### III. METHODS

The methodology of a retrospective study of the socio-economic development of the subjects of the federation is based on the fundamental principles of spatial economics and the applied aspects of an integrated approach based on the principles of system analysis.

Statistical data provided by the Federal State Statistics Service of Russia (Rosstat) were used as an information base for calculating analytical indicators.

The study of the relationship of indicators of business activity of the subjects of the real sector of the economy and indicators of socio-economic development of individual territories of the country was carried out using methods of deterministic and stochastic analysis, which allowed us to identify adaptive responses of open socio-economic systems to new environmental challenges.

### IV. RESULTS AND DISCUSSION

Our study showed that when ranking federal districts in terms of industrial production and gross regional product, the leading position in 2011-2016 belongs to the Ural Federal District which is significantly ahead of other territorial entities. In the context of a commodity economy, this seems to be quite natural, since it is in the UFO that the largest oil-producing enterprises of Russia are located.

The economically developed regions also include the Central and Far Eastern Federal Districts. The Central Federal District as an independent entity includes the city of Moscow, which is the largest financial and business center of the Russian Federation. The greatest number of large companies and financial institutions is concentrated in Moscow and the Moscow Region.

The Far Eastern Federal District is the largest in terms of territory in Russia. The most developed sectors of the economy in the district are mining, fishing, forestry.

A rather high level of economic development is observed in the North-West Federal District. Here are located large metallurgical enterprises, nuclear power plants, enterprises of fishing and fish processing.

The economic development of the Siberian and Volga Federal Districts lags slightly behind the average for Russia. The leading branch of the Siberian Federal District is mining. The economy of the Volga Federal District maintains a balance between agriculture and industrial production.

The basis of the economy of the Southern Federal District is agriculture. In addition, the region produces

minerals, coal, gas, oil. The Southern Federal District plays an important role in the functioning of the transport system of Russia: large ports and the most important federal highways are located on the territory of the district. However, in terms of the gross regional product per capita, this district is in the penultimate place.

The minimum GRP is observed in the North Caucasus Federal District. Despite the unique natural and climatic conditions that help maintain constant tourist flow, this district lags far behind the rest in terms of economic development.

The key to long-term stability of the region's economic development is investment in fixed production capital. The general trend of this indicator is characterized by stable, but not high growth. However, in a number of regions, the value of investments in 2016 decreased compared with the previous period.

The dynamics of indicators of the level of innovativeness of the industrial development of the districts are shown in table 1.

TABLE I. PARTICULAR WEIGHT OF ORGANIZATIONS IMPLEMENTING INNOVATIONS, IN % TO THE TOTAL NUMBER OF ORGANIZATIONS

| Federal District       | Year |      |      |      |      |      |
|------------------------|------|------|------|------|------|------|
|                        | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Central (CFO)          | 10.2 | 10.9 | 10.7 | 10.9 | 10.9 | 10.3 |
| Northwestern (SZFO)    | 11.2 | 11.0 | 10.7 | 10.3 | 9.6  | 8.3  |
| Southern (UFO)         | 6.5  | 7.4  | 7.2  | 7.7  | 7.5  | 7.1  |
| North Caucasian (SKFO) | 5.2  | 6.4  | 5.9  | 6.5  | 4.7  | 2.9  |
| Volga (PFO)            | 12.7 | 11.9 | 11.7 | 11.4 | 10.6 | 9.4  |
| Ural (UralFO)          | 11.5 | 10.6 | 9.6  | 8.9  | 7.9  | 8.2  |
| Siberian (SFO)         | 8.8  | 8.5  | 9.1  | 8.8  | 8.0  | 6.9  |
| Far Eastern (DFO)      | 11.2 | 10.8 | 9.5  | 8.9  | 7.2  | 6.4  |

To fully assess the socio-economic development of the region, it is necessary to consider the value of per capita incomes of the population. It is undoubtedly related to the level of economic development of the region.

Per capita incomes most clearly characterize the standard of living of the population. In the four most economically developed regions (Central, Far Eastern, Northwestern and Ural Federal Districts), the absolute value of average income per capita exceeds 30 thousand rubles per month. Lower than the average for Russia is the value of income in the remaining federal districts: Southern, North Caucasus, Volga and Siberian.

It should be noted that the value of per capita income in the North Caucasus Federal District exceeds the average salary in the region. This is due to the crisis state of the region and, as a result, the direction of significant transfers from the federal center to the regional budget.

The dynamics of real incomes of the population for the period under review is presented in table 2.

TABLE II. REAL POPULATION INCOME, IN% BY PREVIOUS YEAR

| Federal District       | Year  |       |       |       |      |      |
|------------------------|-------|-------|-------|-------|------|------|
|                        | 2011  | 2012  | 2013  | 2014  | 2015 | 2016 |
| Central (CFO)          | 101.7 | 104.4 | 104.7 | 96.8  | 95.7 | 94.7 |
| Northwestern (SZFO)    | 98.7  | 105.9 | 105.3 | 101.4 | 97.2 | 96.1 |
| Southern (UFO)         | 101.0 | 107.0 | 108.7 | 103.3 | 96.4 | 96.7 |
| North Caucasian (SKFO) | 104.9 | 109.0 | 104.1 | 103.6 | 96.1 | 95.8 |
| Volga (PFO)            | 99.9  | 108.0 | 104.1 | 102.1 | 95.4 | 92.4 |
| Ural (UralFO)          | 100.7 | 105.0 | 103.8 | 98.4  | 94.2 | 92.5 |
| Siberian (SFO)         | 102.1 | 105.2 | 103.8 | 98.2  | 96.2 | 94.4 |
| Far Eastern (DFO)      | 101.5 | 104.9 | 106.2 | 102.8 | 98.9 | 93.5 |

The decline in real incomes of the population in 2015–2016 is due to the negative impact of two main factors: a surge in exchange rates and related inflationary processes, as well as high unemployment rate in depressed regions (Fig. 1).

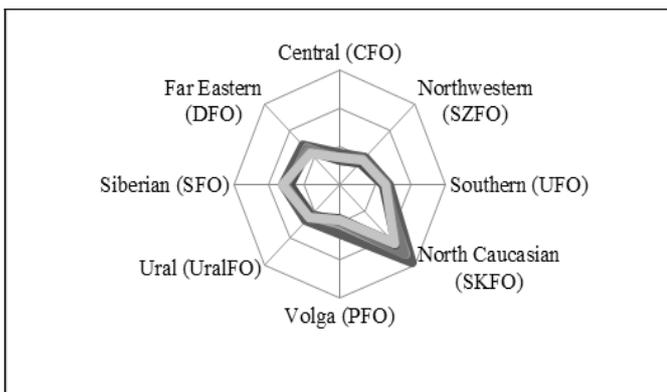


Fig. 1. Unemployment rate in Federal Districts

In economically developed regions, the average unemployment rate did not exceed the natural background (3-6%). The North Caucasus Federal District stands out against the general background. In 2016, 11% of the population in this region were not able to find a job. The hardest thing was finding a job for university graduates, people of pre-retirement age and people with disabilities.

Also, a rather high level of unemployment is observed in the Siberian Federal District amounting to 8% in 2016. At the same time, against the background of a general decline in unemployment in Russia for the period under review, this indicator is growing in the Siberian Federal District.

Based on the results of the study, it should be noted that the disparity of the levels of socio-economic development of regions is a natural consequence of the uneven spatial distribution of the resource base and industrial potential in

many countries. However, in Russia, the observed differentiation is significant even within a single federal district and is huge across the country. Obviously, actions taken jointly by federal executive authorities, state authorities of the constituent entities of the Russian Federation and local governments today do not allow attain balanced socioeconomic development of the regions and ensure the level of innovativeness of the industrial potential necessary for the transition to a new technological order throughout the country.

**V. CONCLUSION**

The study showed that the socio-economic development of the federal districts of the Russian Federation is currently characterized by instability, non-linearity. This is directly related to the disproportions in the spatial development of the country, the consequence of which is the increase in dysfunctional differentiation of the Russian regions, a significant stratification of districts according to the level of investment attractiveness, the development of industrial potential and the efficiency of the business infrastructure. Thus, overcoming social and economic dysfunctions is impossible without developing a strategy for leveling regional development by state government. The systematic identification and solution of key problems of spatial development should be the main task of regional policy in the near future.

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