The Russian Expanse and the Real Sector of the Economy

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Abstract: This article looks into the present attributes of making use of the Russian expanse, which are associated with the complexity and unambiguousness of the country’s spatial potential, immensity and scope of its territory, natural conditions of life of its population, decreasing size of its population, diversity in living patterns and religious diversity of peoples inhabiting the country’s territory. The realization of the country’s spatial potential is influenced by its government, population and business sector. The article provides an analysis of the latest studies and publications on issues of the realization of Russia’s spatial potential. The author analyzes the character of the present unsatisfactory use of the Russian expanse and undertakes to suggest and examine the possibility of prospective changes through the development of various industries of the real sector, for which Russia has diverse resource conditions. The article reveals the present shortcomings of the country’s economy management, its orientation towards raw material industries and the outflow of resources to overseas and explains the country’s need for the wider development of diverse real-sector industries by way of streamlining economic management processes and maximum use of the country’s resources and spatial potential. The author infers that management efforts ought to be aimed at facilitating both inter-integrational and intra-integrational processes for the constituents of the Russian Federation by way of a more intensive incorporation of municipal-level resources in the process of their development.

Key words: National economy · Spatial potential · Management model · Sectoral development · Cohesion of territories · Real sector.

INTRODUCTION

Any national economy possesses some kind of spatial potential. The realization of spatial potential is effectuated by three major participants - the government, the population and the business sector – in three major areas: land reclamation, socio-economic organization and the productive-infrastructural use of resources and prospective development of the territory [1, 2, 3, 4, 5, 6]. The role of the government, which sets down the parameters for the reclamation, use and prospective social-economic development of the country’s expanse and adapts these processes into a specific organizational-institutional framework, is the major one. The business sector is mainly responsible for the effective, legitimate and ecological use of resources in corresponding territories. The population is responsible for the successful territorial organization of everyday life, environmental conservation and gentrification.

Analysis of the Latest Studies and Publications: The theoretical and practical aspects of the issue analyzed have been examined in studies by V. L. Glazycheva [7], S. Kordonsky [8], who investigated the development of the country’s various regions; T.E. Kuznetsova [9], who analyzed various aspects of the development of the Russian expanse; August Lösch [10], a German economist who studied urban spatial structure; D. Friedman [11], who assesses the role and place of the Russian expanse in the global economic process. Principal approaches to the elements of Russia’s spatial development are provided in the Socio-Economic Development Strategy for the period up to 2020 and up until 2030 [12].

The study aims to present an analysis of the character of the present unsatisfactory use of the Russian expanse and then suggest and examine the possibility of prospective changes through the development of various industries of the real sector, for which Russia has diverse resource conditions.
Major Findings of the Study: Russia’s spatial potential is complex when it comes to natural reclamation conditions, is intricate from the social and confessional standpoint and, to ensure the preservation of the country’s unity and sustainability of its economic development, requires - concurrently, the centralization of management and de-centralization of implementation, for maximum realization of the country’s diverse resources, vast territory, diverse living patterns of its population and the specifics of the Russian expanse, on the whole. This obligates the government to establish effective ratios in using Russia’s spatial potential between itself and its population, on the one hand and itself and the business sector, on the other.

The living-pattern diversity and complexity of Russia’s spatial potential is predicated upon the diversity of natural-resource conditions and the degree to which the natural factor is mastered; relations of ownership over production facilities and territory; peculiarities associated with the living conditions of the population and characteristics determined by the specifics of its work occupancy, the worker’s labor conditions and status position; peculiarities of the organizational hierarchy at federal, regional and municipal levels; socio-economic characteristics of local communities, etc. Thus, spatial potential comprises multiple organization levels which both form a unity and contradict and conflict with each other, which can limit or stimulate its realization, determine the effectiveness, sustainability and long-term success of the country’s development or forebode stagnation and decay.

In present conditions, the role of the country’s spatial potential has been underestimated from both the standpoint of natural and social resources the country possesses but which haven’t been put to use yet and that of the development of populated areas and use of potential resources of the various levels of spatial organization and the condition of territorial communities. The most essential attribute of the present model of managing Russia’s spatial development is that the significance attached to this development tends predominantly towards organization and management and less towards socio-economic considerations. This leads to the hyperbolization of the organizational factor, which oftentimes formalizes the system of economic relations to such a degree that it impedes a display of economic initiative, leads to propagation of informal and off-the-books relations and inhibits the search for additional resources for development. All this seriously impairs any opportunity for making use of the really existing spatial potential and limits the adequate use of the country’s real conditions in all their diversity.

Modern Russia, having turned away from sectoral pinpoint development of the real sector of the Soviet period and embraced the strictly “constituent” (dealing with the constituent units of the Russian Federation) concept of spatial development, is consequently left with two poles of development – a limited pool of economically self-reliant (self-sufficient) entities: on the one hand, the constituent units of the Russian Federation that produce raw materials (mainly first-processed products); on the other, several large constituents-agglomerations- particularly, the Moscow agglomeration. This causes difficulties in organizing the diversified structure of the economy and using the country’s territory, which is rich in diverse resources and leads to deformations in arranging the work occupancy of and settling the population, in developing all necessary utility lines, etc. Which, in turn, leads to marked regional differentiation, under-use of resources, not to a strategic approach in reclaiming the Russian expanse, but again to a pin-point, essentially limited, one – mainly because of the undeveloped inter-constituent (inter-regional) infrastructure, as well as in conjunction with the state of negatively formed and forming social factors. All this means an increase in the number of peripheral territories with backward economies and provincial (in the worst sense of the word) forms of life. At the same time each RF constituent possesses some resource potential which is not always detected and really included in the economy. Its detection and use are needed for both the development of the RF constituent itself and its population and the formation of inter-constituent (inter-regional, inter-municipal) relations, overcoming of peripherality and provinciality and the development of the country, on the whole.

The policy of the last 20 plus years founded on the use of private ownership grounds, which limit the scale of the effective use of the Russian expanse, gear the economy towards the development of raw material industries, while being predominantly oriented outward and not towards the country’s economy and its spatial development, leads to the destruction of the economy and social sphere of many territories, under-use or ineffective use of the country’s resources, etc. The unregulatedness of land relations and complexities in developing their diverse forms in the agrarian sphere, disregard towards the infrastructure industries (transport, public roads, power supply, etc.), lack of understanding the importance of the horizontal connectedness and integratedness of
the country’s territories for its economy substantially hamper the effective and rational use of the spatial potential. In conjunction with this, in present conditions, it’s important to try to detect each region’s attributes and economic relationships within the state’s federative structure and not on the basis of unified mechanisms of management but considering the specifics of each of the regions, its capability of having its economic potential uninhibitedly realized by its own population. An important stimulus for the realization of the economic interests of the RF constituents, municipal formations and territorial communities could be the realization of integrational relations of various territories between each other to enable them to implement mutually profitable projects, resolve short-term and long-terms objectives, etc.

A number of sections of the current RF Socio-Economic Development Strategy Concept for the period up to 2020 (and up until 2030), which deal with territorial (spatial) development, dwell upon, in the first place, such important issues as the ratio of the levels of authority- federal, regional, municipal, distribution and delegation of authority across these levels, the character of inter-budget relations, the stiffening of competition between regions for budget funds, etc. At the same time, measures of the spatial policy have an enclave character which relies on the interests of RF constituents which ignore the country’s vastness and spatial potential, on the whole, including its peripheral territories. However, the primary subject ought to be dealing with the need to overcome the provinciality of even territorial formations located relatively close to the center of the country. Existing approaches are based on the need, as it says in the Concept, of “compressing”1 peripheral territories; refusal to implement any effective and generally promising projects in thinly populated and peripheral territories; and desire to develop transport infrastructure only for settlements which have “proved their sustainability in practice”, etc. Such concept leads to a number of negative consequences which stifle opportunities for reclaiming the country’s expanse and, consequently, prospects for its future development.

We also have to take into account that, firstly, administrative development, which is characteristic of the Soviet times, has been replaced today with corporate development. Currently, corporations virtually perform the duties of Soviet government agencies (however, as a rule, their activities are not regulated across the country, nor is their responsibility for ensuring adequate social living conditions for workers, ensuring employment, development of infrastructure, resolution of social issues, etc.).

Secondly, the territorial cohesion of territories has loosened, which is due to the irregularity of regional development, unabated tariff rises, desertion of transport infrastructure between the constituents within the country, etc.

Thirdly, the mono-centricity of the power vertical, including all of its levels, leads to the lack of feedback between authority and society from the standpoint of coordinating the interests of the population of both the country on the whole and its various regions and municipalities. All this is manifested in that it becomes impossible for the population to freely express its legislatively protected will, impossible to realize the interests of small and medium businesses- in default of real local self-governance and due to the complexity of having an independent municipal level formed and oftentimes due to the replacing of federalist relations with unitarist and, in conjunction with this, exacerbation of the socio-economic differentiation of territories, etc.

Fourthly, the formalization and established virtuality of socio-economic relations within the country in all spheres of the economy, particularly the sphere of material production, have reached a critical point. Bureaucracy, petty control, overly formalized financial reporting, law interpretation differences, etc., all this being the case with respect to all spheres of the economy, lead to reverse results, i.e. the loss of the substance of activity, the victory of formalism and grayness, the prospering of venal practices and peculation, stifling of robust economic and social initiatives, loss of real stimuli for development.

One of the ways the country is going to move to a new model of economic growth inclusive of the spatial factor will become possible by way of the incorporation of the economy’s real sector in the country’s spatial development in all of its diversity. To develop this sector, the country possesses the richest material-resource foundation- industrial (conditions for the development of diverse industrial, construction, agricultural and harvesting sectors, etc.), infrastructural (the need to develop public roads, various kinds of transport, etc.). As an important factor, the basis and outcome of this is the condition of the settlement network which encompasses the development of various kinds of settlements (in their combination- from large cities to small settlements), formation of agglomerations, etc.

1Here compression indeed implies limiting the use of the Russian expanse
From the standpoint of using the spatial potential, providing the real sector with all conditions it needs by way of new industrialization (in some cases, re-industrialization) will, on the one hand, develop, urbanize and diversify the country’s expanse. On the other hand, it will contribute to its cohesiveness by way of developing horizontal economic bonds between objects territorially dispersed, but oriented towards industrial, agrarian, infrastructural or other productive development which requires interconnectivity and integration across various areas.

The vastness and diverse structure of the Russian expanse are a powerful base for the development of the economy’s real sector. The Russian territorial expanse possesses huge reserves of lands and conditions amenable to the production of agricultural products, as well as various types of replenishable and non-replenishable natural resources which need to be extracted, arranged, prepared for use for industrial and other productive and social purposes, which requires a better cohesiveness of the country’s territory and corresponding human resources.

Since it’s about the spatial organization of such a large country as Russia and this territory’s influence on the country’s economic development, we must point up this major consideration associated with opportunities and conditions for the development of the economy’s real sector. Concerning the characteristics of the Russian expanse itself and its potential from the standpoint of the possibility of organizing and developing real sector industries, firstly, Russia possesses diverse latitudinal characteristics which make it possible to develop many types of industries and productive activity, which are related to the bio-natural resource factor—agriculture (various forms of cattle-farming; diverse types of crop farming products – from mini-grocery to commercial); a powerful forest economy equipped with the capacity to produce various kinds of industrial products—wood and wood waste processing; harvesting economies with the use and processing of various bio-resources, etc.

Secondly, the Russian meridian space encompasses territories that possess natural resources both just replenishable and expendable, but replenishable (provided that the speed of their consumption is lower than that of their regeneration), such as air, water, bio-resources, etc. and non-replenishable (oil, gas, coal, metal ores, non-metals – phosphates, sand, etc.), relying on which and relying predominantly on the country’s own (Russian) base, various industries and lines of activity in the real sector (extraction, various kinds of processing, industrial production, construction, etc.) could be developed.

Thirdly, the country’s dimensions (latitude- and longitude-wise) offer huge opportunities for developing all types of transport and supplying other spheres of the economy with products from the real sector (this, in the first place, ought to be the infrastructure of the real sector itself, as well as many types of social and everyday life infrastructure, recreation, etc.).

Fourthly, the country possesses areas of sea and large rivers, which opens up wide opportunities for developing real sector industries (fisheries, extracting and processing marine products, etc.), as well as using water resources as objects serviced by the real sector (shipbuilding, fitting out seaports and other facilities, etc.) and arranging internal and external economic relations (transport-, production-wise, etc.) based on water resources.

Here also belongs the use of the country’s airspace as the formation of transport corridors that connect not only Russian, but global space areas.

Fifthly, the contradictions, which are usually considered as negative factors that inhibit opportunities for the development of the real sector in Russia, such as the span of the Russian expanse rich in resources, magnitude and complexity of reclaiming it and purely economic expedience of this process; differentiation of regions by the level of resource possession and corresponding socio-economic differentiation of their development, which is, as a rule, associated with underestimation of many types of resources, etc., open up wide opportunities for the development of innovative industries and lines of activity within the economy’s real sector, which are geared towards the mitigation, smoothing over and overcoming of drawbacks associated with the vastness and natural complexity of the Russian expanse and detection and making use of its diverse advantages.

Sixthly, in Russia, a lot of land is occupied by nature reserves, national parks, wildlife sanctuaries and other territories, which require to be fitted out with technical facilities produced by the economy’s real sector industries [2, 6, 7]. Territories intended for being reclaimed by the progeny also belong here.

Seventhly, the country’s vast northern, marshy, mountainous and other peculiar territories are a serious base for the consumption of the innovative real sector’s products, which is weakly developed at the moment.
Directing management efforts into these spheres will facilitate both inter-integrational and intra-integrational processes for the constituents of the Russian Federation by way of a more intensive incorporation of municipal-level resources in the process of their development and in the form of creation of independently developing enterprises of the real sector (based on local attributes, material and social resources) and by way of integrational partner relations with other constituent units, municipalities, including their neighboring regions with which various types of partnerships could be developed. Such integration is also important when it comes to inter-regional relations, which will facilitate the reclamation of the inter-regional expanse, which, in turn, will facilitate the overcoming of peripherality and provinciality, which makes for the unity of the country’s territory and development of diverse forms of economic relations.

REFERENCES