

SINGLE-INDUSTRY CITIES OF THE RUSSIAN ARCTIC

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Structural policy for the economic development of single-industry cities of the Arctic zone of the Russian Federation



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Abstract. The author's approaches to the study of the problem of the structural policy and the specifics of the formation of the infrastructure of single-industry cities on the territory of the Russian Arctic are presented for discussion in the scientific community. The author marks urgent problems in the structure of the economy and its individual elements, reveals resource

restrictions and specifics of infrastructure state of single-industry cities on the territory of the Russian Arctic. The author proves the expediency of the formation of new approaches to the construction of a model of economic development of single-industry cities based on innovations and individual regional competitive advantages. The author uses a complex analysis of the structural development of the economy of the Arctic zone.

Keywords: *structural policy, industrial policy, single-industry city infrastructure, the specifics of the formation of single-industry cities of the Arctic zone of the Russian Federation, resource restrictions, government regulation of single-industry areas*

Introduction

The development of a modern economy is impossible without structural changes. Therefore, one of the tasks of state structural policy is to effectively manage these changes. The state acts as one of the subjects of structural policy and, considering the hierarchy of state power in the RF, implemented at the regional and local levels and directly at enterprises, as a subject of structural policy, the state has a complex character [1, Gladysheva I.V, Verona E.N., p. 144]. Structural policy is understood as the intentions and interests of its subjects in relation to the development of those elements of the economic system that contribute to the solution of pressing problems of society, ensure the development and competitiveness of the economy, the formation of the necessary national, interindustry, intersectoral and regional proportions¹.

In terms of high importance of the territories of the Arctic zone of the Russian Federation in the strategic development of the country and ensuring its security, the development of a structural policy, the formation of the infrastructure of single-industry towns is a complicated and ambiguous process requiring special attention and special study.

¹ Структурная политика. URL: http://dic.academic.ru/dic.nsf/fin_enc/30034/ (Accessed: 14 February 2017).

General and regional problems of the territories of the Arctic zone of the Russian Federation

When developing and implementing structural policies, it is necessary to consider not only the objective factors of economic development, but also objective factors that reflect the peculiarities of the Russian Federation and its individual territories:

- the processes of globalization and localization (under the influence of sanctions);
- blurring the boundaries of social and economic systems;
- strengthening and development of new forms of competition for knowledge, new technologies, intellectual resources;
- acceleration of the technological development of the world economy;
- uneven innovation activity of objects and regions;
- climate change, population aging, health system problems, and global security challenges;
- systemic crisis of the Russian economy.

If we consider individual territories of the Russian Federation, common problems that are manifested at the country level are supplemented by regional problems:

- different conditions for the functioning of economic entities in the regions (climate, infrastructure, availability of resources, etc.);
- physical obsolescence of the park of technological equipment;
- technological backwardness of industrial enterprises;
- enterprises do not have their own financial resources, including working capital, funds for financing Research and Advanced Development;
- high cost of borrowed financial resources for the development and modernization of production, development of new products;
- low level of introduction of new "breakthrough" developments, technologies and low susceptibility of the real sector of the economy to the introduction of innovations;
- insufficiently effective mechanism of interaction between science and business in order to develop and introduce competitive technologies in production;
- low level of specialization and cooperation of enterprises, which leads to increased costs, reduces the flexibility of enterprises with the growth of uncertainty and instability of the external environment;
- insufficient level of competitiveness of the products;
- the shortage of highly qualified personnel (the change in the structure of industry must be accompanied by changes in the resource support for the development of processing activities, more so in the personnel supply) [2, Gladysheva I.V., p. 421].

Considering the Arctic region, it should be considered that its features in the context of climatic, ecological, geological and other characteristics are the initial prerequisites for significant risks of developing and using its potential.

The current geopolitical situation complicates the prospects for development and creates additional risks for the development of the Arctic for all participants. Against the backdrop of the

general crisis of the domestic economy, the problems and opportunities for the development of the Arctic mono-cities in Russia are also becoming more relevant today.

Factors and peculiarities of the mono-cities of the Arctic zone of the RF

In 2014 the list of mono-cities approved by the Government of the RF grew from 313 to 319 mono-cities, 14 of which are located in the Arctic zone (their quantity remained the same) (Figure 1.).

Within the framework of the state commission, the report "Mono-cities in the Arctic zone of the Russian Federation: problems and opportunities for development" has been prepared by the Center for the Operation of the State Commission for the Arctic Development in cooperation with the Institute for Applied Political Studies.

The rating was compiled on the basis of 11 indicators aimed at assessing the sectoral structure of economies, demographics, infrastructure security and budget characteristics of mono-cities (Figure 2).

As part of the study, an expert survey of business representatives working in the Arctic, heads of mono-cities of the Arctic zone of Russia, heads of executive authorities of the Arctic subjects, experts on mono-cities and the economy of the Arctic regions has been conducted. Official statistical data have been processed and systematized, those indicators have been selected that reflect the quality of life and the state of mono-cities (single-profile municipalities) in the Arctic.

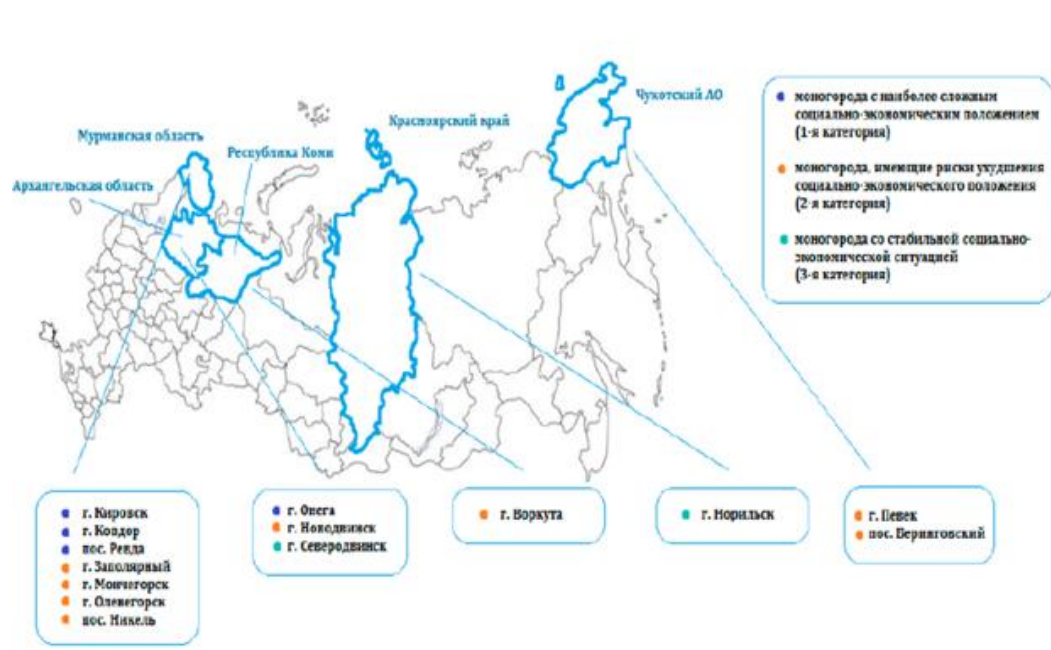


Figure 1. Mono-cities in the Arctic zone of the Russian Federation ²

² Reiting monogorodov Arkticheskoi zony Rossii po sotsial'no-ekonomicheskomu polozheniiu v 2016 g. URL: <http://arctic.gov.ru/News/ed1fcc72-8d75-e611-80cc-e672fe4e8e4e?nodeId=0778abc6-cd4b-e511-825f-10604b797c23&page=1&pageSize=10> (Accessed: 14 February 2017).

Наименование моногорода	Численность населения моногорода в 2015 г. (тыс. чел.)	Динамика численности населения моногорода (2002-2015 гг.) (тыс. чел.)	Коэффициент естественного прироста населения моногорода в 2014 г. (%)	Число лечебно-профилактических организаций на 100 чел. (ед.)	Общая площадь жилых помещений в среднем на 1 жителя моногорода (кв. м.)	Инвестиции в основной капитал моногорода за счет средств муниципальной бюджета (%)	Профицит / дефицит бюджета моногорода (%)	Наименьшее расстояние от моногорода до транспортного логистического хаба (км)	Транспортная инфраструктура хаба	Транспортная инфраструктура моногорода	Протяженность автодорог общего пользования местного значения (км)	Итоговое количество баллов	Позиция в рейтинге
г. Северодвинск	12	11	8	11	2	9	9	10	11	12	12	107	1
г. Норильск	11	12	12	9	6	10	12	1	9	10	11	103	2
г. Кировск	7	9	2	11	11	8	7	12	10	10	5	92	3
г. Мончегорск	9	6	7	9	7	11	2	8	10	10	8	87	4
г. Воркута	10	2	11	11	12	4	5	2	9	10	10	86	5
г. Новодвинск	8	10	6	10	1	7	4	11	10	12	6	85	6
г. Заполярный	3	5	10	11	8	12	6	5	10	11	3	84	7
г. Онега	5	8	5	10	5	3	11	3	12	12	9	83	8
г. Кондор	4	6	4	11	10	1	10	6	10	10	7	79	9
г. Оленегорск	6	7	9	9	4	5	1	7	11	10	4	73	10
пос. Ревда	1	4	4	11	3	6	8	9	11	9	1	67	11
пос. Никель	2	3	3	12	9	2	3	4	10	11	2	61	12

*В сводный рейтинг не были включены г. Певек и пос. Беринговский в связи с отсутствием официальных данных по многим показателям.

Figure 2. The general rating of the mono-cities of the Arctic zone on the social and economic situation, 2016³.

As a result, the researchers came to the following conclusions⁴:

1. The industrial structure of the economy of mono-cities of the Arctic zone is determined to a greater extent by their resource and raw materials base and is quite typical: there is a dominant (most often — raw materials) branch in which the city-forming enterprise operates, with the most widespread non-ferrous metallurgy, followed by coal industry. Disproportions in the structure of the economy of the Arctic zone of the Russian Federation in general and in mono-cities in particular are also confirmed by research [3, Ryabova L.A., Didyk V.V., Korchak E.A., Bashmakova E.P., Emelyanova E.E., p. 38], according to which "by industry specialization the Arctic mono-cities of the Russian Federation can be divided into 4 types: based on oil and gas production, mining, logging and timber processing, electric power engineering and shipbuilding".

In addition, it is noted that "mono-cities of the Russian Arctic are characterized by specialization in the exploitation of natural resources – 14 settlements (77.7% of their total number). Their majority (12, or 66.6%) specializes in the production of non-renewable resources

³ Reiting monogorodov Arkticheskoi zony Rossii po sotsial'no-ekonomicheskomu polozheniiu v 2016 g. URL: <http://arctic.gov.ru/News/ed1fcc72-8d75-e611-80cc-e672fe4e8e4e?nodeId=0778abc6-cd4b-e511-825f-10604b797c23&page=1&pageSize=10>. (Accessed: 14 February 2017)

⁴ Analiticheskii doklad «Monogoroda Arkticheskoi zony RF: problemy i vozmozhnosti razvitiia» URL: <http://www.arctic.gov.ru/FilePreview/ac6b705c-c774-e611-80cc-e672fe4e8e4e?nodeId=cc530731-da4b-e511-825f-10604b797c23> (Accessed: 12 February 2017)

(oil and gas and solid minerals — ferrous and non-ferrous metals, coal, etc. Most of the Arctic mono-cities (10 of 18) are based on the mining industry "[4].

These circumstances determine the homogeneity of the professional composition of the population and the low diversification of employment. The local budget fill rate and the improvement of the territories much depends on the financial state of the city-forming enterprise. The domestic market is rather unfavorable, and business structures, even from related industries, do not always find their niche in it. In the current situation, it is necessary not only to diversify the economies of single-industry cities, but also to support the development of medium and small industries in the dominant industry.

2. Arctic single-industry cities mainly demonstrate regression by demographic indicators: everywhere there is negative population dynamics, migration outflow is increasing, and only in a quarter of mono-cities a natural increase in population is recorded. Since the beginning of market reforms (from 1990 to 2013), the population in the cities of the Russian Arctic, included in the List of single-industry cities of Russia 2013, has decreased by almost 30%, i.e. about 300 thousand people. The only exception is the mono-cities of the Yamal-Nenets Autonomous District, the city-forming enterprises of which belong to the oil and gas industry [5, Didik V.V., Ryabova L.A., p. 86]. All this makes strong disproportion in the structure of employment and potentially will determine the decline in the capacity of city-forming enterprises.

3. At the moment the social, housing, communal and transport infrastructure is badly worn and does not create conditions not only for development, but even for a relatively comfortable living of the mono-cities of the Arctic. Public-private partnerships play a major role in their modernization and expansion. In monoprofile formations in which close cooperation of government and business takes place, these processes are faster and better. The most acute is the problem of providing the population with modern housing and communal infrastructure: unprofitable construction projects repel private developers, and investments of local authorities and town-forming enterprises cannot fully meet existing needs.

4. The transport system of the Arctic also needs to be developed, since the lack, limited or low quality of its facilities greatly closes producers (especially small and medium-sized) in single-industry cities to the domestic market and stops the production volumes due to colossal transport costs. The lack of communications, typical for the Russian Arctic, does not allow entrepreneurs to choose beneficial and convenient ways of transporting goods. There is a need either to create a capital-intensive infrastructure, or to co-finance the transportation costs of business of the Arctic mono-cities.

5. The absolute majority of mono-city budgets are scarce, and a tendency to deterioration of the situation is seen. At the same time, investing in fixed assets accounts for as much as 8% of all expenditures of mono-profile entities, that is, there is almost no financing for direct development at the expense of local budgets — little is being invested in the creation and modernization of the infrastructure and support for productive sectors.

The existence of such serious features of the economy of the single-industry cities of the Arctic zone leads to the need to classify them as a separate group of objects for which specific mechanisms of functioning, regulation and development assistance are needed.

***The tasks of forming the effective structural policy
for economic development of single-industry cities***

Thus, the question arises about forming a competent structural policy coordinated by the government of the country, regions, the administration of enterprises with respect to the sectoral, regional, industrial structure of the economy as a whole and its separate parts, considering the structure of income and expenditure, consumption, accumulation, other important parameters of the economy and the Arctic specificity in this particular case.

The state, having determined the right priorities and making the right choice, must create at a certain moment conditions for the formation of a new technological order in the economy. That, in turn, would stimulate market self-regulation and would lead to an increase in the activity of the entrepreneurial sector of the economy.

The problems of even small mono-cities cannot be solved at the regional level. As a rule, the task immediately becomes national in scale.

Therefore, the primary tasks for the formation of the effective structural policy at the level of the federal government should be the following:

1. Conducting comprehensive regular monitoring of the social and economic condition of the Arctic mono-cities based on a wider range of private and complex indicators and characteristics, which will allow to assess the current state of the economy and the infrastructure of mono-cities, and most importantly, to identify potential individual advantages and prospects for development. The overall rating of the Arctic zone mono-cities based on the social and economic situation, compiled in 2016⁵, does not allow obtaining reliable and adequate information due to the limited number of parameters used for monitoring and their too "broad" content aspect;

⁵ Reiting monogorodov Arkticheskoi zony Rossii po sotsial'no-ekonomicheskomu polozheniiu v 2016 g. URL: <http://arctic.gov.ru/News/ed1fcc72-8d75-e611-80cc-e672fe4e8e4e?nodeId=0778abc6-cd4b-e511-825f-10604b797c23&page=1&pageSize=10>. (Accessed: 14 February 2017).

2. Development of a comprehensive system for monitoring the effectiveness of government support measures, building a register of economic efficiency and management of single-industry cities, including those located in the Arctic zone, forming the basis for the best (successful practices) of "reloading" of mono-cities in order to stabilize and develop the social and economic status of mono-profile territories; the definition of effective measures and forms of state support, the volume of public investment, the cost of budgets of all levels for the implementation of potential structural projects in the territory of single-industry cities. This will allow us to assess the positions of mono-cities with respect to each other, their impact on the economy of the territory, general structural changes in their social and economic base, and then, based on monitoring results, considering risks and benefits, to forecast the dynamic shifts and to create timely tools for their regulation.

3. Creation of the model for assessing the effectiveness of government support measures (with the "inclusion" of specific multiplication parameters that consider the peculiarities of the Arctic mono-cities) and methodological tools for the implementation and application of this model. Both the evaluation model and the methodological tools should be harmoniously integrated into the general system, which was discussed above.

4. Estimation of the volume of necessary private investments considering the principle of complementarity of state financing, assessment of the possibility of district, regional, local authorities, attracting of appropriate private financing.

5. Development of programs for the formation and / or modernization of innovative, transport, energy, environmental, financial, social and organizational infrastructure appropriate to the specifics of the single-industry cities of the Arctic zone and to the current challenges to the real economy.

6. Development of the comprehensive program for the development of the Arctic mono-cities considering its harmonization with strategic documents of different levels and sector specificities;

7. Determining the cumulative effect from the level of economic development of mono-cities in general, as well as business and city-forming enterprises in particular for other regions of the country and other economic activities.

8. Evaluation of the social effect of possible structural projects; comparison of the potential social and economic effect from the implementation of structural projects with the scenario of inertial or innovative development of single-industry cities, the identification (confirmation) of the feasibility of carrying out of the structural policy on their territory.

Conclusion

Nowadays structural policy as the element of the state's economic policy is present practically in all theoretical and real models of state regulation of the market economy, but its potential for practical implementation has not been sufficiently used. Therefore, the overall economic task of the state's structural policy in the market conditions is the systematic maintenance of macroeconomic equilibrium, avoidance of undesirable disproportions; the main goal is to achieve on a planned basis the most effective use of resources available at the disposal of regions, including mono-cities, and competitive advantages. In our opinion, declarative statements mentioned at the IV International Forum: "The Arctic: Present and Future", in St. Petersburg in 2014, that "the final resolution of the forum with suggestions and recommendations will be the starting point for the formation of the agenda of the organizations participating in the development and implementation of various projects in the Arctic in 2015", should be implemented immediately. This will ensure effective state regulation in the sphere of sustainable development of the Arctic [6, Lukin Yu.F., p. 174].

At the same time, the need and strategic usefulness of the relevant activities and actions and the willingness to invest in these programs and projects is the basic understanding for all the participants (authorities, business community, society).

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