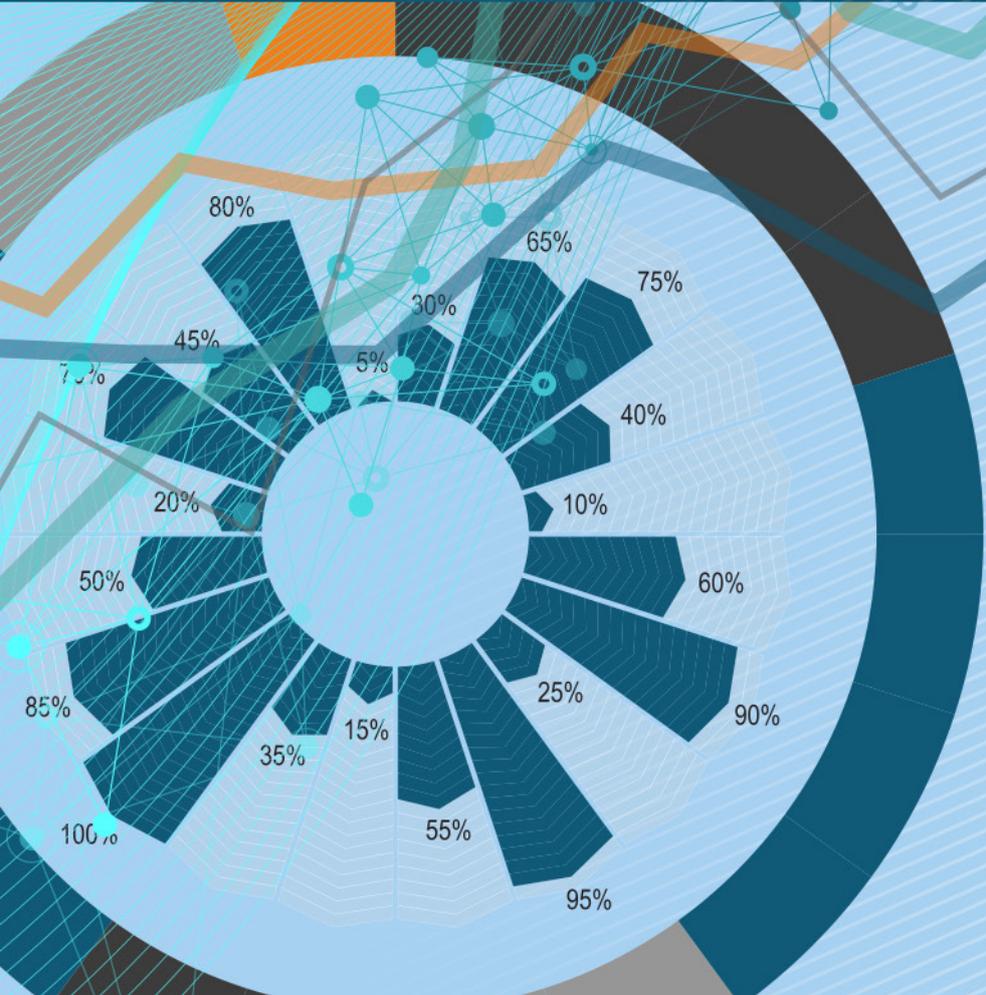


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Old analogue normality vs new digital normality in a competitive coordinate system

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Abstract. The article analyses the impact of digitalization on the transformation of monetary forms accelerated during the COVID-19 pandemic. Also paper highlights the reasons for the emergence of digital currency. The author supposes the economic nature of money itself is being modified in a network economy. As a result the digital currency is approaching the ideal money model of the IT economy. On the one hand, the society interpreted the modern digital money (the new digital normality) as a phenomenon of the new economic reality generated by new economic relations; on the other hand, it is a development of the «old» money (the old analogue normality). This leads to a reasonable conclusion regarding the competitiveness of pre-digital and digital currencies in the near term.

Keywords: competitiveness, cash, non-cash, digital money, virtual money, electronic money, cryptocurrency, blockchain technology, centralized currencies, decentralized currencies, central bank digital currency.

JEL codes: E11; E13; E40; E58

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Introduction

Existing cash and non-cash cannot meet the settlement needs of modern economies, as all forms are ultimately based on material money, which is not capable of being transmitted through electronic networks. We can interpret it as a globalization challenge, actualizing the search for relevant responses. Today, we can state that the answer is in the way e-money is designed and promoted.

The digitalization of the economy facilitated the emergence of electronic value transport instruments, but until recently their expansion had been rather localized:

- physical media with electronic chips (e.g. wristbands used in water parks as a payment instrument);
- payment systems (PayPal, etc.) where money is deposited and circulated digitally until it is withdrawn from the account;
- computer - based online games with their own money systems and the possibility of converting money into real money.

Thus, digital money acts as an auxiliary tool to speed up transactions and does not pretend to replace the role of traditional money.

The history of electronic means of payment began in 2009-2011 with the emergence and development of bitcoin, the first cryptocurrency (a digital asset serving as a medium of exchange and payment and using cryptography in its functioning). Major marker of cryptocurrencies in their modern form (i.e. private currencies based on blockchain or other encryption technologies) is the possibility of free and decentralized issuance.

Cryptocurrencies have been met with wariness from official monetary institutions: in 2014, David Andolfatto, economist at the Federal Reserve Bank (FRB) (St. Louis Fed Economist: Bitcoin Could Be a Good Threat, 2014), acknowledged that they are a positive threat to global central banks. But in fact the monetary authority has been actively limiting the circulation of digital money in an effort to prevent real competition from decentralized means of payment.

However, later a number of states announced the creation of their own blockchain-based electronic

currencies.

Even the Bank of Russia, which initially denied the legalization of cryptocurrencies (a jurisprudential term) as money surrogates, created its own electronic ruble to control the regulation of digital money circulation.

Thus, nowadays there are two types of creating and spreading electronic money: cryptocurrencies and central banks' digital currency.

Main Part

The reasons for the emergence of digital currency

Firstly, the demand for cash in the economy is declining. The social costs of settlement are high, the revenue from issuance (as a percentage of GDP) is falling, and cash is less versatile and convenient to use.

Secondly, the role of commercial banks in non-cash settlements as providers of payment services is gradually diminishing. But the background of the growing role of technology companies and financial institutions (especially large ecosystems) interested not only in issuing their own payment instruments but also in new forms of money.

Thirdly, the process of decentralization of monetary and financial services is leading to an increasing role for decentralized finance in the economy, which is transforming the monetary and financial systems.

Fourthly, the US dollar is not the main reserve currency anymore. In the mid-1940s, the American economy increased its potential by 75 per cent against the background of the devastated economies of the other World War II participants, objectively became the leader of the world economy. The 1944 International Financial Conference defined the principles of the new financial structure of the world economy. Also it effectively started the third period in the evolution of the monetary system by legitimizing the severance of economic ties between gold and money commodities.

The first period in the evolution of the monetary system (assessed as pre-corporate industrialism) was marked by the transition from metal (gold) money to paper money exchanged for gold with a parallel circulation of gold coins (Rodina, 2020).

This system was quite stable, as exchangeability ensured the stability of paper money circulation.

During the same period, money began to act as monetary capital. It leads to the transition from money as a mean of circulating goods to money as monetary capital. This capital serves not only for the circulation of goods, but for the circulation of capital.

Finally, paper money acquired a credit nature, or rather, a credit origin, resulting in credit money.

The first form of paper circulation, replaced gold one, was the occurring of promissory notes.

The bank bills of exchange replaced these notes. These bills (banknotes) no longer had, unlike an ordinary bill of exchange, any sign of maturity (i.e. it was not specified when they were to be redeemed), but at any time a bank note could be exchanged for gold, i.e. accounted for in the same way as an ordinary bill of exchange.

The issuing of banknotes then became a monopoly of state, or central, banks. The national paper money systems appeared.

The second period of evolution of the monetary system (assessed as a corporate industrialism) began with the transition from paper money with a parallel circulation of gold coins to paper money only and limited exchange for gold.

Firstly, it was the time of the gold money standard (i.e. paper money could be exchanged for gold coins, but these gold coins were no longer legal tender; they could be bought and sold, but they were no longer used in settlements: they were simply not enough). Secondly, the new stage began: the gold-device standard. And finally, the gold bullion standard (paper money could not be used to buy coins, but gold bars, gold certificates).

The second period in the evolution of the monetary system appeared because of the inability to meet the needs of a sprawling economy with circulation based on precious metals.

But this period ends (Modern Money Theory, 2020).

The third period (assessed as post-industrialism) began in December 1945 after the Bretton Woods

agreements. The currencies of 44 countries were astringent to the US dollar and the dollar to gold (\$35 per troy ounce).

Since the US owned 70% of the world's gold reserves in the mid-20th century, these agreements seemed a logical solution. The dollar, a currency convertible into gold, has become the base of currency parities, the predominant means of international payments, currency interventions and reserve assets. The US national currency became world money at the same time.

The dollarization of the economies of a number of countries has resulted in the money supply being moved out of national control and under the control of the US Federal Reserve. This transformation of world money can create the uncontrolled emission of dollars, which was hindered by the requirement that currencies should be secured by material gold. In 1971-1978 the Bretton Woods system was replaced by the Jamaican monetary system based on currency free trade (free convertibility of currencies) without gold secure.

After the half a century past the global market has changed again: emerging markets have strengthened and the US has lost its status as a leader of the world economy. Emerging economies have noticeably increased their global market power by 2019 (from 45 per cent to 60 per cent) since the beginning of the financial crisis in 2008 (Head of the Central Bank of England proposes replacing the dollar with a new reserve currency, 2019).

The dollar has therefore started to take on additional risks which did not exist before (e.g. the risk of a liquidity trap of ultra-low interest rates). It is weakening the global economy. «The world is becoming less hegemonic and more multipolar; less analogue and more digital; less banking and more market-based; less centralized and more distributed,» says Mark Carney, former Governor of the Bank of Canada and Governor of the Bank of England. - The old normality: cash, bank finance and traditional banking payment channels, is breaking down. The world needs a new reserve currency.» (Carney, 2021).

The search for a new reserve currency could follow an ordinary way:

- the appearance of other, non-dollar, national currencies;
 - the formation of a new collective currency, similar to the Euro (or its precursor - European Currency Unit (ECU));
 - the development of a new synthetic currency like the Special Drawing Rights (SDR) used by the IMF.
- But the new digital format can be used (Rodina, 2016).

Fifth, the third period in the evolution of the monetary system (assessed as post-industrialism) has evolved to global post-industrialism. On the one hand, the convergence of national markets has made it easier for major corporations to use their technologies across many countries. On the other hand, the development of IT technology has facilitated and accelerated this process.

We can see the emergence of a new diversive society, where decisive action in all areas of human practice is being taken on the basis of digital technology. This innovation could be interpret as the emergence of a fundamentally new type of society, signifying a systemic break with previous societies or as the digitalization of already established relations, which subordinate its forms and functions to long-established principles and practices.

But the emergence in the world economy of supermajor players in the form of transnational corporations (TNCs) is the most relevant issue. As long as TNCs have been weaker than any single developed national economy, they have had to obey the laws governing economic activity in a particular country. This was a major inconvenience for TNCs because they had to be adapted to the tax, credit and currency laws different for each country. This leads to the huge TNCs' losses.

The share of foreign-controlled enterprises in total output ranges from 10% in the US to 25% in Western Europe and one-third in Australia. For developing countries the rate is 40 - 50%.

In terms of market capitalization, assets, sales and profits, TNCs have become very powerful and can impact on other countries and economies (see Table 1).

Table 1 – World largest companies 2020

Companies	Revenue (bn USA dollars)
Walmart (USA, retail)	523.964
Sinopec Groupe (PRC, petrochemical industry)	407.009
State Grid (PRC, power industry)	383.906
China National Petroleum (PRC, oil and gas sector)	379.130
Royal Dutch Shell (Netherlands - UK, oil and gas sector)	352.106
Saudi Aramco (Saudi Arabia, oil and gas sector)	329.784
Volkswagen (Germany, automotive)	282.760
BP (UK, oil and gas sector)	282.616
Amazon (USA, internet retail)	280.522
Toyota Motor (Japan, automotive)	275.288

Source: *Fortune Global 500, 2020*

The World's Largest Companies ranking presented is made up of US corporations reporting to the Securities and Exchange Commission as well as private companies registered outside the United States but publishing publicly available official statements. Royal Dutch Shell is an only multinational corporation. The other 9 are TNCs.

The top domestic corporation in the ranking is Gazprom, which moved from 42nd to 55th place, with gross revenues of \$118.009 billion (World's Largest TNCs 2020, 2020).

In 2019, the gross revenues of the world's top 500 companies were \$33.3 trillion, quite comparable to the global GDP of \$87.3 trillion (at current prices, IMF data) (Global GDP of the World: 1980-2021, 2021).

However, the autonomy of TNCs is constrained by certain national legal and institutional frameworks, including currency legislation and the monopoly of central banks on money emission.

During the formation of TNCs and their entry into the international market, they adapted to this contradiction through a system of transfer prices, where conventional intra-company prices were used to distort the location of value added production: the bulk of it was shown offshore or in tax-efficient business countries. It allowed them to hide the substantial sums from taxation. But the states improved their legislation and judicially demanded the payment of taxes. But states could not demand the total taxes paid because the TNCs would have left that countries. And the losses would probably prevail the tax collected.

Modern globalization derived from digitalization needs to move to the next level of autonomy for TNCs in relation to nationally determined parameters of economic activity. On the one hand, there is a demand to exploit the possibilities of modern IT technologies to reduce transaction costs in settlement and payment transactions within the global economy. On the other hand, there is a demand to escape the country's central banks money control (Rodina, 2018).

Sixth, the very economic nature of money is being modified in a network economy. We have already considered the contemporary interpretations of the new nature of money (Rodina, 2019):

- in the form of result of virtual fictitious financial capital prevalence (a neo-Marxist concept);
- in the form of special institution, an agreement between people that takes the form of a formal institution implemented in law (the neo-institutional concept);
- in the form of revealing the informational essence of money (the informational concept).

We offer the author's concept considering digital money in terms of development of the money category of the pre-digital society.

In pre-digital society money is a commodity of a special kind, being an equivalent of the value of other commodities (the first function of money, derived from its essence: a measure of value, i.e. money reflects the value of all other commodities. Thus, money is commodity itself.

Commodity as a product of the labour of the commodity producer has two properties related to the

ability of the commodity. First aims to satisfy some human requirement (use value) and, second, to be exchanged for other commodities (exchange value, which is a form of commodity value). By K. Marx, the two properties of the commodity – use-value and value – are due to the dual nature of the labour of the commodity producer. Labour creating different use values is a particular labour and exists in every mode of production. Particular individual labour in any society must have a public character. In the community it acts as directly public and in the commodity economy as private one. The reduction of different specific types of labour to the same and commensurate labour is possible by abstracting from the qualitative features of specific types of labour, isolating simple labour inputs. Such impersonal, homogeneous and commensurate labour contained in a commodity is called abstract labour, which creates the value of the commodity and is not a biological but a social concept, a special form of social labour (Marx, 1960).

Value (socially necessary labour for the reproduction of goods in the form of abstract labour) appears in socio-economic relations in a transformed form. The price of production (production costs plus profit), reflects inter-industry competition and the organic structure of capital (Marx, 1961).

In the industrialized economy, when any material good had a utility, the cost of production, which formed the basis of supply, played a leading role. But the utility, which determined demand, was not primary one. For this reason, value was associated with qualitatively homogeneous and quantitatively commensurable properties of the commodity (see Figure 1).

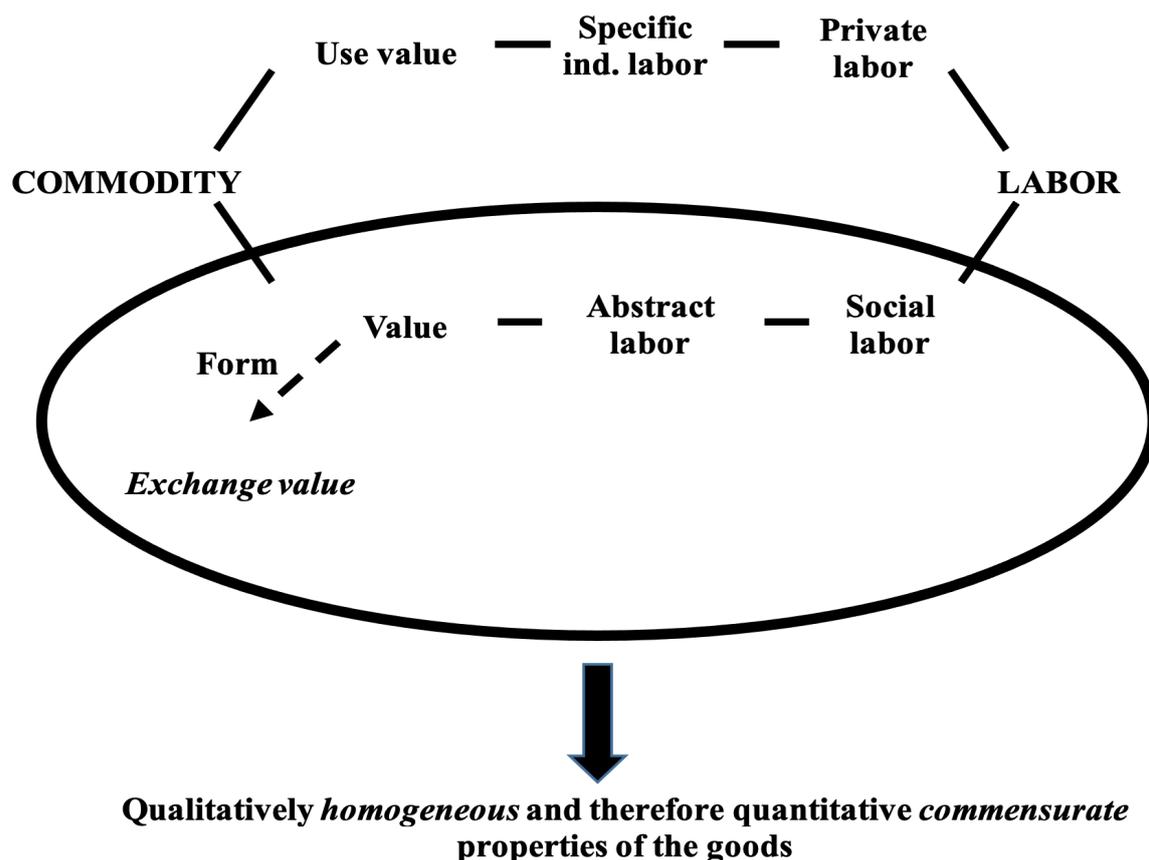


Figure 1. Value in an industrial economy

Source: composed by the author

In a post-industrial, information-based society an increase of production is possible without a proportional increase of labour and material input. The disorder in the linear relationship between cost and benefit means that the cost of creating a product is no longer the determining factor. Thus, the proportions of exchange begin to be determined by utility factors, or rather, by the effect achieving by the continued use of information goods. The utility of knowledge to the buyer depends on the utility of solutions obtained with knowledge as well as the degree of uncertainty reduction.

In a virtual economy value in use dominates over exchange-value because of the individualization of needs and a shift in emphasis from material goods to non-material ones. The use value of information is formed into the use value of an information product in the process of creating the material information medium. For example, an author might be remunerated on the basis of volume, which indirectly expresses labour costs, but in developed countries this system is hardly used anymore. The fee is paid to the author according to the number of copies sold as the print run is completed. In this case, the demand is the characteristic of the value of the information product.

Requirements cease to be unified (they are characterized by an individualized status, which represents the individual as a unique person). So the work of a large number of workers ceases to be reduced to mere labour and is not quantified in the units of abstract labour (i.e. the activity of an intellectual worker is not reduced to abstract labour). Because of the non-similarity of individual labour inputs in the creation of primary information, the value of information must be determined not by the average socially necessary but by individual working time. This way, only in the course of information materialization of replication, storage and transmission labour lose its uniqueness, become reproducible and average. Thus its result becomes a commodity with social consumer value and value itself.

As a result, if the industrial society value was associated with qualitatively homogeneous and therefore quantitatively commensurable properties of goods, the virtual economy qualitatively heterogeneous and therefore quantitatively incommensurable properties of goods (see «New Trajectories of Russia’s Financial Sector»: Monograph, 2019).

By consumption, value undergoes a change in utility values. The content of utility is reduced not so much to the universal use value of a product but to its highly individualized symbolic value (see Figure 2).

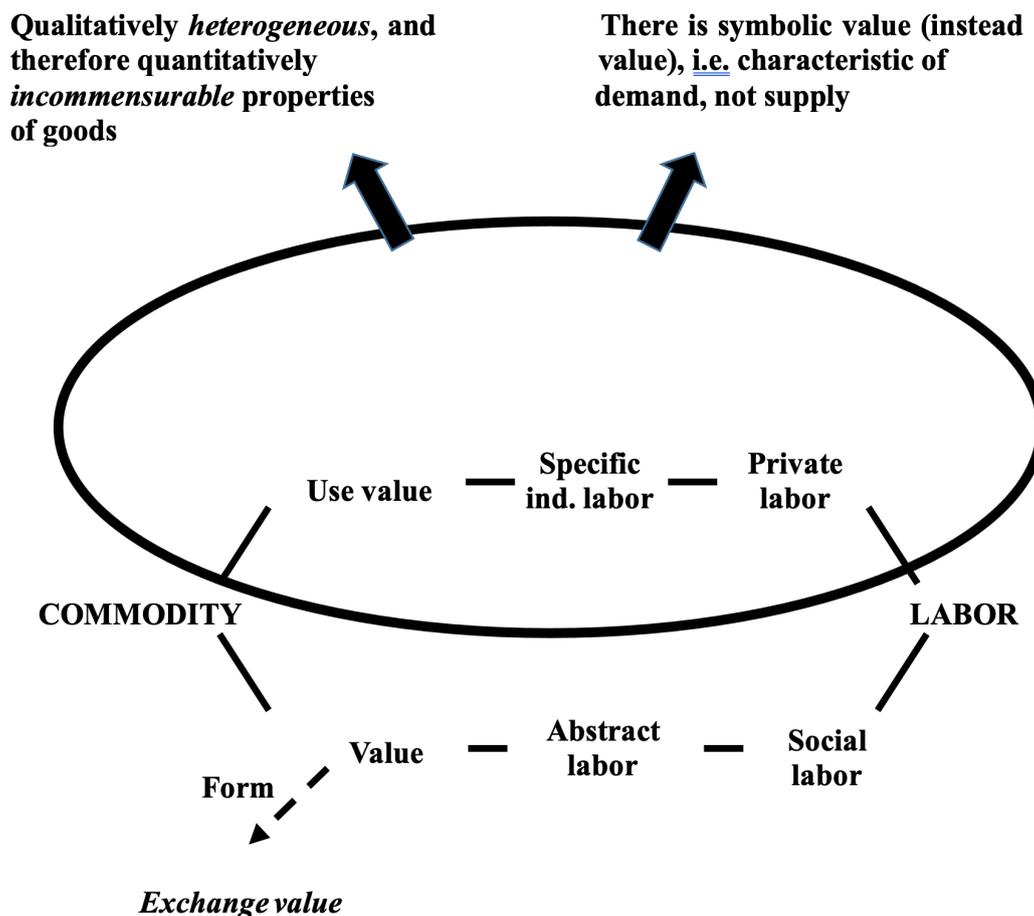


Figure 2. Value transformation in the digital economy

Source: composed by the author

Thus, digital cash is a kind of the ideal money model of the information economy because its circulation

mechanism is based on an electronic representation of value stored in a material medium. The modern digital money (the new digital normality) is interpreting in terms of phenomenon of the new economic reality generated by new economic relations and therefore a development of material money (the old analogue normality), still have its own economic significance.

Cryptocurrency vs Central banks' electronic currency

Some economic and social liberal and libertarian strands are exciting with the emergence of private currencies rivaling with fiduciary currencies. By author's opinion, states are taking a preventive set of measures to fit the phenomenon of cryptocurrencies into existing traditional economic realities. Some states have already announced the creation of state cryptocurrencies, which would essentially be just a form of traditional fiat money.

By the differences in the nature of origin, digital money in the form of cryptocurrencies is more correctly thought of as virtual money and digital currency by central banks as electronic one.

We believe, the objective weakness of private digital money is ensuring by the central banks' activities.

1. The high volatility of cryptocurrencies relative to major currency, commodity and investment assets (Bitcoin Volatility Vs Other Assets, 2021), which naturally makes them not the most convenient tool for circulation and measure of value.

2. The potential capacity and liquidity of the cryptocurrency market is uncertain. Bitcoin had a capitalization of \$939.3 billion as of December 2021. By comparison, the US treasuries are larger (Top 100 Cryptocurrencies & Tokens by Market Capitalization, 2021).

3. Weak preservation capacity, a point made by Nobel Laureate Paul Krugman (Krugman, 2013). Indeed, gold, apart from its current market value, has a narrow but stable production demand, as well as an aesthetic appeal that allows it to be in demand even in the event of a complete loss of investment appeal. Fiat currencies allow the holder to hold legal tender and pay taxes and duties. On the other hand, private e-money is the same 'fiduciary arrangement' between market participants, but not backed up by the authority and financial capacity of the state.

4. A tendency to form price bubbles. John Quiggin considers cryptocurrency as a kind of pyramid scheme, expecting that «sooner or later Bitcoin will reach its true value – zero» (Bitcoins Are a Waste of Energy – Literally, 2015).

The development of cryptocurrencies is in progress. But certainly most of these reasons can hypothetically be addressed. In the last 2-3 years, however, there has been a turning point in central banks' stance on digital money. According to the Bank for International Settlements, more than 80% of all central banks were developing their digital currency in 2020 (Kisarov, 2021).

More recently, Russia has considered options to give cryptocurrency legal status by recognizing it as property or property rights so as a digital financial asset or digital rights and a means of payment (money) (Simanovsky, 2018). Today the Central Bank of Russia is developing its own digital rouble project as an additional form of national currency issued by the Bank of Russia in digital form, combining the properties of cash and non-cash roubles and performing the functions of money as a measure of value, a means of savings and a means of payment. The state, represented by the Central Bank, will guarantee the sustainability of the digital rouble. The timeframe for the introduction of cryptocurrency ranges from 2023 to 2027 (Vershina, Labusheva and Sultaniev, 2021). In 2022 the testing of the digital rouble based on 12 banks selected by the Central Bank of Russia will begin (Dulneva, 2021).

Conclusion

The question of whether the old analogue normality or the new digital normality is more competitive is rhetorical one. But it is not very fast process. In early 2000 with the emergence of e-banking, it also seemed that traditional banking will disappear soon unable to compete with Internet banks. However, traditional banks have mastered internet transactions. Thus, it is too early to conclude about the prevalence of decentralized, trustless, peer-to-peer cryptocurrency, abolishing Central Banks' control over money circulation. At the moment, digital is on the rise and analogue is on the decline. But we do not know what form of digital money

will prevail in the future: centrally issued electronic money controlled by central banks or free of that control decentralized virtual money.

We consider the process of creating the own blockchain-based electronic currencies by states as a form of existence for traditional fiat money. Thus, the phenomenon of cryptocurrencies, which has taken electronic money to a new level of acceptance, is gradually beginning to fit into existing economic realities, rather than expanding them. The modern digital money (the new digital normality) is interpreting in terms of phenomenon of the new economic reality generated by new economic relations and therefore a development of material money (the old analogue normality), still have its own economic significance.

Is digital money more competitive in compare with analogue money? Yes.

Are virtual cryptocurrencies more competitive in compare with electronic currency by Central Bank? The answer is controversial. Probably, not. But it is also possible the transition to multi-layered monetary systems, in which Central Bank money will continue to play a dominant role, but other forms of money will constitute their own layers, meeting new increased needs in the world not only in terms of money forms, but also in terms of their functions.

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Strategic and business planning as a mechanism to ensure the competitiveness of domestic organizations: theory and practice

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Abstract. One of the modern needs of Russian companies is strategic and business planning. People studying it often talk about strategic planning as planning to achieve some long-term goals, and the concept of business planning «substitutes» tactical planning in an organization. As a consequence, given the lack of specific scientific developments in this area, based on the provisions of Russian classic management theory, company experts interpret the concepts of strategic planning and business planning at their discretion and as they see fit. For example, in 2006, when A. Khloponin was the Governor of Krasnoyarsk Krai, at the meeting of the State Council on strategic planning, he accurately noted that many officials, including federal and regional ones, talk a lot about strategies and concepts, strategic planning and business planning, but do not understand the true meaning of these concepts. And to date, the situation on this issue has not changed much. It does not help make strategic planning and business planning serve as an effective mechanism for Russian organizations to compete against each other timely and appropriately. But to solve this problem, it is necessary to define the meaning of these concepts from scientific positions and develop specific recommendations to actually use them. This paper stimulates the relevant research to form clear and scientifically sound decisions on strategic planning and business planning that can provide the Russian organizations with an effective mechanism to ensure the necessary level of competitiveness in a timely manner.

Keywords: strategic and business planning, competitiveness, domestic organizations, concepts.

JEL codes: D 21, L 02, M21

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Introduction

With Russia's transition to a market economy, domestic organizations keenly felt the «hunger» for mechanisms to ensure the desired level of competitiveness. In practice, Russian companies at that time did not understand the importance of strategic planning and, accordingly, were losing to foreign organizations in the competition, taking today's result for success, losing in the long run. It is similar to chess, when your opponent gives you pieces, creating a sense of your success. At the same time, he actually creates the conditions to checkmate you and win the game. And it is the kind of strategic vision that organizations often lacked. Not only that, many entrepreneurs believed that in market conditions it is no longer necessary to plan their activities as before, but in order to succeed it is necessary to «know how to hustle» (Kukushkin, Pozdnyakov & Vasilieva, 2012). At the same time, unfortunately, the Russian company management theory started growing with new concepts, which were borrowed from foreign literature but were not tested properly from the perspective of the Russian company management theory and adapted to Russian companies. This also applies to such concepts as strategic management, important components of which are strategic planning and business planning. For example, back in 2002, Russian researchers L. Zaitsev and M. Sokolova were talking about the essence of strategic management and noted that «to date, there is no unambiguous interpretation of this concept and a unified view of its components... Thus, authors who offer individual models, schemes, and postulates as a panacea for all troubles are clearly deceiving» (Zaitsev & Sokolova, 1998). We believe that the main reason for this is that Russian researchers, when disclosing the essence of strategic management,

mainly focus on the definitions of foreign authors without the necessary adaptation. For example, the Russian specialist on company management R. Fatkhutdinov wrote in his textbook «Strategic Management» that «one of the famous books on this problem is ‘Strategic Management’ by A.A. Thompson and A.J. Strickland, but after reading the book, one feels a constant lack of a system, looking for and not finding a chain of values» (Fathutdinov, 2005). This indicates that today it is time to start addressing these issues professionally, to clearly define the essence and content of the concepts of «strategic management», «strategic planning», «business planning» in the Russian management theory of commercial organizations and their role in the real activities of Russian organizations in market economic conditions to timely provide the necessary level of competitiveness (Fathutdinov, 2005). At the same time, as S. Shkiotov points out, there are currently a number of paradoxes characterizing the competitiveness of the Russian economy, which should be taken into account using research by foreign management specialists, and even the need to rethink such a category as «national competitiveness» (Shkiotov, 2013; Shkiotov, Markin & Shcherbakova, 2021).

Considering competition as a factor of market economic conditions, it can be assumed that it stimulates the scientific and technological progress and manufacturing of new, more technologically advanced products; forces for-profit organizations to be more responsive to consumer demands: expand their range of products, improve the quality of goods, look for ways to reduce production costs; forms fair market prices as opposed to monopolists’ pricing policies; prevents the shortages of goods and services, etc. However, practice shows that problems in ensuring timely and appropriate level of competitiveness of organizations generate new problems, including business closures and bankruptcy, which at the same time affects the growth of unemployment. For example, B. Litvak points out that according to the statistics of the world business, about 80% of all newly created organizations cease to exist during the first five years, and in the next five years another 80% of the organizations that survived during the first five years go bankrupt (Litvak, 2004). The reason for this situation tends to be deficiencies in strategic planning and a lack of understanding why business planning for business operations is important in a competitive environment. But this reason is simultaneously a consequence of the fact that the domestic science of management failed to «arm» commercial domestic organizations with appropriate science-based and reliable mechanism to ensure their successful operation in market conditions.

Main Part

Today, strategic management is recognized as the most important part of the theory of management of organizations in a competitive environment. But not always the concept of strategic management is interpreted by domestic researchers based on the provisions of the organization management theory.

First. Speaking about strategic management and its key function – strategic planning, it should be noted that today there are a number of definitions of «strategic management» given by various Russian experts in organizational management, which are «borrowed» from worldwide literature and often translated without taking into account the professional specifics of foreign terms. For example, V. Vesnin writes that strategic management «is the activity of developing and implementing strategy in real time. It solves the problems of overcoming the crisis state of the firm, caused by the discrepancy between its capabilities and the requirements of the environment; occupying a leading position in the market (industry) in the long term; to ensure resilience in any unexpected situation; creating conditions for long-term development taking into account external and internal opportunities. In contrast to operational management, such management is not reactive, but proactive. It is about actions in the present that predetermine the survival of the firm in the future» (Vesnin, 2004). It is impossible to understand the specific meaning of strategic management and its connection to the management of organizations from such an interpretation.

E. Vergiles (2003) writes that strategic management can be defined «as such control over an organization, which relies on human potential as the basis of the organization, focuses production activities on the needs of consumers, carries out flexible regulation». But even here there is no clarity in defining the meaning of strategic management, because once again management is equated with control, and the object of control is always employees, i.e. people.

L. Zaitsev and M. Sokolova (1998) provide a definition of strategic management as a method of control:

«Strategic management is essentially a way of control used in the face of the emergence of new, more complex challenges due to the dynamism and uncertainty of the environment». But the questions are, what do complex tasks mean and from what level of complexity of tasks can management be reclassified as strategic?

Y. Maslechenkov and Y. Tronin (2012) write that «understanding of the essence of strategic management lies in the following main provisions: thinking and activity of the company's manager is implemented (exists) as a single whole — a system; effective feedback to the market is ensured; effective information logistics are used; the system of «task-objectives» is implemented in three main areas: tasks – responsibilities – time; when implementing the principles of strategic management, major trends are identified: from centralization to decentralization of implementation of individual functions; from a hierarchical structure to a systemic structure; orientation towards long-term goals» (Maslechenkov & Tronin, 2012). And there are quite a few such «fuzzy» notions.

But such a «discord» in defining the meaning of strategic management shows that at present there is no unified and clear definition of the concept of «strategic management» among Russian researchers. At the same time, all the researchers equate management with control, which, according to them, has «better» qualities than management. For example, O. Volkogonov and A. Zub (2006) write that «in the most general sense, management (the closest equivalent of this word is «control») means the rules or implementation of «good» control of an organization». But at the same time, Russian researchers do not interpret the concept of «management» precisely. For example, O. Vikhanskiy (1998) writes about the multiple options in interpreting «management». He notes that «management is a multidimensional phenomenon, covering the processes occurring in the organization, related both to its internal life and to its interaction with the environment, and, depending on what processes are put at the center, it can be considered from different perspectives». Thus, it follows from this definition that, from the point of view of these researchers, anything in the company activity can be called management. To show that management can be classified as strategic, Russian researchers and practitioners, firstly, simply add the word «strategic» to a number of terms, getting such word combinations as strategic goals, strategic analysis, strategic tasks, strategic decisions, strategic control, etc. And secondly, not being able to explain the essence of the notion «strategic» from scientific positions, it is interpreted simply as something long-term, for example, as long-term goals and objectives. However, the «long-termism» in this case is not fundamentally important for companies in terms of providing the level of competitiveness they need in time, as long-termism is defined by the time horizon. And in this case, it is not clear: if the goal is long-term, it should take a long time to get to it, or with this goal it takes a long time to get to the desired result. But the competitors are acting «now and today». And here the researchers talk about needing a «long-term» strategy. This somewhat distorts the concept of long-termism, as it should be understood as follows: as long as we provide the right level of competitiveness to the organization, it will live on.

It is not clear why Russian researchers «switch» the Russian concept of «control» with the foreign concept of «management» without sufficient scientific justification. After all, if one studies worldwide sources more closely, one can see that they link management to the efficient use of resources in an organization (Ansoff & McDonnell, 1988; Drucker, 1999). In other words, the object of management is resources, while the object of control is the organization's employees. In this case, management has something in common with control, their functions are similar: it is necessary to make decisions on the use of the organization's resources, to plan the use of resources, and to monitor their use. And from the perspective of «human resource management», when the employees of an organization are considered as the key resource in ensuring the effectiveness of the organization, all other things being equal.

Speaking of strategic management, it is necessary to define the meaning of «strategic» in relation to management. There is no doubt that the term «strategy» is borrowed by the theory of management of organizations in market conditions from the military science, where it meant the «art of the general» to find the right ways to achieve victory, as well as to occupy a more advantageous position in relation to the enemy (Borisov, 2003).

Given the fact that the competitive struggle of organizations today is precisely a «war» for their position in the market, this term has been actively used to define the way organizations behave for taking and holding

a more advantageous position in the market compared to their competitors.

However, the ambiguity of interpreting the term «strategy» by researchers worldwide in relation to management is reflected in the understanding of its essence by Russian researchers, who mostly take foreign definitions as the basis for understanding the essence of strategy. For example, economists S. Kukushkin, Y. Pozdnyakov, and E. Vasilieva (2012) write that «strategy is the integration of an organization's main goals, policies, and actions into some coherent whole». They argue that «the strategy consists of several important elements: goals (objectives), policies, programs, tactics», interpreting «strategic goals» as «those which the organization sets itself for each strategic period» (Kukushkin, Pozdnyakov & Vasilieva, 2012). But they do not provide the meaning of the strategic period and the content of the goals as strategic.

A. Porshnev, Z. Rumyantsev, and N. Salomatin (2009) understands an organization's strategy as «a general plan of action, which defines the priorities of strategic objectives, resources, and the sequence of steps to achieve strategic goals». But this raises the question of what should be understood by strategic objectives and strategic goals. In other words, they simply include the phrases «strategic objectives» and «strategic goals» to denote the meaning of «strategy». And it's not clear why the plan should be called a strategy.

Some researchers give several interpretations of «strategy». For example, Y. Maslechenkov and Y. Tronin (2012) define strategy on the one hand as «top management's plans to achieve long-term results consistent with the goals and objectives of the organization... a guide, a benchmark or direction for development, a road from the present to the future.» On the other hand, according to them, «strategy is a method of behaving or following a certain line of behavior» (Maslechenkov & Tronin, 2012). But an involuntary question arises: «So is strategy a plan or a method?» After all, a plan is a document and a method is a guiding rule of conduct.

Unfortunately, even the Modern Dictionary of Economics (1999) gives the following interpretation of the term «economic strategy»: «Economic strategy is a long-term, general guidelines, plans, intentions of the government, regional administration, management of enterprises, firms on production, revenues and expenditures, budget, taxes, capital investments, social protection prices; the art of leadership; an overall plan for the conduct of this work, based on the prevailing reality at this stage of development». From this definition, it is difficult to understand, for example, whether strategy is long-term plans or principles, a general work plan or the art of leadership, etc.

There are many similar definitions. But such interpretations of strategy as certain action programs developed for the successful functioning of an organization in a rather aggressive external environment do not provide an understanding of its specific meaning (Kiselev, 2020). In fact, the essence of strategy is the definition of common approaches to the task of providing the organization with the necessary level of competitiveness. In this case, the concept of strategy is linked not to any long terms of its implementation, but is determined by the need to solve the problems of maintaining (ensuring) its competitiveness, the ability to maintain its market position in active opposition to competitors, both at present and in the future. And here we cannot say that the strategy is what kind of competitive position one will need to have in some abstract long-term perspective. This timing is determined by the life cycle of the organization's products and the actions taken by competitors to strengthen their market position, and, accordingly, can be determined even by months and weeks. For example, for smartphone manufacturers, the product life cycle may be 3 to 6 months, while for shipbuilders, it may take 3 to 6 years to build ocean-going ships, etc. And it is within this timeframe that organizations will face the challenge of securing their competitive position, i.e., implementing their chosen strategy.

Consequently, strategic management is linked to the need for organizations to address their competitive position. And the strategy should be understood not as some abstract «long-term strategic perspectives», the general idea and probably the philosophy of how the organization intends to ensure its competitiveness in order to meet the market conditions of today, tomorrow, the day after tomorrow, etc.

However, not understanding this feature of strategy, Russian researchers often single out the organization's mission as the key factor of strategic management. Thus, for example, A. Orlov (1999) writes that «in the most general terms, strategic management is a means of ensuring that the company fulfills its mission». At the same time, he understands the mission of an organization as «its strategic goals, i.e., the

goals for a long-term period, say, for 10 years». But scientifically, are a goal and a mission the same thing?

Nevertheless, for example, S. Vigman (2004) believes that «the mission of an organization is the main goal of the organization, expressing the meaning of its existence». V. Lyasko (2005) understands mission as «the goal for which an organization exists and which must be reached in the planning period». But does the organization exist for a goal, rather than the goal determines the nature of the organization's activities? After all, a goal is always a reference point to strive for in an activity. At the same time, when revealing the essence of the mission, S. Vigman, notes that «the mission of an organization includes the philosophy and purpose, the meaning of existence of the organization, which manifests the difference between this organization and similar organizations» and comes as «a formulated statement as to why and for what reason the organization exists» (Vigman, 2004). But no matter how a commercial organization positions itself in the market or formulates its mission for consumers, its goal is to make the necessary profit. In addition, no matter how beautiful the organization's mission may sound, it is not able to provide organizations with the necessary level of competitiveness in a competitive environment.

It should be noted that in terms of process approach, any commercial organization always has only one goal – making profit, allowing it to actively operate on the market as long as possible. And to do this, it must always ensure the level of competitiveness that it needs at a given time in relation to real and possible competitors.

Other organizational goals can only be viewed from a situational perspective. Let us consider, for an example, a hypothetical situation in a company: the boiler room broke down during the winter. The management of the organization believes the main goal is to restore it as quickly as possible in order not to stop the company operation. But still, in general, it is done so that the organization can continue to operate, i.e., to make a profit and maintain the desired level of its competitiveness. But the goal does not define management as strategic.

In order to «settle» such inconsistency in the concepts, Russian researchers even «invented» a specific stage of strategic management: developing the company's mission. At the same time, the mission is understood as some «main goal» of the organization.

As a consequence, Russian researchers often «spew» general statements about the mission of an organization as the most important component of strategic management. For example, a cafe might have the following mission: «We offer delicious food and good service at affordable prices so that our customers are always in a great mood,» as this may attract more people to visit this café at lunchtime. But the goal of cafe is not the desire to provide people with cheap and tasty food; the task is to get more profit by doing so and thereby provide a necessary level of competitiveness, which depends on the desire of people to visit this particular cafe.

All this testifies to the fact that, unfortunately, Russian researchers simply try to emphasize the strategic nature of management with the notion of «mission» in the absence of other factors and to show the difference between strategic management and ordinary control, as if it is manifested in the presence of an organization's mission (Kiselev, 2020). And as a consequence, we can conclude that the concept «mission» is just a «pretty wrapper» to designate management as strategic, and determine the organization as attractive to consumers who can bring the organization the desired profit.

Second. Considering the functions of management, we can say that in a competitive environment, it is the function of planning that is strategic in company management. Often researchers, for example, when talking about the function of control in strategic management, distinguish control as strategic. However, the definitions of control as strategic by Russian researchers «suffer» are not clearly justified and formulated, and are not linked with the basic provisions of the Russian theory of organization management.

Analysis of various studies shows that when considering the function of control, it is difficult to classify it as strategic. However, a number of researchers in the scientific literature use the concept of strategic control. A number of researchers, probably having borrowed the idea from Kotler, link strategic control with marketing. For example, V. Fedko believes that «strategic control performs the function of determining the compliance of an enterprise's marketing strategy with the market conditions». R. Nozdrev writes that «strategic control

involves assessing the main objectives, strategies, marketing operational activities, marketing organization to identify challenges and positive prospects for the production, sales, scientific, and technical activities of the firm and develop recommendations for their improvement». According to V. Kritzkaya, «strategic control is an activity aimed at making sure that marketing objectives, strategies, and programs of a firm correspond optimally to requirements of the existing and forecasted marketing environment». A. Belokon believes that «strategic control is the evaluation of strategic marketing decisions in terms of their compliance with the external conditions of the enterprise.» Y. Morozov points out that «strategic control is intended to answer the questions: whether the organization is actually using the best marketing opportunities available to it and how effectively it is doing so» (Kiselev, 2012). Consequently, Russian researchers reduce the strategic control to «conformity of marketing strategies to market conditions» and «marketing tasks to the predicted marketing environment» etc. But who and how should conduct such control and what its specific nature will be manifested in, they have no answer.

In another case, Russian researchers argue that strategic control covers a sufficiently long period of time (5, 10, 15 years) and is the main type of control over the final results of financial and economic activities of organizations. In doing so, they distinguish three types of control in the organization's activities: strategic (performance over a year), tactical (6-12 months), operational (up to 6 months)». But then what is the point of such control as strategic? And it is not clear whether the control of current activities of the organization should be performed not earlier than in 5, 10, 15 years, or whether this control should be performed continuously within the specified terms.

In the third case, Russian researchers argue that «the corporate level is mainly characterized by strategic control, with the main focus on maintaining a balance between different types of business». As a consequence, it turns out that the strategic control is the control exercised by the top management of the organization. But no specific attribute is shown other than the level of management, which cannot characterize control as strategic. At the same time, a careful consideration of all these definitions shows that none of the interpretations of «strategic control» has a clear and specific semantic load. Because of that, it is not clear what value such a definition of control as a strategic control would have for the practical management of the organization. Probably, «strategic control» has simply become a modern buzzword. From practice, we know three types of control – preliminary, current, and final control, which, among other things, help the organization to react timely to changes in the external environment, including competitors, and take timely measures to ensure (maintain) the desired level of competitiveness of the organization. Of course, it is theoretically possible to classify control as strategic in some way. Unfortunately, Russian researchers, as we believe, are not yet able to present any specific and practical meaningful indicators to classify control as strategic. Consequently, we conclude that the concept of strategic control currently has no practical value for organizations, as it is contrived, scientifically unreasoned, and has no specific indicators of its implementation in its essence.

Thirdly, as practice shows, in market conditions, the role of organizational planning has increased due to the need to respond to the actions of competitors that may adversely affect the competitive position of the organization. Initially, with the transition to a market economy, Russian entrepreneurs came to understand that in a market economy, there is no need to engage in planning, because the main component of success is the organization's ability to quickly adjust to the situation. As rightly pointed out by E. Vais (2011), «there is a serious logical fallacy at the heart of putting plan and market against each other. The antithesis to the market regulation of the economy is not only and not so much the plan as the administrative system of directive, command disposition from above». And the practice of Russian for-profit companies has shown that it is the careful planning of organizations' activities that can ensure their survival in a competitive market environment.

Of course, planning alone is not a panacea for all the woes of business organizations in the competition. But planning is the tool that contributes to the effectiveness of a for-profit organization, especially in terms of ensuring (maintaining) its competitiveness. For example, management specialist R. Ackoff rightly noted that «planning is the weapon of the wise, but planning is one of the most difficult jobs available to man» (Kiselev, 2012).

In this case, the specific aspect of planning in a competitive market environment is that organizations have to plan their activities not only according to the results of their work, as in normal conditions, but also specifically and separately to plan activities to ensure (maintain) their competitiveness in a timely manner depending on the actions of competitors. And such planning can be called strategic planning. For example, V. Verhoglazenko (2006) argues that «for international corporations, especially those engaged in international business activities, strategic planning is a means of ensuring coordinated and balanced development in an environment of broad diversification and fierce competition. Planning and implementation of strategies help corporations survive with short product life cycles and dynamic environment».

During the last decade, more and more Russian organizations have come to understand the importance of strategic planning through their experience. And, as V. Markov writes: «The interest of the heads of Russian enterprises in the issues of strategic development (today) is explained by the fact that the period of easy «earning» of money on the wave of inflation and market formation... has passed» Markova, & Kuznetsova, 2008 . As a consequence, it can be argued that without effective strategic planning, many Russian organizations at present will not be able to survive in competition, especially with foreign organizations.

However, the analysis of scientific and educational literature on strategic planning allows us to say that, unfortunately, the concept of «strategic planning» as a scientific category has no universal interpretation among Russian researchers and practitioners.

For example, most frequently, strategic planning in scientific and educational literature is formulated as follows.

Strategic planning is the managerial process of creating and maintaining alignment between an organization's goals and its potential capabilities.

Strategic planning is defining the goals of an organization, defining the main directions in which this development should take place.

Strategic planning is carried out for the long term and implies the formulation of goals, objectives, scale, and scope of activities of the organization.

Strategic planning consists of determining the mission of the organization at each stage of its life cycle, the formation of a system of activity goals and delivery strategies.

Strategic planning is the process of determining the future position of an organization in relation to the external operating environment. It is based on a system and situational approach. The starting point is to consider the organization as an open system.

Strategic planning is a tool used to form a system of goals for the functioning of an organization, and to unite the efforts of the entire team.

Strategic planning is done top-down: vision, long-term strategic plan for 10-15 years, medium-term strategic plan for 5 years, operational plan (1-3 years) linked to the financial plan.

Strategic planning involves management selecting a general line of conduct and developing a strategic plan – a program to guide the organization over an extended period of time.

Strategic planning is a plan for the general development of the business and long-term structure of the organization. It determines the most important indicators and rates of expansion of reproduction and is the main form of implementation of goals. As part of the master strategy, a strategic financial plan is developed, including investment strategies, financing strategies. The objectives of the financial strategy should follow the overall development strategy and be aimed at maximizing the market value of the enterprise.

These formulations of strategic planning given by Russian researchers, unfortunately, do not reveal the real essence of strategic planning.

Firstly, the conducted analysis still allows us to believe that Russian researchers often interpret «strategic planning» as something significant, large-scale, available only to the heads of large organizations. Thus, for example, in Article 3 of the Federal Law «On Strategic Planning in the Russian Federation» dated 28.06.2014, strategic planning is defined as the activity of its participants on goal-setting, forecasting, planning, and programming of socio-economic development, including the Russian regions, aimed at solving the problems of sustainable socio-economic development of the regions. But this attribute defines only the level of

management at which planning is carried out and no more.

Second, a number of Russian researchers have an approach to the classification of planning as a strategic planning on the basis of planning horizon. For example, M. Bukhalkov interprets strategic planning as «the choice and justification of long-term goals and objectives of further development of the company and the necessary means to achieve the planned ideals (goals) (Kiselev, 2012). At the same time, E. Vais and V. Vasil'tsova (2011) note that «strategic planning can be rightfully interpreted as a system of all the variety of planning activities in an enterprise. It includes and summarizes long-term, medium-term, annual, operational, and functional planning. The main strategic planning burden is clearly placed on long-term planning. That is why strategic planning is often interpreted as modeling the future, which needs specific definitions of goals and concepts of long-term development». For example, E. Kantor, G. Makhovikova, V. Kantor (2010) write that strategic planning, as a rule, is long-term. V. Goremykin (2010) distinguishes three types of planning – long-term strategic (forecasting), medium-term prospective (five years), short-term (operational). At the same time, these Russian researchers and practitioners believe that strategic planning is something general and distant, designed for more than 20-25 years. It is necessary to consider which characteristic of planning is defined as long-term and which is defined as strategic. Planning in the organization in the long term is naturally defined by the planning horizon, i.e., by the period length for which the planned activities are envisaged. But the most important feature of strategic planning is not the planning horizon (the duration of the planning period), but the tasks to be solved to ensure the desired level of competitiveness of organizations in a competitive market environment.

Thirdly, many Russian researchers note that «strategic planning is an image of an organization in the future, its place and role in the economy and socio-economic structure of the country, as well as determining the main ways and means of achieving this new state. They see the strategic planning as not expressed in a plan with detailed indicators, but in an outline, a look into the future made on the basis of various forecasts (economy, science and technology, politics, demography, etc.)». As a consequence, Russian organizations often do not engage in strategic planning and operate according to the principle: «The main thing is to finish the (fiscal) year.»

This approach to the definition of strategic planning allows us to believe that strategic planning in an organization is the definition of activities caused by the actions of competitor organizations and based on the results of their activities to be done in the organization with the definition of specific timing of their implementation and allocation of resources for them so that they allow the organization to provide the necessary level of competitiveness in time. Otherwise, there will be no one to implement the organizational development activities planned for 20 years in advance. Consequently, any for-profit organization must respond to changes in the market and the actions of its competitors in time for its «self-preservation». Naturally, this needs to be done constantly so that the existence and continuous operation of a company could be ensured, as well as a vision of what it can do and a «laying down» of the foundations for this today. This is where the illusion of «commonality» between the concepts of strategic planning and long-term planning comes from. Thus, for example, nobody needs to call strategic management as long-term, although it is strategic planning that allows management to be defined as strategic.

A special aspect or principle of strategic planning is «reverse planning», i.e., from possible or already obtained results of competing organizations. In a competitive environment, organizations must make changes that are required to maintain their competitive position, rather than changes that they can make based on their current capabilities.

In strategic planning, the definition of activities and necessary resources comes from the achieved or expected performance of competitor organizations. And if the organization does not have enough resources to implement the necessary activities, it must attract investment or obtain investment (credit) for their implementation. Otherwise, the organization will not be able to provide the level of competitiveness it needs. Thus, it needs another plan, which is a business plan.

Third. It is clear that the actions of competing organizations are not coordinated with the tactical (current) planning in the organization in which they see their competitor. Consequently, the organization

needs to monitor the possible actions of competitors and respond to them in a timely manner, conducting countermeasures, reducing the risk of losing the position in the market (Kiselev, 2021). However, the organization may need to raise debt capital in order to implement the necessary measures (countermeasures) in a timely manner in response to the actions of competitors. But how does one get potential investors interested in giving the organization the funding it needs? This is where a business plan comes in. Essentially, a business plan is evidence of the effectiveness of a proposed project presented in a certain format to an investor (lender) in order to get them interested in participating in the proposed project. Therefore, it should contain information that will familiarize the potential investor (lender) with the economic justification and calculations confirming that the money invested in the organization project will be returned to him with the estimated profit

Unfortunately, today, researchers and managers of for-profit companies, especially small ones, often understand a business plan as a general and detailed plan of the organization's activities. But for this purpose, a for-profit organization develops separate plans, such as production plan, raw material procurement plan, sales plan, etc., which together constitute a tactical plan. In other words, a business plan is needed to convince investors (lenders) of making sense in supporting the project (business idea) proposed by a for-profit organization. Undoubtedly, it can also be useful internally to consider using its resources for internal change projects. But it is up to the management of the organization to create it or not. The main purpose of a business plan for a for-profit organization is to attract investment to implement projects ensuring the desired level of competitiveness associated, for example, with the purchase of new technologies and equipment, development or modernization of the organization's product.

Thus, we can realize that, first, a for-profit organization needs to prepare a business plan, as a rule, only when the organization is forced to make changes, plans to implement innovative and other projects, and its own money and resources are not enough for this. And the main purpose of a business plan is to attract investment or obtain loans for new projects related to providing the organization with the level of competitiveness it needs. Such a plan is provided to investors and lenders so that, after reviewing it, they can assess their benefits from the investment or loan and allow the organization to implement the organization's proposed project, such as a business expansion. As a consequence, an important part of the business plan should be to justify the interest of investors and lenders in the proposed project and the attractiveness of the organization for cooperation.

Secondly, a business plan drawn up for changes in the organization provides an opportunity to detect problems in the implementation of projects, as the professionals say – to check them «on paper». It is as if to look at the possibility of implementing a new idea «from the outside», the possibility of implementing the project by changes, to see a scenario of possible developments, strengths and weaknesses of the for-profit organization to implement the project, as well as to determine the approximate amount of costs.

Thirdly, the business plan can be considered an element of the image of the organization, as it can indicate that the management of the for-profit organization is aware of its development prospects and understands what and how it needs to do. At the same time, organizations worldwide believe that «good» organizations should have such business plans for development and in case of interaction with Russian organizations they will definitely want to get acquainted with such a plan.

Practice shows that working on a business plan has certain rules. For example, L. Tsiferblat (2012) identifies the following rules as universal, which are advisable to follow when drafting business plans in Russian organizations, taking into account their target specifics.

1. Given that the business plan provides information to potential investors (lenders) on the nature of the business entity and the use of the investment, it should be drafted so that the investor has a clear understanding of its benefits from the investment and a clear understanding of how the organization will use invested funds. The business plan should be specific and accurate, with an economic rationale for the organization's actions. It is not acceptable to use «vague» statements such as «Sales volume will grow rapidly next year» or «New products are remarkably promising,» etc.

2. It should be understood that the investor (lender) does not care to know in detail which employee

of the organization, at what time, and what will be doing. It is clear that if the business plan is very large and describes in detail all the technological processes in the organization, the investor (lender) will simply refuse to cooperate, because he will have no desire to study a too lengthy document with a lot of unnecessary information. As a consequence, it can be argued that the business plan should be fairly brief, typically around 20-25 pages, but no more than 40 pages. This is already considered a «good tone» of the organization's culture abroad.

3. It is imperative that the business plan has a brief but informative summary, usually no more than one page. This is because it will be read much more often than the business plan itself. And it is imperative that the following information is briefly and accurately spelled out in the business plan summary: the main business idea (project idea), the necessary funds and the schedule for providing these funds, areas of investment of funds, the main parameters of the project effectiveness and the expected schedule of return of investment after completing the project by the organization.

4. The business plan should not include background and non-important information behind which the main information on the effectiveness of the project gets lost. If any information on the organization is required by the investor (lender), they can request it. But working proactively, some information can be given in appendices so that the investor can make use of it if they wish. This increases the flexibility of the project.

5. The material in the business plan should be presented using common terms understandable to the investor (lender). Economists, as a rule, will consider the business plan and make a decision on it, and they may not understand some technical and professional terms, and, therefore, understand the attractiveness of the project for them.

6. Certainly, the business plan should be based on honest analysis, based on realistic assumptions and forecasts, justified by references to various sources of information, such as market studies (surveys), statistical data on the industry, as well as on the conclusions of partners who will work with the organization to implement the project. At the same time, the business plan should show all possible risks of the project. Otherwise, the investor (lender) may question the organization's intentions.

7. The business plan should include a description of the organization's strategy for seizing opportunities and overcoming potential challenges.

8. There should be enough copies of business plans so as not to delay the process of reviewing the plan by stakeholders.

Following such guidelines for business plans significantly increases the possibility of their acceptance by investors (lenders).

The business plan must ultimately provide the right answer to important market questions, such as the likely cost of the project and the projected revenues from the project and the timing of its breaking even.

Thus, it can be argued that it is necessary to consider the strategic planning and the essence of business planning from such positions, so that they together become a reliable mechanism for organizations to ensure their competitive position in the market in a timely manner.

Conclusion

It should be noted that strategic planning in business planning of Russian organizations cannot be an end in itself, but should «work» to provide them with the necessary level of competitiveness in a timely manner. At the same time, it is important that researchers offer evidence-based recommendations for organizing strategic planning and business planning in Russian organizations that practitioners need, as there is a lot of practical work in background on timely provision of organizations with the necessary level of competitiveness in a competition tightening and constantly emerging market changes, which can be difficult to predict in advance. Consequently, practitioners need a clear and specific understanding of the essence of what constitutes both the strategic plan of the organization and the business plan, which the theory of management of organizations should provide them. These plans, developed in close relation to each other taking into account the proposed evidence-based recommendations, will help organizations perform a complex and difficult task – provide the necessary level of competitiveness in time, give an adequate

response to the actions of competitor organizations, and ensure their prospective development in conditions of increased competition.

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Goal-setting quality assessment of the subprogramme «Information State» of the State Programme «Information Society»

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Abstract. We assessed the quality of preparation of the sub-programme «Information State» (except for federal projects) within the State Programme «Information Society». Based on the activities planned under the «Information Society» subprogramme, the levels of expected one have been assessed in terms of their correlation to the mission and the goals to be achieved. We found that in terms of the formulation of expected outputs the activities of the «Information Society» subprogramme are not specific enough in many cases, moreover, they are not properly linked to the subprogramme's key performance indicators. We formulated the suggestions for improving the effectiveness of the preparation of State Programme passports directly affecting the effectiveness of their implementation and the quality of the results based on the assessment of the level of implementation capacity of the subprogramme «Information State» carried out at the stage of goal - setting.

Keywords: quality assessment, goal-setting, «Information State» subprogramme, «Information Society» programme.

JEL codes: A10

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Introduction

Russia is on the 43rd place in the world (between Slovakia and Cyprus) in the international ranking of global competitiveness (World rankings in the Global Competitiveness Index, 2020). It is not appropriate for our country, because by world standards the country has enormous resources.

The shift from the fifth to the sixth technological mode, accompanied by the current global economic crisis, poses not only challenges for overcoming the crisis, but also reveals new prospects for emerging from it (Tebekin et al., 2020).

One of the main trends of the national economy's recovery from the current economic crisis is the intensive development of digital technology.

This regard, the effective implementation of state programmes of the Russian Federation, including the «Innovative Development and Modernisation of the Economy», containing the «Information Society» programme (Decree of the Government of the Russian Federation of 01.05.2021 N 504-19), is of great importance.

The purpose of the study is to analyse the strategic prospects for the implementation of the State Programme, using the subprogramme «Information State».

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Programme, using the subprogramme «Information State».

Methodology

The methodology of the research was based on the Presidential Decree of May 9, 2017. N 203 «On the Strategy for Information Society Development in the Russian Federation for 2017 - 2030» [19] and scientific works on the analysis of strategic prospects for the development of information society by Bronnikov I.A. [2], Gorodnova A.A. [3], Gurfova R.V., Shumakhova K.S. [5], Ershova N.A., Aleksandrova M.V. [9], Makhlop F. [1] and others.

We also use the authors' scientific works [6, 10, 11, 17, 18], including the quality assessments of activities reflecting the goals being addressed of the federal projects of the «Information State» subprogramme («Information Infrastructure»; «Information Security»; «Digital Technology»; «Digital Public Administration») [21].

Results

Expert assessments of the subprogramme «Information State» as a typical element of the state programme «Information Society» [4] of «Innovative Development and Economy Modernisation» of the RF State Programmes [14] were carried out:

- qualitative assessment of the presentation of reflecting the goals to be achieved;
- quantitative assessment of the presentation of reflecting the goals to be achieved.

Tables 1-12 present the results of the expert assessments of the quality presented activities reflecting the goals of the federal projects of the «Information Society» subprogramme.

Table 1 - Results of expert assessments of the quality of the activity presentation AA 4.1 «Managing Information Society Development»

Main activities representing the goals to be achieved	Quality assessment of activity, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Ministry of Digital Development, Communications and Mass Media of the Russian Federation [13], development and implementation state policy and normative legal regulation in the sphere of information technologies, telecommunications and postal communications, mass communications and mass media, including electronic, publishing and printing activities, personal data processing, state property management and provision of state information technology services, provision of public services in the field of information technology, including in terms of using information technology to form state information resources and provide access to them, as well as the	The stated standards do not reflect the goals of information society governance, the ways to achieve them and the list of necessary activities. Instead, it declares the functions of the Ministry of Digital Development, Communications and Mass Media of the Russian Federation, including its supervisory functions. The content of the programme is declaring this activity. But it is already the function of the Ministry of Digital Development, Communications and Mass Media of the Russian Federation.	2

Main activities representing the goals to be achieved	Quality assessment of activity, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
development and implementation of state policy of children protection from information harm to their health and (or) development		
Actual statistical information on the development of the information society in the Russian Federation	The activity corresponds to the stated item, but the integral part of the previous item, duplicating the function of the Ministry	2
Total average score		2.0

Source: composed by the authors

Table 2 – Results of expert assessments of the quality of the activity presentation AA 4.2 «Development and maintenance of e-government»

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Providing information and state, municipal and other services mainly in electronic form	The activity corresponds to the stated item, but is not sufficiently detailed	3
Providing for the transition to electronic interaction in the implementation of state (municipal) functions	The activity corresponds to the stated item, but it is not stated who is its partner	3
Providing for the possibility of applying various methods of electronic identification and authentication, including biometrics, when providing public and municipal services (functions performing)	The activity corresponds to the declared item, but not exactly, there are no ways of identification	3
Improving the quality and usability of state information systems of individuals and legal entities electronic interaction with state (municipal) authorities and organisations	The activity corresponds to the stated item, but it is too wide. There is no requirement for a level of quality improvement so as for the convenience which is one of the quality components	3
Providing for the involvement of citizens and organisations in public administration processes	The activity corresponds to the stated item, but there are no ways and tools to involve citizens and organisations. The item is populist in nature	3
Providing the sustainability and security of the e-government infrastructure and improving its operational efficiency	The activity corresponds to the declared item, but not exactly. There are no effectiveness criteria	3

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Development and exploitation of information systems and services as a part of the e-government infrastructure	The activity corresponds to the declared item, but not exactly, there are no criteria of development	3
Establishment, operation and monitoring of the authorities' data transmission network	The activity corresponds to the stated item. But the item does not allow to transmit data through the existing internet network without forming an additional one	3
Development of a system of federal and regional data centres	The activity corresponds to the stated item but similar centres are currently exist. There is no specificity about the level and nature of their development	3
Transition of state information resources to the system of federal and regional data processing centres	The activity corresponds to the stated item, but not exactly	3
Providing for the import substitution of software	The activity corresponds to the declared item, but not exactly. The substitution named above in unknown	3
The use of domestic office software, including the cloud technology by employees of federal executives and state extra-budgetary funds	The activity corresponds to the declared item, but the conditions of activity are not clear	4
Total average score		3.08

Source: composed by the authors

Table 3 – Results of expert assessments of the quality of the activity presentation AA 4.3 «Forming and implementation of modern information technologies in the field of public administration»

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Improving the management of the civil service workforce and ensuring citizens' rights of access to the civil service through modern information and telecommunication technologies	The activity corresponds to the declared item, but not exactly. There are no effectiveness criteria	4
Improving the efficiency of interdepartmental interaction through the use of predominantly electronic documents;	The activity corresponds to the declared item, but not exactly. There are no effectiveness criteria	4
Transition to paperless electronic interaction between public authorities	The activity corresponds to the declared item.	5

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Increased transparency in public and municipal procurement	The activity corresponds to the declared item, but not exactly. There are no criteria of transparency. The item is populist in nature	3
Automation of key processes during the implementation of control and supervision functions	The activity corresponds to the declared item, but not exactly. There are no specific composition of the functions	3
Total average score		3.8

Source: composed by the authors

Table 4 – Results of expert assessments of the quality of the activity presentation of the AA 4.4 «Establishment and development of official websites of top officials of the Russian Federation»

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Providing of the development, maintenance and technical support of the Russian Federation highest officials websites	The activity corresponds to the stated item, but there are no activities to create of the Russian Federation highest officials websites There are no details of futher development of the activity.	2
Total average score		2

Source: composed by the authors

Table 5 – Results of expert assessments of the quality of activity presentation of AA 4.5 «Coordination of activities by use of information and communication technologies in the activities of public authorities»

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Expert assessment of IT documents, activities and electronic data sheets for the planning, creation and use of information and communication technologies in the activities of public authorities	The activity corresponds to the declared item, but not exactly. There are no specific goals and assessment criteria	3
Providing the methodological support to public authorities	The activity corresponds to the declared item, but not exactly. Item does not show clearly the structure of the methodological support	3

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Providing the maintenance and development of the federal state information system of the IT coordination	The activity corresponds to the declared item, but not exactly. There is a question about its functioning and development	4
Monitoring the effectiveness of expenditure on the informatisation of public authorities in the constituent entities of the Russian Federation	The activity corresponds to the declared item, but not exactly. There are no effectiveness criteria In fact, it duplicates the functions of the supervisory authorities	3
Maintenance and development of a website on the Internet containing information on the situation on federal, regional and municipal roads	The activity corresponds to the declared item, but not exactly There are no details of futher development of the activity.	3
Total average score		3.2

Source: composed by the authors

Table 6 – Results of expert assessments of the quality of the activity presentation AA 4.6 «Support of regional information technology projects»

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Implementation by the Russian Federation authorities projects aimed at establishing an information society in the constituent entities of the Russian Federation, co-financed from the federal budget	The activity corresponds to the declared item, but not exactly	4
Total average score		4

Source: composed by the authors

Table 7 – Results of expert quality assessments of the activity presentation AA 4.7 «Informatisation of public services and quality control of their provision, exercise of public functions and information transparency of public authorities»

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Improving the efficiency of public administration, interaction between the state and citizens, the state and business by expanding the use of modern	The activity corresponds to the stated item, but not exactly. There are no effectiveness and progress criteria.	3

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
information technologies in the implementation of state and municipal services (functions);		
Improving the efficiency of public administration and interaction between public authorities, citizens and organisations in the field of accreditation	The activity corresponds to the stated item, but not exactly. There are no effectiveness and progress criteria. The item is populist in nature	3
Total average score		3

Source: composed by the authors

Table 8 – Results of expert assessments of the quality of the activity presentation AA 4.8 «IT and analytical support of activities of certain public authorities»

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Providing effective IT and analytical support for the activities of the Administration of the President of the Russian Federation, the Government of the Russian Federation and the Federal Assembly of the Russian Federation	The activity corresponds to the declared item, but not exactly. There are no effectiveness criteria	3
Total average score		3

Source: composed by the authors

Table 9 – Results of expert assessments of the quality of the activity presentation AA 4.9 «Development of IT-based services for medicine, health, social welfare, education, science and culture»

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Formation and maintenance of electronic services to improve the quality of educational, scientific and cultural services;	The activity corresponds to the stated item, but not exactly. There are no list of services and quality criteria	3
Formation of an information and education portal for parents and teachers to educate the inclusive people effectively	The activity corresponds to the declared item	5
Total average score		4

Source: composed by the authors

Table 10 – Results of expert assessments of the quality of activity presentation AA 4.10 «Development and functioning of the state system of migration and registration, as well as production, issuance and control over the circulation of identity documents»

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Modernization of archival infrastructure, development of a centralized automated system for State archival documents registration, optimization of the document selecting mechanisms for archival storage, creation and maintenance of a unified information and archival base, computerization of control functions and improvement of its quality of State services.	The activity corresponds to the declared item, but not exactly. There are no modernization trends	3
Guaranteed provision of members of the military of the Russian Federation by biometric IDs	The activity corresponds to the declared item	5
Providing uninterrupted maintenance and development of the departmental segment of Russian Sea and River Navy state system for issuance and control of new generation biometric IDs (sailor's biometric ID)	The activity corresponds to the declared item	5
Total average score		4.3

Source: composed by the authors

Table 11 – Results of expert assessments of the quality of activity presentation AA 4.11 «Retention and development of archival information resources»

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Modernization of archival infrastructure, development of a centralized automated system for State archival documents registration, optimization of the document selecting mechanisms for archival storage, creation and maintenance of a unified information and archival base, computerization of control functions and improvement of its quality of State services.	The activity corresponds to the declared item, but not exactly. There are no modernization trends	3
Total average score		3

Source: composed by the authors

Table 12 – Results of expert assessments of the quality of activity presentation AA 4.12 «Implementation of integrated IT projects in the Russian Federation».

Main activities representing the goals to be achieved	Quality assessment of activity presentation, representing the goals to be achieved (verbal discription)	Scoring the quality of the event presentation (scale of 1-5)
Implementation of measures to form an innovative scientific and technological centre in St. Petersburg on the base of the Federal State Autonomous Educational Institution of Higher Education "St. Petersburg National Research University of Information Technologies, Mechanics and Optics". The University is planned to be focused on comprehensive development of educational, innovation and production infrastructure.	The activity corresponds to the declared item	5
Total average score		5

Source: composed by the authors

Discussion

Thus, the results of expert assessments of the quality of activity presentations of the subprogram «Information State» (except for federal projects) as a typical element of the state program «Information Society» (the volume of budget allocations over 2 trillion rubles) (Decree of the Government of the Russian Federation of 01.05.2021 N 504-19) of the direction «Innovative Development and Economy Modernization» of State Programs of the Russian Federation, presented in Tables 1-12 allow to conclude the following.

At first, the research process has established already at the stage of describing the activities reflecting the goals to be achieved of the federal projects of the «Information State» subprogramme. There is a significant reduction of capacity to achieve the goals (Table 13) of 32.7% (i.e. over a third of capacity), and therefore a proportional reduction in the efficiency of the resources involved.

Table 12 – Synthesis of the results of expert assessments of the quality of activity presentation reflecting the challenges of the «Information Society» subprogramme

Subprogramme activity code	Average score of the expert assessment of the quality of the activity presentation (scale of 1-5)	Subprogramme total integral score
AA 4.1	2.0	3.365
AA 4.2	3.08	
AA 4.3	3.8	
AA 4.4	2.0	
AA 4.5	3.2	
AA 4.6	4.0	
AA 4.7	3.0	
AA 4.8	3.0	
AA 4.9	4.0	
AA 4.10	4.3	

Subprogramme activity code	Average score of the expert assessment of the quality of the activity presentation (scale of 1-5)	Subprogramme total integral score
AA 4.11	3.0	
AA 4.12	5.0	

Source: composed by the authors

At second, the main problems with the quality of the activities of measures reflecting the goals of the subprogramme «Information State» (except for federal projects) as a typical element of the state programme «Information Society» of the direction «Innovative Development and Modernisation of Economy» of the State Programmes of the Russian Federation are related to their insufficient specificity and the absence (in the vast majority of cases) of quantitative values reflecting the required level of achieving the goals. This could also lead to inefficient use of the budget.

At third, the number of activities of the subprogramme duplicate the functions of the Ministry of Digital Development and Mass Communications of the Russian Federation (see AA 4.1 «Information Society Development Management»). These facts clearly demonstrate sources of inefficiency in the use of the subprogramme's funds.

Conclusion

The analysis of federal projects of the «Information State» Subprogramme of the State Programme «Information Society» allows us to mention as recommendations for increasing its efficiency the need to follow clearly the requirements of the Federal Law «On Strategic Planning in the Russian Federation» (The Russian Federation Government Law of June 28, 2014. N 172-FZ).

This refers primarily to the principles of strategic planning such as:

- principle of unity and integrity, (In case of federal project «Information Society» subprogramme this principle is broken), consistent with the programme-approach principle;
- principle of continuity and sustainability (development activities are often for the «Information Society» subprogramme, but their future is not clear);
- principle of transparency (if the planning processes of the «Information Society» subprogramme were public, many of disadvantages would be eliminated. But the officials responsible for this subprogramme (as well as other subprogrammes and programmes) are not interested in detailing expected indicators that require demonstration of very particular results). This way it is a matter of the responsibility of the strategic planners;

- principle of measurability of goals (using mainly quantitative indicators);

- other.

Thus strict adherence to the principles of strategic planning will substantially reduce the potential in the implementation of subprogrammes, programmes and state programmes of the Russian Federation as a whole.

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Comparative analysis of Russian crowdlending platforms

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Abstract. The study summarizes the main findings from the analysis of the leading Russian crowdfunding platforms in a three-year time interval. The purpose of the study is to identify the features of functioning of the largest Russian investment platforms in the p2b lending segment. The paper highlights the specifics of the p2b market in Russia and the factors of attractiveness of crowdlending for borrowers and investors. The p2b market in Russia is at the stage of initial institutionalization; the paper provides practical recommendations aimed at increasing the security and transparency of financial transactions done through investment platforms.

Keywords: crowdlending, investment platforms, Bank of Russia, p2b market, crowdinvesting.

JEL codes: G11, G21

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Introduction

Crowdlending has long been successful in the West and is now beginning to gain popularity in Russia. For instance, analysts estimate that the global p2b lending market has grown by more than 1000% over the past four years, reaching \$119 billion in 2018, and is trending to grow further (Laptev, 2018).

Note that crowdlending is part of the larger crowdfunding market.

The Bank of Russia identifies four segments of crowdfunding:

1. P2P lending: the investor and the borrower are individuals. The p2p lending market size for 2019 decreased for 70%, from RUB 268 mln to RUB 80.6 mln.
2. P2B lending: investor – individual, borrower – organization. The p2b lending is the largest crowdfunding segment: it grew from RUB 4 bln in the first nine months of 2018 (excluding unscrupulous market players) to RUB 4.1 bln in 2019.
3. B2B lending: the investor and the borrower are organizations. The largest drop in the volume of funds raised was in b2b lending – by 80.5%, down to RUB 860 mln (versus RUB 4.4 bln in 2018). But the downward trend is not new – in 2017, this segment had RUB 6.3 billion.
4. Crowdfunding for rewards: funds are raised for purposes or projects and return in a non-financial form. The Rewards crowdfunding sector remained traditionally stable in 2017. 2.5 thousand projects were financed, almost RUB 163 mln was raised for them. The average amount raised per project was RUB 53,036,

the average funding per successful project was RUB 66,485. For 2019, this segment grew insignificantly – from RUB 129 mln to RUB 132 mln (Bank of Russia, 2018).

The analysis of data in Table 1 shows that the lion's share of deals in the Russian crowdfunding segment belongs to p2b lending (see Table 1). The mechanism of p2b-lending is quite simple – the investment platform aggregates investment offers of entrepreneurs on the one side, and on the other side – temporarily free funds of individuals usually, thus acting as an intermediary.

Table 1 – Crowdfunding volumes by type of project lending (classification of the Bank of Russia), mln RUB

Type of project lending	2018 (9 months)	2019 (9 months)
p2p	268	81
p2b	4000	4100
b2b	4400	860
Rewards	129	132

Source: Savalei, 2021

Total volume of p2b lending market in Russia in 2020 according to expert estimates was at about RUB 7-7.5 bln.

To date, Russia has 47 investment platforms included in the register of the Bank of Russia (no more than 10 of them are actively operating in the market) (Bank of Russia, 2021).

Study structure:

- The Sources and Methods section presents and substantiates the research methods used and highlights the goals and objectives of the study;
- The Results section contains the main results of the study;
- The Discussion section provides the analysis of the obtained results;
- The last section contains a description of the practical relevance of the study in addition to the key conclusions.

Methodology

The purpose of the study is to identify the features of functioning of the largest Russian investment platforms in the p2b lending segment.

The study addressed two objectives:

1. To analyze the leading crowdlending platforms in Russia in 2018-20, highlighting their features;
2. To demonstrate the specifics of the Russian p2b lending market, based on the analysis of the largest players in this crowdfunding segment.

Methodological research basis

Source data:

- public information presented on the websites of the operators of the investment platforms analyzed in the research;
- registry of operators of Bank of Russia investment platforms, organization verification services (<https://www.rusprofile.ru/>, etc.).

Study boundaries: 2018-2020, Russian Federation.

Results

Our research analyzed 9 leading crowdlending platforms in Russia in 2018-20 (Table 2, Fig. 1).

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Table 2 – Comparative analysis of the largest crowdlending platforms in Russia, 2020

Platform name	Loan terms and conditions	Number of investment proposals, pcs.	Financial performance results, RUB	Total volume of investments attracted using the investment platform by means of a loan, RUB	Features
Platforma №1	<p>Application submission: a loan to secure participation in the procurement. Up to RUB 7.5 mln, from 18% per annum, up to 60 days.</p> <p>Contract performance: a loan for the performance of a contract. Amount up to RUB 15 mln, from 18% per annum, up to 180 days.</p> <p>Contract performance: a loan secured by rights of claim on the completed procurement. Amount up to RUB 15 mln, from 18% per annum, up to 120 days.</p> <p>Average loan rate: 25 %</p> <p>Average loan term: 165 days</p>	25	-16.769 mln	62,764,744.69	Specializes in raising finance for SMEs that participate in and perform commercial and public procurement
Co-Fi	<p>Maximum loan: RUB 3 mln.</p> <p>Loan term: up to 36 months.</p> <p>Loan rate: 15 to 25%</p> <p>Platform commission: 5%</p>	0	-7.428 bln	0	Russia's first crowdlending platform for raising collective investments in creative projects

Karma Technology	Loan amount: RUB 1-5 mln. Loan term: 3-12 months Loan rate: 15%-22% per annum (depends on borrower's reliability rating, amount, loan term, etc.). Platform commission: 4.0% per annum of the maximum loan amount and for the entire term of the loan as specified by the Borrower in the Preliminary Application, but not less than RUB 50,000.	86	-1.790 mln	274.432 mln	
Gorod Deneg	Loan amount: RUB 100,000-15,000,000 Loan term: 1-36 months Loan rate: calculated individually (depending on the internal rating, above 20%). Platform commission: 3-6% (depending on project duration, number of projects).	68	- 42.557 mln	155,890,000	Part of the Mikro Kapital Group, which specializes in finances and investment and brings together companies in Europe, Russia, and Asia
Platforma Kapital (renamed in Kolesnik. Investitsii, 4/30/21)	Loan amount: RUB 1-30 mln. Collateral: immovable property. Financing up to 60% of the collateral value. An additional guarantee is possible. Loan rate: 17% per annum. Platform commission: 4% of the loan amount (incl. a RUB 15,000 advance payment, which is transferred	4	-0.483 mln	16,248,333	

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	prior to the application. Upon loan disbursement, the fee of the Platform is reduced by the amount of the advance payment). Loan term: 6-60 months.				
VDELO	Loan amount: RUB 50,000-1,000,000,000 Loan rate: the interest rate is calculated based on the project rating. Rate scale: rating less than 5 — 18%, rating 5-6 — 15%, rating 7-8 — 13%, rating 9-10 — 11%. Platform commission: the fee percentage depends on the loan disbursement period: up to 30 days — 1% 31-180 days — 1.8% from 181 days — 2.5%. Loan term: 20 days-12 months.	15	2.081 mln	71.700 mln	Borrowers can be private entrepreneurs and legal entities registered and operating in the Sverdlovsk Region
Money Friends	Loan rate: Rates are formed based on platform rating, from 18% per annum Platform commission: 3%	133	-0.219 mln	176,630,700	
Fair Finance	Loan amount: up to RUB 5 mln and 80% of the government contract Loan term: up to 12 months, repayment at the end of the term Loan rate: 18-32% per annum	15	-1.538 mln	28,278,901	

	Platform commission: predetermined amount of money depending on the size of the loan				
MD FINANCE	Loan amount: RUB 500,000-20,000,000 Loan term: 1-12 months Loan rate: 20-29% Platform commission: 1-3.5% (depending on the loan term).	474	0.335 mln	809.971 mln	A crowdlending platform focused on the execution of government contracts.

Source: composed by the authors

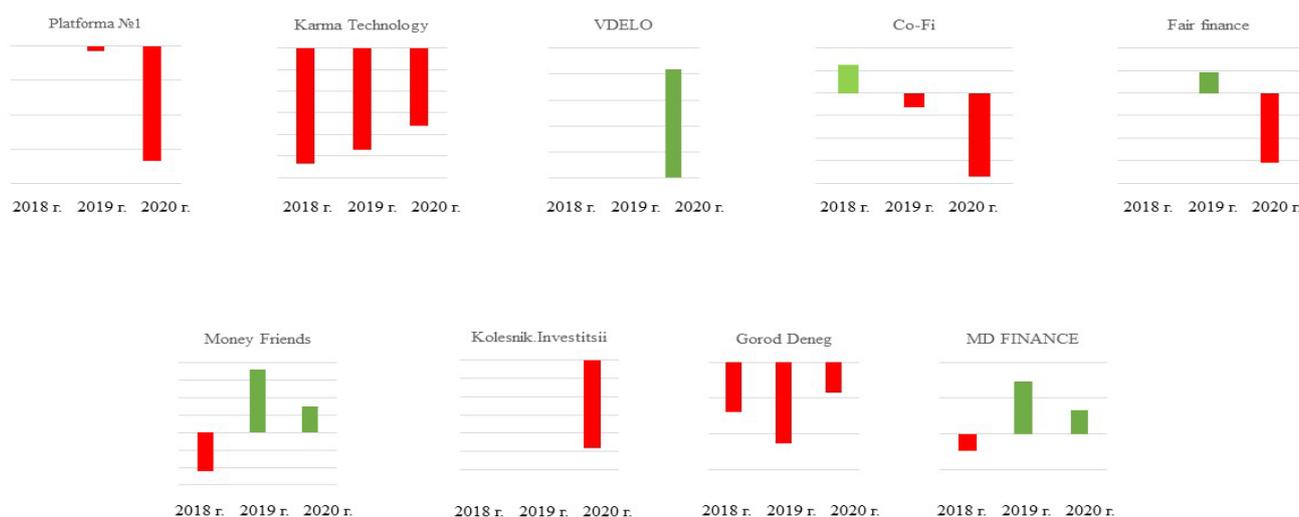


Figure 1. Financial results of leading crowdlending platforms in Russia, 2018-2020

Source: composed by the authors

Discussion

As a result of the study, we have identified features of the p2b-market in Russia.

1. All analyzed operators of crowdlending investment platforms are organizations of limited liability.
2. 6 of the 9 crowdlending platforms analyzed showed a decline in profits in 2018-2020; VDELO, MoneyFriends, MD FINANCE have a net profit by 2020. (Fig. 1).
3. The analyzed crowdlending platforms have a number of features in common:
 - high cost of borrowed funds (significantly higher than a bank loan)
 - a one-time fee for arranging and raising funds (avg. 3-5% of the loan)
 - fast lending decision (from 1 day)
 - short-term lending (up to 1 year)
 - emerging platform specialization: Platform №1 and MD FINANCE – government contracts; Co-Fi – creative projects, VDELO – entrepreneurs of a particular region
 - the largest crowdlending platforms are affiliated with the parent bank or group of investment companies (MD FINANCE, Gorod Deneg)

– few investment proposals that attracted investments using investment platforms in 2020 – only MD FINANCE and MoneyFriends have more than 100 offers per year

– Some crowdlending platforms use internal scoring and rating systems for borrower assessment (Karma Technology, Gorod Deneg, VDELO, MoneyFriends)

4. Russian crowdlending platforms are attractive due to a number of factors:

– simplicity and speed of fundraising application procedure

– no hidden fees

– online loans with a minimum set of documents

5. Only one of the nine platforms analyzed uses blockchain technology – Co-Fi. Blockchain is not used to ensure the security and transparency of financial transactions themselves, but to organize the circulation of rights and intellectual property objects built on the principles of a distributed registry. The analyzed crowdlending platform works together with the IPChain project, which allows it to trace the history of an intellectual property object throughout its life and works with any type of object: copyright, utility models, trademarks. The blockchain technology within the Co-Fi/IPChain platform has, above all, helps overcome the crisis of trust in intellectual property:

– the creation and circulation of rights to the intellectual products have become more transparent;

– the right holders are protected, primarily in terms of fair reimbursement or reward;

– the procedure for resolving intellectual property disputes has become simpler, including through pre-trial settlements and obtaining full information about the disputed object through the digital infrastructure (Bank of Russia, 2021).

Conclusion

The findings show that for borrowers, the ability to raise funds through crowdlending platforms is seen as an overdraft with short repayment intervals. Any delay in performance of obligations results in a significant increase in the debt burden for the borrower.

For investors, crowdlending platforms are a high-risk (significant number of delinquencies within the investment portfolio) and high-return (significantly higher than passive deposit income) investment tool. All additional fees, commissions (including taxes) are shifted from the investor to the borrower. The most popular among investors are platforms working with government contracts (considered by investors as a factor reducing the risk of delinquency).

All in all, the stage of institutionalization where the p2b-market in Russia is now (such as specialized investment platforms; unified operating environment of the platforms; a complex, small, and high-risk market) encourages players in this crowdfunding segment to promptly search for and implement new development tools. In our view, blockchain is one such tool that can significantly increase the attractiveness of investment platforms in Russia. Integrating blockchain technology into an ecosystem of investment platforms will ensure the security and transparency of all financial transactions: the entire chain of transactions and the current list of owners of financial assets (borrowers and lenders) will be stored as an immutable record in a distributed registry.

We hope that this work will stimulate a new wave of applied research of crowdfunding in Russia.

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Economic cooperation of the Northeast China and the Far East of Russia under new conditions: status, capacity, and supply

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Abstract. A major theme of regional economic cooperation between China and Russia has always been promoting the steady development of cooperation between China's Northeast and Russia's Far East. This paper analyzes the new successes and new benefits of economic cooperation between the two regions. The Northeast China and the Far East of Russia are considered to be economically dependent on each other. The development of Russia's Far East and an important window for China's opening up to the north, the economic cooperation of China-Russia region, especially the cooperation between Northeast China and Russia's Far East, is improving steadily, and the areas of cooperation are expanding. It has become a foundation to further improve the cooperation between both sides..

Keywords: Northeast China, Russia's Far East, regional economic cooperation, opportunities, proposal.

JEL codes: F01, R11

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Introduction

Northeast China shares the border with Russia's Far East. In recent years, trade and economic cooperation in these regions has been extremely lively between China and Russia, and this cooperation has yielded fruitful results. In particular, the "Program of Cooperation between the Northeast of the People's Republic of China and the Far East and Eastern Siberia of the Russian Federation (2009-2018)," signed by China and Russia in September 2009, and the "Program for development of Russian-Chinese cooperation in trade, economic and investment spheres in the Far East of the Russian Federation (2018-2024)" were signed by Xi Jinping and Vladimir Putin in September 2018 during the 4th Eastern Economic Forum and ratified during the 23rd regular meeting of the Prime Ministers of China and Russia on November 7 of the same year. It showed the sustainability of economic cooperation between China and Russia, but also greatly contributed to the development of trade and economic cooperation between China and Russia. Moreover, the regional cooperation between China and Russia has a new platform to develop in the new situation. With the new comprehensive actions in Northeast China and the development of Russia's Far East, the regional economic cooperation between the two countries is developing rapidly, and will continuously strengthen the practical cooperation between the two sides in various fields.

Main Part

1. Development of Sino-Russian regional economic cooperation under new conditions

Russian President Vladimir Putin believes the Far East of Russia is very important, particularly its development strategy, and has signed a number of strategies and programs to develop the region. To accelerate its development, the Russian government has established the Territories of Advanced Socio-Economic Development (TAD) and the Free Port of Vladivostok (FPV) in the Far East, and actively supports the development of economic cooperation of the Far East of Russia with the Northeast Asia (Northeast Asia), especially with the Northeast China. Since 2016, China has been taking a range of measures to revive the old industrial base of the Northeast. Especially, the report of the 19th CPC Congress stressed to deepen the reform and revitalize old industrial bases in Northeast China. It urged to focus on implementing the Belt and Road Initiative, guided by the principle of "joint consultation, joint construction, and joint usage", to form architectonics of openness featuring cooperation on land and sea, in China and overseas (Xi Jinping, 2017). It not only promotes regional economic cooperation between China and Russia, but also brings new opportunities and gives a new impetus to the cooperation between Northeast China and the Far East of Russia.

In recent years, the level of trade and economic cooperation between China and Russia has been continuously increasing, there are additional advantages and mutual benefits coming from the cooperation. Since 2000, the trade turnover between China and Russia has demonstrated stable and rapid growth. According to Chinese statistics, Sino-Russian trade turnover was 107.77 billion USD in 2020. The total amount of the company's assets exceeded 100 billion USD for the third year in a row. China has been Russia's largest trading partner for eleven consecutive years. At present, the cooperation between Northeast China and the Far East of Russia is reaching a new level of development. For a long time, Russia's development of the Far East has been limited by a serious lack of funds, and so it hopes to expand investment from China in various areas of the Far East. Thus, in recent years, China has gradually increased its investment there. At the end of 2019, investments by 52 companies with Chinese participation in FPV and TAD projects in the Far East exceeded 300 billion RUB (Integrated Foreign Economic Information Portal, 2019).

It is worth mentioning that the transport interconnection guarantees economic cooperation in the adjacent eastern regions of China and Russia. Transport infrastructure is an important carrier of industrial interaction and inter-regional economic relations. Railway transport plays a huge role as the main pulse of economic development (Guo Liancheng, 2007). The construction of the Primorye-1 and Primorye-2 international transport corridors (ITC) is now actively promoted in the Far East of Russia. It is an important international channel between the Northeast China and the Far East of Russia. The two neighboring areas now form an integrated transport system comprising land, water, air, and pipeline transport.

In general, the Sino-Russian cooperation is gradually expanding from resource development to high-tech fields such as aerospace, nuclear power, space exploration, Arctic exploration, digital economy, military industry, and advanced industrial equipment manufacturing. At the same time, the economic development and cooperation of the two adjoining regions is not just necessary, but it is also a fundamental shift in the development concept and model of the Far East of Russia. First, the two sides have complementary resources, and this is a solid foundation for economic cooperation. Second, the development of the Far East is not only self-reliant; at the same time, it is necessary to follow the principles of market economy and improve the regional economic cooperation. Third, the development of the Far East of Russia can contribute to the revitalization and development of the Northeast China.

2. New cooperation opportunities between the Northeast China and the Far East of Russia

2.1 Favorable political relations made the economic cooperation between China and Russia possible

Currently, the two countries have a high level of political mutual trust and a solid cooperation base. China and Russia believe their relationship is now at its best period in history. Sino-Russian trade and economic cooperation is based on deep political relations. The development of trade and economic cooperation is an important factor in strengthening relations between China and Russia, as well as the cornerstone of partnership and strategic cooperation between them. In recent years, Sino-Russian trade and economic cooperation has developed rapidly and reached a new level in history moving from "the relationship of strategic cooperation and partnership" to "the relationship of comprehensive partnership and strategic cooperation, entering a new

era". In an article published in the newspaper *Rénmín Rìbào*, the Russian President Vladimir Putin noted that "the strategic partnership between Russia and China is an effective factor that strengthens regional and global stability." He said that Russia and China have made significant progress in all areas, both countries have now reached the deepest relationship in history, all agreements are being fulfilled." 2021 marks the 20th anniversary of the Treaty of Good-Neighborliness and Friendly Cooperation Between the People's Republic of China and the Russian Federation (FCT). It is also the year of its extension. Since the beginning of a new era in Sino-Russian relations, it is particularly important for both countries to strengthen trade and economic cooperation to continue developing the relationship. The interaction of Sino-Russian eastern adjoining regions plays an increasingly important role in the comprehensive strategic partnership between the two countries.

2.2 Parallel implementation of the Northeast China Revitalization Strategy and the Socio-Economic Development Strategy of the Far East of Russia opens up new opportunities for bilateral cooperation

The trade and economic cooperation of the eastern adjoining regions between China and Russia has yielded fruitful results. They are closely related to each other and are the key regions of economic cooperation between the two countries. Program of Cooperation between the Northeast of the People's Republic of China and the Far East and Eastern Siberia of the Russian Federation (2009-2018) has greatly contributed to the development of trade and economic cooperation between China and Russia. Now the regional cooperation of both sides has a new basis for development (Diao Xuhua, 2018).

There is a new round of national strategies – China's Northeast Revitalization Program and Russia's Far East Development Strategy. April 26, 2016, China released Some Considerations of the CPC Central Committee and State Council of the People's Republic of China on Comprehensive Revitalization of Old Industrial Bases in Northeastern and Other Regions, noting that it plans to strengthen the infrastructure connectivity of the northeast and neighboring countries, making these areas an important window for China's opening up to the north and a hub for promoting cooperation in Northeast Asia. The country is to advance the construction of the China-Russia-Mongolia economic corridor and tighten the Northeast China Revitalization Program and the Russia's Far East Development Strategy. All this provides favorable conditions and guarantees for deepening Sino-Russian cooperation, especially between the Northeast China and the Far East of Russia, and promotes the cooperation between them in transportation, energy, and infrastructure.

As Russia works closer with the East, the cross-border cooperation between its Far East and Northeast China strengthens. Geographical advantages and mutual convenience of transportation of the two countries open favorable conditions for cooperation of Northeast China with the Far East and even Siberia of Russia (Zharikov, 2018). At present, 23 TADs (Russian Far East and Arctic Development Corporation, 2021) and the FPV have already been established in the Far East of Russia. It opens Russia up for cooperation with Northeast China, forms mutually beneficial relationships and joint development.

2.3 The EAEU and SREB cooperation also lets China and Russia work together economically in the regions

The Belt and Road Initiative is a new facilitator of the regional economic cooperation between China and Russia. Among other important agreements that help develop and deepen further the economic cooperation between China and Russia are Joint Statement on Cooperation on the Construction of Joint Eurasian Economic Union and the Silk Road Projects, signed in May 2015, and the Agreement on Trade and Economic Cooperation between EAEU and China, signed in May 2018. The SREB and EAEU construction cooperation means that the two countries have reached a high degree of consensus on strengthening regional cooperation. It is not only a rational choice for the two major powers, but also a symbol of new progress and important breakthroughs in cooperation on major international and regional issues between China and Russia. It will give a strong impetus to regional economic development and cooperation between them, also promoting an open and inclusive framework for regional economic cooperation.

2.4 Russia's Look East Strategy stimulates the development of Sino-Russian regional cooperation

After the start of the Ukrainian crisis in 2014, Russia's strategic focus turns from Europe to the East. Russia is pursuing a policy of "looking to the East". APAC is the driving force of global economic development; it opens up huge opportunities for Russia. Russian President Vladimir Putin says that Russia considers

strengthening its position in the APAC and intensifying relations with the its countries to be strategically important in the foreign policy of Russia, which is due to Russia's belonging to this dynamically developing geopolitical region. Russia wants to actively participate in integration in the Asia-Pacific region, use its opportunities in implementing socio-economic development programs in Siberia and the Far East, create a comprehensive, open, transparent, and equitable architecture of security and cooperation in the region on a collective basis (The Ministry of Foreign Affairs of the Russian Federation, 2016). In recent years, to mitigate the negative effect of the US and EU sanctions, Russia has accelerated its "turning to the East," with a particular focus on developing of close cooperation with China. Evidence shows that after the West imposed sanctions, Russia started building closer political, economic, and military ties with China.

In addition, the idea of the Greater Eurasian Partnership, which Russia has started to promote since 2016, in practice further promotes Russia's "turning to the East" strategy. In the long term, the goals and guidelines of the Russian idea of the Greater Eurasian Partnership and China's Belt and Road Initiative are much the same. And China supports the Greater Eurasian Partnership initiative. Two parties believe that the Belt and Road Initiative and the idea of a Greater Eurasian Partnership can develop in parallel and in a coordinated manner. This promotes Sino-Russian regional economic cooperation, especially the cooperation between Northeast China and the Far East of Russia.

3. Reflection and proposal on accelerating cooperation between the Northeast China and the Far East of Russia

Interregional cooperation between China and Russia has entered the stage of accelerated development. Northeast China has already become the main trade and economic partner of the Far East of Russia. The development of the Far East of Russia starts a new round of revitalization of the Northeast China, and vice versa. As an important northern opening window of China's Belt and Road Initiative, the Northeast China needs to cooperate in several aspects with the Far East of Russia, which helps both countries.

3.1 Accelerating cooperation in constructing Northeast China Free Trade Zones and Far East TAD and FPV

Creating two experimental free trade zones in Northeast China is an important step in promoting a new round of revitalization and opening up of the Northeast China. Northeast China has to actively participate in the construction and development of Russia's TAD. Both parties have complementary advantages in people, technology, and resources. Currently, there are 11 TADs in the Far East located in the border area with China, and Chinese enterprises have certain geographical advantages for entry and cooperation. It presents favorable opportunities for Chinese companies. In addition, Russia is comprehensively developing the port economy in the Far East and seeks to turn the FPV into its "eastern gateway". At the same time, Russia is investing huge sums of money in the development of natural resources and the construction of transport infrastructure to fully support the development of the Far East and Siberia. In the near future, a number of investment projects that shall drive the economy of the Far East will be implemented within TADs and FPV. This, too, presents favorable conditions for cooperation on both sides.

Therefore, it is necessary to deepen bilateral economic cooperation by creating experimental free trade zones in China's Heilongjiang and Liaoning provinces. In particular, the advantages of Northeast China in equipment manufacturing should be taken advantage of, so that enterprises with financial and technological advantages will invest their capital in TADs and FPV.

3.2 Continuous deepening of cooperation between Northeast China and the Far East of Russia through the construction of China-Mongolia-Russia Economic Corridor

China-Mongolia-Russia Economic Corridor is an important gateway and an important bridge linking Northeast Asia and Europe. This economic corridor can connect with the first Asian-European continental bridge (Trans-Siberian Railway) from Dalian, Shenyang, Changchun, Harbin, Manchuria to Chita, which can connect the Northeast China region with Moscow and the Far East of Russia. China-Mongolia-Russia Economic Corridor passes through less countries, it takes less time and customs duties compared to the new Asian-European continental bridge, which is why transport costs can be saved, and so this makes it a new economic passage.

In this way, the Northeast China can expand international logistics channels to strengthen regional cooperation among themselves. Firstly, it is possible to deliver cargo from Yingkou Port and Dalian Port to Manchuria Port via the Liaoning-Manchuria-Europe international freight routes and then to Russia and European countries. Secondly, it is possible to deliver goods from Dandong, Jinzhou, and Panjin Ports to Russia via Mongolia along the Liaoning-Mongolia-Europe international transport corridors and then to Europe. This reduces the pressure on transit across the Manchurian border and also the distance of cargo transportation between China, Mongolia, and Russia. Therefore, both countries should accelerate the development of cross-border logistics between the Northeast China and Far East of Russia in the future. Thirdly, the traffic and freight train volume of the Liaoning-Manchuria-Europe and Liaoning-Mongolia-Europe transport corridors should be expanded. On this basis, it makes sense to continuously deepen the trade and economic cooperation between the Northeast China and Far East of Russia to help logistics companies recover from the Covid-19 coronavirus crisis with the least losses.

3.3 Accelerating the land-sea-ice transport coordination between the Northeast China and the Far East of Russia, expanding the new multimodal transportation scheme between the two countries

The interconnection of transport infrastructure is a priority of the Belt and Road project, and is also an important foundation and prerequisite for deepening cooperation between the Northeast China and the Far East of Russia. The Northeast region should take full advantage of its strengths in transportation, combined land and sea transportation, port logistics, etc., and expand multimodal transportation so that transport interconnections deepen in the process of trade and economic cooperation between the two countries.

First, the Northeast region should accelerate cooperation on interfacing the construction of the Primorye-1 and Primorye-2 to unlock multimodal transportation channels. These two ITCs can connect seaports in the Northeast China and the Far East of Russia, shorten transportation distances, improve cargo transportation conditions between China and Russia, and accelerate cargo transportation between the two countries, so they are effective and promising transport corridors. At the same time, it is also possible to send combined transport goods directly to Japan, the United States and other countries, which can further promote the process of trade and economic cooperation among each other.

Second, connect the sea route from Dalian port with the FPV to take full advantage of sea transport. Dalian port is an important crossing point of Silk Road Economic Belt and the Maritime Silk Road, it has a large volume of cargo transportation. FPV implements comprehensive openness under preferential agreements, single window transit services, and a 24-hour operation mode, so there is an increase in the efficiency of customs clearance at the port. This sea route can significantly reduce transport costs and transportation time between both sides, and help increase the level of trade and economic cooperation between the Northeast China and the Far East of Russia

Third, the Northeast China should actively participate in the construction of the Northeast Passage of the "Ice Silk Road" to promote connectivity between Europe and Asia. For this purpose, we should support and promote the construction of the Liaoning-Arctic-Europe transport corridor, which is a promising route from Dalian Port and Yingkou Port to Europe via the Arctic.

Fourth, it is important to build a new Liaoning-Hunchun-Russia railway from the port of Dandong of China's Liaoning Province to the port of Vladivostok of the Far East of Russia through the port of Hunchun, as well as a large Sino-Russian international shipping channel from Dalian to Novosibirsk to expand the Eurasian land channel.

3.4 Improvement of energy cooperation, deepening and strengthening of trade and economic cooperation between the two countries

Energy cooperation is a key area of China's involvement in the development of the Far East of Russia at present and in the future. Not only China and Russia need it, but it is also an inevitable choice in international energy cooperation. China and Russia have mutual interests in energy security. Energy cooperation on both sides makes an important contribution to global energy security. In recent years, the parties have made progress in implementing large-scale strategic projects in the energy sector.

In the future, we should exploit the capital and technological advantages of the Northeast China, deploy

more diverse energy cooperation with the Far East of Russia, and gradually make the transition from natural resource exploitation to resource regeneration. First, traditional energy import and export cooperation should be expanded, and the capacity of oil pipelines between China and Russia should be increased. Second, energy cooperation between the two sides should be continuously deepened to ensure that this energy cooperation extends along the entire production chain: from exploration and production of hydrocarbons, to refining and production of petroleum products and petrochemicals, etc. To this end, we need to promote the Amur-Heihe oil products refining, storage, and transportation complex project and cooperation in energy technologies at a deep level. Third, actively develop cooperation in the petrochemical industry with the Far East of Russia. Fourth, we need to promote cooperation in the development of natural gas in the Arctic, including participation in the Yamal LNG, Arctic LNG-2, and Pechora LNG projects, etc. Fifth, it is necessary to expand electricity cooperation between the Northeast China and the Far East of Russia, especially actively develop cross-border power transmission line and electricity infrastructure of both sides to ensure uninterrupted power supply to power-deficient regions of China. In addition, new sectors such as solar energy, geothermal energy, ocean energy, and biomass energy are possible areas of cooperation between the two parties.

Conclusion

It should be noted that apart from the above-mentioned areas of cooperation, bilateral cooperation also includes such areas as high technology, infrastructure, equipment manufacturing, agriculture, fisheries, tourism, e-commerce, services, etc. that have significant potential for cooperation. And therefore, the Northeast China and the Far East of Russia have wide prospects for cooperation.

Thus, we can conclude that the economic cooperation between both sides will be even closer in the future while the development of the Far East of Russia continues, and the China's window to the north opens, especially based on the economic structure and economic development needs between the Northeast China and the Far East of Russia. With the implementation of Russia's Eastern development strategy and the further acceleration of the comprehensive activation of Northeast China, the close cooperation between the two sides shall deepen even further.

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Regional competitiveness: financial component (in Yaroslavl region, Russia)

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Abstract. The paper considers improving the financial competitiveness of the regional economy. It looks into the economy of Yaroslavl, a Russian region, as an example. The paper urges the regional government to increase regional budget revenues and the federal authorities to change the macroeconomic policy in managing the federation subjects.

Keywords: regional economic competitiveness, regional budget, regional budget replenishment advice, macroeconomic policy on regional governance.

JEL codes: R11, R53, R58

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Introduction

Russia is a federal state with a very important task to increase the competitiveness of each of its subjects as a factor in increasing the competitiveness of the national economy as a whole. Three years ago, Vladimir Putin, the President of the Russian Federation, tasked the country to become one of the five strongest economies in the world. This required switching over to the exhausting country development, which meant, as the experts showed, to improve annual economic growth rates over 6 percent. The government obviously required the same growth rates of gross regional product (GRP) from the regions. Unfortunately, it is well known that the country ignores the plan, as well as the absolute majority of its regions. The real economic growth rate in Russia is within one percent, i.e., within the statistical margin of error, several times lower than the global average rate, which creates even a larger gap between the leading countries and Russia (Zyuganov, 2021). Naturally, the dynamics of GRP in most regions of Russia, including the Yaroslavl region, which is the object of our study, demonstrates the same quasi-zero rates.

Is this task even possible? Almost all publications of experts show that this task not only reflects an objective need of the country, its economy, and population, but is actually possible due to our huge natural and relatively good human resources. As for the regions, we should also point out real examples of achieving a six percent increase in GRP, even if they are still exceptions, but very real. One of such examples is the Irkutsk region during S.G. Levchenko's governorship (2015-2019).

The mentioned region is quite similar to Yaroslavl region in terms of a number of socio-economic parameters. But why did Irkutsk region overcome the 6% GRP growth rate during those years, while it seems unattainable for Yaroslavl region? The experience of the Siberian region can provide many components of the answer to this question, but an important one among them, we believe, is to the financial component. When Levchenko took the Governor office, the revenues and the total budget of the Irkutsk region amounted to 97 billion rubles, and when he left the office, it was already 212 billion. But in the Yaroslavl region, approximately in the same years (Governor D.Yu. Mironov in 2016-2021), the revenues of the regional budget were just under 70 billion when he took the office and remained approximately the same in each of the next five years, while the budget debt amounted to 40 billion, which means that the Yaroslavl regional budget had 86% less funds for all expenses than the Irkutsk budget. Of course, it provides no way to finance the urgent tasks of the region's development and the quality of life of Yaroslavl citizens.

Main Part

Over the years, for example, one of the experts was giving interviews and comments to the reporters of the regional version of *Argumenty i Fakty* newspaper on some social and economic problems of the Yaroslavl region (Arkhipova, 2016; Danilova, 2016), the comments reflected that it was almost impossible to solve these problems due to insufficient revenues of the regional budget.

For example, the public transport fare is a tough topic for Yaroslavl citizens. In the post-Soviet period, it grew five times faster than the wages in the region – 6900% fare growth rate against 1250% wage growth rate (Loseva, 2021). When in 2017, the local authorities decided to renew the minibuses fleet, and as a result, the fare increased once again, the passengers were not fond of it. Many of them reminded that in other regional centers, the fare is noticeably cheaper. One of the notes mentioned that even the increased fare does not fully cover the costs of the carrier, they must either raise the fare even higher, or the local government must compensate them for the costs. But there are no funds in the local budget for such compensation. This happened because the region has almost no high-tech and highly competitive manufacturing enterprises being built that would pay tax on profits to the local budget to improve the well-being of people, including the abolition of fares.

The problem of public transport fares became even more acute in 2019, when the Governor and regional Duma (Council) elections set in stone the names of the regional managers, and the local government raised the fare on both the tram, trolleybus, and bus to 28 rubles instead of 23. The reporter who asked to comment on the situation believed that it was only a matter of inaccurate calculation of the tariff by the authorities (Loseva, 2021). Then we shall keep in mind that the calculation of the fare leads to the same numbers as the authorities, in a sense, because carriers themselves expected them to 32-33 rubles. Another thing is that the local authorities have the right to cancel the fare, reimbursing the costs of carriers from regional and municipal budgets (for example, Moscow does it for the retired citizens of the capital, and so did the Yaroslavl region in the first post-Soviet years, which was decided by the last regional Council of People's Deputies). If only the local treasury had the money to do it. But it lies barren. Therefore, it is just and necessary to criticize local administration for their poor work in filling the budget, and not for the specific fare, as suggested by the reporter and some region residents.

It is not by accident that Yaroslavl citizens are increasingly dissatisfied with the transport reform recently carried out by the administration of the regional center. The minibuses were removed as a result, people have to wait for their bus longer now, there is no way to squeeze into buses during rush hours, and in the evenings or at weekends, they might never arrive at all. The citizens comment the Instagram post of the new interim Governor M. Evraev, and rightfully so, in our opinion: «Bring everything back the way it was before the reform, and don't try to improve what has already been a resounding fiasco» (Denisov, 2021).

Another large issue is the level of income, salaries, retirement money of the Yaroslavl region citizens. In 2018, the Institute of Nutrition published a paper on the unhealthy obesity of an increasing share of Russians due to irrational diet. It noted that the Yaroslavl region citizens are, on average, significantly more obese than an average Russian, and the share of the obese people grows ever larger (Savicheva, 2019). In the financially difficult times, the Yaroslavl citizens have to survive, save money, not eat healthy food. The population consumes not the healthy food products, but their cheaper counterparts or even counterfeit. In this regard, let us note that the income of the Russians, including Yaroslavl citizens, within different demographic groups (not the average statistics), is falling for the absolute majority of people, while the income of the already rich ones are earning even more, and fast. Russia is now virtually the leader among two hundred countries in the world in terms of the gap between the rich and the poor. A top manager of a large oil and gas company earns in one day what a teacher or a doctor is able to earn in 400 years, i.e., 10 working lives. What's a poor man's diet to worry about? Besides, 1,986 factory canteens that fed cheap and fresh domestic meat without any preservatives are gone with the Soviet Union – now they have been replaced by irregular stressful eating and dubious sweetened sodas instead of a proper meal (Losev, 2021).

Another issue is the quality of life – the results of the study in Russian cities conducted by the Financial University under the Government of the Russian Federation showed that Yaroslavl was 7th to last in terms of quality of life (Vasilyeva, 2019). The reporter's question to one of the experts was: why Yaroslavl residents

are not satisfied with the components of urban life, nor with the level of their own income. Admittedly, local officials have to look for the reason in themselves, in the relatively low level of managerial professionalism of the Yaroslavl authorities. For example, for 30 post-Soviet years, it cannot refurbish the roads in the regional center; only 17% of Yaroslavl citizens are satisfied with their condition. Moreover, the construction of one kilometer of roads in Yaroslavl costs more than 900% of what Finland spends on it, for instance, and more than 3900% of Canada's spending, although they also have to deal with snow, ice, and rain, which Yaroslavl administration prefers to name as the number one reason for issues with roads in Russia. But the Canadians never pave the road in rain and snow – the quality of the road is maintained for 15 years, and within this period, any crack or a pothole is fixed solely at the expense of the contractor, and not the authorities. Of course, we can blame our legislators that any swindler without technology and appropriate staff can win a construction contract through a competition. But even amid this madness all over the country, in terms of road quality, Yaroslavl managed to become worse than others, which means that monitoring the quality of construction work, unfortunately, is skipped or done worse than in other regions of the country. By the end of 2021, this had even resulted in the non-disbursement of significant money allocated from the federal budget for road construction and repair in the region.

According to the same study, only 19% of Yaroslavl residents believe that we have enough medical facilities and they provide adequate medical care. And the public health budget, even in the midst of a coronavirus pandemic, is being slashed compared to its already impoverished state. Why? Because the budget itself is awfully small. And why is it small? Because we the investments in the real sector of the Yaroslavl economy and manufacturing are negligible and stale, resulting in reduced tax revenues to the regional budget from the profits of enterprises, which, among all things, are used for public health. The result of the mentioned study is shocking – 91% of respondents in Yaroslavl in the coming years are moving to another place – it is an indicator of social disadvantage of the city and the region (Vasilyeva, 2019). Note that the region center is located on the banks of the beautiful Volga River and is deservedly recognized as the capital of the Golden Tourist Ring of Russia.

And even earlier, RIA Rating agency experts analyzed the level of spending on housing and utility services in different regions of Russia and noted that the Yaroslavl region was among the regions where household payments hit the family budget the hardest. The expert had to tell the reporters (Zverev & Patrusheva, 2018) that the reason for such unaffordable prices for utility services is the social and economic policy of regional authorities under unfavorable objective conditions. For example, retired citizens began to spend 33% of their pensions on utilities, and some even more, and there is not enough money for medicine. This happens mainly because the regional and city authorities have no clear aim and are only asking «what do you want?» from the state government instead of answering to the people. For example, the local administration likes to boast about Yaroslavl's pharmaceutical cluster in various reports to the top brass – is it really a starting point for the region's socio-economic development? After all, tens of thousands of people from the defunct machine-building plants have been unemployed for three post-Soviet decades, and the cluster solves the problem of just a few hundred jobs – so the mountain is in a proverbial labor. And the medicine prices have not been reduced, although it was promised by officials. Moreover, the laziness of officials, as convincingly demonstrated by experts, leads to unused federal funds allocated for cluster development. In addition, in the first two post-Soviet decades, the material level of the average Yaroslavl resident was higher than in neighboring regions: Kostroma, Vologda, Ivanovo, Tver regions – and now Yaroslavl residents have sagged in revenues with a higher percentage, although in absolute terms they are still superior to their neighbors. What's next? If the officials now leave the population with their problem alone, people will refuse to pay the bills for utilities, and as a result, many will simply find themselves on the street, without a roof over their heads. And this process is already underway, with families being evicted from their apartments by court order for non-payment (Grishin, 2021).

Yaroslavl residents were also surprised by the data of the Regional Statistics Committee on the average incomes (Vasilyeva, 2019), as the absolute majority did not even reach that average. The reporter who asked to comment on the regional statistics report referred to the fact that, for example, in rural areas in our

region, there are traditionally low salaries, and there are still many retired people who have low incomes, so naturally the question is, where did the statisticians get a favorable figure. While agreeing that salaries in agriculture and pensions of our veterans are indeed miserable, the experts had to note that the data of regional statistics officers on average incomes are beyond doubt. After all, there are billionaires in our region (although in rubles), there are many of them among the officials of regional, city, and district administrations, top managers of banks and other private firms. Their monthly incomes are orders of magnitude higher than those of retired and rural population. This is where the prosperous average income came from. Unfortunately, this negative situation with huge income inequality, and thus social tension, did not change because of the local administration even though the head of the region was replaced (Gordeev, 2020). In addition, since the average income of Yaroslavl residents has been declining for the past eight years, the prices keep increasing, especially for food products, according to the data of the Regional Statistics Committee (Tsapurina, 2015).

A reporter had a similar question about statistical ambiguities when the leader of Yaroslavl trade unions S. Solovyov complained that the official statistics with its favorable socio-economic picture of the region's development does not correspond to the real situation (Vasilyeva, 2019). The experts had to note that, indeed, one can and should be offended by statistics in some respects and demand from the authorities to bring less political and ideological assignment to this purely calculated-economic affair. Still, the new industrialization plan announced by the President is not being implemented; it brings no new high-tech and well-paid jobs in the region, no increase in the tax inflow to the local budget from growing production. The reporter also drew attention to the confession of the trade union leader: in recent years, the number of workplace injuries with serious consequences has been growing in the region. To this, the experts had to say that the injury rate always increase in private organizations – they need to squeeze the maximum out of the employee to increase its profits. Economic science and world practice prescribe appropriate controls so that «the private sector does not get too aggressive». This is also controlled by trade unions. On the other hand, any business owner is interested in keeping unions out of such control. So, the authorities, the Duma members, and the government, should control it.

To answer the question about the income of Yaroslavl residents, one needs to refer to the general features of the region's economy (Savicheva, 2019). However, in terms of GRP, the Yaroslavl region is in the middle class among the Russian regions. But the region still has its own quirks: for example, although the income in our country keeps declining, it is more accelerated in the Yaroslavl region; the whole country is suffering because of terrible roads, but we have almost the worst roads. The situation is not getting any better. For example, the official website of the regional government states that the region is exceeding its housing construction plan. It is a pleasure both to have such a plan and to exceed it. However, the government does not mention that thousands of apartments that have already been built have no buyers – there is no money to buy them. Yaroslavl residents in need of apartments are entangled in credit traps and simply in loan debt. It turns out that local officials suffer from unsystematic decisions and failure to bring things to their logical conclusion. Another example – the website of the Department of Industrial Policy mentions an excellent regional target program for industrial development and improvement of its competitiveness. But how is this program executed? If only a quarter of the funding from the regional budget is actually used to promote investment activity and increase production of high technology products in the first six months, when it should be half the money planned for the whole year, it means that we work twice worse than planned, «cutting under the tree» for tomorrow's results. The same result – less than a quarter of the yearly target in six months – for subsidies for reimbursement of research and development costs in industrial production. And not a single penny was allocated for one item of the above program, which is called «Subsidizing reimbursement of a portion of costs for investment projects of modernization and development of enterprises in civilian industry»! Another item, «Promotion of research and development in the regional industry», also saw no funding. Where should the desired socio-economic development come from?

Lately, the officials prefer to write off the negatives in the economy to the impact of the coronavirus pandemic. But these negatives were there before the pandemic and, of course, got even worse during it. Back in 2019, for its first half, as reported by the Yaroslavlstat, the index of industrial production in the region

fell by almost 5% compared to the same period of the previous year (Vasilyeva, 2019). This turned out to be the largest decrease among the regions of the Central Federal District. But this index was insufficient a year ago too, and the regional budget gets almost a third of its filling from the profits of industrial enterprises. A third of manufacturing enterprises in the region are unprofitable; what profit tax to the local treasury is that? The conditions for business development are deteriorating. Thus, even three years before the coronavirus, six thousand small and medium-sized enterprises were closed (deregistered). The drop in the construction industry over the same years is appalling, there is virtually no industrial construction. And the necessary breakthrough for the region is in new high-tech and highly competitive manufacturers which can contribute to the regional budget through taxes. Our prices are rising faster than in neighboring regions. According to Yaroslavlstat, the real disposable income of Yaroslavl citizens has dropped by more than 5%, while almost one third of the regional budget is filled by taxes on individuals. Of course, these and other negative trends became worse with the pandemic. Thus, at the meeting of the regional Duma on November 19, 2021, the heads of agricultural enterprises and farmers complained to the Duma members about their distress and asked for help. Sergey Ivanov, General Director of Pakhma Agrofirma, spoke on behalf of all agricultural producers of the region. «Dear Deputies! We ask you to pay attention to the catastrophic state of our industry. What the department heads reported to you today is not true. Every second enterprise is in bankruptcy. For 2021, the target numbers for the main crops were not reached. Grain, potatoes, livestock feed is not fully stocked. For the first time in 10 months, the region failed to produce 4,200 tons of milk. Prices of grain, mixed fodder, oil cake have doubled, but the price of milk has risen by 5 per cent».

Thus, even by addressing individual socio-economic issues of the region, it is impossible to solve them without significant budget replenishment. In November 2018 one of the experts received an invitation from S.V. Berezkin, the former Chairman of the Public Chamber of Yaroslavl region, to discuss the draft regional budget for 2019-2021 and become an expert of the Chamber on economy and finance. They received the draft budget and its numerous annexes on specific expenses from the regional branch of the Department of Finance. Their study revealed even more acute financial problems of the region, although, in our view, largely typical enough for most subjects of the Russian Federation. When the expert proposed to review the new draft budget, the mentioned problem appeared in all its complexity and consistency, exposing the unacceptably low regional budget. At the time of the discussion, it was 65 billion rubles in total; 40 billion was owed mostly to commercial banks. Horrified by the paltry nature of the budget expenditures on some social issues, trying to propose an increase in these expenditures, one invariably had to leave their noble aspirations, because there were no budget items to skim money from in favor of other items. Even worse: in each item, expenditures were planned below the allowable level. It could not even ensure satisfactory survival; the necessary breakthrough was simply unreachable.

The situation seemed bleak, because back in the 1970s-1980s, the Yaroslavl region, which occupies only 37 thousand sq. km., surpassed 9 out of 15 republics of the Soviet Union in terms of manufacturing: Estonia, Latvia, Lithuania, Moldavia, Armenia, Georgia, Tajikistan, Kyrgyzstan, Turkmenistan. And now this region has long been subsidized, unprofitable, and its regional budget can only imitate active socio-economic development.

However, 90% of the Russian regions are also subsidized, the remaining ones are two capitals and several gas and oil producing regions. Regrettably, our macroeconomic policy on regional governance in general is unfavorable. And this is expressed primarily in the financial aspect. Instead of relying on the experience of Western developed countries and the 50:50 system, which has been proven by economics, when a half of all taxes collected in the region goes to the national budget, and the other half remains for the needs of the region, the Yaroslavl region pays two thirds to the national budget and keeps only a third. Clearly, at 33%, the socio-economic needs are satisfied 1.5 times worse than at 50%. In addition, the federal government continually adopts laws that require spending from regional and local budgets – there are dozens of them each year on average. As a result, the goal set by President Putin of overtaking development and becoming one of the top five advanced countries sees little progress towards it: most regions do not provide anything innovative and are simply miserable. Hence the recommendation for the federal government: radically change

macroeconomic policy on the regional management, bringing most of them up to the level of capitals and oil and gas providers. It is not a question of one-off spontaneous handouts, but of different but stable rules of the game, incorporating lessons from global best practices.

I. Danilova, the reporter of the *Argumenty i Fakty* newspaper, asked why our towns had debts of several million rubles, and one of the experts had to answer that. For example, a small town called Rostov, which has annual revenues of 120 million rubles, has a debt of 135 million rubles (Danilova, 2015). And although this happened in 2015, it happened again in Yaroslavl, the regional capital, three years later. The expert had to explain that Russia is building a policy of intergovernmental fiscal relations, contrary to the experience of other federal states (USA, Germany, Canada). Instead of leaving the region with half of the taxes collected on its territory, for example, the Yaroslavl region, as already noted, receives only one third, i.e., 1.5 times less. They also mentioned that 90 percent of the regions had become subsidized, steadily heading towards bankruptcy and becoming debtors to banks, including foreign ones. And, of course, the municipal budgets turned out to be even more disastrous than the regional budgets. What happened in Rostov then also happened in Yaroslavl later, and then the entire region, and 90% of the Russian regions as well. In municipal districts like Rostov and its region, where the money is even tighter, of course, the entire budget barely covers the most necessary of current expenses, and it is unthinkable to start any major projects there at all. Of course, the Rostov administration of that time (led by its head K. Shevkoplyas) is less qualified than similar in other cities and regions. Basically, to solve the problem, the whole course of the inter-budget macroeconomic policy in Russia shall be revised as a whole.

Conclusion

But the main advice, of course, goes to the regional authorities. They have been expressed and published (Danilova, 2015b).

First, high-tech factories shall be built. To do this, the officials will have to predict the demand, determine what kind of plants will be needed in the coming years, and work with investors, oligarchs specifically and convincingly (propose to invest billions to get even more billions faster). It is clear that today's regional officials are not ready and not capable of doing it. It requires a fundamentally new system of personnel selection, training, and retraining for work in the regional government.

Second, this government shall interact more actively with the economic council consisting of the heads of leading enterprises to find additional, extra-budgetary funds for the social improvement. The regional authorities prefer saying that in the 1990s, when the economic council was created by then-governor A.I. Lisitsyn, this council consisted of the full-time owners and directors, while the current managers of the enterprises cannot disobey their masters from Moscow or abroad. It proves that today it is much more difficult to solve this problem, but this makes it objectively more necessary to solve it in the socio-economic interests of the regional population. It is necessary to learn how to «get to answer» Moscow and foreign masters of local managers and effectively solve the specified problems with them, as it was done by the Irkutsk regional administration and its leader S.G. Levchenko.

Third, the authorities shall persuade the State Duma members from Yaroslavl Oblast not to support the bills that are detrimental to the regional budgets and convince their colleagues from other regions. For many months before and after the September 2021 elections, promotional pictures of V. Tereshkova, the first woman in space, were hanging around Yaroslavl and its region saying she is the pride of the Yaroslavl land. So why not use her authority and influence in socio-economic interests of Yaroslavl and other regions?

Fourth, each of the many-thousand-strong staff of the regional administration shall constantly seek opportunities to replenish the regional budget, and the heads of departments should ensure a system of their reporting. This task, as reported at one time by S.V. Berezkin, was supported and continually raised by the former Governor D.Y. Mironov at staff meetings, but the department heads never provided the required reporting system. Although the budget was bumped to 75 billion rubles by the end of 2019, which was 10 billion more than the year before, it was only thanks to the Governor himself. At the very beginning of the year, he asked the federal government for help with Yaroslavl's budget. The management of the finance

department also helped him prepare the documents to justify the request. Despite this, no one in the region's administration is interested in replenishing the budget, and the system of reporting to the heads of departments was absent a year ago, did not appear a year later, and unfortunately, there is no system even now. In addition, for 2020 and 2021, it was planned to reduce the revenue increase of the regional budget by more than half. Thus, the advice is still valid today.

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The role of the Moscow agglomeration for the socio-economic development of central regions of Russia (Part 2)

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Abstract. The article aims to comparative analysis of strategies of socio-economic development of Kaluga and Smolensk regions, scenarios of development with regard to influence of Moscow agglomeration. The authors consider strengths, weaknesses, opportunities and threats related to the proximity of the regions to Moscow and the Moscow region, as reflected in the SWOT analysis of the regions. Article deals with the benefits of inter-regional infrastructure projects for each region.

Keywords: region's competitiveness, competitive advantages of the region, integration resource of the region, strategy of socio-economic development of the region, SWOT-analysis, Moscow, Moscow region, Moscow agglomeration, Kaluga region, Smolensk region.

JEL codes: C82, M10, O18, R50, R58

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Introduction

The object of the study is Moscow – city, Moscow region and two regions of the Central Federal District (CFD) close to the Moscow agglomeration – Kaluga and Smolensk regions. A previous article (Berendeeva & Korobova, 2021) examined the strengths, weaknesses, opportunities and threats associated with the proximity to Moscow and Moscow region of 4 regions, such as Vladimir, Ivanovo, Ryazan and Yaroslavl regions. Recent years Moscow, Moscow Region and Kaluga Region are donor regions, while the remaining constituent entities of the Russian Federation are subsidised.

Next to Moscow and Moscow region Kaluga one is the leader of the CFD RF in terms of industrial growth rates, real income, the amount of investment per capita (Novosadov, 2018), and is in the top 10 Russian regions for innovative development (was ranked 7th in 2018) (Gerasenkova & Kostina, 2019).

Obviously, Moscow will have a decisive influence on the development prospects of the surrounding regions. Thus, the proximity of the Moscow agglomeration will lead to population migration from neighbouring regions, where indicators of living standards and quality of life are significantly below those in the capital (Odegov & Razinov, 2021; Khramova & Manshin, 2021).

Moscow, the capital of the Russian Federation, is rapidly changing its development from a traditional economy to a service economy, which directly affects the situation in the neighbouring regions. The development of the service system is accompanied by the closure of outmoded factories and their relocation to nearby regions. The regions adjacent to Moscow are becoming attractive for international companies to locate production facilities, which depends directly on the capacity of the consumption markets. This is a factor

influenced on the investment activity and production outsourcing processes in the territories surrounding Moscow. Locating enterprises (most often, assembly plants) within the emerging new market is advantageous to the investor due to lower labour costs, tax benefits and other preferences outside of Moscow (Strategy of socio-economic development of Kaluga region until 2030, 2020).

Production and logistics centers are being withdrawn from the Moscow metropolis to a distance of 100 to 200 km during next 5-10 years.

The Moscow factor will have a key impact on the changes in settlement systems in neighbouring regions next 10-20 years. "New settlement" associated with the formation of a qualitatively new environment around the Moscow metropolitan area at a distance of up to 150-200 km (with a transport isochrony from Moscow up to 2.5 hours) (Ministry of Economic Development of the Russian Federation, 2020). The main process will be the rapid resettlement of people from Moscow to the surrounding regions. This process leads to the formation of a "Greater Moscow" (by analogy with "Greater London", "Greater Paris", etc.). Urbanization and the formation of satellite cities were replaced by "rurbanization". It is a process of settlement of urban residents into 150-200 km surrounding mega-cities rural area. The evolution of this type of settlement is as follows: "house in the countryside (dacha) – second home – family residence". The urban housing is changing from "family residence" to seasonally used "urban residence". By global practice the main investors of infrastructure development (along with private business) are the new residents of the area. By expert assessments, dacha residents significantly increase the population of near and far Moscow suburbs in summer. The population of Kaluga region (Borovsky, Zhukovsky, Maloyaroslavets, etc.) also increases more than 3 times (Strategy of socio-economic development of Kaluga region until 2030, 2020).

The proximity to Moscow and Moscow region plays an important role for the socio-economic development (SED) of the central Russian regions, including Kaluga and Smolensk. It is a competitive advantage of these regions. At the same time, there is interregional competition for resources (labour, investment and innovation, financial, etc.); for Smolensk region as a border one, it is the competition and integration with Belarus. On the other hand, the neighbourhood of Moscow and Moscow region gives regions the opportunity to develop their own potential and design cluster development programmes. The purpose of the article is to assess the new refined strategies of 2 regions (Kaluga and Smolensk) on the development of socio-economic relations with the Moscow agglomeration and pros and cons of such geographical and economic interaction.

Methodology

One of the methods for assessing the socio-economic development of regions and regional policies is the analysis of regional development strategies and programmes, their development potentials, and the stated cluster policies. The methodological basis of the study was a comparative analysis of regional strategies (Regions of Russia. Socio-economic indicators, 2020), including competitive advantages, strengths, weaknesses, opportunities and threats (SWOT analysis).

Results

The analysis shows the significant differences in population, wages, unemployment and migration between the Moscow agglomeration and two regions (Kaluga and Smolensk). By Table 1, the population in the studied regions is declining. As a result, in 2019 the population of Kaluga region was 98% of the 2005 level, while in Smolensk region it was 91%. The average monthly nominal salary of employees is lowest in Smolensk region (3 times lower than in Moscow and 1.8 times lower than in Moscow region). The most favourable situation with salaries and unemployment is in Kaluga region: the unemployment rate, according to sample surveys of the labour force in the pre-settlement economy, was lowest in Moscow (1.4%) and Moscow region (2.7%), and highest in Smolensk region (5.4%) and in Kaluga region (3.7%).

Population migration plays an important role as an indicator of the socio-economic prosperity of the region. By Table 2, the Moscow agglomeration had stable migration growth in 2013-2019. In Kaluga region in 2019 the positive in previous years' migration increase changed into a negative one (i.e. migration loss). There was a negative migration balance in Smolensk region.

Table 1 – Indicators of socio-economic development of the regions

	Population at the end of the year, thousand people		Average monthly nominal salary of employees (RUB)	Unemployment rate , as a % of the labour force ¹
	2005	2019	2019	2019
Moscow	10924	12678	94294	1.4
Moscow region	6784	7691	55555	2.7
Kaluga region	1023	1003	41442	3.7
Smolensk region	1025	935	31269	5.2

Source: *Regions of Russia. Socio-economic indicators, 2020*

Table 2 – Migration rates per 10,000 population²

Year	2013	2014	2015	2016	2017	2018	2019
Moscow	90	57	92	24	89	79	38
Moscow region	140	149	120	141	111	140	144
Kaluga region	24	94	17	77	16	19	-11
Smolensk region	-18	21	-6	2	24	-2	-4

Source: *Regions of Russia. Socio-economic indicators, 2020*

By Table 3, during the pandemic migration to Moscow and Moscow region decreased significantly, but increased in Kaluga region. The highest migration loss in 2020 was in Smolensk region. By experts, the reasons are closure of state borders during the pandemic, the departure of foreign labour and students outside Russia (due to closures and job losses), restrictions on entry into Russia, the restrictions on movement within Russia, distance work and education mode (Babushkina, Bulanova & Gruzdeva, 2021; Odegov & Razinov, 2021).

Table 3 – Migration increase (+) / decrease (-) of population, persons

Year	2019	2020
Moscow	+47,584	+1 614
Moscow region	+110 198	+51,250
Caluga region	-1073	+6861
Smolensk region	-361	-4289
Tver region	+654	-1514
Tula region	-569	-186

Source: *Main indicators of the socio-economic situation of the constituent entities of the Russian Federation in 2020*

Strategies of the socio-economic development of regions. The connection between the regional economy and Moscow macro-region can be seen most clearly in the Kaluga region strategy. Bordering on Belarus, the Smolensk region strategy emphasises on the development of the region's external economic potential towards the West.

SWOT analysis of Kaluga region considers the proximity to the Moscow agglomeration as:

– advantages (the largest consumer market in the Russian Federation; an industrial outsourcing center; an investment centre in the Russian Federation; a research and development center; location in line with major transport corridors – proximity to Moscow agglomeration airports (Vnukovo, Domodedovo);

1 according to sample labour force surveys, annual average

2 the sign (-) indicates a decrease

– disadvantages (differences in the quality of life with Moscow and Moscow region; competition for human resources, more attractive working and living conditions in the metropolitan region, the growing gap in the quality of urban environment) (Ministry of Economic Development of the Russian Federation, 2020).

Kaluga region, due to the proximity of large markets in the metropolitan area, successfully uses the processes of production outsourcing and technological modernisation and attracting significant foreign investment – in the automotive industry (Factory "Volvo", LLC "VOLKSWAGEN Group Rus", French autoconcern "PSA Peugeot Citroen" and Japanese company "Mitsubishi Motors"), food and pharmaceutical industry ("AstraZeneka", "NovoNordisk" and "NIARMEDIK PLUS", "PHARM-SYNTHESIS" and "Sphera-Pharma", Serbian concern "Hemopharm"), other industries (LLC plant "Samsung Electronics Rus").

The Kaluga region Strategy notes that the region has good preconditions for realising development objectives. First of all, this is related to the prospects of settlement in the Moscow agglomeration, which provides prospects for involving territories into industrial growth phase. The establishment of new residential areas is directly related to the presence of ecologically favourable large green areas and waterways, developed or having the prospects for development infrastructure: trade, medical, educational, recreational, accessibility of major transport routes (Strategy of socio-economic development of Kaluga region until 2030, 2020).

Kaluga region tries to form a "new economy", focused on systematic land development combined with active support for innovation centres and high-tech medium and small businesses. The "new settlement" means real competition for a new population which is capable significantly increase the competitiveness of the region because of its competences and requirements for quality of life.

The effectiveness of attracting new residents to Kaluga region will also depend on the presence of "Moscow settlers" in the area – first as owners of "second residences" and, in the longer term, as permanent residents of the region. At the first stage the priority areas are the north-eastern and central districts of Kaluga region (Borovsky, Zhukovsky, Maloyaroslavets, Medynsky, Dzerzhinsky, Tarusky, Yukhnovsky).

The assessment of land resources should include several sequential and interdependent steps:

1. Updating the territorial planning schemes to include processes:

- outsourcing and technological modernisation (for a period of up to 5-15 years);
- settlement of the Moscow agglomeration (for a period of up to 5-25 years);
- new scheme of the tourist area development including the neighbouring entities;
- prospects for the agro-industrial cluster development (use of agricultural land, etc.).

2. Infrastructural and legal preparation of areas for the location of new outsourcing industries and innovative enterprises.

3. Infrastructural and legal preparation of areas for quality low – rises (in low, medium and high price niches).

4. Public and private support for high-tech livelihood infrastructure and services, both for new settlement areas and for "old" zones, using efficient technical solutions provided by the regional innovation sector.

5. Supporting a modern humanitarian infrastructure (educational, informational, sports, medical, recreational) with the standards of quality of life in an urbanised environment. The priority of organization and integrated development of territories can be considered key to achieving the strategic goal of quality of life growth and protect other socio-economic components of quality growth – health, education, social welfare, environment, security, etc. (Strategy of socio-economic development of Kaluga region until 2030, 2020) (see Table 4).

The Kaluga region Strategy adopts the cluster approach as a basic model for regional development. Implemented in the region for more than 13 years the cluster policy made the region a leader by many economic indicators (Grankov & Burtseva, 2020).

Clusters which development is directly linked to the Moscow agglomeration. There are four territorial industrial and innovation clusters in the region: transport and logistics; automotive industry; pharmaceutical industry; and aerospace technology of polymer composite materials and structures (Novosadov, 2018).

Kaluga region has high interregional transit potential. But, there is an insufficient level of development

of transport and logistics potential due to irrational distribution of commodity flows coming to the region from the adjacent regions with distribution via Moscow.

Development of Kaluga region's transport and logistics potential is envisaged, including through the further development of Kaluga International Airport (Grabtsevo) – due to the process of new settlement and the increasing intensity of pendular migration between Moscow and Kaluga region; creation of transport and logistics centers (TLC), which should become terminal and warehouse infrastructure facilities of interregional importance (see Table 4).

The prerequisites for the formation of a tourism and recreation cluster in Kaluga Region are, among other things, a favourable external situation. By the Kaluga Region Development Strategy, "it (Kaluga region) is located close to Moscow, which generates a powerful flow of tourists... Moscow is the source of settlement flow, which will be the consumer of almost the entire range of tourism and recreational services of the cluster" (Strategy of socio-economic development of Kaluga region until 2030, 2020).

On the other hand, the formation of the cluster takes place in competition with the Golden Ring tourist territorial brand, as well as with the currently emerging recreational areas of the Moscow macro-region. A unique advantage of Kaluga region is the presence of innovation zones / cores. For example, the art park "Nikola-Lenivets" in Dzerzhinsky district – a multifunctional complex consisting of creative residences, workshops, working and educational spaces, located in the ecological area of the National Park "Ugra" and adjacent territories) (Strategy of socio-economic development of Kaluga region until 2030, 2020) (see Table 4).

The development of Kaluga Region's agri-food cluster is linked to the proximity of Moscow as a major consumer center; the Strategy notes that "the most promising markets for Kaluga Region's agri-food cluster products in Russia are those of Moscow and Moscow Region, as well as those of Tula and Bryansk regions... Given its competitive advantages, Kaluga Region could become a major supplier of dairy products for Moscow and other cities of central Russia.

Interesting projects are planned in the Kaluga region's services sector. The construction and development of the student campus of the Kaluga branch of Bauman Moscow State Technical University – "Centre for Applied Education" is planned. The aim of the project is to increase the supply of qualified human resources in key occupations and in growing sectors of the region's economy, providing high-quality vocational education that meets the needs of commercial organisations. The Kaluga branch of Bauman Moscow State Technical University is a part of the educational infrastructure of the region's automotive cluster.

The establishment of the "Scientific Medical Radiation Medicine Centre" is aimed at improving the quality and life expectancy of the population on the basis of the potential and innovative developments of scientific institutions in Obninsk (Strategy of socio-economic development of Kaluga region until 2030, 2020).

The development of the pharmaceuticals, biotechnology and biomedicine cluster is connected with the formation of a new and sufficiently large market for medical cluster products and services due to the processes of "new settlement" and increasing tourist and migration flows of population through its territory (see Table 4).

The Life Support and Environment Development Cluster is the potential cluster of the Kaluga Region.

It includes enterprises for creating and maintaining environmentally friendly livelihood systems (local electricity supply, water supply and sanitation, cleaning and disposal systems, alarms, communications, etc.); specially protected natural areas of federal, regional and local importance; a transport system involving railways, road and air transport, associated service networks – shopping, education, etc.

By the Strategy the developing and relying on sector market, Kaluga region can participate in the markets of neighbouring regions, in particular the Moscow market. The activity of all cluster participants should be done within the framework of public-private partnerships.

Thus, by Strategy 2030, the regional economic network of Kaluga region is "a major source of growth and development in the context of the expanding Moscow agglomeration. To use the type of the 'Moscow process' is an undeniable factor, but while maintaining one's own socio-economic and cultural (regional) identity" (Strategy of socio-economic development of Kaluga region until 2030, 2020).

Table 4 – Development projects in Kaluga region related to proximity to the Moscow agglomeration

Project	Project implementation and benefits for the region itself and for neighbouring regions
Settlement of the Moscow agglomeration for a period of 5 to 25 years	<ul style="list-style-type: none"> - prospects of involving territories were not among the economic leaders in the industrial growth phase; - attracting "The Moscow settlers" as owners of "second residences" as permanent residents of the region; - formation of settlement "cores" with high environmental quality (in the first stage the priority is given to the north-eastern and central districts of the region). By 2030 new population with higher requirements to the quality of life can significantly increase the competitiveness of the region as a whole; - new scheme for the tourist development; - development of low-rise construction (in low, medium and high price niches); - development of modern social infrastructure by the standards of quality of life in an urbanised environment; - development of public-private partnership mechanisms; - establishment of the sectoral territorial development, including construction and territorial development. It will be equivalent of the industrial-technological sector of the economy in terms of GRP share next 12-15 years; etc.
Development of transport and logistics capacity	<ul style="list-style-type: none"> - establishment of transport and logistics centres (TLCs) in the Sukhinichi and Borovka districts as terminal and warehouse infrastructure facilities of interregional importance; - further development of Kaluga International Airport (Grabtsevo) - construction of the Central Ring Road (CRR); - the ability to manage cargo and passenger flows; - development of inter-regional transport infrastructure facilities in the CFD (Smolensk, Tula, Bryansk, Orel and Moscow regions) as a part of synchronisation with the development of the TLC in the Kaluga region; - providing accessibility of air transport for the inhabitants of the region in connection with the process of new settlement and the increasing intensity of communication between Moscow and Kaluga region, etc.
Development of the agri-food cluster	<ul style="list-style-type: none"> - development of the region's agri-food cluster, increasing its efficiency and competitiveness; - production of dairy and other products for Moscow, etc.
Development of a pharmaceuticals, biotechnology and biomedicine cluster	<ul style="list-style-type: none"> - establishment of a new and sufficiently large market for medical cluster products and services due to the processes of "new settlement" and increased tourist and migration flows of the population; - eligibility for subsidies from the federal budget in connection with the cluster's designation as a pilot innovative territorial cluster; - establishment of private medical institution networks: specialized clinics, centers, treatment and prevention sanatoria and recreation centers offering modern medical services using innovative developments will be relevant; - eliminating staffing shortages in healthcare organisations in Kaluga region by providing qualified employees; - development of the material and technical base of medical organisations; - improving the quality of primary health care by ensuring optimal accessibility to the population (including in remote areas), etc.
Tourism and recreation cluster	<ul style="list-style-type: none"> - development of a macro-region and its brand(s); - development of innovation zones/cores (Nikola-Lenivets Art Park in Dzerzhinsky District, Etnomir Cultural and Educational Centre in Borovsky District, Grachi Business

Project	Project implementation and benefits for the region itself and for neighbouring regions
	Park, etc.) - the development of the region's small towns; - to create a new image of the region - as an innovative and investment-attractive one; - solving the problem of brain drain, etc.

Source: Strategy of socio-economic development of Kaluga region until 2030, 2020

Smolensk region occupies a beneficial economic, geographical and transport position; it is crossed by transport routes connecting the western border of Russia with Moscow, and has access to neighbouring and distant foreign countries. It is a border region (Vitebsk and Mogilev regions of the Republic of Belarus). Smolensk is the shortest route from Central Russia to Western Europe. "Smolensk region is very important in the west of Russia". Smolensk region is a remarkable one, occupying a beneficial transit position of the European part of Russia, characterised by its proximity to regions with high population density and Western European countries (Kozlova, 2020; Mironkina & Egorova, 2018).

Strategy considers the competitive advantages of the region in terms of potentials and clusters. The main clusters of Smolensk region are machine-building, composite, transport and logistics, agro-food, tourism, information technology (Strategy of social and economic development of Smolensk region until 2030, 2020).

Smolensk region has a remarkable transport and logistics potential. The region is directly related to the major agglomerations of the Eurasian Economic Union: Moscow and Minsk. There are 8 customs posts in Smolensk region. The scientific studies concerns the problems of the Russian-Belarusian borderland, the development of Dnieper-Dvina regions – Smolensk, Vitebsk and Mogilev, proves the high interconnection between the economies of Smolensk region and Belarus (Kuzavko, 2019; 2020).

The part of the second Pan-European Transport Corridor (PE2 "East-West": Berlin-Poznan-Warsaw-Brest-Minsk-Smolensk-Moscow-Nizhny Novgorod), which provides a significant part of the commodity turnover between Russia and the European Union states, passes through Smolensk region. The transport infrastructure of the North-South Transport Corridor (Shanghai-Hamburg Expressway) is expanding and planning in 4 districts of the region.

The region's largest transport hubs are Smolensk, Vyazma and Roslavl. They are located at the intersection of railways and motorways and have powerful logistics complexes with access roads and sorting hubs. Smolensk region ranks 3rd in the CFD after Moscow and Tver regions in terms of the railway tracks length. The main electrified railway Moscow-Minsk-Brest passes through Gagarin, Vyazma, Safonovo, Yartsevo and Smolensk.

The region has the federal highways:

- M1 "Belarus" – from Moscow to the border with the Republic of Belarus (to Minsk, Brest);
- R120 Bryansk-Smolensk to the border with the Republic of Belarus (via Rudnya, to Vitebsk);
- A130 Moscow-Maloiaroslavets-Roslavl to the border with Belarus (to Bobruisk, Slutsk).

Smolensk region also has the high-voltage power bridge Russia-Republic of Belarus-Western Europe, the worldwide fibre-optic telecommunication backbone, the Yamal-Europe gas pipeline and four strands of the Northern Lights transit gas pipeline.

It is planned to build new logistic corridors between the European Union and China through Smolensk region (for example, the transcontinental highway Shanghai-Hamburg as part of the Chinese project "Silk Road Economic Belt") (Strategy of social and economic development of Smolensk region until 2030, 2020).

The region's strengths in terms of its investment attractiveness include the presence of a close business centre (Moscow) and access to the export market. The small domestic market size, low population size, the outflow of human resources from the region, etc. are the weaknesses of the region (Shakolin & Gnezdova, 2020).

Smolensk region has high territorial accessibility for citizens of the Republic of Belarus. This creates prerequisites for the development of both cross-border and international tourism. The proximity of Belarus and the availability of a developed communications network on its territory contribute to turning Smolensk

into a stronghold of cross-border tourism for Russians to Belarus and Eastern European countries.

As noted in the Strategy, "the beneficial environmental situation, aesthetic attractiveness of the landscape, cultural heritage objects, transport and geographical location of the Smolensk region can cause a mass tourism and made it the recreational area for the metropolitan region, other leading Russian agglomerations and industrial centers" (Strategy of social and economic development of Smolensk region until 2030, 2020).

Over 280,000 tourists visit Smolensk region every year, most of them from Moscow and Moscow region. Traditionally, tourists from Moscow and Moscow region visit Smolensk region at weekends or on holidays with cultural, informative and entertaining purposes. The goal is to establish and develop modern tourism infrastructure in Smolensk region, to enter the metropolitan tourist market, to actively promote the region's tourist potential in regional tourist markets and to make wide use of weekend tourism opportunities (Strategy of social and economic development of Smolensk region until 2030, 2020).

The special territorial features of the region associated with its metropolitan location determine two promising directions of the tourism industry development. They are business tourism, combining business events with high-quality tourist and sightseeing services, and gastronomic tourism with a focus on traditional Smolensk cuisine.

Classical types of tourism, such as natural recreational, cultural and educational, have traditionally been a priority for Smolensk region and are represented by eventual, historical, religious tourism and pilgrimage, etc.

By the regional Strategy, the strategic aim of the tourism cluster is to create a competitive highly developed tourism industry on the territory of Smolensk region. One of the tourism cluster development objectives is to "increase the tourist attractiveness of Smolensk region as an atmospheric and innovative tourism region in the Russian and international tourism markets" (Strategy of social and economic development of Smolensk region until 2030, 2020).

The Strategy of Smolensk region (unlike the strategies of Vladimir, Ivanovo, Ryazan and Yaroslavl regions) does not mention about the influence of the Moscow agglomeration. Two key factors were chosen to build scenarios of external environment development affecting Smolensk region. They are the world energy market conditions and the quality of the institutional environment (the level of development of political and social institutions) in the Russian Federation.

The Smolensk region Strategy emphasises the development of the region's foreign economic potential and the export of goods and services. Smolensk region has high ratings among Russian regions by such indicators of export potential as "number of non-resource export goods", "number of customs posts in the subject of the Russian Federation", "number of customs representatives (brokers) in the subject of the Russian Federation", "number of registered small and medium enterprises engaged in export activities", "volume of non-resource export of small and medium enterprises" (Strategy of social and economic development of Smolensk region until 2030, 2020).

Export is the crucial condition for the development of key sectors in Smolensk region. As noted in the Strategy, the prospect of textile industry depends on the growth of solvent demand of the population and supply of products for export. The development of the agro-industrial complex is aimed at meeting the full needs of the region's population for basic foodstuffs and increasing the export potential of Smolensk region. The agro-industrial sector as an important tool for building the region's export potential. The main goal of the agro-industrial sector is to enter the foreign markets with flax fiber, rapeseed oil, potatoes, rabbit meat, dairy products and milk powder.

Additive goals are the development of ecofriendly products and technologies market, promoting the competitiveness of products and the sales market, which has an "exit" to the Moscow region as well.

Smolensk region has a high potential for service export development. It includes professional and consultancy management services (legal, auditing, accounting, tax optimisation, consultancy services, advertising, marketing, public opinion research), technical, trade and intermediary services, research and development services.) In 2018, the region ranked 3rd in the CFD after Moscow and the Moscow region in terms of exports of other business services named above (Strategy of social and economic development of

Smolensk region until 2030, 2020).

In educational sector Smolensk region can claim to be an inter-regional centre of competence for promising professions:

-development of the mechanical and composite clusters for federal-level expert platform and national standards of expertise;

-foundation of the high-tech energy cluster.

The development of promising high-tech services of the HealthNet market (preventive medicine, sports health, medical genetics, information technologies in medicine, biomedicine, etc.), EnergyNet market (market of equipment, software, engineering and services for multi-scale integrated smart energy systems and services; an ecosystem of energy producers and consumers that integrate into common infrastructure and exchange energy).

The main goal is to form a territory of comfortable living with high human potential in the region. For achieving "it is necessary to provide quality jobs, a competitive education system, high level medical care, developed infrastructure for sports and leisure, a comfortable urban environment and high social security" (Strategy of social and economic development of Smolensk region until 2030, 2020).

By the Strategy, "in conditions of competition, Smolensk region should become a competitive region attractive to Russian and foreign companies, where they have access to modern production infrastructure, a favourable investment climate, a developed innovative environment and support infrastructure. The region's strengths, such as industry clusters, a progressive labour market, the availability of all key transport modes and access to markets in Eastern Europe, will also play a significant role". Globally, Smolensk region can play role of a key transport hub connecting Europe and Asia and a unique center for recreation and tourism.

Smolensk region is a significant participant of the economic growth, the development of science, education and industry, as well as a center of competence in the machine-building and agro-food sectors of the CFD.

Section 9 of the Strategy "Main directions of development of interregional and external economic relations of Smolensk region" provides the development of cooperation between the Smolensk region Administration and the Moscow City Government, including attracting interbudgetary transfers for solving urgent social and economic problems. The development of investment potential of Smolensk region is connected with the foundation of enterprises in the neighbouring territories Moscow region, oriented on the markets of the megalopolis, the establishing of the industrial park in Gagarinsky district and the formation of a network of industrial and agro-industrial parks on the basis of existing investment ones (Strategy of social and economic development of Smolensk region until 2030, 2020).

A special economic zone (SEZ) is planned for Smolensk region. In terms of urban planning, the area has a favourable transport and geographical location to the major industrial and business centers of the other Russian regions, as it is close to the M1 federal road and to the Russian-Belarusian border. Many industrial enterprises can be located on its territory. The creation of SEZ in Smolensk region should produce a multiplier effect. The development of industrial production, all forms of economic activity (construction, logistics, real estate activities, hotel business, etc.) will intensify, and therefore, modernisation and creation of new jobs throughout the region will take place.

Discussion

By results of our study, Smolensk region has faster population decline, higher unemployment and lower average wages for the employees in compare with Kaluga one. In 2019 there was an outflow of population from both Kaluga and Smolensk regions to the Moscow agglomeration, where were the more attractive working and living conditions for young people and qualified personnel. Before COVID-19 pandemic there was an increasing pendular migration of the population from Belarus to Smolensk region. The labour shortage in the border region is exacerbated by competition for highly qualified personnel of Russia and Belarus.

The Moscow region is not so important for the Smolensk Strategy. The development of cooperation with Eastern Europe, CIS countries, BRICS, SCO, strengthening of cross-border cooperation of Smolensk region

with neighbouring regions of the Republic of Belarus (in scientific and technical, social, ecological spheres, tourism) are in priority. The economic development of Smolensk region's foreign economic potential and image, active work to promote exporters, and the development of exports of goods and services are highlighted. The activity of the Smolensk Region Export Support Centre, an autonomous non-profit organisation (since 2017) has shown that "foreign trade activity contains a huge potential for the development of industrial production in Smolensk region" (Strategy of social and economic development of Smolensk region until 2030, 2020).

The Kaluga Region Strategy is built in terms of its socio-economic interaction between the Moscow agglomeration.

The rurbanisation is directly connected with the formation of a new economic type close to post-industrial one. The service economy is growing rapidly in the metropolitan area, with a direct impact on neighbouring regions. The regions of Central European Russia are characterised by the development of production outsourcing by foreign companies (e.g. in Kaluga region – production of car components and cars, pharmaceutical products). The regions having significant innovation potential are preferred. Moscow's standards of living and consumption will determine the function and specifics of Moscow-oriented businesses from the territories neighbouring the capital's metropolis.

The neighbouring to Kaluga regions also withdraw production and logistics centers to a distance of 100 to 200 km in the nearest 5-10 years as Moscow region does. The "new settlement" is appearing around the Moscow metropolitan area to a distance of 150-200 km.

Conclusion

There are increasing demands on the quality of infrastructure and the way of life in neighbouring regions. Establishing of high quality of life zones in the regions will be a decisive development factor. New settlement may lead to the formation of new markets for services (educational, medical, tourism, housing and utilities, etc.). The development of areas oriented towards the qualitatively new living environment by urban standards will provide an additional incentive for the growth of the market of building materials and services, the production of modern life-support equipment and the growth of social infrastructures.

These socio-economic development trends require a transition to inter-sectoral ways of managing regional development. The management of new settlement processes may include housing construction, the production of building materials and the extraction of raw materials, the development of agribusiness, services and subsistence industries.

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Institutions for cooperation between academic communities and governments in nation-wide planning: market economies vs the USSR

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Abstract. In this paper, the author defines the approaches to the analysis of interactions between representatives of academic and expert communities, and government authorities within national economy planning. These approaches are based on the theoretical literature, country and comparative studies, official electronic resources of government, academic, and expert organizations of a number of countries with market economies. The paper presents relevant country cases of institutionalized practices with such interactions. The author proposes the classification of subjects through the prism of economic science and political power, as well as effectiveness criteria of their interaction. By comparing these market economy practices with those of the USSR, the author outlines a number of historical models of the institutional interactions while shaping economic policy.

Keywords: development economics, institutional economics, political economy of knowledge, think tanks, bureaucracy, competitive relationships.

JEL codes: P11, P21, P41

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Introduction

In modern Russian public administration practice, we can observe the restoration of certain instruments specific to the USSR economy (strategic planning system, expansion of state investment in the economy and the state's share in the economy). But unlike the USSR, modern Russia is a country with a market economy, in which state management structures do not control the results of economic entities and do not try to distribute the bulk of the resources. The formation of the strategic planning system in the Russian Federation in the prevailing market economy sector determines the importance of studying the relevant experience of foreign countries.

The USSR / Russian Federation are compared to those in which the tools of indicative planning, development planning, program management of the national economy were extensively used. These are selected Western European countries between the two World Wars and after World War II (France, the Netherlands, Sweden), major East Asian countries (Japan, South Korea, China, Taiwan, India).

The purpose of this paper is to show cases of institutions that influence the efficiency of interaction

between different social actors through the prism of research and government to solve the problems of managing national economy of catching-up development, in which technology of its planning have been applied extensively and systematically.

To fulfill the purpose, the following objectives are set:

- Describe historical cases of interaction between representatives of government and academic community in planning in market economies.
- Identify and classify actors of interactions at different levels in various countries.
- Describe, summarize, and typologize the rules and practices of interaction between representatives of academic community and public authorities in development, adoption, and implementation of recommendations on economic policy in the countries under consideration.
- Provide a brief description of the historical models of the considered institutional interactions.

Main Part

In the development economics paradigm, planning can be seen as a key tool for implementing catch-up development strategies of individual countries, a means of overcoming institutional "traps of underdevelopment". The classic version refers to the early stages of industrialization, but lagging behind the leaders can also happen at later stages of industrial development as a result of adverse effects of systemic economic crises, public policy failures, military conflicts, and social upheaval.

The immediate tasks of planning in the light of development economics most often are:

- Increase the level of savings and investment.
- Identify and implement strategic changes in the structure of industrial economy.
- Concentrate limited resources on priority areas.
- Regulate external relations tightly to support national industry.
- Establish a social and political structure of society that promotes accumulation.

In light of institutional economics, planning comes down to concentrating decisions about the allocation of scarce resources in a single center to reduce the costs of conflicts of interest, competition, and incomplete information across multiple economic agents (Didenko, 2019). Thus, planning institutions act as regulators and restraints of competition and reduce transaction costs associated with it. On the other hand, as the reviewed examples of market economies show, institutional competition takes place between planning subjects, both on the part of state structures and the academic and expert community.

In formulating approaches to the analysis of interactions between representatives of the academic and expert community and public authorities in planning, we draw on the works (Campbell & Pedersen 2014, 2015) containing political economy analysis of the role of academic and expert communities in public policy making under certain "knowledge regimes". Earlier works (Johnson, 1982; White & Wade, 1988) introduced one of the key concepts we use, the "developmental state".

Since there is a consensus among the proponents of planning that it should be based on scientific approaches, methods, and recommendations, the relevant management structures need the support of academic and expert knowledge to make such decisions. For this purpose, research units, academic and expert councils are formed within government structures. But as the national economy and management processes become more complex, such support is increasingly being provided through outsourcing to specialized, trusted, and to some extent state-affiliated academic, expert, and analytical structures ("think tanks").

Thus, scholars and experts become subjects of the political market. At the same time, from the neo-institutional theory of political markets (Afontsev, 2010; 2017), it follows that political decision makers (hereinafter referred to as PDM) who demand the expertise of scholars may to some extent ignore their evidence-based recommendations aimed at maximizing public welfare, and the economic policies pursued by PDM do not meet the criteria of optimality.

The most important criteria of efficacy and efficiency of interaction between institutions, which ensure the implementation of the above objectives in the light of the development economics, can be formulated as follows:

- Growth of gross domestic product (GDP) per capita and human development index (HDI) as key indicators of economic and social development in relative terms (reducing the gap with the leader, the world average).

- Maintaining institutional sustainability.
- Ensuring the ability of the institutional system to evolve.

From the standpoint of these criteria, in the reference countries, the interaction between representatives of the academic community and state authorities in indicative planning, development planning, program management of the national economy turned out to be more effective than in the USSR economy. This is evidenced, in particular, by the relative dynamics of their key economic and social development indicators (see Fig. 1, 2). Most of the countries in our sample which widely applied various tools of planned market economy regulation were relatively successful in pursuing catch-up development. At the same time, the preference for directive planning methods in the USSR provided only temporary successes in the implementation of catch-up modernization.

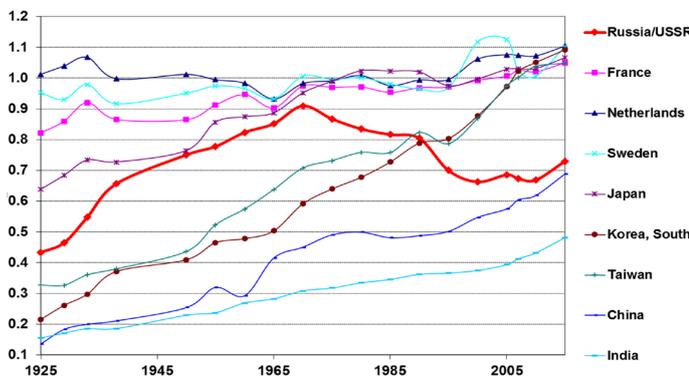


Figure 1. GDP per capita of the sample countries compared to the USA

Source: calculated by the author according to (MPD, 2018); at the 1990 PPP

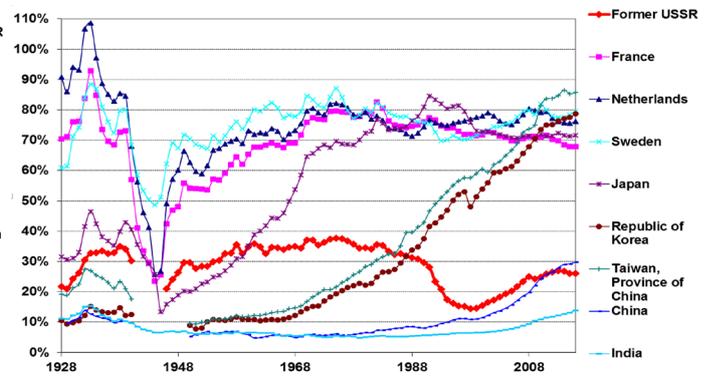


Figure 2. HDI of the sample countries compared to the USA

Source: calculated by the author according to (Prados de la Escosura, 2015); on the historical HDI

The following cases of institutions where the interactions took place show signs of efficacy and efficiency against other criteria.

On the brink of and after World War II, indicative planning was widely implemented in Western Europe as a response to lagging dynamics relative to the United States, which had shown an earlier recovery from the "Great Depression" and had not experienced such a severe recession as a result of the war. And the decline of the economy in the mid-1940s also affected neutral countries (including Sweden), although to a lesser extent.

Among the countries of Western Europe, indicative planning in the system of instruments of "dirigisme" economic policy has been applied in France most consistently and for a long time. Its main feature is a focus on macroeconomic performance, with minimal government intervention in decision-making at the micro level. That said, the French approach to planning included an initial prioritization of policy choices, which prompted questions about the extent to which it was scientific (Wickham, 1963).

The first 4-year plan (1947-1950) was developed under the slogan "Modernization or Decline", popularized by Jean-Paul Monet, who headed the General Planning Commission ((Commissariat général du Plan)) (Kindleberger, 1967). This new agency and the Public Treasury (Trésor Public) subsequently consisted of a small number of professionals working both on a full-time and part-time basis. The first plans included investment, production, price indicators. The practice whereby the draft plan was submitted to advisory councils with scholar participation was established by the mid-1960s. At the planning stage, the Economic and Social Council (Conseil économique et social) was also involved, with broad representation of interest groups, including academics. Academic expertise was provided by the Center of Consumer Research (Centre de Recherches et de Documentations sur la Consommation) and the National Institute of Statistics and Economic Studies (Institut national de la statistique et des études économiques) (Kindleberger, 1967). In 1982, the planning system in France was complemented by the National Planning Commission (Commission

nationale de la planification) with advisory functions.

An important stage was the introduction of econometric modelling in 1971-1975, which took place simultaneously with the USSR, where some materials were published from joint academic events with French economists. This applied research work was commissioned by the Commissariat général du Plan and executed by the Institut national de la statistique et des études économiques. The systematization of forecasts and the analysis of the effects of economic policy became important areas of its activity.

Among the Western European scholars, a notable case is the work of J. Tinbergen (the first winner of the Nobel Prize in Economics in 1969), who established the new body of interaction between the academic community and public authorities, the Central Planning Bureau (Centraal Plan Bureau), in the Netherlands between 1945 and 1955. This body was an advisory think tank to the Ministry of Economy, but its forecasts became normative, limiting the budgetary powers of the Ministry of Finance (Bos, 2008). These predictions were based on Tinbergen's dynamic models of macroeconomic policy in business cycles as fluctuations around a secular trend (De Wolff & Van der Linden, 1988). In 1955, he returned to academia, heading the development programs at the Netherlands School of Economics (Nederlandse Economische Hogeschool). Currently, the Centraal Plan Bureau is one of the two think tanks (the other being the macroeconomic part of the national central bank) that develops forecasts that form the basis for fiscal policy decisions. At the same time, public funding accounts for at least 80% of its budget.

Another case of interaction between academic knowledge and state regulation of the economy is represented by the work of G. Myrdal (Nobel Prize winner 1974). Throughout much of his life, he acted as both a public intellectual and a politician, designing and building Sweden's national model of a welfare state and an interventionist, full-employment state. In the 1930s, he combined parliamentary and academic activities; from 1945 to 1947, he was Minister of Trade of Sweden; from 1947 to 1957, Executive Secretary of the United Nations Economic Commission for Europe (UNECE) (Myrdal, 1975). In this position, he contributed to the global trend of 1930s-1960s of economic planning transition from the national to the international level. The economic research at the UNECE secretariat was mostly applied; G. Myrdal managed regular academic exchanges with scholars from the "Eastern bloc" countries (Stinsky, 2018). The views of G. Myrdal are characterized by an Enlightenment-style technocratism; the belief that a shift in power toward experts and planners as social engineers are a strategic path toward solving the key problems of his modern, crisis-ridden capitalist society.

Among East Asian countries, Japan was the first to successfully catch up. The main factor of the "Japanese miracle" in the literature is the establishment of an effective "developmental state", the main role in which was assigned to the bureaucracy (in the Weberian sense), formed and functioning according to meritocratic principles (Johnson, 1982). In this system, the main ministries with authority that engaged the expertise of scholars were the Ministry of International Trade and Industry (MITI) and the Japan's Economic Planning Agency.

Japan's public administration system has an extensive and sustained network of advisory councils involving scholars. At the same time, the literature notes that the demand from the authorities is often determined not so much by the need for their competence in special scientific knowledge, as by the use of public trust: well-known academics serve as the "showcase" of power structures and their "public relations" tool (Tsurutani, 1986). This is largely a consequence of the high social prestige of academic knowledge, which, in turn, determines that an important social function of scholars is seen as an integral expression of the public interest rather than of individual groups. At the same time, an important tool for advisory board members to influence the economic policy-making of their respective entities is their informal recommendations regarding the hiring and promotion of junior research staff (Tsurutani, 1986).

In South Korea, the role and importance of the developmental state came into sharper form in the face of stiff institutional competition with North Korea, which had imported the institutions of a centrally administered economy from China and the USSR, and in the most rigid form. Following the change of South Korea's political regime and the ascension to power of authoritarian President Park Chung-hee (1962-1979), authoritative and powerful bodies were established to draft and oversee the implementation of seven five-year

plans of the "developmental state" (1962-1992). First and foremost is the Economic Planning Board, which coordinated the ministries in the financial and economic bloc since 1961 (Aymes, 2014). The competing institution was the secretive Presidential Council for Heavy and Chemical Industry Planning (1973). The planners chose the technology to develop these industries in closer cooperation with entrepreneurs than with economists and engineers (Luedde-Neurath, 1988).

The Korea Development Institute was established in 1971 and occupied a central place among research centers (Mo, 2005) Its head was proposed by the head of the Economic Planning Board and appointed by the President of South Korea. This center served as a source of economic policy expertise and advice by employing predominantly foreign-educated Koreans and paying world-class scholars. By the late 1970s and early 1980s, government agencies began to establish their own research and analytical units, largely reserving the industry portion of expertise for themselves (Aymes, 2014).

China is the largest national economy that has been most successful in making the transition from prescriptive planning to development planning. It should be noted that during the period of directive planning, China was relatively successful in social development (narrowing the gap in historical HDI) with relatively stagnant economy (see Fig. 1, 2). The human capital accumulated during this period, the restored institutional capacity of the state, along with the newly rebuilt environment ensuring the quality of functioning of market institutions, became important sources of China's growth during the period of economic reforms (Popov, 2014; Van Leeuwen et al., 2015).

Since the late 1970s, the functioning authoritarian ideocratic regime has shifted in the economic sphere from trying to replace market signals with state intervention to managing these signals. This was also reflected in the renaming of the central government's planning body. At the same time, the initial period of reforms featured consolidation its powers and building the technological and institutional quality of the system of planning bodies, which in the pre-reform period was thought as poor (White, 1988).

While preparing and approving five-year plans, which takes more than 2 years, there are several rounds of discussion involving various stakeholders (including research institutes, individual scholars). At the same time, 'scientization' is declared as one of the three basic principles of planning, along with democratization and institutionalization (Hu, 2013).

In addition, in recent decades, China has witnessed the institutionalization of the system of research centers for economic policy making. Their employees have become advisers to top government leaders, starting with Jiang Zemin. Let us illustrate the interaction between government, business, and academia with the China Center for International Economic Exchange (CCIEE) – a research center that operates under the direction, supervision, and scope of the National Development and Reform Commission. It is not only a PR project aimed to improve the perception of the PRC abroad. Public intellectuals, especially those with degrees from abroad, are seen as almost equal partners, candidates for government positions (Li, 2009). At the same time, party-state figures seek academic positions before and after they leave office. There is an intellectual pluralism in China's economic policy-making with a number of political constraints.

In Taiwan, the role of historical legacy and foreign expertise has become quite distinct. The evolution of planning institutions was determined by the continued political power of the Kuomintang, which was strongly influenced by socialist ideas. Before 1949, this party established planning institutions in mainland China's controlled territory, later restructured by the communist regime. Key agencies (Economic Planning and Development Council, Ministry of Economic Affairs) partly inherited the expertise of scholars and specialists from the Republic of China (on the mainland until 1949). Moreover, engineers rather than economists dominated among them (Kirby, 1990). Economists have had a larger role in shaping monetary policy, but a smaller role in industrial policy (Wade, 1988). Also, Taiwan, more so than South Korea, which was also under U.S. military control, had a greater role for U.S. experts and scholars than for local specialists (Moore, 1988).

In India, back under British colonial rule in 1938, a National Planning Committee was set up and chaired by J. Nehru, who later became the Prime Minister of India. After independence from Great Britain (1947), the formation of national economic planning institutions continued. Established in 1950, The India

Planning Commission, also headed by Prime Minister J. Nehru, became a ministry with mega powers, while bringing in specialist scientists to serve on a special committee. The Committee for Scientific and Industrial Research (CSIR) has played a significant role in shaping economic policy (Maiti, 2013).

A major statistician P.C. Mahalanobis became an advisor to the government and the founder and director of the Indian Statistical Institute, which functioned as a think tank for developing plans for the national economy. In 1955-1967, he was also part of the leadership of the Planning Commission. He based the development of India's second five-year plan (1956-1961) on a two-sector growth model with increasing the rate of accumulation (similar to the model by G.A. Feldman (1928), which contributed to arguments in favor of the rapid industrialization of the USSR). After promoting the computers imported from Western Europe, the USA, and the USSR in planning, Mahalanobis argued for the priority of civilian over military objectives (Menon, 2018).

The development and approval of plans in India was practiced under a democratic system, with significant involvement of the media and parliament. With the implementation of pro-market reforms in the 1990s, the role of the Planning Commission, transformed as of 2015 to the National Institution for Transforming India (NITI Aayog), has been substantially modified. NITI Aayog's function as a "think tank" of industry expertise has recently been strengthened .

Thus, in all of the countries under review, planning systems have shown the ability to reform, avoiding dismantling or chaotic disintegration. Having largely addressed the challenges of recovery growth and catch-up development, state planning institutions have been substantially modified by strengthening the functions of applied research centers, strategic analysis, and industry expertise to support economic policy decision-making.

Thus, above we have set out the study results for the practices of extensive and systematic use of planning tools in market economies at national level, primarily, the interaction of representatives of the academic and expert community and public authorities. When comparing them with similar institutions in the USSR, a question comes to mind: could the economy with directive planning be transformed into a more flexible model, similar to what happened, for example, in China?

We believe that Soviet planning practices could evolve towards models with greater institutionalization of competitive relations between the various actors of economic management and with stronger feedback loops.

In particular, as an example of indicative planning, development planning, program management of the national economy (as opposed to directive operational planning), we can consider the attempts of interaction between scholars and managers in prospective planning and long-term forecasting of the Soviet economy development (The CPSU Program, 1961, 1986 editions, drafts of the Integrated Programs of Scientific and Technical Progress).

However, due to the sub-optimal configuration of the political market, which is beyond the scope of this paper, this evolutionary potential has not been realized.

Based on the above cases of institutional interactions, the following main actors can be identified.

- On the part of the academic community:
 - Individual prominent famous scholars.
 - Scholars in the role of top civil servants and advisers to the top branch bureaucracy.
 - Universities.
 - Professional organizations of the academic community.
 - Organized research groups within government agencies.
 - Expert and advisory councils under state structures.
 - Research and expert units within government agencies.
- On the part of public authorities (PDM):
 - Top political leadership.
 - The top economic bureaucracy.
 - Top branch bureaucracy (departmental leadership).

– Mid-level economic bureaucracy (state and dependent corporations).

In any political regime, PDMs are divided into public politicians (who serve as the highest political authority) and administrative servants (the bureaucracy in Weber's sense). Typically, public policy-makers use individual well-known scholars as advisors who, in turn, enlist the services of their teams, to varying degrees of institutionalization. In our models, we shall limit ourselves to the state apparatus, especially since the nature of its relationship with public politicians does not vary that much across political regimes. At the same time, the relationship of the bureaucracy with the academic community along professional lines varies greatly.

To build on the above narrative, taking into account the practices of interaction between scholars and the bureaucracy in the USSR (Mitrokhin, 2020; Safronov, 2019, 2020), below is a brief description of the main historical models of institutional interactions between economic science and political power. Note that in all of the presented models, both cooperative and non-cooperative, and often conflicting, natures of interaction between cooperating and competing subjects are possible.

Extra-centralized model – the model presented in the economy of the USSR in the 1930s–mid-1950s. (Fig. 3). It is a rigidly hierarchical and least institutionalized model, in which ad hoc interactions with minimal rule compliance (due to their vague definition or lack thereof) prevail.

Institutional competition between groups of scholars is minimized, as the authorities view scholars solely as a type of civil servants and minimally allow organizations expressing their special interests. The competition of scholars in this model is uninstitutionalized (the means are ideological charges; the consequences of losing are super-hard). In a mobilization economy, where primitive directive planning techniques are applied, only those representatives of academic knowledge who work within the higher structures of the state apparatus are involved in the formation of economic policy. The remaining scholars are engaged in basic and applied research of branch scale, popularization of academic knowledge, and education. The discussion of economic policy issues is completely closed and takes place through key economic departments and divisions of the state apparatus.

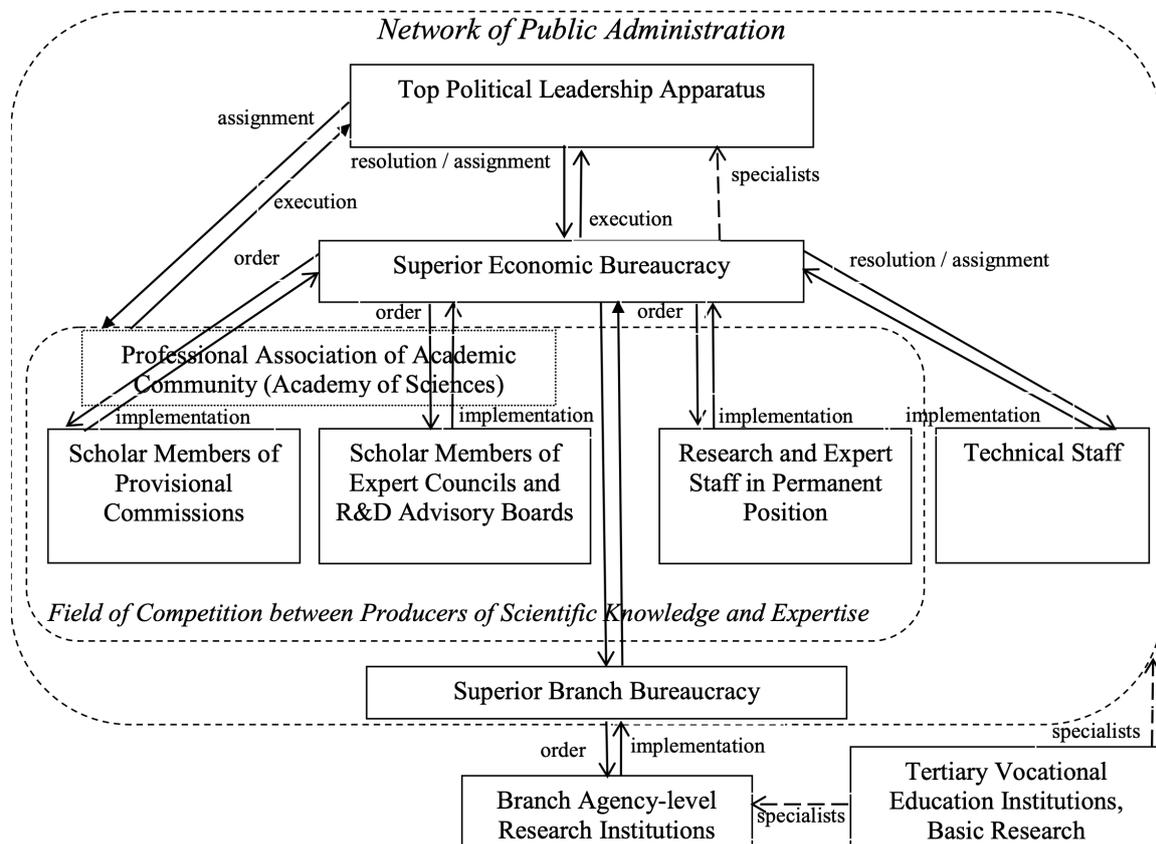


Figure 3. Extra-centralized model

Source: composed by the author

Centralized model – the model introduced in the USSR economy in the mid-1950s–1980s. (Fig. 2). This model has the key attributes of the previous one, but in a softened form and, what is fundamentally important, it has the precursors of a quasi-market of expertise in the field of economic policy – "think tanks" (research institutes), the demand for intellectual services weakly expressed by the ruling party, government, and departmental (branch) bureaucracy. The Academy of Sciences, as a professional organization of the academic community, begins to act as an important subject. The bureaucracy allocates areas of activity between research institutes, which overlap time to time, creating the potential for competitive relations between different representatives and institutions of the academic community. At the same time, these relationships are becoming more orderly and more subject to rules: ideological accusations become rare, often fail, and the consequences for the losers are relatively moderate. Nevertheless, the bureaucracy still prefers to attract competent scholars it trusts to work in the higher structures of the state apparatus.

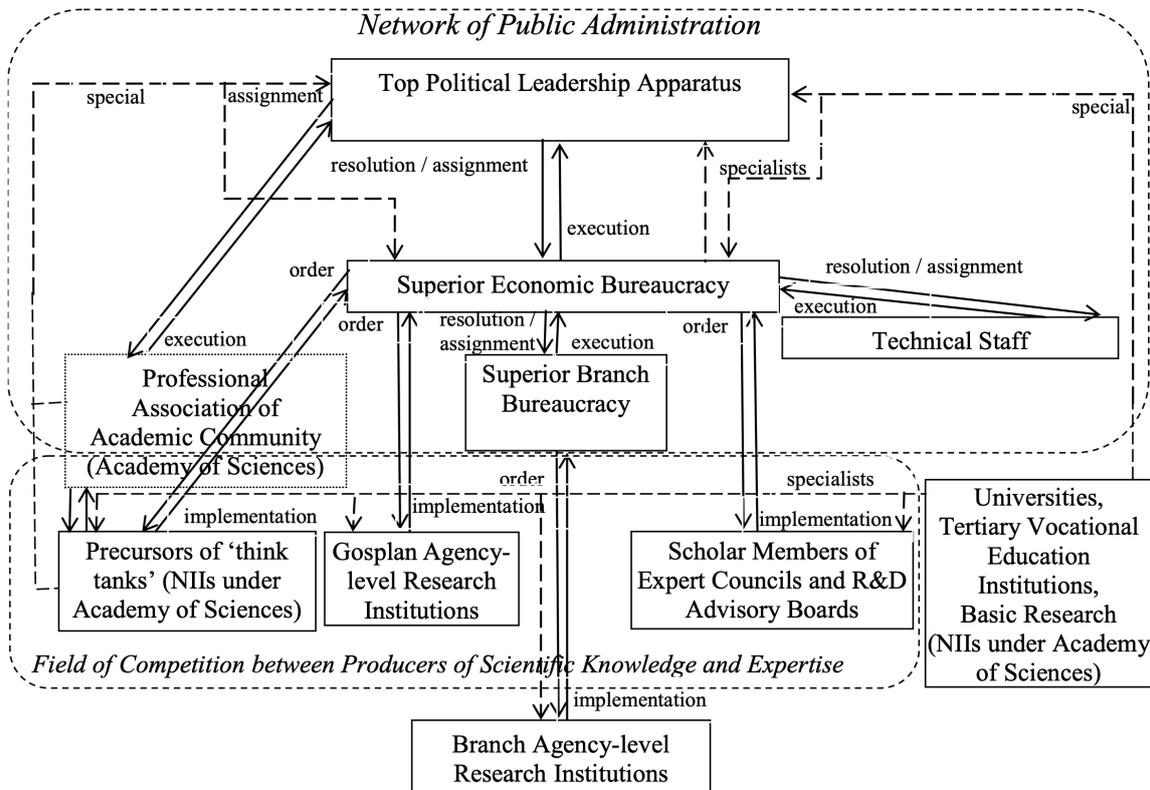


Figure 4. Centralized model

Source: composed by the author

Hard quasi-market-based model – the model of market signal management under an authoritarian regime (South Korea in the 1960s–1980s, Taiwan in the 1950s–1980s, China since the 1980s).

This model, like the centralized model, maintains a high degree of centralization and hierarchy. However, with the increasing complexity of the economic system, an economically motivated bureaucracy becomes an important actor on the demand side of academic and expert knowledge. Large and in-demand think tanks are emerging due to this demand. These think tanks interact with both the top state and departmental (branch) bureaucracies. They can be either affiliated with government agencies through affiliation relations or legally independent, but economically dependent on the available government contracts. The role of professional organizations of the academic community can be different: it is generally lower than in the centralized model, but higher than in the more market-oriented models with hybrid and democratic political regimes. In the competition between think tanks and individual representatives of the academic and expert community, international experience and connections become an important factor. The exchange of personnel between academic and governmental structures takes place in both directions. In contrast to the centralized model, mechanisms are created to align interests with large economic entities, providing an effective for the national

economy set of their combinations. The strong feedback loops in such a system lead to an iterative process of reviewing plans and other economic policy decisions.

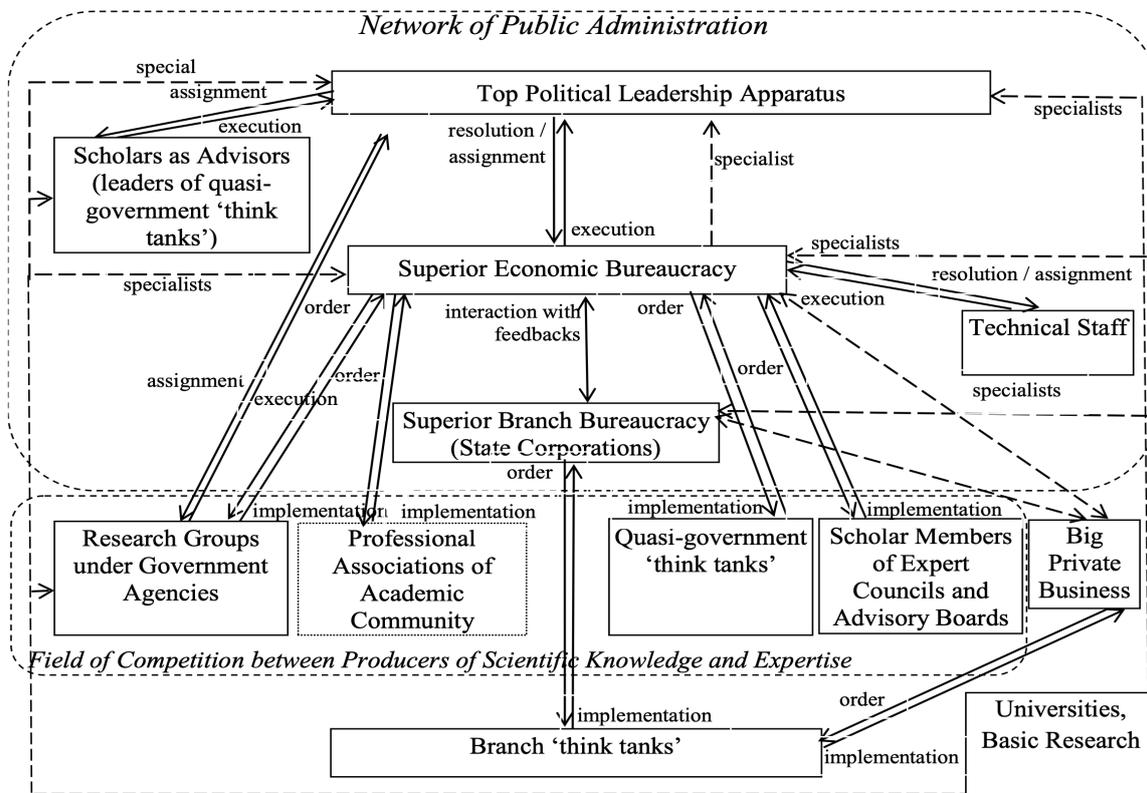


Figure 5. Hard quasi-market-based model

Source: composed by the author

Soft quasi-market-based model – a market economy model with strong government regulation in a hybrid regime (Japan in the 1950s–1980s, India in the 1950s–mid-1960s, post-Soviet Russia).

The parliament and other democratic institutions determine stronger feedback between political market actors than under an authoritarian regime. In this model, a wide range of combinations of economically and politically rational solutions is possible while matching the interests of different groups. There are also strong think tanks and organized research groups, which are staffed by research and higher education professionals, and the state authorities (which can also be staffed by think tanks). These centers may have varying degrees of legal affiliation with state structures, but in fact act as quasi-state centers. This model allows for a broader discussion of economic policy issues, involving think tanks close to political parties.

At the same time, they often engage the broader academic and expert community late in the decision-making process. The role of professional organizations in this community is also weak. At the same time, the expert and advisory councils under the branch departments often act as their "public relations" vehicle, the members of these councils influence the work of the departments through informal mechanisms.

Thus, in post-Soviet Russia, the leading universities, academic institutions, expert and analytical centers send their feedback to the Federal Assembly and publish their comments and recommendations on draft budget. The latter is actually the basic operational document of short-term planning in the public sector of the Russian economy for up to three years. However, the suggestions from scholars are only taken into account to a small extent during the amendment process. But even leaving this issue aside, it shall be recognized that this procedure creates an institution that can evolve with changes in the political market.

Soft state-led market-based model – a market economy model with strong state regulation under a democratic regime (the Netherlands, France in 1950s-1980s).

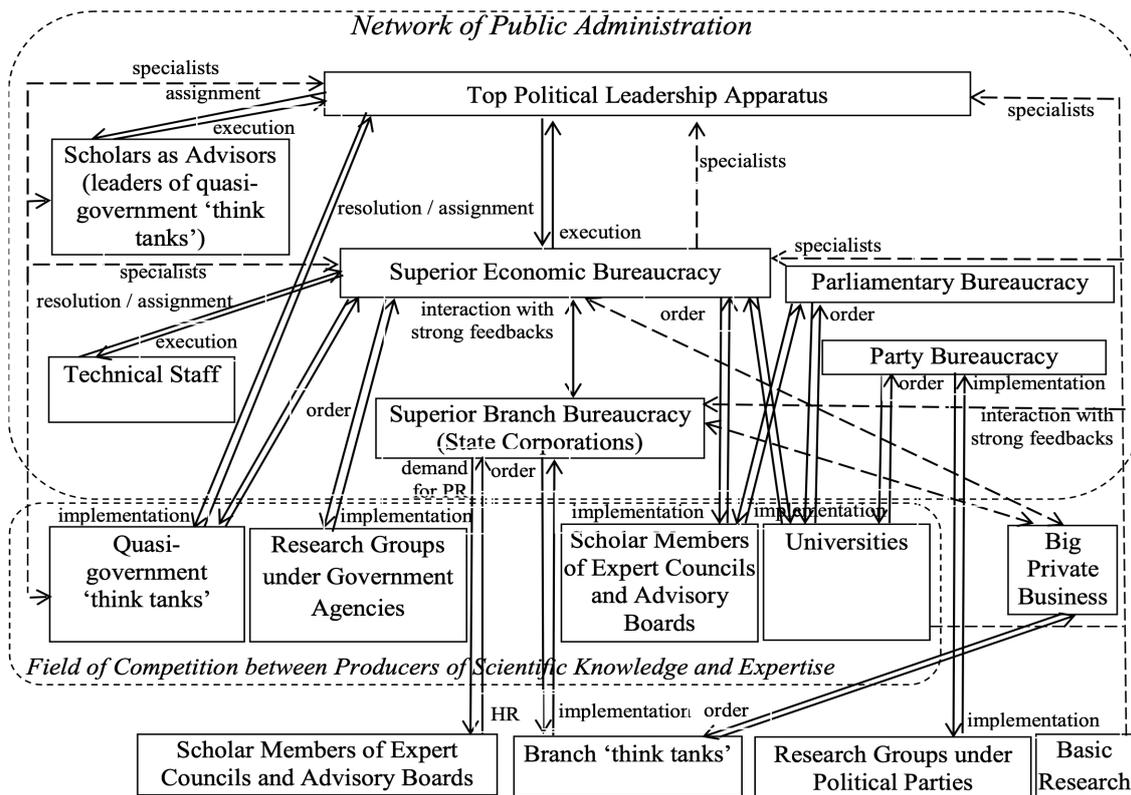


Figure 6. Soft quasi-market-based model

Source: composed by the author

The presence of research and expert units in state structures is combined with a wide range of state (former planning and coordinating bodies of executive power), quasi-state, and party think tanks. Think tanks, other academic institutions and universities, and the state apparatus exchange their employees. The developed democratic institutions of the political system are combined with a diverse landscape of competing entities generating applied knowledge to shape an active state economic policy (which has received the not entirely accurate designation of "industrial policy", in its various versions). Openness presupposes several rounds of discussion with opposing structures, a high degree of competitiveness of proposals, and subtle mechanisms of reaching consent between distinct (but not opposing) interests of economic units. However, for all its pluralism and inclusiveness, this model follows the principle of hierarchy and the coordinating role played by the bureaucratic structures of the state apparatus, which acts as the principal customer of academic expertise.

Conclusion

The economic policy is shaped at the intersection of political and economic rationality in the interaction between scholars and state structures in all of the countries considered. Their cases show that it is possible to implement planning adequately such an economy, in which the functioning of the interaction institutions between the political and economic stakeholders is sufficiently established. Implementation of an active and proactive economic policy to ensure catch-up development of a national economy relied on the established institutions for interaction between the academic and expert community and the government in its design and adjustment.

To a greater extent, this can be said about countries with prevailing market mechanisms of economic regulation. To a lesser extent – about the centrally administered economy of the USSR, where academic assessment of economic decisions was rigidly embedded in the hierarchical system of PDM; and only in the second half of the 1950s and 1960s, a network of autonomous think tanks started to emerge. With all the shortcomings of their interaction with state structures in post-Soviet Russia, they make an institutional basis for the subsequent more active use of modern tools and technologies of current and strategic planning of the

national economy.

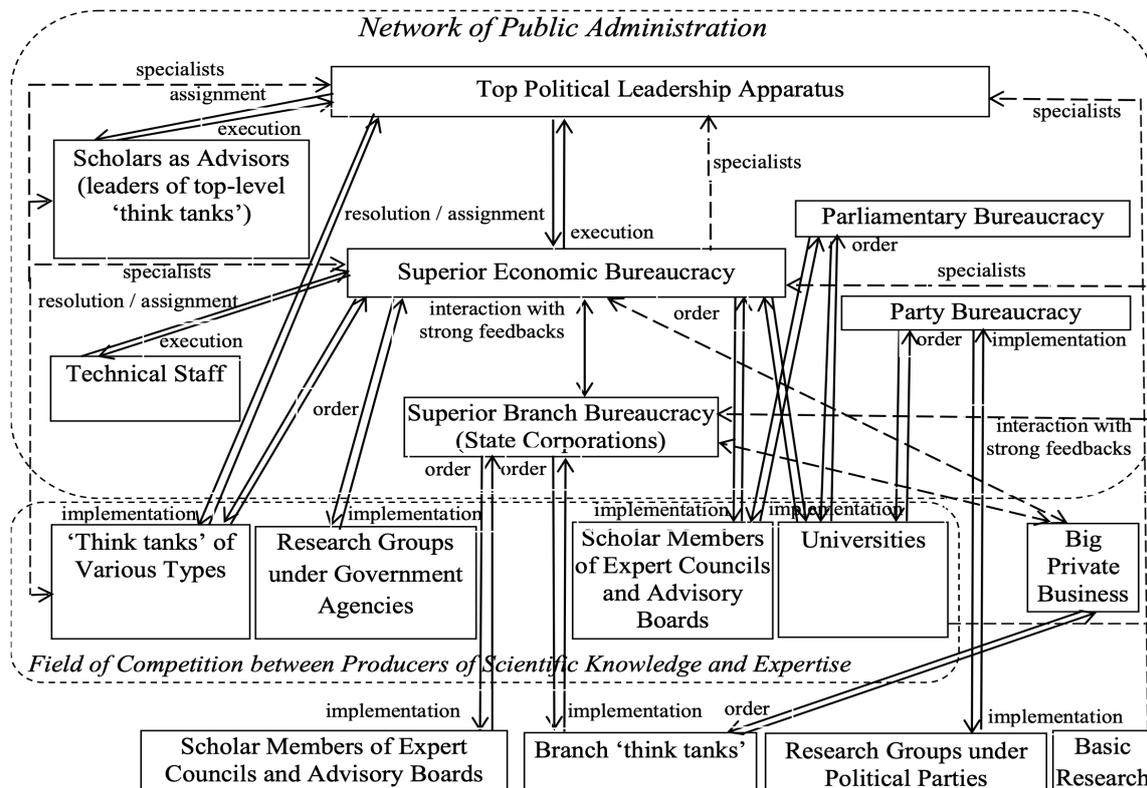


Figure 7. Soft state-led market-based model

Source: composed by the author

As a follow-up to the research program of studying practices of wide application of national economy planning tools of the market type, it seems important to consider the following lines further:

- Generalization and typology of rules and practices of interaction in development, adoption, and implementation of economic policy recommendations.
- Determining which of these rules and practices contribute to the reproduction of a country's market system, which leads to its improvement, and which give rise to problems, contradictions, and conflicts.

Their solution is fundamentally important in searching for an answer to the current question: which planning institutions could prove workable in modern Russia.

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