

ANALYSIS OF ORGANIZATIONAL CHANGES IN THE SYSTEM OF REGIONAL ADMINISTRATION IN RUSSIA

The article reveals the results of two main territorial reforms in Russia that changed the role of subjects and objects of economic relations, stages of the evolution and the relations between the federal center and regions during more than 25 years of market reforms that led to a considerable organizational structure changes of regional management development but did not provide a considerable growth of the efficiency of regional social and economic policy were singled out and analyzed.

Keywords: region, regional social and economic policy, management, organizational structure, federal authority, transformation, federal district, Ministry of Regional Development, constitutional asymmetric federalism, efficient federalism.

Formulation of the problem. A change of general regional economic structure in Russia was connected with two main "political breaks". During the first stage (beginning of the 1930s of the XX century) in the result of the administrative and territorial reform large krais and oblasts of the Soviet Union were broken up into smaller parts. The integrated model (region for the country) started to dominate in the regional policy. As a result a long term strategic overweight of the sectoral management of the economy over the regional type started to dominate. Hierarchically organized power relations kept dominating over the horizontal, social and territorial ones. Regions on the strength of the division of economic and political management turned out to be deprived of a minimal political and economic "subjectivity" or the opportunity to influence the decision taking of social and economic solutions and plan its development [1].

The second large transformation (beginning 1990s of the XX century) was determined by the vector of Russia dealing with the formation of market relations. This led to the disappearance of sectoral managerial vertical lines, active stratification of the economic structure, strengthened the level of the entropy of the constituents of its elements that in many aspects lead to regional development. From the beginning of market reforms till the present moment the organizational structure of regional development in Russia suffered considerable changes, that, in the author's opinion, has not lead to a considerable growth of its efficiency and functionality [1; 2].

Brief Literature Review. Relevant aspects of regional development in Russia are reflected in the works of such scientists as: A.

Aganbegyan, I. Arsenovski, S. Glaziev, A. Granberg, I. Grishina, O. Inshakov, I. Leksin, A. Novoselov, V. Seliverstov, S. suspitsin, A. Shvetsov, B. Stuhlberg.

The generalization of the results of these studies allowed the authors to draw the following conclusions. In the evolution of the relationships between the center and the regions during more than 25 years of the market reforms five periods can be singled out. The first period (1987 – mid 90s XX century) was characterized by an active regionalization of the Russian economy, growing independence of the regions of the Russian Federation, increasing role of local authorities in the management of the dependent territories. As a result the balance of powers in the relations "federal center – regions" gradually moved in favour of regions.

Every region tried to build its own model of relations with the center and to sign it in bilateral agreements, to fix the transfer of a possibly large volume of power. As a result the differentiation in the level of social and economic development grew, position of the federal center weakened, disintegration tendencies activated not only in the legal, economic, but also in informational, humanitarian spaces of the country.

In 1993 – 1994 as a result of a radical reforming of federal-provincial intergovernmental dealings for the first time common rates of assignments from federal taxes into the budgets of the subjects of the Russian Federation were set, the Fund of financial support of regions was established, transfers from which started to be allocated on the basis of a common formula. In the structure of the consolidated budget of the Russian Federation the share of regions doubled



having exceeded 50% in the background of the regional authorities strengthening.

Second period (1995 – 1999 years XX century) was characterized by a strengthening of the political and economic power of regional elites, separatism growth and positions enforcement of interregional associations of economic interaction. In the budgetary and financial sphere the balance of strengths between the center and the regions in generally kept but a baseless withdrawal of regional budget funds at the cost of changes of the tax legislation that contradicted the law of the budgetary situation of Russia was observed. In the system of intergovernmental dealings the tendencies of the increase of the share of the spending powers of regional budgets in Russia along with the reduction of their share in the distribution of the tax potential of the country could be observed.

The largest part of social expenses was transferred to the regional level without backing them with the correspondent funding that resulted in the situation when regional authorities had to be busy with unofficial activity, distribution of expenses into different extra budgetary funds and started actively to invest into the capital of enterprises and banks on the territory of their regions.

As a result by the beginning of 1999 in Russia conditions for the development of separatism arose in fact: multiethnic character of the state was observed, economic troubles were in place, inequality of the regions in the relations with the federal center was realized, imperfection of the political and administrative division of Russia was seen, geographic remoteness of regions was typical.

The third period (2000 – 2004 XXI century) was characterized by the strengthening of position of the federal center, enforcement of federal authorities in the subjects of federation, hardening of the control over the targeted expensed of the federal budgets funds in the regions with the help of the department of the Federal Treasury of the Russian Federation.

The order of the formation of the Council of Federation was changed that led to the reduction of the role of governors in the solution of national problems, the activity of which was now concentrated only on the solution of the economic problems of their regions and on the search of the internal sources of the regional income.

The process of the conclusion of agreements concerning the division of authorities be-

tween the center and subjects of the federation was completed but nevertheless the Tax Code of the Russian Federation did not balanced their common interests having fixed the practice of distribution of budgetary resources in favour of the center [3].

For the purpose of the administrative provision of the priority of federal laws seven federal districts were created in 2000 and the plenipotentiary representatives of the President of the Russian Federation got the function of the control over the execution, coordination of the activity of federal bodies there and so on.

The creation of the federal districts and institutes of the plenipotentiary representatives of the President of the Russian Federation was supposed to contribute to the vertical integration of federal structures, coordination of their activity and the creation of the common economic policy of economic subjects of different levels.

Within federal districts for the purpose of the realization of the federal mission of the state the following tasks were supposed to be solved: bringing into the coordination of federal and subfederal legislation, recreation of a common managerial vertical line, taking out of federal authorities structures in a territory from the direct or indirect of regional, local political or economic groups; limitation of legal and administrative "independence" of the subjects of the Federation, lifting the barriers on the way of the capital, information, labour, goods and services movement.

In contrast to economic regions, natural and economic zones or region within the limits of the subjects of the federation, federal districts of the Russian Federation tried to be established as integrated units of new division of national economic space.

Today federal districts in the territorial construction of the Russian Federation as an element of a unitary character inside a federative state, gathering the system of territorial management and preventing from the recurrence of "regional barony" allows brining into a relative unity the system of territorial management not only by standardizing normative and legal base but also using political levers and the influence on regions [3; 4].

However the problem of the optimization of territorial development is remaining finally unsolved. This fact has led to further attempts of the political systems unification of the subjects of the Russian Federation with the general federal political system.





Purpose article. The authors, based on an aggregated analysis of past changes in the organizational structure of regional development in Russia, attempted to provide an assessment of recent government decisions in this area.

Basic material research. Fourth Period (2005 – 2011 XXI century) was connected with the appearance in the system of the government of the structures, regional direction of which had the character of outsourcing and was not one of numerous functions in the system of a large spectrum of more global tasks of different ministries and offices.

In 2004 in compliance with the decree of the President of the Russian Federation the Ministry of Regional Development of the Russian Federation that became the federal body of the Executive Authority realizing the functions of the elaboration of the state policy and normative and legal regulation in the sphere of social and economic development of the regions of the Russian Federation, federative and national relations concerning the rights of national minorities, native area of habitat and a traditional way of life of aboriginal scanty peoples and ethnic communities was established.

Ministry of Regional Development of the Russian Federation got a number of functions dealing with the regional development that earlier were executed earlier by other ministries: Ministry of Economic Development and Trade of the Russian Federation, Ministry of Health and Social Care of the Russian Federation, Ministry of Culture of Russian Federation and so on.

Ministry of Regional Development was responsible for the social and economic development of the subjects of the Federation and municipal communities, was busy with the regulation of administrative and territorial structure of Russia and limitation of powers between the executive bodies, transborder and interregional cooperation. The ministry controlled town planning in part of the territorial arrangement, realized projects of social development of federal districts and lead the selection and the realization of priority investment projects in them.

In 2007 Ministry of Regional Development of the Russian Federation was provided with a number of new functions: allocation of state support to the regions and districts from the Investment fund of the Russian Federation; coordination of federal and ministerial target programs in part of the integrated territorial development; realization of the rights of the state contractor (state client - coordinator) of federal

target programs related with the economic development of the subjects of the Russian Federation and municipalities [1; 2; 3].

In January 2010 the system of federal districts of the Russian Federation was specified and, in particular North Caucasus Federal District was isolated from the Southern Federal District. But still not enough time have passed so that we could verify the achievement of the goal of the creation of integrated economic territorial complexes within the limits of federal districts of Russia that represent today only conglomerates of regional economies with prerequisites for opportunities of the improvement of common conditions of reproduction on the basis of the reinforcement of cooperation relations of subjects of different industries, spheres, segments and sectors of different levels.

Fifth period (2012 – till today) was marked by the creation of two new federal Ministries: the Ministry for the Development of the Russian Far East and the Ministry of North Caucasus affairs.

In March 2014 the treaty of joining the Republic of Crimea to the Russian Federation was signed that signified the inclusion into the Russian Federation of the largest part of the Crimean peninsula with the formation of two new subjects of the Federation – Crimean federal district and the city of the federal importance Sevastopol as well as the creation of the new federal Ministry of Crimean affairs.

September 8th, 2014 on a motion of the Chairman of the Government of the Russian Federation Dmitry Medvedev the President of the Russian Federation Vladimir Putin took the decision about the abolishment of the Ministry of Regional Development of the Russian Federation and transfer of its functions to other ministries. In the authors' opinion, the consequences of such step are far from well defined.

In spite of the fact that during latest years Ministry of Regional Development of the Russian Federation experienced a number of difficulties in their work, it successfully promoted an efficient experience of regional management, introduction of strategic planning in relation to specific territories on all the levels of the state, development of horizontal relations between the subjects of the federation, reduction of the imbalance between the levels of their development. Besides that the work of this ministry was memorable by regular contests of cities and regions, encouraging the comparison of the experience in regional management.

These very problems that Ministry of the Regional Development of the Russian Federation tried to solve in a functional way are especially important and it will be difficult to transfer these functions to other ministries as the ideology of the balance construction in the regional economy won't be channeled to anyone. So the Ministry of Construction, Housing and Utilities of the Russian Federation will be busy with construction and organization of communal services, Ministry of Economic Development of the Russian Federation dealt with key sectors of the economy, Ministry of Culture of the Russian Federation will be responsible for tourism and cultural heritage. The idea of the region as an integrity where culture is built in the economy, the economy itself is related with the plans of spatial development which in their turn, carry out a strategic goal, is becoming a luxury. This seems to be a sign of unintentionally approaching managerial crisis.

Any volunteer can still familiarize oneself with analytic papers of the Ministry of Regional Development of the Russian Federation concerning the efficiency of the economic activity of the heads of the regions. The monitoring of the ministry included the assessment of the economic efficiency and state management, health care, education, housing and communal services.

One of the important projects of the Ministry of Regional Development of the Russian Federation is the creation of the investment agency "Invest in Russia", organization of the international Internet forum "Integration of compatriots". Since 2008 the Ministry published the atlas of cultures and religions "Peoples of Russia". On the Internet site of the authority a geoinformational system of the territorial planning worked [5].

Ministry of Regional Development of the Russian Federation was the "richest" ministry of Russia, its budget for the year 2014 made up 50,56 billion rubles. Besides till recently it was the Ministry of Regional Development that handled considerable money from the Investment Fund of the Russian Federation. In particular large sums from this specialized federal fund were invested into the river infrastructure of the Rostov region of the Southern federal district. Stavropol kray (North Caucasus federal district), for instance, obtained the money from the fund for the development of first industrial parks. Besides the Ministry of Regional Development of the Russian Federation had a considerable fund for the encouragement of the ex-

celled regions: governors had the opportunity to get not only a diploma but also an extra billion for the development. This history lasted till 2009 after that the system of regional development started to change.

After the abolition of the Ministry of Regional Development of the Russian Federation in Russia there remain only three districts whose problems are dealt with by the federal center. Partly it denotes that other regions do not have comparable problems. But these are not only the problems that matter but also objective obstacles on the way of their further development.

One of the main functions of the Ministry of Regional Development of the Russian Federation was the development of the interregional air transport services. For instance it was complicated to get from Rostov on Don to Makhachkala, or from Krasnodar to Astrakhan it was not easy and it restrained business and tourist activity. Ministry of Regional Development of the Russian Federation tried several times to realize the idea of subsidies of regional air transport services and managed to start this program in Povolzhye and in the North Caucasus. As a result direct flights from Mineralnyje Vody, Makhachkala, Krasnodar appeared. How and by whom this program will be carried out is not clear.

Another important initiative of this ministry should be noted: in June 2014 several pilot territories were chosen by the authority for the model elaboration for agglomeration management. In the South of Russia Republic of Dagestan, Krasnodar and Stavropol krays were included into the list. This was a very useful and complicated project as there are no useful tools in Russia for territorial management of several municipalities. Which authority will deal with this problem is also unclear.

After the abolition of the Ministry of Economic Development of the Russian Federation many regions that are not encompassed by the powers of new territorial ministries can be abandoned for themselves, i.e. interregional problems and projects will not be interesting for anybody. Probably leading regions will lose something but with a new course when the position of an arbiter of the competition between territories is lost one can hardly agree with. As the strategic idea of the work of the Ministry of Regional Development of the Russian Federation was to work out standards of regional management and planning for a more efficient development. New idea of regional policy of Rus-





sia will be concentrated in different territories. But the economic growth can be sacrificed in this situation and then will become a consequence of the improvement of the quality of regional management.

It is known already that key functions of the Ministry of Regional Development of the Russian Federation in territorial planning and elaboration of strategies will be transferred to the Ministry of Economic Development of the Russian Federation as it was before 2005 when this ministry could hardly breath because of tasks put on it. Functions concerning the elaboration and the realization of the state policy and normative and legal regulation in the sphere of the support provision by the state to the subjects of the Russian Federation and municipalities at the expense of the federal budget will be handed over to the Ministry of Finance of the Russian Federation.

Ministry of Construction, Housing and Utilities of the Russian Federation will be delivered functions of the elaboration and the realization of the policy in the sphere of the city planning and zoning.

Ministry of Culture of the Russian Federation in place of the abolished ministry will occupy with the rights of national minorities and native scanty peoples of Russia, realization of ethnic and cultural needs of citizens belonging to different ethnic communities.

Ministry of Justice of the Russian Federation will get the functions concerning territorial organization, limitation of powers in questions of conjoint autonomy as well as the interaction with Cossack communities [6]. However to develop different activities and to develop territories are in authors' opinion principally different ideologies and mechanisms.

Conclusion and prospects for further research. From the beginning of market reforms in Russia till present moment organizational structure of management of the regional development in Russia suffered considerable changes that did not lead to a considerable growth of its efficiency and functional character. The abolishment of the Ministry of Regional Development of the Russian Federation that was responsible in 2004–2014 for regional policy in Russia is, in authors' opinion, an alarming signal that can be assessed as a further contraction of federative relations in Russia, return to the centralization of the state management. The reforming of the organizational structure of regional development management in Russia will be efficient only in the case when federal authorities will stop considering regions only as sources of minerals and will finally encourage their development.

In the result of not quite successful transformational changes in the organizational structure of territorial development during latest years the dominating type of the regional social and economic policy in Russia became a constitutional asymmetric and voluntary federalism under which federation being constitutional is at the same time characterized by the asymmetry of the inequality of their subjects and many decisions will be taken without due grounding and very often in an authoritarian way.

Meanwhile the organizational structure of management of regional development in Russia will have to respond to the principles of an efficient federalism under which in the mechanism of functioning of federative relations the priority should be given to constitutional and legal base and not contractual ones; special importance should be contributed to the equality (or inequality) of the status of the subject of the federation. That's why the leveling of real rights and competences of the subjects of the federation is needed. The priority goals of the regional management still remain the conservation of the unity and territorial integrity of the state and decentralization of powers between its federal and regional powers capable of providing the defense of the interests of the Federation in the whole as well as its separate subjects (regions, districts).

The conditions of the construction of this model of regional policy are: freedom of labour and capital movement between regions and districts that will allow having a coordinated economic policy. Otherwise the opportunity of monopoly realization for the determination of the economic policy and creation of the institutional sphere arises; development of mutual free trade that allows producing goods on the basis of the whole market of a federative state and gives the opportunity to producers to get a larger access to resources: financial, labour, material and newest technologies; protection of competition from foreign firms by strict budgetary limitations; real and not formal integration of the subjects of the federation within the borders of federal districts; introduction of efficient tools of the strategic management of spatial development through an organic combination of market and planning principles.

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Аналіз організаційних змін в системі регіонального управління в Росії

У статті розкриті результати двох головних територіальних реформ в Росії, що змінили роль регіонів як суб'єктів і об'єктів економічних відносин; виділені і проаналізовані етапи еволюції взаємин федерального центру і регіонів протягом більш ніж 25-ти років ринкових реформ, що призвело до істотної зміни організаційної структури управління регіональним розвитком, але не забезпечило суттєвого зростання ефективності регіональної соціально-економічної політики.

Ключові слова: регіон, регіональна соціально-економічна політика, управління, організаційна структура, федеральна влада, трансформація, федеральний округ, Міністерство регіонального розвитку, конституційний асиметричний федералізм, ефективний федералізм.

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Анализ организационных изменений в системе регионального управления в России

В статье раскрыты результаты двух главных территориальных реформ в России, изменивших роль регионов как субъектов и объектов экономических отношений; выделены и проанализированы этапы эволюции взаимоотношений федерального центра и регионов в течение более чем 25-ти лет рыночных реформ, что привело к существенному изменению организационной структуры управления региональным развитием, но не обеспечило существенного роста эффективности региональной социально-экономической политики.

Ключевые слова: регион, региональная социально-экономическая политика, управление, организационная структура, федеральная власть, трансформация, федеральный округ, Министерство регионального развития, конституционный асимметричный федерализм, эффективный федерализм.

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