

## RUSSIAN ECONOMIC SPACE: STRATEGY IMPASSES<sup>1</sup>

*In 2014, the Russian government adopted a law on strategic planning. In the period from 2015 to 2017, regional development strategies were shaped in accordance with this law. Further, in the period from 2018 to 2019, the government has been developing the national strategy of spatial development, which is clashing with both regional strategies and fundamental principles of the economic theory of spatial development. The article considers the set of such conflicts and assesses their possible consequences. I use the method of comparative analysis, examining how special (for Russian conditions) and theoretical models of spatial development respond to the decisions proposed by the strategy. The strategy includes various concepts that aim to maximize agglomeration effects, identify priority regions, create homogeneous macro-regions, suppress economic and social heterogeneity, and maximize the regions' competitiveness. I demonstrate that in the strategy, none of the concept's fragments achieve the proposed decisions correlating with canonical theoretical concepts (the concept of placement of firms and industries, models of spatial development and growth, concepts of spatial diversity and inequality, principles and forms of regional state policy). The strategy identifies the directions of spatial development, which formally correspond to the traditional theoretical models of regional development. However, these directions either are implemented within the inertial development of the spatial system of the Russian Federation, or are modified according to Russian economic and geographical space, while the strategy does not consider these modifications. This leads to a conflict between the goals declared in the strategy and the real problems of the Russian economic space's functioning in terms of socio-economic inequality, and maximized effects of agglomeration, regional rents, and the regions' competitiveness. Additionally, I pay particular attention to the problem of shaping the target for strategic spatial planning. The paper has demonstrated that a productive strategy is possible in case of considering the economic space as a system of economically interacting regions, and not an additive set of administrative regions.*

**Keywords:** strategy, concepts, theory, regional policy, space, regions, agglomerations, specialization, trunk transport, growth pole, goals, fundamental conflict

### Introduction

The article analyses and assesses the contents of the Strategy of Spatial Development of the Russian Federation (SSD) formulated pursuant to Law on Strategic Planning<sup>2</sup> endorsed in February 2019. Before that, in July 2018, the Draft Strategy was made public and underwent strong criticism due to the revealed incoherence between the National Strategy and the regional ones in terms of priorities, goals, resources and mechanisms. In many ways that incoherence was predetermined by the faults of Law on Strategic Planning as such. The Law announced drafting the National Strategy in 2018, while development of the regional strategies started in 2015, even though the Law required primacy of the National Strategy over regional developments.

As a result, the draft of the SSD revealed a profound gap between the financial, organisational and political decisions proposed in it as well as their consequences and those effects that had been described by the multitude of strategies presented by the constituent entities of the Federation and approved by the Government. Moreover, there was a gap between the expectations of the entities of the Russian Federation and the published federal intentions. The Strategy of Spatial Development of the Russian Federation for the period until 2025<sup>3</sup> endorsed in February 2019 differs from the Draft textually to some extent. However, it is fully identical to the draft in terms of ideology, as it comes laden with the same system-based problems and is equally vulnerable.

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<sup>1</sup> © Minakir, P. A. Text. 2019.

<sup>2</sup> О стратегическом планировании в Российской Федерации. Федеральный закон от 28 июня 2014 г. № 172-ФЗ. С доп. и изм. [On Strategic Planning in the Russian Federation. Federal Law #172-FZ of June 28 2014. As supplemented and amended]. Retrieved from: <http://base.garant.ru/70684666/> (Date of access: 02.07.2019).

<sup>3</sup> Стратегия пространственного развития Российской Федерации на период до 2025 года. Утв. Расп. Правительста Российской Федерации от 13 февр. 2019 г. № 207-р [Strategy of Spatial Development of Russian Federation for the period until 2025. Endorsed by Decree #207-r of Russian Federation Government of February 13 2019]. Retrieved from: <http://static.government.ru/media/files/UVAUqT08o60RktoOXI22JjAe7irNxc.pdf> (Date of access: 06.03.2019).

The article analyses objective reasons behind this vulnerability. For that purpose, it compares the decisions proposed by the Strategy with the canonical concepts of spatial development that have been elaborated throughout decades based on rich empirical material both in Russia and abroad. Never questioning the indisputably high expertise of the SSD developers [1, P. 137], I still consider the fact that the ideas and development incorporated in the Strategy could not have been free from subjectivity and ambition of some high authorities as its acquirers. Quite aware of that, we shall, nevertheless, try and analyse the final document, as only it alone can claim to be guidelines for action.

### 1. Strategic planning target

The Strategy's key issue is justification (or at least description) of the reason why a dedicated strategy is required to transform the system of "developing the socio-economic space" (or its mere functioning). The text of the SSD has no explicit answer to that; moreover, it lacks a clear definition of the strategic planning target. The SSD developers allege that the Strategy-2025 refers to "strategy of spatial and not regional development", clarifying that "the main stress is laid on different types of territories without reference to the boundaries of the entities of the RF" [2, P. 150]. However, in fact, such feature of the target is seen only in changing terminology in the main part of the SSD's text where the developers carefully avoid the term "constituent entity of the Federation" using it only in description of one out of 21 items that set the goals, priorities and principles of the Strategy's implementation<sup>4</sup>. But already in the Addenda that specify the general declaration of goals, principles and directions, the term of "constituent entity of the Federation" becomes basic<sup>5</sup>.

The dual character of choosing the target and the very process of the Strategy's development is apparent when "the SSD developers merit reward for everything positive in it and all questionable provisions are the responsibility of high-level authorities as the Strategy's acquirers" [1, P. 137]. This dual character most likely explains the high-level authorities' choice of a most comfortable space as a set of administrative territories that de-facto are a strategic planning target.

The express desire of experts to use the term "territory" in designating their strategic planning target as "abstract economic space" contrary to administrative space is quite explainable. However, in this case "fundamental conflict", i.e. interaction of opposite tendencies (concentration and de-localization) that determine spatial development, should have been the target for analysis and strategic planning [3]. This, though, is not considered in the SSD's.

Actually, I have shown earlier [3] that the administrative regions (entities of the Federation) can also quite adequately serve as a target for analysis of a class of spatial structures within conventional projective transformations (reflections) of abstract economic space [4]. But the important factor is presenting the economic space as a system of inter-regional interactions governed by the law of structural balance [5, 6]. Such consideration attributes critical importance of thorough spatial economic analysis to the productivity of the components of spatial economic structure rather than the form of their boundaries. But the text of the SSD does not analyse the inter-regional interactions at all; moreover, instead of cooperative productivity, the Strategy offers its statistical surrogate "a share of the entity of the Federation's gross regional product (GRP) in the national gross domestic product (GDP)".

Hence, the SSD actually presents an additive set of the entities of the Federation, i.e. an aggregate of economic activities locked within the administrative borders, as "Russian space". This is a material basis for the aforementioned conflict of the strategies. The entities of the Federation are defending their strategies with a clearly defined target while the National Spatial Strategy entirely fails to formulate its target. This, naturally, was reflected on the Strategy's goal-setting as well.

Certainly, the need for Russia's Strategy of Spatial Development is described by the above-mentioned Federal Law<sup>6</sup>. But this fact in itself tells nothing about the meaningfulness of such strategy.

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<sup>4</sup> Strategiya prostranstvennogo razvitiya Rossiyskoy Federatsii na period do 2025 goda. Utv. Rasp. Pravitelstva Rossiyskoy Federatsii ot 13 fevr. 2019 g. № 207-r [Strategy of Spatial Development of Russian Federation for the period until 2025. Endorsed by Directive #207-r of Russian Federation Government of February 13 2019] (pp. 8-10). Retrieved from: <http://static.government.ru/media/files/UVA1qUtT08o60RktoOXl22jAe7irNxc.pdf> (Date of access: 06.03.2019).

<sup>5</sup> For instance, in SSD Addenda 1 and 2 all entities of the RF are listed as strategic planning targets, in Addendum 3 — the administrative centers of entities of the RF and municipal entities, in Addendum 4 some entities of the RF are listed as geostrategic territories.

<sup>6</sup> O strategicheskoy planirovaniy v Rossiyskoy Federatsii. Federalnyy zakon ot 28 iyunya 2014 g. № 172-FZ. S dop. i izm. [On Strategic Planning in Russian Federation. Federal Law #172-FZ of June 28 2014. As supplemented and amended]. Retrieved from: <http://base.garant.ru/70684666/> (Date of access: 02.07.2019).

The Law can (though it shall not) contain faulty provisions. And the Strategy in itself as the best way (that includes means, instruments, resources) to reach the specific development goals of a certain system shall contain an unambiguous definition of the very goals. They should be established from the unbiased analysis of problematic issues of the planned system's functioning and its ability to get to a state desirable for the developers and/or acquirers without application of dedicated methods of strategic management.

The SSD's goal-setting issue is no less serious than identifying the planning target. The National Strategy of Spatial Development announces "ensuring a sustainable and well-balanced spatial development of the Russian Federation aimed at curtailment of inter-regional differences in the level and quality of living of the general population, accelerating the rates of economic growth and technological development as well as safeguarding the national security"<sup>7</sup>. The Strategy does not describe the term "spatial development" so alternative interpretations come to the fore.

Firstly, this term can be understood as a multitude of parameters (indicators) of economic and social character registered in every location and/or a certain kind of enclosed space, the aggregate of which forms meanings of the respective parameters (a spatial matrix) common for the nation. As noted above, the SSD identifies a location (area) with the geographic space within the boundaries of the entity of the Federation.

Secondly, this term may indicate either disintegration of the national macroeconomic aggregate in the administrative space or pulling together the macroeconomic aggregate (or aggregates) of the entities of the Federation into the all-national aggregate (aggregates). Consequently, in this case the matter is about the space vector.

The goal for the spatial matrix's development is "curtailment of inter-regional differences in the level and quality of living", i.e. transformation of space as "a living environment" for economic agents and society. That means aligning the socioeconomic levels of the entities of the Federation and ensuring equal access to public (including government) benefits and services under prioritized policies for reaching the goal in the "geostrategic regions".

The goal for the space vector's development is "acceleration of economic growth and technology progress rates" or ensuring "a breakthrough science and technology and socioeconomic development of the entire country" [2, P. 149]. In other words, the goal is to maximize "spatial rent" in terms of accretion of macroeconomic and social indicators of the national level.

The development strategy of spatial matrix is understood as re-distribution of public economic resources in favour of "economically and socially depressed" entities of the Federation, with their major part concentrated in the entities critically important from the point of view of defence and geopolitics. And the strategy of the space vector's development is understood as concentration of economic resources in the most productive and economically and socially successful locations/areas. It would enable the acceleration of economic growth of national economy and a higher quality level that implies structural modernization of domestic production and exports.

Thus, the SSD actually incorporates two strategies for reaching the goals of development (transformation) of the two essentially different systems (targets). These strategies contradict each other due to a restricted character of state economic resources. Therefore, even assuming the necessity to reach both goals formulated in the SSD, it would have been logical to expect construction of a certain mixed-type strategy as a combination of resource, institutional, technical and technological solutions for reaching these two goals. However, the SSD does not offer any realistic mechanisms and means of ranking the priorities and resources' re-distribution. Moreover, it does not suggest any options to solve the problem of constructing an adequate institutional environment that would ensure the implementation of a strategy of spatial development [1, P. 137–138, 140–142, 144].

## 2. The goal of alignment

One of the four goals to meet by 2025 and one of the four key directions of spatial development according to the Strategy is "curtailment of the level of inter-regional inequality of socioeconomic development of the entities of the Russian Federation and reduction of inter-regional social and

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<sup>7</sup> Strategiya prostranstvennogo razvitiya Rossiyskoy Federatsii na period do 2025 goda. Utv. Rasp. Pravitelstva Rossiyskoy Federatsii ot 13 fevr. 2019 g. № 207-r [Strategy of Spatial Development of Russian Federation for the period until 2025. Endorsed by Directive #207-r of Russian Federation Government of February 13 2019] (pp. 7–8). Retrieved from: <http://static.government.ru/media/files/UVAIqUtT08o60RktoOX122JjAe7irNxc.pdf> (Date of access: 06.03.2019).

economic gaps”<sup>8</sup>. The pursuit of the inter-regional convergence quite well complies with the mainstream of current (and not only current) regional economic policies.

At the same time, it is important to consider the fact that inequality (in terms of rates of growth, revenue, and quality of living) is a fundamental feature of economic space based on uneven localization of competitive advantages of rent and agglomeration-institutional kind (or in current terminology, of the first and second type) [7]. This unevenness is especially valuable for vast and inhomogeneous economic space, where the Russian economic space belongs in the first place [8]. For Russia, the uneven distribution of infrastructure support of economic activity in different territorial subsystems is an additional essential factor of inhomogeneity [9]. A general trend is long-term curtailing of the “basic inequality” (both economic and social) under the influence of both the objective development trends and active re-distribution state policies [9–15].

Certainly, alleviation of the current average level of inter-regional inequality can serve as the goal for state policies. The question is, to what degree this goal can be strategic, especially in the short term (the Strategy’s horizon is 7 years). There is no question if the “super-standard” inter-regional inequality is suppressed [16, P. 450–458]. However, the SSD has no indication as to “inhomogeneity outbreaks” to be managed. Another important issue is the type of inequality that, according to the SSD developers, shall be dealt with by strategic methods projecting the effects in a short period of time.

It is known that only a tendency for social convergence can manifest itself comparatively fast, because alignment of the population’s income levels as the key instrument for curtailing the income inequality is the state re-distribution policy (regional and national). At the same time, the tendency for economic convergence is manifested only in the long periods. That happens due to migration of large masses of economic resources, formation of new large agglomerations, improvement of infrastructure environment, broadening of areas of enhanced quality human capital, etc., that are time-consuming.

The SSD’s indicators for alignment, such as “human asset index” for all entities of the RF (a) and average per capita gross regional product (GRP) for “geostrategic territories” (b), refer to the economic convergence, so, naturally, the SSD projects no breakthrough in that connection. Curtailing the gap between the mean Russian and mean geostrategic per capita GRP from 36 % to 30 % and a 3 pct. decrease of inequality level of the human asset index<sup>9</sup> cannot be considered a breakthrough. What is more, the fact that the list of “geostrategic regions”<sup>10</sup> includes the ones that are far from “falling behind” (Sakhalin, Leningrad, Novosibirsk, Rostov, Tyumen oblasts and Krasnoyarsk krai) evidently broadens the gap in 2017 and even increases it for 2025.

Indirectly, this fact means recognizing the inability to solve the goal of cardinal suppression of economic inequality in the short term and it to the credit of the SSD developers. Besides, one can take into account that suppression of the inter-regional economic inequality as a rule is accompanied by growing inter-regional inequality. When “alignment” of regions (states) is owed to emergence of new poles of concentration in the regions (states) that leads to inequality of the formerly homogeneous sub-spaces there. Consequently, following the goal of suppressing the economic inequality implies a clear understanding of not only mechanisms and resources for attaining such a goal but also the accessible intervals of the phenomenon.

### 3. Agglomeration effects in spatial development

Acceleration of national economy’s growth by increasing productivity of employed resources is the true goal of the SSD, as noted above. To reach that goal, the SSD encourages agglomeration effects. The

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<sup>8</sup> Strategiya prostranstvennogo razvitiya Rossiyskoy Federatsii na period do 2025 goda. Utv. Rasp. Pravitelstva Rossiyskoy Federatsii ot 13 fevr. 2019 g. № 207-r [Strategy of Spatial Development of Russian Federation for the period until 2025. Endorsed by Directive #207-r of Russian Federation Government of February 13 2019] (pp. 8, 10). Retrieved from: <http://static.government.ru/media/files/UVA1qUtT08o60RktoOXl22JjAe7irNxc.pdf> (Date of access: 06.03.2019).

<sup>9</sup> Strategiya prostranstvennogo razvitiya Rossiyskoy Federatsii na period do 2025 goda. Utv. rasp. Pravitelstva Rossiyskoy Federatsii ot 13 fevr. 2019 g. № 207-r. Prilozhenie 5 [Strategy of Spatial Development of Russian Federation for the period until 2025. Endorsed by Decree #207-r of Russian Federation Government of February 13 2019. Addendum 5]. Retrieved from: <http://static.government.ru/media/files/UVA1qUtT08o60RktoOXl22JjAe7irNxc.pdf> (Date of access: 06.03.2019).

<sup>10</sup> 43 subekta RF bez ucheta regionov, vkhodyashchikh v Arkticheskuyu zonu. Strategiya prostranstvennogo razvitiya Rossiyskoy Federatsii na period do 2025 goda. Utv. rasp. Pravitelstva Rossiyskoy Federatsii ot 13 fevr. 2019 g. № 207-r. Prilozhenie 4 [43 entities of the RF regardless of the regions in the Arctic zone. Strategy of Spatial Development of Russian Federation for the period until 2025. Endorsed by Decree #207-r of Russian Federation Government of February 13 2019. Addendum 4]. Retrieved from: <http://static.government.ru/media/files/UVA1qUtT08o60RktoOXl22JjAe7irNxc.pdf> (Date of access: 06.03.2019).

third direction in a row but not in importance among the other SSD's instruments in its architecture is the following: "Ensuring expansion of geography and acceleration of economic growth, science and technology and innovation development of the Russian Federation by socioeconomic development of the perspective large centres of economic growth of the Russian Federation—large and super-large urban agglomerations"<sup>11</sup>.

The processes of spatial concentration of economic activity as an aftermath of economic agents' intention to localize close to or in the very centres of concentrated markets are well known and fully described in different theoretical concepts [17–20]. The preference of economic agents for concentrated localization together with other entities in order to minimize costs and maximize effects from external (after Marshall) and internal (after Krugman) economy of scale inevitably leads to spatial concentration of production and population [17, P. 19].

In modern economy characterised by a growing impact of post-industrial types of production (industries), the territorial localization of growth poles in the above-mentioned sense is tied primarily with large cities. These cities generate for "poles" the options of agglomeration effects and help to significantly lower the production and transaction costs concurrently increasing the scale of economy effects by providing a highly concentrated market. Urban pole agglomerations create spatial conglomerations of economic activity by translation of innovations, resources and institutions, generation of new business and activity types around the metropolitan areas. This corresponds with the theoretical concept according to which a maximum degree of realization of agglomeration effects from concentration of economic agents is reached only when the location for such concentration (town) is the focal point of the economic landscape or a system of market networks (zones) connected with the "main city" [17, P. 137]. This promotes concentration of economic agents that are striving for exploiting policies in their economic activity in a certain area.

In Russia, a polarized structure of economic space is emerging and, to some extent, has been formed, in which urban agglomerations serve as the poles. The peculiar features of geographic and economic space determine the important specifics of the national process of hyper-urbanization. Rather an exception than a rule is the translation of economic effects of metropolitan areas to the surrounding economic and geographic periphery. The urban agglomerations to a rather small extent are generating the incentives for peripheral development through their input but not output of population and resource linkages. Urban agglomerations so far are playing a role of "black stars" attracting population and resources and forming markets within their boundaries, bringing only a still greater curvature of space [21].

This refers not only to large metropolitan areas. In all entities of the Federation urban poles have been formed that differ in size but in the same way attract and lock up (enclose) the economic activity without generating the potential for development of the surrounding periphery and, therefore, promote inter-regional inequality. From the point of view of organization and development of economic space, "urbanization gaps" can get extremely sustainable in time; it seems Russia is the case. There were indications of such "gaps" in 1920s when the session of All-Russian Central Executive Committee stated that not all "large urban centres actually possess the capability to impact on the space around them" [22].

These specific features are evidently seen in the Russian Federation whose economic and institutional environment bears a number of typical features. It is manifested in particular in the fact that out of 14 cities with a million-plus population and 40 distinguished by the SSD super-large urban agglomerations with specific barriers of biased fiscal policies and property structure "only Moscow and St Petersburg can claim agglomeration effects most strong in actualization" [1, P. 137–138].

However, as centres of economic growth, the SSD names not the 40 larger cities but much over 120<sup>12</sup>. Hardly can one appeal to declarations on the necessity to sustain high-technology research-yielding industries and services, creative industries and cooperation of research and universities with

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<sup>11</sup> Strategiya prostranstvennogo razvitiya Rossiyskoy Federatsii na period do 2025 goda. Utv. Rasp. Pravitelstva Rossiyskoy Federatsii ot 13 fevr. 2019 g. № 207-r [Strategy of Spatial Development of Russian Federation for the period until 2025. Endorsed by Directive #207-r of Russian Federation Government of February 13 2019] (pp. 10). Retrieved from: <http://static.government.ru/media/files/UVAlqUtT08o60RktoOXI22JjAe7irNxc.pdf> (Date of access: 06.03.2019).

<sup>12</sup> Strategy of Spatial Development of Russian Federation for the period until 2025. Endorsed by Decree #207-r of Russian Federation Government of February 13 2019. Addendum 3. Retrieved from: <http://static.government.ru/media/files/UVAlqUtT08o60RktoOXI22JjAe7irNxc.pdf> (Date of access: 6.03.2019).

business in these towns, develop the welfare sector, assist the transfer of large industrial facilities from the cities' central parts, enhance the urban environment's quality and level of comfort, develop green amenities, remove transportation barriers in favour of the socioeconomic development, and shape a unified urban construction policy, etc.<sup>13</sup> However, the solutions of this task are the prerogative of each city strategy with its actual problems, tendencies, history, resources and specific goals rather than of the national strategy.

Actually, a strategic issue is finding the source for financing unified-format goals of the National Strategy in the cities and for increasing the amount of "agglomeration nuclei" in the national economy. However, the SSD bears no mention of the resource base for agglomeration construction. This leads to the assumption that not the federal investments and turnover assets but those of the regional centres (= gubernia historical) are understood as resources. In this case we go back to the standpoint that development of agglomerations is the goal for the regional strategies and not the National Strategy. Moreover, such development is destined to enforce the urban agglomerations in the status of the above-mentioned black holes of the Russian economic space. The latter requires targeted solutions for each particular region for a well-designed organization of its economic space.

As noted above, input linkages of the economic activity (and also infrastructure, welfare systems and population) in the cities and especially in super-large urban agglomerations are getting stronger without any strategy. It will happen even in case of declaration of a de-urbanization policy. Likewise, without any strategic guidelines or mechanisms within the inertial spatial competition the stratification between the urban agglomerations is taking place: more and more resources and potential for their generation are accumulated in the mega-agglomerations (Moscow and St Petersburg), where up to a third of aggregate investment resources are being accumulated at the moment.

What does the Strategy of Spatial Development add to these processes? Evidently, only one thing: state-level policies of legitimizing the re-distribution of scarce budget resources in favour of super-large urban agglomerations that will enhance the spatial asymmetry. That is, the Strategy is actually aiming at stronger curtailment of economic activity space-wise as to agglomeration effects; this curtailment unfolds as a process of inevitable concentration at the expense of centralization mechanisms.

Whatever essential the Strategy can and shall add to the self-sustained process of spatial development concerning agglomeration poles is definition of the mechanism and forms of shaping periphery zones of concentrated economic activity that tend to get close to large urban agglomerations. Within the boundaries of such zones an intense exchange of activities and resources may take place; their interaction can become a backbone (institutional, infrastructure) of aggregate economic space.

#### **4. Territorial specializations**

Theoretically speaking, specialization of a territory in a certain branch (production, industry) means a higher level of its (their) concentration in that area as compared to some average parameters of territorial distribution of industries and types of activity. The branches of specialization (production) of a given territory have a comparatively higher share of production (service) in the overall territorial production output as compared to the national mean (of the given branch in the national economy). The very fact of specialization already means a relatively higher productivity of resources accumulated and invested in such resource production (industries), as their concentration in a certain area is tied with available relative or absolute advantages of the given territory. And on the opposite, recognizing branches of specialization in a region equals to confirming certain economic advantages in the particular industry or type of activity.

In the market (and even quasi-market economy as in case of Russia), rational behaviour of economic agents inevitably leads to concentration of economic resources in the branches of specialization using the opportunities provided by the specialized nucleus for production and services of the auxiliary socioeconomic regional complex (periphery). What is the role of strategic planning at the national level in this case? Obviously, it consists in launching new specializations in certain territories and/or redesigning the existing ones.

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<sup>13</sup> Strategy of Spatial Development of Russian Federation for the period until 2025. Endorsed by Decree #207-r of Russian Federation Government of February 13 2019. Pp. 21–23. Retrieved from: <http://static.government.ru/media/files/UVA1qUtT08o60RktoOX122jAe7irNxc.pdf> (Date of access: 6.03.2019).

This approach might have been implemented in the SSD that formulates the goal of developing perspective economic specializations based both on current and “potentially effective industries”<sup>14</sup>. However, the set of economic specializations<sup>15</sup> quoted in the Strategy presents a mere list of activity types statistically registered in different territories without giving any reasons for assigning them under a category of economic specialization of territories.

Ignoring the traditional analysis of territorial specializations that stems from a comparatively great concentration of certain production facilities (branches) (as compared to some average indicators for the industry or national economy [5, 23–27]) without references to any other criteria for specialization leads to misunderstandings. For instance, only 12 entities of the Russian Federation do not have the specialization of “tourism” in their list of “strategic specializations”. Practically all regions list such specialized “branches” as “professional, research and development activity”, “transportation and logistics”. Turns out, almost all entities of the Federation are specializing in production of “other final products”.

Even assuming that the “specializations” listed in the SSD are truly viable, the question remains as to what specializations need re-designing. In any case, the economic specialization of regions is a very inert system [11] that cannot be drastically changed before 2025. At the best, one can discuss the list of activity types the aggregate of which accounts for the key input in the indicator recognized as the most important for the given territory. This input is a priori defined by the current parameters. Thus, it practically excludes the opportunity for identifying “perspective specializations” without solving the task of global territorial-industrial optimization with a clear regard of forecast for the vector of national and global demand and forecast of the research and technology drift. As is known, even a poor alternative of the global task of the kind that was a model complex of a system of coordinating the branch and territorial policies (SMOTR as the Russian acronym) [28] even under the centralized planning of demand and production could not be implemented. And the Strategy of Spatial Development for the period until 2025 does not even set the goal.

## 5. Growth poles and spatial organization of economy

Based on ideas of polarized development and economic convergence that are quite progressive and broadly discussed in the world science and global economic practice, the concept of the Strategy of Spatial Development for the period until 2025 contains a fatal trap. It ignores the objective controversy of two main goals declared by the Strategy: suppression of the spatial inequality and maximization of the productivity of the employed factors of production (see above). This controversy is not at all antagonistic but, nevertheless, the logical construction at its foundation seems ambiguous.

As stressed above, both geographical and socioeconomic spaces are objectively inhomogeneous with fundamental gaps in size of production and capital, asymmetry of information accessible for economic agents and used by them for decision making, objective quality differentiation and quantity proportions of the employed factors of production, productivity and income. This all leads to a concurrent functioning of dominating (leading) and dominant (led) economic agents in spatial systems [21]. It results in deformation of economic space and formation of growth poles around leading economic agents [29, 30].

Growth poles are the most effective and fast-growing industries (propulsive industries) making use of the economy of scale, providing maximum productivity and generating innovations and the innovation environment. These effects are translated via the economic linkages formed within certain space and directed at other industries and production facilities generating in them the entire aggregate or separate elements of these effects. The economic expansion of propulsive industries and production facilities into the spatial economic structure promotes a greater scale and growth rate of the whole economic structure in the given space, forming the overall environment for higher efficiency of the employed factors of production.

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<sup>14</sup> Strategiya prostranstvennogo razvitiya Rossiyskoy Federatsii na period do 2025 goda. Utv. Rasp. Pravitelstva Rossiyskoy Federatsii ot 13 fevr. 2019 g. № 207-r [Strategy of Spatial Development of Russian Federation for the period until 2025. Endorsed by Directive #207-r of Russian Federation Government of February 13 2019] (pp. 18). Retrieved from: <http://static.government.ru/media/files/UVAUqUfT08o60RktoOXl22JjAe7irNxc.pdf> (Date of access: 06.03.2019).

<sup>15</sup> Ibid. Addendum 1. Retrieved from: <http://static.government.ru/media/files/UVAUqUfT08o60RktoOXl22JjAe7irNxc.pdf> (Date of access: 06.03.2019).

From the viewpoint of overall macroeconomy (assuming the existence of perfect competition), the economic agents are acting on their own being guided only by the price-cost ratio in the respective industry market. But in the polarized space, a direct or indirect coercion ensuing from the “pole” forces economic agents to act as a part of the integral systemically organized whole [21]. Thus, the competition relations to a great extent are modified into relations of cooperation [31].

This “whole” (a macro-unit after F. Perroux) presents a sub-space different from plenty of other sub-spaces. Each of them is characterized by its own growth pole and specific relations of cooperation and domination inside. In other words, economic space is understood as a certain aggregate of polarized sub-spaces, each capable of its own state of balance while the overall balance of the economic system is defined by the balance in each sub-space.

Russian economic space is characterized by not only fragmented character but three types of territories (zones): those with a high level of concentration of population and economic activity, those with extremely low concentration, and those extremely harsh for living and for economic activity [8]. The economic poles have been formed and are developing within all three types of territories, and they are distributed in space very unevenly. That fact builds a foundation for extended sustainable reproduction of inequality relations.

These poles, in their turn, are also described as extremely inhomogeneous and diverse. Within Zone 1 they are represented by the following:

- large and super-large urban agglomerations of industrial and post-industrial type;
- medium- and small-size urban economic centres of industrial and service type;
- industrial and industrial-agricultural clusters;
- territorial-production complexes and industrial zones of different size and specialization.

Within Zone 2 and 3 one finds the following:

- territorial-production complexes and industrial areas and zones specializing in extraction and processing of mineral and biological resources;
- small-size towns and settlements, of industrial and service specialization servicing the resource territorial production complexes.

It is a much more complicated structure of polarized space as it involves more than just declaring towns with certain population size as growth poles.

Simplification of a complex structure of the polarized Russian space is seen in connecting mineral resource centres not with polarized development but with the goal of bringing down the degree of inter-regional inequality<sup>16</sup>. Meanwhile, there are concentrated centres of economic growth in the areas of harvesting and processing mineral resources in the environment of “scattered space” when not only optimal organization of formed market zones is important but also the formation of new zones based on new emerging centres of production. Such concentrated centres are growth poles that constitute the structure of economic space.

These centres are being formed in compliance with the ideology of energy production cycles (EPC) in shape of territorial production complexes (TPC). At the core of them is not the idea of the “key city” but the “key technology”. They represent growth poles for larger economic regions or, following the terminology of A. Lösch, “central places” of market zones and actually are “growth poles” that have been developing within the boundaries of several large economic regions. That fact, certainly, does not correlate with the requirement for each entity of the Federation “to enhance competitiveness”.

A clear understanding of actual complexity and inhomogeneity of the Russian economic space’s structure is a necessary pre-requisite for assessment of such fundamental feature for the Strategy-2025 as removal of infrastructure restrictions and “compression” of space by higher accessibility and quality of trunk transport, energy and IT infrastructure of federal status<sup>17</sup>.

Specific features of Russian economic space essentially restrict the opportunity to compress the economic and social space by implementation of mega-projects in trunk transport. That is connected

<sup>16</sup> Strategiya prostranstvennogo razvitiya Rossiyskoy Federatsii na period do 2025 goda. Utv. Rasp. Pravitelstva Rossiyskoy Federatsii ot 13 fevr. 2019 g. № 207-r [Strategy of Spatial Development of Russian Federation for the period until 2025. Endorsed by Directive #207-r of Russian Federation Government of February 13 2019] (pp. 15, 19). Retrieved from: <http://static.government.ru/media/files/UVAUqUtT08o60RktoOXI22JjAe7irNxc.pdf> (Date of access: 06.03.2019).

<sup>17</sup> Strategiya prostranstvennogo razvitiya Rossiyskoy Federatsii na period do 2025 goda. Utv. Rasp. Pravitelstva Rossiyskoy Federatsii ot 13 fevr. 2019 g. № 207-r [Strategy of Spatial Development of Russian Federation for the period until 2025. Endorsed by Directive #207-r of Russian Federation Government of February 13 2019] (pp. 8). Retrieved from: <http://static.government.ru/media/files/UVAUqUtT08o60RktoOXI22JjAe7irNxc.pdf> (Date of access: 06.03.2019).



with the scale of physical space and the fragmented and polarized character of economic space. So, the mega-projects of high-speed railway and motor roads do not directly refer to “compression” of space as an element of spatial strategy. It is justifiable to regard only high-speed transport corridors within potential agglomeration zones in the areas of concentrated population and economic activity.

True to say, this transport infrastructure in itself without meaningful institutional changes up to a transfer to a horizontally-oriented regulation format in the prejudice of a vertically-oriented management does not guarantee the “compression” of economic space and the formation of an actual agglomeration zone based on metropolitan areas. Neither does it guarantee overcoming the fragmented character of space. In the same way, construction of trunk “all-Russian” by scale speedways cannot ensure a compressed zone of agglomeration development only by a higher number of large urban agglomerations that deems unrealistic given population size.

Critically important for the National Strategy of Space Development is a fundamental controversy between the explicitly stated inhomogeneity of space on the one hand, and adherence a priori to a unified institutional environment, on the other. However, the institutional homogeneity can play a positive role only in case of physical, economic and socio-humanitarian homogeneous space. Elsewise, it triggers the formation of numerous institutional traps and points of socioeconomic tension. In general case, a degree of institutional environment diversity where the spatially organized economic agents are functioning shall be at least on a par with the diversity degree of the very economic space. True to say, in the context of the SSD one finds institutional innovations for the Far Eastern Federal District<sup>18</sup> [32] but it is not more than a substitution of spatial diversity by specific features of geopolitical goal-setting.

Real economy, especially the economy functioning in vast and inhomogeneous space, combines various types and phases of development. Strategic art consists in a maximum use of advantages made available by the inhomogeneity of the space itself and rich forms of its organization.

### **Conclusion**

The Strategy of Spatial Development of the Russian Federation for the period until 2025 in some sense is an attempt to employ the instruments of state regulation in the context that does not allow recovery of centralized state planning of Soviet type. Also, the Russian model of pseudo-market functions poorly without a certain centralized impact of resource and institutional character. In 2002–2007 against the background of soft federal budget constraints the state was able to reach the established macroeconomic goals, including in the economy, by state funding. It brought an illusion of almighty state regulation that evaporated after the crisis of 2009. Its place was taken by an assurance in feasibility of state macroeconomic intentions based on socioeconomic dirigisme in the spatial aspect.

However, adopted as a universal platform, the concept of growth poles that has led to an accreting “effect of agglomeration” demonstrates fundamental constraints not only in constructing the optimal spatial organization of economy and society but also from the viewpoint of its impact on key macroeconomic and social parameters.

Turns out that striving for higher efficiency in the use of resources and for acceleration of economic growth rates by “locking” the economic activity within the “growth poles” inevitably leads to greater socioeconomic inhomogeneity of space. It either blocks the concentration and agglomeration effects or leads to a fundamental disintegration of the integral economic and social space. Consequently, fine tuning of the interaction between macro- and microeconomic and spatial effects deems necessary. Is this tuning possible in the framework of one centre for decision making? The attempt of commissioning a single planning centre failed and there is no proof that a new attempt to build a universal mechanism for coordinating territorial and macroeconomic balance will be successful.

A certain chance of success would occur due to shifting emphasis from identifying “optimal” parameters, projects and indicators to formulation and financing of behavioural drive. However, for designing such incentives a clear-cut and explicit system of goals shall serve as basis, i.e. a non-controversial state spatial policy. Complexity of this approach is, evidently, the reason for the refusal of the developers of the Strategy of Spatial Development to draw any parallel between the Strategy and

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<sup>18</sup> Strategiya prostranstvennogo razvitiya Rossiyskoy Federatsii na period do 2025 goda. Utv. Rasp. Pravitelstva Rossiyskoy Federatsii ot 13 fevr. 2019 g. № 207-r [Strategy of Spatial Development of Russian Federation for the period until 2025. Endorsed by Directive #207-r of Russian Federation Government of February 13 2019] (pp. 25–27). Retrieved from: <http://static.government.ru/media/files/UVA1qUtT08o60RktoOX122JjAe7irNxc.pdf> (Date of access: 6.03.2019).

politics [2]. Still though, the strategies that represent a set of intentions can hardly substitute a state policy aimed at synchronization of centrifugal (spatial concentration) and centripetal (spreading the effects of concentrated resource location) effects of socioeconomic development, and production of priorities and restrictions for the development of individual territories.

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