

STATE STRATEGIC PLANNING AND SPATIAL DEVELOPMENT IN THE SIBERIAN REGIONS

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ABSTRACT: The paper presents an analysis of the influence of strategic planning projects on the socio-economic development of the Siberian regions of Russia. Zoning for strategic planning is now based on the market principle rather than the production one, as used to be the case during the Soviet period. The dynamics of intra-regional migration flows during the period of implementation of major industrial projects shows an absence of spatial correlation among those processes. The existing institutional framework for regional development does not contribute to the achievement of the main strategic objectives. The economy of the regions remains underinvested and tends towards simplification. An increasing dependence on foreign Asian markets should be taken into account when developing new strategic plans.

KEY WORDS: strategic development planning, socio-economic zoning, large investment projects, migration processes, institutions of development, external markets

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1. Introduction

After the first decade of the transition period in Russia, a regional policy began to form. Strategic development planning of macroregions was considered one of its basic tools. Currently a strategy for socio-economic development of the whole territory of Siberia is being developed. The programme of the socio-economic development of the Far East and the Zabaikalye (the Republic of Buryatia and Zabaikalsky Krai) till 2013 is now well under way (*Economic ... 1996*).

In December 2009 the *Strategy for the Socio-Economic Development of the Far East and the Baikal*

region till 2025 was approved (*Strategy ... 2009*), and a new programme should be worked out on its basis. In contrast to the previous one, the object of planning has been significantly expanded by joining the Irkutsk oblast' with Buryatia and Zabaikalsky Krai into the Baikal region. It may indicate a change in the principles of delimitation of economic regions.

During the postwar period, when the construction of new production complexes in Siberia was carried out, the Irkutsk oblast' was perceived as part of the Angara-Yenisey economic region, although Kolosovsky (1969: 220), the author of the production complex theory, offered to

integrate the Irkutsk oblast' with the Zabaikalye in the 1950s. But so far, these regions have only been united by federal-level transport and energy infrastructure.

In our view, the grouping of the Irkutsk oblast' with its eastern neighbours signals a change in the official principles of dividing the country into socio-economic regions in the modern conditions. All regions of the future programme are combined by an orientation of their economies to foreign markets to a greater or lesser degree, so the reason for this connection is its proximity to the Asia-Pacific region, more precisely, to China and Mongolia. In the discussed strategy the territory of both the Baikal region and the Far East is identified in the system of external markets. The Irkutsk oblast', which in the Soviet times was an outpost of industrial promotion in the east of the country, is now transformed into an outpost of Asia-Pacific countries advancing to the west of Russia. Also in the programme of cooperation between the regions of the Russian Far East and Eastern Siberia and the Chinese Northeast, Eastern Siberia is only represented by the Irkutsk oblast'.

This shift of the production principle to the market one in the socio-economic zoning of the country is natural when changing the model of economic relations, but the purpose of such zoning should be the development of regional and national economies rather than the interests of players in the global market. In accordance with the above, we should consider possible strategies of the socio-economic development of the Russian East in terms of increasing dependence on external sources of prosperity.

2. The influence of the current programme on the population pattern in the Baikal region

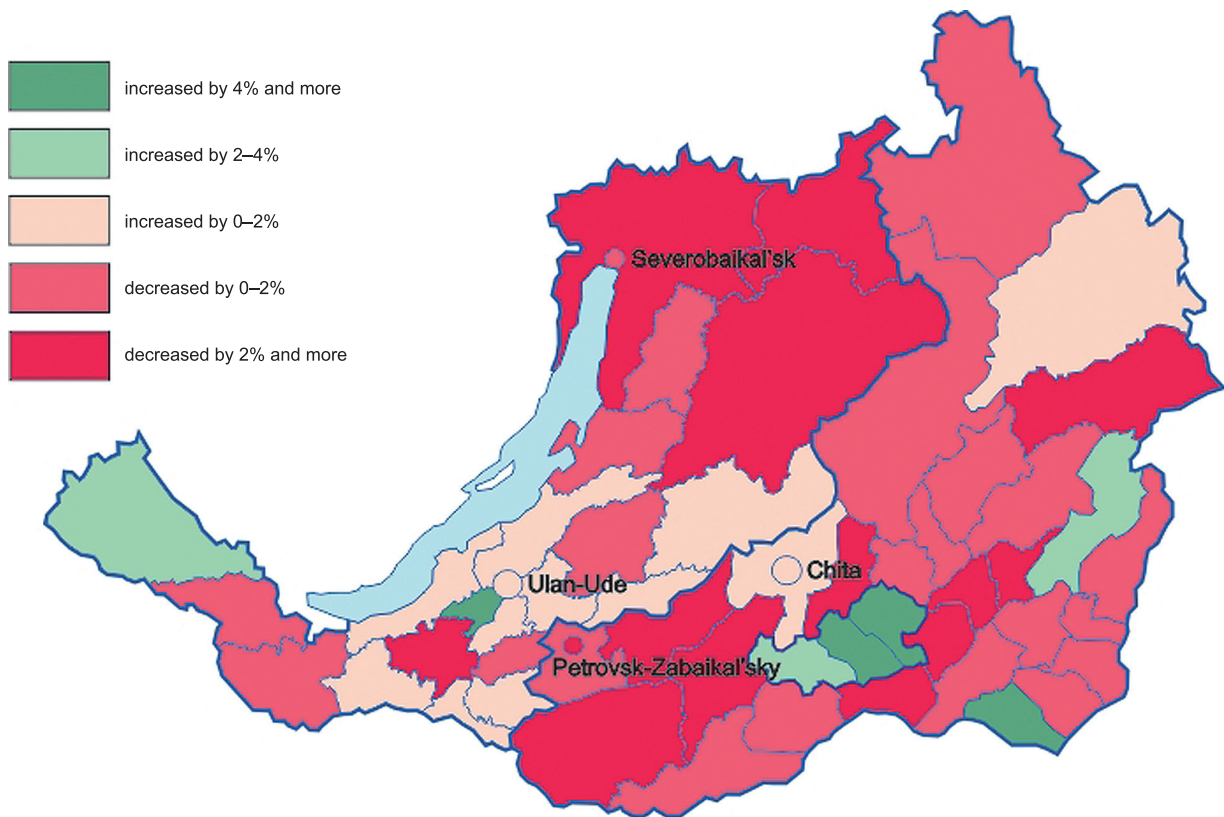
Today the basic approach to regional development is a reliance on large investment projects which should boost the development of the surrounding areas. Besides, there is a widely employed mechanism of public-private partnership associated with it. The most extensive project of this partnership in Siberia includes the development of the Lower Angara region.

Similar projects are being run in Eastern Siberia as well. In particular, a number of large-scale projects have been implemented in the Irkutsk oblast' over the recent years. On this basis, we have tried to trace the impact of such projects on the development of the territories where they are implemented, and to outline plan implementation facilities laid down in the new Strategy.

Territorial development is a widely used concept embracing a wide range of spatial processes. Here the concept of territorial development is focused on forming the infrastructure associated with the quality of life and the reproduction of human potential. From the set of indicators characterising the level and quality of life, for the sake of brevity we have only chosen to present the result: public attitudes to the processes occurring in the territory, or to put it simply – whether people want to live in this territory or not.

One of the main goals of the new strategy is to stop the outflow of the population from the eastern Russian regions. We have decided to consider the depopulation problem on the example of the Republic of Buryatia and Zabaikalsky Kray, where this problem is topical too. To illustrate the migration processes taking place in those regions, we have divided municipalities into six groups (Fig. 1). All the migration flows go to the centres of the regions – Chita (Zabaikalsky Kray) and Ulan-Ude (the Republic of Buryatia) and areas around them. Only a few other territories accept migrants and they either have a really small number of inhabitants (some of them have only 1,500 people) with insignificant migration flows or are situated near the Russian-Chinese border, which attracts some migration still. The demographic characteristics of the territories where the Buryat population dominates are better, especially in rural areas, than of those with the Russian population due to higher natality. This has helped the Buryatian Republic to increase its population during the last five years, while Zabaikalsky Kray kept depopulating.

The situation above shows that at the municipal level the population almost does not feel any significant change in the socio-economic situation: there is a steady outflow of people in almost all areas to cities, which are here only regional capitals, as well as to destinations outside the region.



In Buryatia Republic from 2006 to 2010 population increased by 0.36%
In Zabaikalsky Krai in the same period population decreased by 0.46%

Fig. 1. Population in Buryatia and Zabaikalsky Krai in 2006–2010.
Source: Own compilation based on Buryatstat, Zabaikalkraystat's statistics.

One more problem is that while the current federal programme for the Far East and Zabaikalsky regions requires a considerable financial investment of about 532 billion roubles from 2008 to 2013, Buryatia is supposed to obtain 3.1% of it over the six years of the programme and Zabaikalsky Krai only 2.08%. At the same time the city of Vladivostok alone, which is to be the venue of an APEC forum, is getting a significant part of the funding (Fig. 2). And it should be noted that in the years 2008–2011, i.e. till the preparation has been completed, the rest of the regions are to be getting an even smaller share (see the year 2010 in Fig. 3). Moreover, the distribution of funds among the projects per each year separately has not been rewarding for the socio-economic situation. Thus, funding the programme in Zabaikalsky Krai over the last three years of its existence is supposed to make up 72% of the total (Fig. 4). This kind of scheme postpones a possible effect of investment to the more distant future. At the same time, no funds have yet been found for the largest investment projects which were sup-

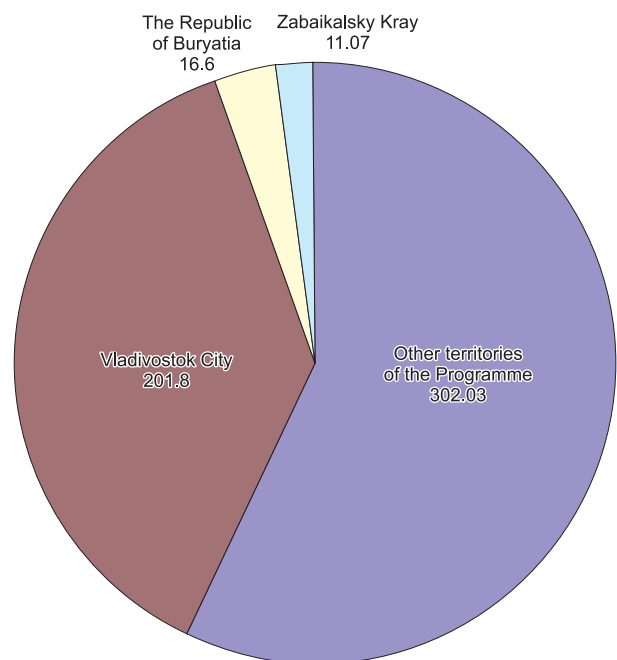


Fig. 2. Allocation of funds under the Federal Programme in 2008–2013, billion roubles.

Source: Own compilation based on the Federal Programme "Economic and Social Development of the Far East and the Zabaikalye till 2013".

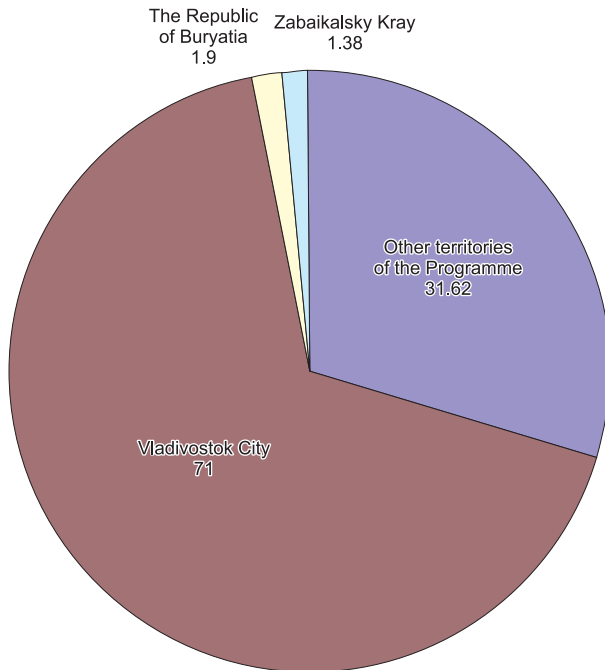


Fig. 3. Allocation of funds under the Federal Programme in 2010, billion roubles.

Source: Own compilation based on the Federal Programme "Economic and Social Development of the Far East and the Zabaikalye till 2013".

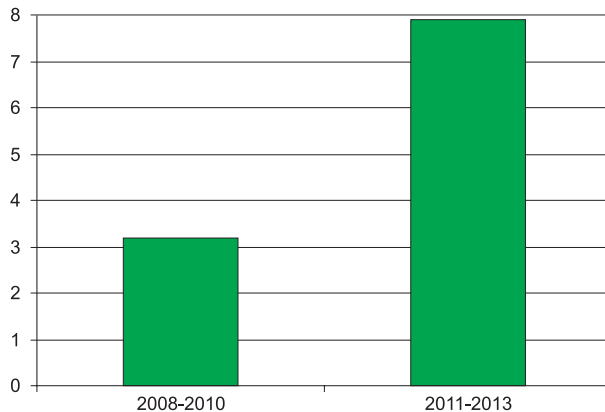


Fig. 4. Allocation of funds under the Federal Programme in 2008-2013 for Zabaikalsky Krai, billion roubles.

Source: Own compilation based on the Federal Programme "Economic and Social Development of the Far East and the Zabaikalye till 2013".

posed to be implemented in areas with the most difficult socio-economic and demographic conditions (Fig. 5).

3. Investment projects in the Irkutsk oblast'

Among those projects are the organisation of a special economic zone for tourists on the shores

of Baikal, the construction of a railway line connecting the Trans-Siberian and Baikal-Amur lines, and a hydroelectric power station on the Vitim river enabling the building of several ore-dressing and processing enterprises. Still, can the implementation of those projects change the poor socio-economic situation at the local level? We have tried to trace this influence on the example of the Irkutsk oblast' where several large investment projects have been completed recently (Fig. 6). They include the construction of the VSTO pipeline (Eastern Siberia – Pacific Ocean), which has received a massive support of 70 billion roubles between 2006 and 2008, and two great projects in the aluminium industry – an expansion of the aluminium plant in the city of Shelekhov and the construction of a new one in the city of Taishet, with the investment totalling more than 30 billion roubles. In addition, a silicon plant has been built in Usolye-Sibirskoe; due to the support of the state more than 10 billion roubles have been invested.

We have also analysed changes in the Kantskiy district where the development of new oil deposits started after the VSTO pipeline had been built. Fig. 7, which reflects the change in the population number in 2006–2010, leads to the conclusion that the implementation of the projects described still has not produced any obviously positive effect in the migration and natality patterns. On the contrary, the most significant depopulation is observed in the areas where the large investment projects have been implemented. The only municipality to demonstrate a population upsurge is the Shelekhovskiy district receiving quite a serious number of immigrants as a southern territory located right next to the capital of the region, regardless of the aluminium plant extension. All the remaining municipalities show a population loss, mostly due to emigration which could hardly be compensated for by the insignificant natality in the last two years.

4. The institutional base for strategic planning

As was shown above, the projects submitted by previous federal programmes did not produce the desired effect for regional development. We

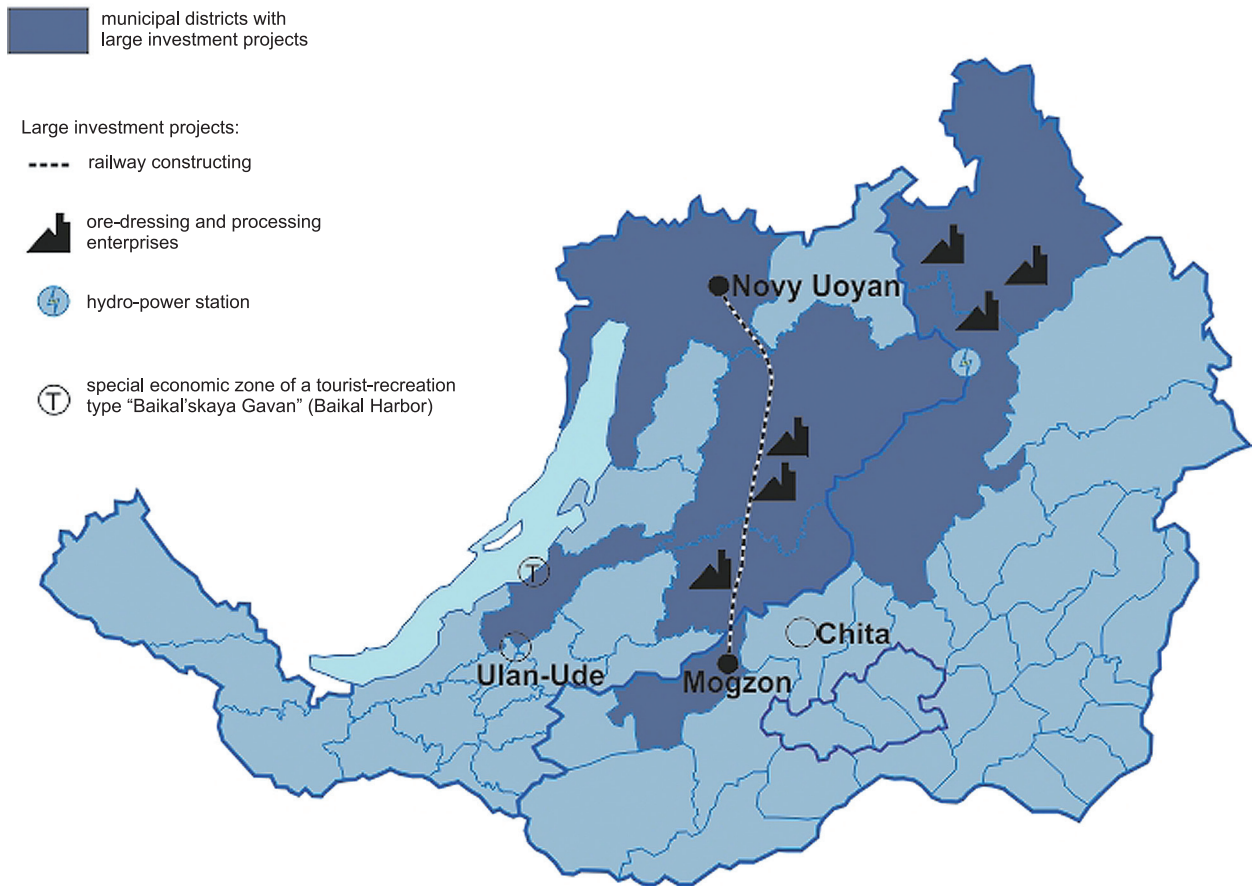


Fig. 5. Estimated large investment projects in the Buryatian Republic and Zabaikalsky Kray.
Source: Own compilation.

have tried to see how the objectives of the state strategies and programmes are supported by the appropriate institutions.

In our previous paper (Syssoeva 2010) the set of institutions related to regional development was divided into three functional groups where institutions proclaimed by the government (organisational ones) have a specific nature. They are presented mainly by organisations, perform certain functions at a given time, and are not reproduced spontaneously in the society. They include financial funds, areas with special conditions for economic activity, and a system of strategic planning itself.

The main financial tool among them is the Investment Fund of the Russian Federation established in 2005. The fund has undertaken to co-finance projects worth at least 5 billion roubles within five years. A private firm involved should contribute at least 25% of the project cost. A single project in the eastern part of the country among those approved at the beginning was the

construction of transport infrastructure for the development of mineral resources in the south-east of Zabaikalsky Kray. The areas with special conditions include two free economic zones of a tourist-recreational type: the Gate of Baikal (Irkutsk oblast') and the Baikal harbour (Republic of Buryatia). According to the agreement on cooperation between the East of Russia and northeast China, an industrial zone is planned in Zabaikalsky Kray, but it has not been institutionalised yet.

Still, these officially recognised 'institutions of development' that should ensure accelerated development of certain regions are based on institutions of a general economic nature and act in accordance with the existing relationships in the community. Two groups of norms and rules of this kind include distributive and transformational ones.

The tax and fiscal systems are the most important among the distributive institutions. Prevailing fiscal relations in the country are characterised

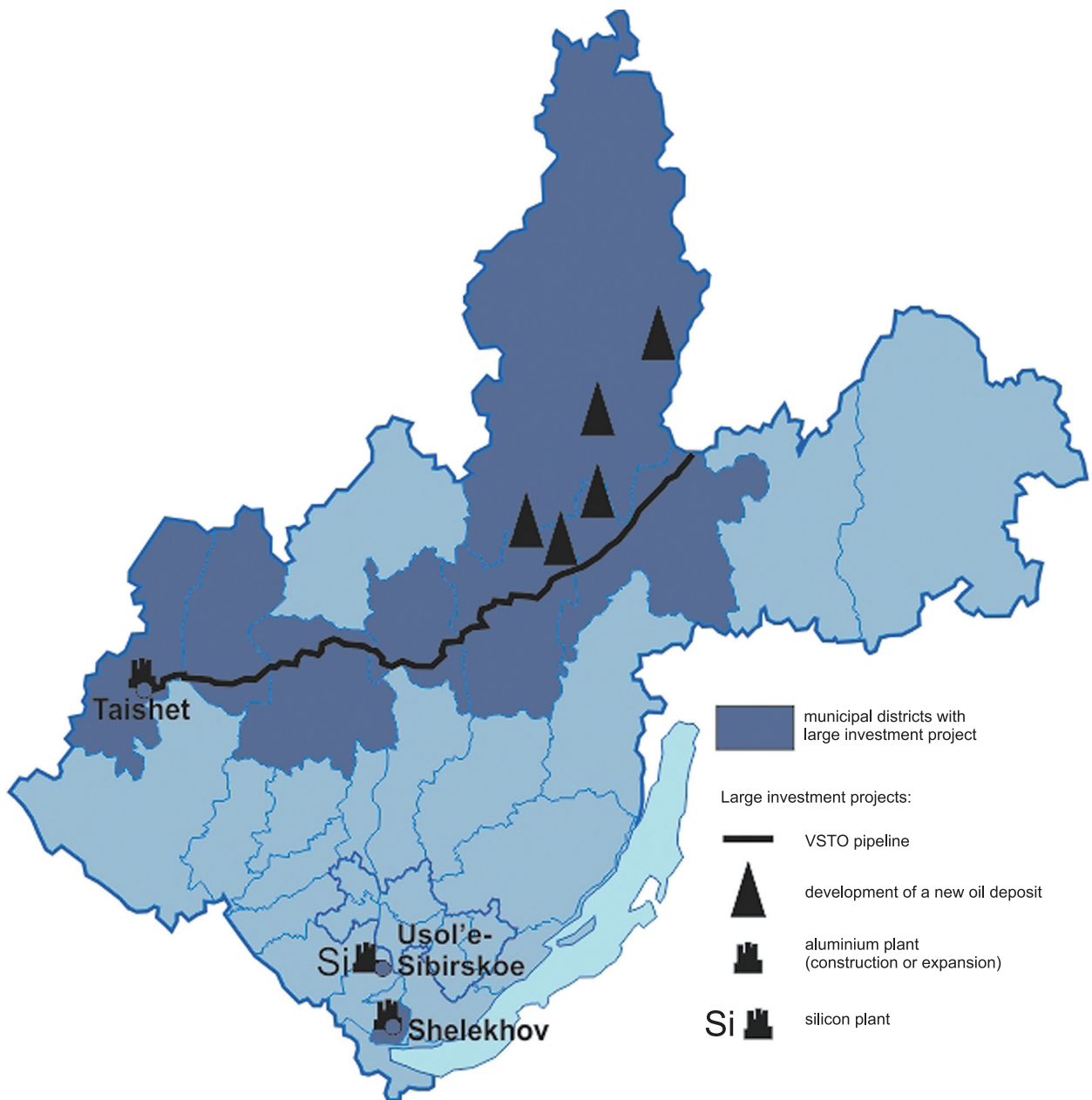


Fig. 6. Large investment projects in the Irkutsk oblast' in recent years.

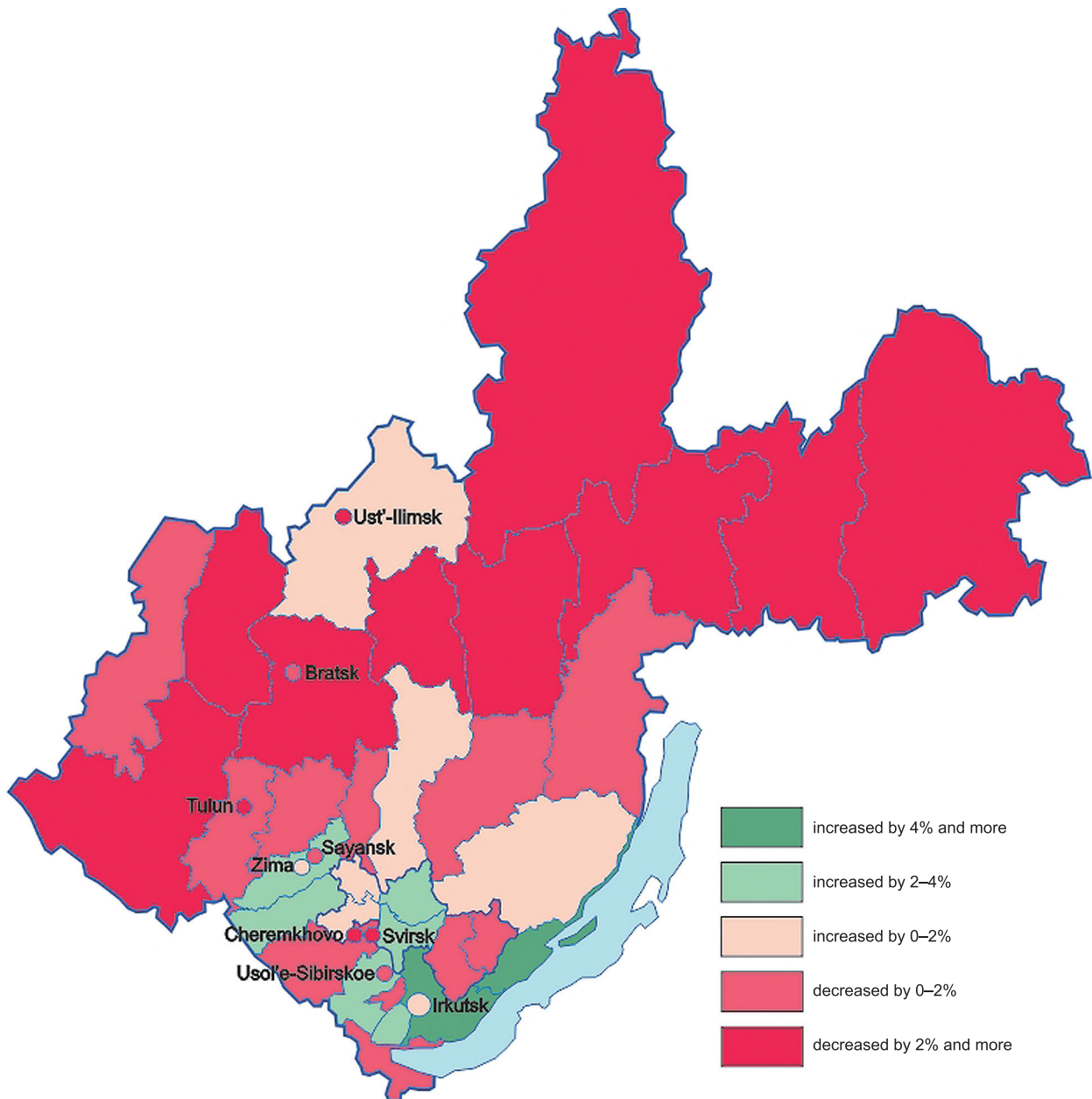
Source: Own compilation.

by consistent centralisation of resources and high levels of redistribution. Thus, after changes in tax legislation in 2004–2005 the share of consolidated regional budgets in the country's consolidated budget decreased from 44.3% in 2004 to 36.1% in 2007 and returned to 43.6% in 2009 after the fall of oil prices contributing to the federal budget (Table 1). The current tax system is focused mainly on tax revenues from industry, particularly the fuel and energy complex, as well as the production and export of natural resources. Now more than 90% of the tax on mineral extraction, 100%

of basic payments for the use of forest resources, and the water tax go into the federal budget.

The Baikal region and the Far East have a resource-orientated economy, so Table 2 shows the reduction of the important item of tax income for the Federation subjects.

The pattern of the public investment distribution is presented in the previous section of the paper. Thus, in reality the programme of the socio-economic development of Zabaikalye and the Far East was refocused on the implementation of political objectives and the bulk of planned invest-



In 2006–2010 population in Irkutsk Oblast' decreased by 0.44%

Fig. 7. Population in Irkutsk oblast' in 2006–2010.
Source: Own compilation based on Irkutskstat's statistics.

ment was spent on the preparation of the APEC summit. In fact, the system of strategic planning itself and the special economic zones are designated to compensate for the lack of resources for the development of certain regions and can be regarded as a part of the redistribution of inter-regional finance flows.

The group of transformational institutions contributes to the transformation of income flows into savings and investments and the subsequent

welfare of a regional or local community. Those problems are poorly developed in theory and are paid little attention in strategic planning. They are usually analysed as 'an investment climate' but this notion in practice is also orientated to attracting external funds.

The problem of the effective use of incomes at a given place must be viewed from two points. First, it is the ability of a local or regional economy to generate new investment, that is, the re-

Table 1. Dynamics of the consolidated budget of Russia (billion roubles).

	Consolidated budget of Russian Federation	of which	
		federal budget (% of consolidated budget of Russian Federation)	consolidated budgets of Russian Federation members (% of consolidated budget of Russian Federation)
2004			
Total income	5,429.9	3,428.9 (63.2%)	2,403.2 (44.3%)
of which payments for use of natural resources	581	434.3 (74.8%)	146.7 (25.3%)
2007			
Total income	13,368.3	7,781.1 (58.2%)	4,828.5 (36.1%)
of which payments for use of natural resources	1,235.1	1,157.4 (93.7%)	77.8 (6.3%)
2009			
Total income	13,599.7	7,337.8 (54.0%)	5,926.6 (43.6%)
of which payments for use of natural resources	1,080.9	1,006.3 (93.1%)	74.7 (6.9%)

Source: *Finance of Russia* (2008, 2010).

productive potential of the region. Secondly, the ability of the regional community to transform the existing situation, that is, the innovative potential of the population.

The reproductive potential of a region crucially depends on the structure of its economy. Large federal-scale corporations form the principal type of producers in the resource-orientated economies of the eastern regions and they carry a number of profits away from the regions. Small business that is the responsibility of local and regional authorities is not able to solve the problem of economic growth, since in resource regions it is limited to consumer and infrastructure ac-

tivities and hence to local markets for goods and services. This is reflected in the composition of local elites, dominated by people from trade and construction.

The main kind of potential actors of regional development is medium-sized business embedded in the existing system of relationships in the area that is able to launch manufacturing and supply products to external markets. Nevertheless, in the Baikal region this type of enterprises and firms have not developed (Table 3). Their number is small and they are poorly represented in activities orientated to innovation and technological development.

Table 2. Dynamics of the consolidated budget of the Baikal region (billion roubles).

	Consolidated budgets of Russian Federation members (% of consolidated budget of member)		
	Irkutsk oblast'	Buryat Republic	Zabaikalsky Krai
2004			
Total income	33.6	14.3	18.7
of which payments for use of natural resources	3.7 (11%)	0.4 (2.8%)	0.64 (3.4%)
2007			
Total income	69.5	28.2	28.6
of which payments for use of natural resources	0.93 (1.3%)	0.17 (0.6%)	0.48 (1.7%)
2009			
Total income	88.6	40.6	40.8
of which payments for use of natural resources	0.71 (0.8%)	0.24 (0.6%)	0.49 (1.2%)

Source: *Finance of Russia* (2008, 2010).

Table 3. Number and structure of medium-sized enterprises in the Baikal region.

Activity	Irkutsk Oblast'	Buryatia	Zabaikalsky Kray
Total (% of enterprises in region)	252 (0.4)	50 (0.3)	94 (0.6)
Agriculture, forestry and fishing	6	31	21
Mining and quarrying	7	3	6
Processing industry of which:	48	13	10
- food production	9	5	6
- timber processing	9	-	1
- manufacture of electrical and optical equipment	3	1	-
Construction	38	11	16
Trade and repairs	75	10	22
Transport and communications	17	3	8

Source: Rosstat, www.gks.ru/dbscripts/Cbsd/DBInet.cgi?pl=1229016

The qualitative state of communities of the Baikal region can hardly be characterised in short by any overall indicator, but some features should be taken into consideration. For example, all the Federation members in the Baikal region are leaders in the number of crimes per capita in Russia. Moreover, the depopulation of the area is closely connected not only with trends in its economy, but also with perspectives of cross-border integration, since Chinese and other Asian communities are better organised and more protected by their states.

5. Conclusions

The brief overview of the results of previous programmes of socio-economic development and their institutional base shows that the ideology of a new programme for the Baikal region and the Far East should be revised. The achievement of its primary objective will require changes in the institutional framework for regional development. Long-term underinvestment caused by the withdrawal of income by the state and big monopolies, together with the reduced capacity for self-development, can lead to a quick transformation of this area into the periphery of the Asia-Pacific market with subsequent degradation of its communities and loss of this territory to Russia. Prospects for regional development in the open market are complicated by differences

in the demographic potential of border areas and in the level of wages, which makes Chinese and other Asian employment more competitive. The organisation pattern of Chinese diasporas in all countries of the Pacific shows their ability to take control of a significant part of local production and financial flows.

The competitiveness of the territory in the new system of relations with external markets should be consciously supported by the federal government through restructuring its economy and investments into human capital and social infrastructure.

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