

# FROM THE CHIEF EDITOR

## Problems of socio-economic development of Russian territories in the post crisis period\*



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In his speech at the Congress of “United Russia” on September 24, 2011, the party leader, V.V. Putin proposed a configuration of power in the next six years, answered the questions about the personal candidacies for the two highest government posts of the Russian Federation. This introduces the election campaign of the new political cycle into a quiet stream, without creating the possibility of overheating the election atmosphere in the society, both from the extreme left and extreme right the political forces and Russia’s foreign “friends”.

V.V. Putin’s and D.A. Medvedev’s public speeches show that they are seriously concerned about the socio-economic situation prevailing in the country after the global financial crisis. The lack of quality control of socio-economic processes from the power elites came to light.

In his speech, September 24 V.V. Putin listed the most pressing unsolved problems with which the country is entering a new political cycle: **“We must say openly (say it again) about the dependence of our economy on the raw materials, about a dangerous level of social inequality, violence, corruption, feelings of injustice and illegality, which people often have when going to state institutions, the courts or law enforcement agencies, about the barriers to initiatives in business, public service, in social activities – all this, unfortunately, is still accompanying us. We can and we must overcome these problems. We can and we must!”**

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The paper sets out the content of the report at the plenary session of the VI International Scientific and Practical Conference “Strategy and tactics of socio-economic reforms implementation: the regional aspect” in Vologda on October 7, 2011.

Table 1. The dynamics of structural changes in the Russian industry (% of total)

Industry	1990	2000	2008	2009	2010
Industry, total (%)	100	100	100	100	100
Fuel and Energy Complex	<b>19.1</b>	<b>26.0</b>	40.1	44.3	<b>44.1</b>
Consumer complex	21.3	16.7	12.1	13.3	13.3
<i>including: light industry</i>	<b>6.4</b>	1.8	0.7	0.7	<b>0.7</b>
food industry	14.9	14.9	11.4	12.5	12.6
Investment demand industries	<b>27.5</b>	23.3	18.9	15.1	<b>15.4</b>
<i>including: engineering industry</i>	<b>24.2</b>	<b>20.5</b>	14.5	11.6	<b>12.1</b>
Industries of intermediate demand	29.2	31.8	27.0	25.6	25.8
<i>including: metallurgy</i>	<b>15.0</b>	<b>18.9</b>	14.1	13.1	<b>13.0</b>
chemical Complex	6.9	7.5	7.2	7.1	7.2

Source: Rosstat yearbooks for 1990 – 2010; calculations of ISED T RAS.

At present in all layers of Russian society there is active discussion of socio-economic situation of the country. The scientific community is also actively involved in evaluating the results of a very liberal economic and financial policy, which was conducted by the Russian Government in the recent decades. In this connection I would like to highlight some key findings of scientific research of ISED T RAS, held in the recent years. There will be listed a number of important dynamics indicators which should assess the quality of socio-economic processes from the Russian Government and the ruling party.

**1. The research of ISED T RAS as well as many other scientific institutions in the country and experts suggest that in Russia, despite the inviting rhetoric, there is no real change in the species and sectoral structure of industry.**

This is clearly evident from the data presented in *table 1*.

In 2010 compared with 2008 the share of fuel and energy sector in the industrial production of the country rose from 40.1 to 44.1%, the share of investment demand industries has decreased from 18.9 to 15.4%, including engineering industry – from 14.5 to 12.1%. And for twenty years, the share of fuel and energy complex in industrial output of Russia increased 2.3 times, investment demand industries reduced their share by 1.8 times,

including engineering industry – 2 times, the proportion of consumer demand sectors decreased more than half.

The absence of any significant positive changes in industry structure is characteristic for the overwhelming majority of Russian regions.

*Figure 1* shows the structure of manufacturing the Vologda Oblast in the last 20 years. It is evident that there was consolidation of the monopoly of the steel industry; its share is now 64%. The share of engineering industry fell twice.

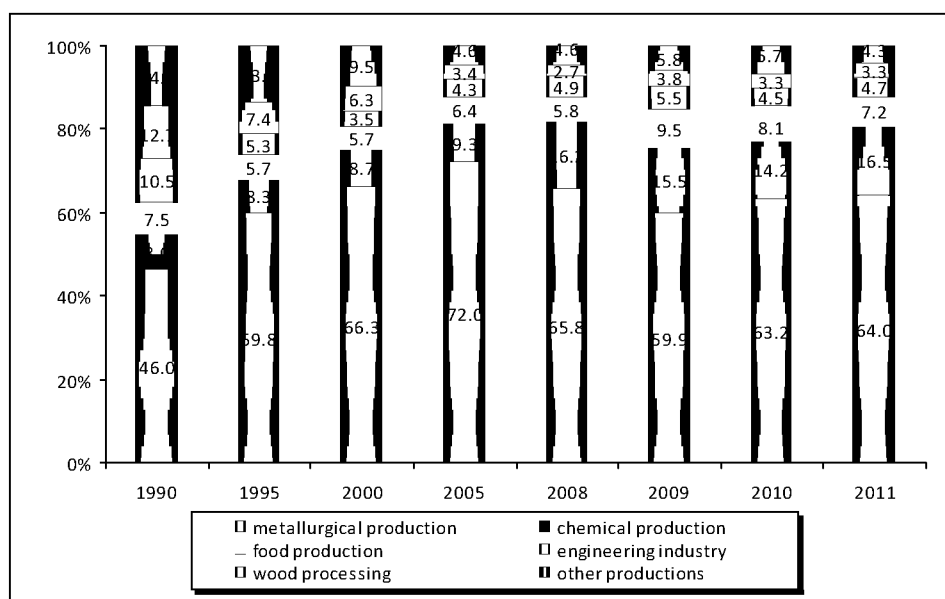
Throughout the country, the production volume of major machinery and equipment, vehicles is now multiply less than it was twenty years ago (*tab. 2*).

Domestic production does not meet the needs of upgrading with necessary equipment and goods, forcing to increase their import. According to experts, at the expense of imports there are currently being met 60% of the requirements for equipment and innovative products, 45% of food needs, 80% of clothing and footwear, 100% of home appliances<sup>1</sup>.

Government measures to maintain the producers of these and other import substituting goods can and should be the actual start of modernization. There are the possibilities for this.

<sup>1</sup> Tatarkin A.I., Tatarkin D.A. Innovative mission of modernization of the social order – the need for sustainable development of Russia // Economics of contemporary Russia. – 2011 – № 5. – P. 9.

Figure 1. The structure of the delivered goods by the Vologda Oblast industry, %\*



\* 1990 – 2000 – according to IBAN: the proportion of the industry “Mechanical engineering and metal processing” in the industrial production.

Since 2005 – according to NACE: the total proportion of “Machinery and equipment production”, “Production of electrical and optical equipment” and “Production of vehicles and equipment” in the volume of shipped products by economic activity, “Manufacturing”. Sources: Industry of the Vologda Oblast: stat. coll. / Vologdastat. – Vologda, 2010. – P. 10; Industry the Vologda Oblast: stat. coll. / Vologda oblkostat. – Vologda, 2003. – P. 17.

Table 2. Russian production of certain types of machinery and equipment in 1992 – 2009

Type of equipment machines	1992	2000	2007	2008	2009	2009 to 1992, reduced
Metal-cutting machines, thousand pieces	53.4	8.9	5.1	4.8	1.9	28 times
Press-forging machines, thousand pieces	16.5	1.2	2.7	2.7	1.3	12 times
Excavators, thousand pieces	15.4	3.4	6.3	5.5	1.4	11 times
Harvesters, thousand pieces	42.2	5.2	7.3	8.1	6.9	6 times
Tractors, thousand pieces	141.6	19.3	14.0	17.3	8.3	17 times
Electric big machines, thousand pieces	14.9	4.1	5.2	4.9	2.3	6 times
Trolleys, pc.	1685	498	651	778	773	2.1 times
Trucks, thousand pieces	583	184	285	256	91.7	6.4 times

Source: Russia in figures. 2011: stat. coll. / Rosstat. – M., 2011.

In the Vologda Oblast, for example, during the reform years a number of jobs in machine-building enterprises have decreased by more than 20 000 (tab. 3). But even now there is a considerable reserve of manufacturing space.

When updating the fixed assets, the organization of planned training of qualified personnel of massive working occupations, these reserves provide an opportunity increase

the production of many complex products, imported from abroad in the region in a relatively short time.

Growing attention to the increase of import substituting goods will allow optimizing the economic structure in favor of investment value sectors, expanding the domestic demand for domestic goods, connecting more effective institutions and mechanisms to the structural diversification.

Table 3. The number of industrial personnel in machine-building enterprises of the Vologda Oblast

Enterprises	1990	2000	2008	2010	2010 in % to 1990
Machine-building enterprises, total in the region	30422	16357	10063	8269	27.2
Bearing plant	9442	6748	3479	3201	33.9
Optical-Mechanical plant	about 7000	...	2286	2365	33.7
Machine-Building plant	1448	347	417	400	27.6

Source: data from regional statistics service

Table 4. Major investment flows of the federal center in 2010 – 2020

Winter Olympics 2014 (Sochi) World Student Games (Universiada) 2013 (Kazan) FIFA World Cup 2018 (13 cities)	APEC summit in 2012 (Vladivostok) Innovation Center in Skolkovo Problems of the North Caucasus republics Spaceport "Vostochny" (the Amur Oblast)
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We believe, modernization should be based mainly on domestic production, finance and credit opportunities and other reserves.

**2. As a result of breaking centralized planned economy a new institutional system of spatial development was actually born in the country; it consists of two organizational and financial technologies: "government programs" and "strategies" of regional development. They should actually build the regional economic performance and ensure the overall economic equilibrium in a spatial context. In fact, there is no relationship between these technologies.**

Major investment flows of the current decade of the federal center are formed taking into account a kind of package of the mandatory projects (*tab. 4*).

These are large-scale and expensive projects, most of which were approved without the necessary scientific discussion, efficiency calculation and payback period. For example, investments in football championship preparations are estimated at 632 billion rubles<sup>2</sup>. In sum, the above projects involve trillions of rubles of investments.

During the projects implementation, of course, there will be the corresponding points of growth. But it is not clear yet how the combination of these projects can

<sup>2</sup> According to: [http // news.mail.ru/sport/news/football](http://news.mail.ru/sport/news/football)

describe the balanced spatial dynamics of national development, promote the adoption of decisions on priorities for allocation of public resources. The policies and programs for individual regions that exist and that are being developed are autonomous instruments, reflecting the nature of the statistics indicators relationship.

We agree with the opinion of local experts, who believe that one or another national priority must be achieved in the process of rational resources allocation for spatial development, and then through the integration of local results at the national level<sup>3</sup>.

There is a serious obstacle to implement such a policy; it is the virtual absence of resources that could be centralized in the regions for priorities. In Russia, nearly 85% of the regions and more than 90% of the municipalities are subsidized for over ten years. The share of own revenues in local budgets during this period has been steadily declining. In 2010, on the average in Russia, this figure was 40.4%, in the regions of the North-West Federal District – 39.7%, including the Vologda oblast – 35.8%, and in the Novgorod oblast – only 30% (*tab. 5*).

<sup>3</sup> See, for example Minakir P.A. Spatial heterogeneity of Russia and the problems of regional policy // Journal of the New Economic Association. – 2011. – № 10. – Pp. 150-153.

Table 5. The share of own revenues in local budgets (% of total revenue)

Territory	2000	2003	2006	2007	2008	2009	2010
Murmansk Oblast	68.0	69.0	30.3	34.3	36.5	39.8	45.0
Republic of Karelia	78.6	58.8	39.2	37.8	38.3	43.4	43.7
Komi Republic	73.2	61.4	36.5	38.8	38.6	40.3	42.9
Leningrad Oblast	83.1	55.1	30.3	32.5	38.0	42.8	42.6
Pskov Oblast	59.0	57.3	52.5	45.3	47.3	40.2	42.5
Arkhangelsk Oblast	81.3	49.6	45.7	45.2	40.2	43.2	41.5
Kaliningrad Oblast	75.8	67.0	49.8	48.9	47.6	36.0	36.9
Vologda Oblast	80.3	70.5	32.2	37.4	43.4	38.8	35.8
Novgorod Oblast	65.8	69.4	27.6	28.8	29.0	29.9	30.3
NWFD	74.0	62.0	37.4	38.2	38.9	39.4	39.7
Russian Federation	71.2	57.0	39.2	39.5	40.1	39.5	40.4

Source: the data of the Treasury of Russia; calculations of ISED T RAS.

Table 6. Effective strategic planning system

Federal block	<ul style="list-style-type: none"> <li>• advance long-term forecasts (30 – 50 years);</li> <li>• proper strategic plan for the long term (15 – 20 years);</li> <li>• federal target programs in selected areas;</li> <li>• indicative plans for the medium term (3 – 5 years);</li> </ul>
Regional block	<ul style="list-style-type: none"> <li>• the territorial system of forecasting, strategic and indicative planning and programming for macroregions (federal districts), regions (Federation subjects) and large municipalities, linked to the federal system;</li> </ul>
Control and management block	<ul style="list-style-type: none"> <li>• the system report, control, forecasting and planned balances for main kinds of resources;</li> <li>• the system of analytical monitoring of strategic plans and programs;</li> <li>• a specialized body of executive power developing and controlling the implementation of strategic plans and programs;</li> <li>• upper authorities headed by the president and chairman of the Government, exercising leadership and coordination.</li> </ul>

Source: Yakovets Yu.V. On the combination of long-term forecasting and strategic planning // Economist. – 2008. – № 6.

There are many reasons for this. But all they are just a part of a general problem, the problem of weak, ineffective country's controllability, and its socio-economic and social development.

To solve this problem we must first take logical and reasonable government action to create a system of effective strategic planning. Reasoned proposals on this subject are expressed by a competent specialist in integral forecasting Yu. V. Yakovets (*tab. 6*).

And, secondly, the existing shortcomings can be overcome only through intensive training of state and municipal leaders. Under modern conditions, in order to run the state, its institutions and bodies it is necessary to have research and educational management skills, knowledge of characteristics of the

management object, the ability to work with scientific and educational organizations, to support and form the creative atmosphere among the subordinates, to show high responsibility for entrusted task.

**3. The research of ISED T RAS found that in contemporary Russian reality there is a growth of negative manifestations of the economic interests of large corporations' owners (the so-called oligarchs), which leads to inhibition of solving national problems and challenges of economic growth in the regions.**

These studies were carried out based on the analysis of the activity of the leading metallurgical holdings in the country. It was revealed that in the "fat" years, much of their profit went to consumption at the expense of renewal of production (*tab. 7*).

Table 7. Dividends accrued in the enterprises of ferrous metallurgy in 2005 – 2010, bln. rub.

Enterprise	2005	2006	2007	2008	2009	2010	Total for 2005 – 2010
OJSC "Severstal"	8.2	10.3	19.2	31.1	0	6.8	75.6
% of net profit	24.0	29.2	45.7	80.2	0	loss	X
OJSC "NLMP"	18.0	18.0	18.0	12.0	1.3	10.9	78.2
% of net profit	51.1	35.6	44.4	16.7	20.8	31.0	x
OJSC "MMP"	19.7	34.1	10.5	4.3	4.1	4.1	76.8
% of net profit	66.1	91.9	20.3	42.6	15.0	16.8	x

Source: annual reports of metallurgical enterprises.

Table 8. Dividends accrued to the main shareholders of ferrous metallurgy enterprises in 2005 – 2010, bln. rub.

Enterprise	2005	2006	2007	2008	2009	2010	Total for 2005 – 2010
Severstal	6.8	8.4	15.6	25.5	0	5.6	61.1
Novolipetsk MP	16.2	15.0	15.2	10.4	1.1	9.5	67.4
Magnitogorsk MP	19.1	33.1	9.2	3.7	3.6	3.5	72.2

Source: annual reports of metallurgical corporations; calculations of ISED T RAS.

Table 9. VAT charged for payment in the budget and recoverable from the budget in 2006 – 2010

Indicators	Russian Federation						Vologda Oblast					
	2006	2007	2008	2009	2010	2006 – 2010	2006	2007	2008	2009	2010	2006 – 2010
VAT charge to be paid to the budget, bill. rub.	1858	1340	2127	2341	2527	10193	5.1	9.9	14.3	12.2	9.6	51.0
VAT charged recoverable from the budget, bill. rub.	811	278	922	1110	1122	4243	2.2	2.4	4.0	7.7	6.6	22.9
% of the charged amount	43.7	20.7	43.4	47.4	44.4	41.6	42.4	24.3	28.0	63.4	68.6	45.0

Source: data of the Russian Federal Tax Service, data of the Vologda Oblast Federal Tax Service Administration; calculations of ISED T RAS.

And most of the dividends received major owners of corporations - their CEOs (*tab. 8*).

Social responsibility of the owners of Russian companies remains very low. Federal and regional authorities do not make them requirements that correspond to the interests of society as a whole, territorial communities and moral standards specific to socially-oriented state.

To restrain large-scale private businesses in their quest for a permanent enrichment, a significant adjustment of existing legislation, the adoption of clear practical solutions is required.

The matter is, in particular, on such measures as: the introduction of a progressive tax and the abolition of taxes to a certain level of income, the abolition of the export refund

for VAT (*tab. 9*), three-, four-fold increase in taxes on dividends that are displayed in the offshore (*tab. 10*).

Table 10. Tax rates on dividends in Russia and some EU countries

Country	Rate indicator
Russian Federation	9% – for residents 15% – for non-residents
Finland	29%
Germany	25%
France	
Norway	
Luxembourg	
Portugal	
Sweden	28%
United Kingdom	
Italy	27%
Denmark	from 25 to 40%

Source: Taxes on dividends // Current accounting. – 2010. – № 2.

These measures will reduce the tax burden on the poor and increase tax revenues from the imposition of windfall profits, and ultimately to stimulate the development of consumer demand, which is the basis for economic growth.

**4. Meeting the challenges of modernization is impossible without a continuous increase in labor productivity levels which to a great extent depends on the state of the labor potential use, development of people’s creative abilities.**

Monitoring measurements of qualitative state of population’s labor potential having been taken by ISEDТ RAS since 1997 show

that among the eight basic assessments of the population’s social viability the index of creative abilities is the lowest. Moreover, its general trend is the decreasing one (*tab. 11*).

Our measurements showed that the level of implementation of labor potential varies considerably depending on the size of wages: it is higher in groups with large wages (*tab. 12*). Moreover, positive developments in the use of labor potential start when the rate of wages exceeds the minimum wage 5 times or more. The level of cognitive capacities implementation, for example, increases in this case from 63 to 84%.

Table 11. Labor potential quality of the Vologda Oblast

Quality	Index value in 1997	Index value in 2009	Index value in 2011	Rank in 2011	Index change in 2011 as compared with 2009	Trend line 1997 – 2011
Physical health	0.682	0.728	0.728	4	no change	/ increasing
Mental health	0.699	0.739	0.759	2	▲ increase	/ increasing
Cognitive capacity	0.630	0.614	0.626	7	▲ increase	\ decreasing
Creative potential	0.593	0.572	0.589	<b>8</b>	▲ increase	\ decreasing
Sociability	0.733	0.736	0.743	3	▲ increase	/ increasing
Cultural level	0.609	0.674	0.651	5	▼ decline	/ increasing
Moral level	0.775	0.757	0.765	<b>1</b>	▲ increase	\ decreasing
Need in achievement	0.612	0.643	0.647	6	▲ increase	/ increasing
Capacity (Integral index of labor potential quality)	0.655	0.674	0.676	–	▲ increase	/ increasing

Source: Monitoring of labor potential quality status in the Vologda Oblast; ISEDТ RAS.

Table 12. The level of labor potential implementation in groups with different wages (%)

Labor potential quality	Wage rate per month					
	Below the minimum wage (up to 4430 rub.)	From 1 to 2 minimum wages (from 4430 up to 8660 rub.)	From 2 to 3 minimum wages (from 8660 up to 12990 rub.)	From 3 to 4 minimum wages (from 12990 up to 17320 rub.)	From 4 to 5 minimum wages (from 17320 up to 21600 rub.)	More than 5 minimum wages (from 21600 rub.)
Physical health	71.9	78.8	80.0	80.4	85.8	84.1
Mental health	65.8	76.5	78.2	78.5	80.5	81.9
Cognitive capacities	63.4	75.9	78.1	80.7	81.1	83.5
Creative potential	62.0	67.8	68.2	69.5	73.2	71.3
Sociability	69.1	78.6	79.3	82.5	85.0	83.0
Cultural level	68.1	77.6	78.4	78.1	81.1	78.1
Moral level	67.7	77.4	79.1	77.8	81.3	78.8
Need in achievement	61.1	67.7	69.5	72.9	73.2	79.1
<i>Average</i>	<i>66.1</i>	<i>75.1</i>	<i>76.4</i>	<i>77.5</i>	<i>80.1</i>	<i>80.0</i>

Source: Monitoring of labor potential quality status in the Vologda Oblast; ISEDТ RAS, 2009.

Wage rise is an essential requirement not only for the growth of social well-being of the population, but also for ensuring the increasing dynamics and efficiency of production. We consider the proposals of many experts on the introduction of hourly wage standard in the country as justified.

**5. The success of the modernization, the transition of the economy to innovative development are to a great extent determined by the growth of human capital, its qualitative characteristics, and above all the increasing level of intellectualization and creativity. The education system has a key role in this process.**

A continuous process of education reform has been held in Russia in the past two decades. However, the positive effects of educational innovations cannot be seen yet.

Despite the rhetoric about the importance of the transition of education to an innovative type of development, there are no fundamental changes in state funding for education, its growing commercialization is clearly visible. The share of education expenditure in GDP in recent years is to just over 4%, while in the leading countries it is 6 – 7%.

Measures to increase teachers' salaries promised in public documents are not performed (*tab. 13, fig. 2*).

Lagging of wages in the education system from the average for the economy takes place in all regions of the North-West Federal District. At the same time the wages of government officials in relation to average earnings is steadily increasing (*tab. 14*). Their numbers is increasing continuously, while the number of employees of educational institutions is declining (*tab. 15*).

A study of the economic situation and social well-being of teachers of the Oblast's educational institutions held by ISEDТ RAS in the middle of the current year presented a very disturbing picture.

Almost 46% of the surveyed teachers assess their families' economic condition as poor and very poor, 60% in rural areas (we should note that 33% of the entire population of the Oblast evaluate their condition in this way). The level of assessment of the authorities' activities and trust to them is significantly lower among the teachers than the average among the population. 90% of respondents would not want their children to become teachers (*tab. 16*).

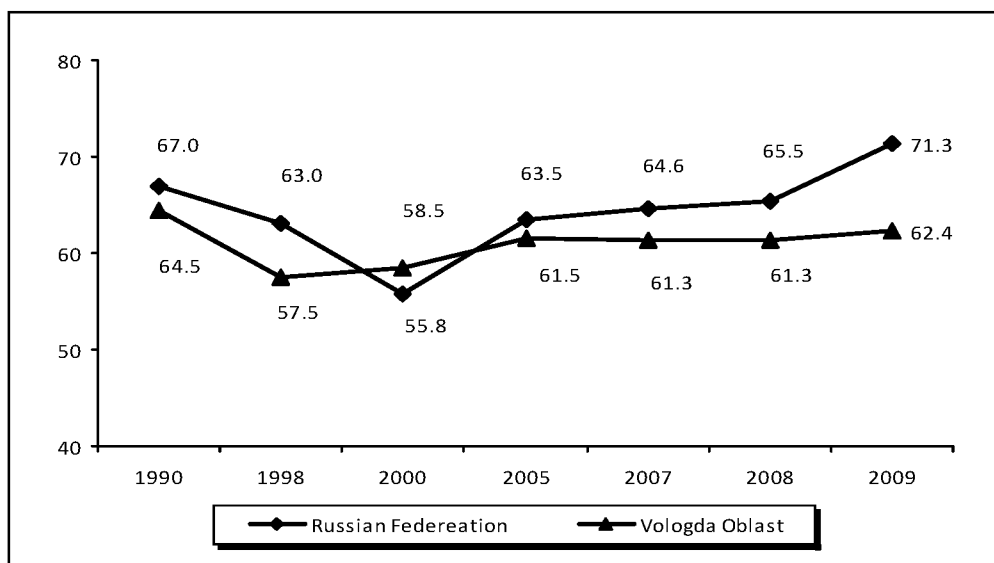
Table 13. Salaries in education: the declaration and reality

Public document	Actual level of wages in education, as% of average
The law "On education" dated July 10, 1992 № 3266-1 read that <b>"the average wage and salary rate ... for teachers and other educationalists &lt;should be&gt; not less than the average wage of industrial workers in the Russian Federation"</b>	<b>1992:</b> in Russia – 61% in the Vologda Oblast – 57%
The Message of the President of Russia B.N. Yeltsin to Federal Assembly reads on the state program designed to <b>"...restore respect for the teacher, to provide the people of this occupation with decent living conditions"</b>	<b>1998:</b> in Russia – 63% in the Vologda Oblast – 58%
The Message of the President of Russia V.V. Putin to the Russian Federal Assembly reads on the need to "... increase state employees' incomes not less than 1.5 times within three years. ... <b>in this case we'll be able to achieve the approximation of the average wage in the public sector the average wage in the country"</b>	<b>2005:</b> in Russia – 64% in the Vologda Oblast – 61%
The main activities of the RF Government for the period up to 2012 among the objectives of education: <b>"... teachers' salaries should not be below the average wages of workers employed in the entities of economic sphere of the Russian Federation"</b>	<b>2008:</b> in Russia – 66% in the Vologda Oblast – 62%
	<b>2009:</b> in Russia – 71.3% in the Vologda Oblast – 62.4%

Source: the yearbooks of Rosstat and the Vologda Oblast.



Figure 2. Salary of education employees, as a percentage of average wage



Source: Education in the Vologda Oblast in 2006 – 2010: stat. coll. / Vologdastat. – Vologda, 2011. – Pp. 22-36.

Table 14. Ratio of average wages of employees in education and public administration with the average of the economy

Territory	% of the average of the economy				Growth in 2010 relative to 2002			
	Education		State management		in rubles		in %	
	2002	2010	2002	2010	Education	State management	Education	State management
<b>Russian Federation</b>	<b>65</b>	<b>66</b>	<b>109</b>	<b>119</b>	<b>7903</b>	<b>14764</b>	<b>+1</b>	<b>+10</b>
NWFD	66	67	114	127	7671	15966	+1	+13
St. Petersburg	65	75	112	109	13250	17675	+10	-3
Pskov Oblast	74	74	132	140	5989	11873	0	+8
Novgorod Oblast	70	74	109	123	7003	12166	+4	+14
Kaliningrad Oblast	75	74	119	113	8493	12642	-1	-6
Leningrad Oblast	62	70	105	106	10915	15485	+8	+1
Murmansk Oblast	66	64	115	120	8972	20212	-2	+5
Republic of Karelia	73	63	145	<b>156</b>	5024	17166	-10	<b>+11</b>
Arkhangelsk Oblast	68	62	132	<b>150</b>	6916	<b>20417</b>	-6	<b>+18</b>
Vologda Oblast	64	58	101	<b>124</b>	5777	15585	-6	<b>+23</b>
Komi Republic	61	54	109	<b>131</b>	4611	15147	-7	<b>+22</b>

Table 15. Dynamics of the number of individual categories of employees in Russia, thousand people

Categories of employees	1995	2000	2005	2010	2010 as % to 1995
Number of teachers in secondary schools	1717	1761	1594	1079	62.8
The number of employees in state and local government agencies	1061.8	1161.5	1468.0	1648.4	155.2

Source: Russia in figures // Rosstat. M. – 2011. – Pp. 58, 136.

Table 16. Distribution of teachers' answers to the question: "Do you want your children to become teachers?" (% of respondents)

Answers	Vologda	Cherepovets	Dostricts	The survey average
Yes, most likely yes	2.0	0.0	4.8	2.6
Most likely no, no	87.5	<b>94.3</b>	86.9	<b>89.3</b>
Difficult to answer	10.5	5.7	8.3	8.1

Source: data from the survey of teachers of educational institutions of the Vologda Oblast, ISED T RAS, June 2011.

Safety margin is getting smaller. In fact there rises a threat of losing this part of the intelligentsia as the best prepared socio-cultural group. Without this advantage, which we had before to other countries, it is impossible to compete in today's world. This competition starts from school and training department. As far as teachers' class is respected in the community, so its respect is back to the society, the state in the next generation of citizens. Education personnel are the most important structure-forming element of good society.

**6. The research of ISED T RAS confirmed that without strengthening of regional scientific and technological potential the transition to innovative development will be virtually blocked, and that is happening now.**

For various reasons, both historical ones and those caused by destructive processes of market formation which were actively taking place in the 1990s, the regions do not have today the volume of research and scientific and technical personnel needed to implement large-scale economy diversification and its sustained quality growth.

Here is the saturation of the economy with researchers in the country and regional profile (*tab. 17, 18*).

In May 2009, ISED T RAS sent the regional authorities a project of a long-term program of scientific and technical potential development of the Vologda Oblast for the period up to 2025, providing a significant increase in key indicators of science and technology.

Unfortunately, the regional authorities have not taken any significant steps in this regard yet.

**7. One of the most serious obstacles to the development of Russia is corruption, and speaking Russian it is bribery and embezzlement.**

To suppress the corruption of administrative type requires increased use of formal state mechanisms.

The greatest harm is done by public and political corruption. It is a tool for the powers that seek to subject the activities of state institutions to their private interests acting contrary to the public interest.

Unfortunately, our society is scattered today. It destroyed by anomie, that is, rejection of the moral and social norms, commitments and conscience.

This is evidenced by the recently discovered facts of participation of employees of law enforcement agencies in the protection racket of illegal businesses. Journalists' investigations devoted to real estate of major Russian officials became resonance. Social networks in the Net are also full disclosure of corruption.

Without formulating and solving the basic issues on values, equity and social cohesion, as well as its goals and ideology of progress, it is impossible to overcome public and political corruption.

And to escape from the vicious circle an active dialogue between the government and society is required; the formation of strong institutions of civil society is a key imperative of sustained development. Precisely because of this you can exercise effective control of the society for the implementation of the planned large-scale strategic decisions and plans for the long-term socio-economic development of Russia.

Table 17. The number of personnel engaged in research and development for some countries, per 100 thousand population, people.

Country	2000	2005	2009	2009 to 2000, in %
Finland	1012	1105	<b>1058</b>	104.5
Japan	707	721	<b>712*</b>	100.7**
France	555	573	<b>754</b>	135.9
Germany	590	576	<b>646</b>	109.5
<b>Russia</b>	<b>607</b>	<b>570</b>	<b>523</b>	<b>86.2</b>
China	73	105	<b>148*</b>	202.4**

\* Data from 2008.

\*\* Data from 2008 to 2002, in %.

Sources: Russia and the countries of the world. 2010: stat. coll. / Rosstat. – M., 2010. – 372 p.

Eurostat home [Electronic resource]. – Available at: [http://epp.eurostat.ec.europa.eu/portal/page/portal/science\\_technology\\_innovation/data/database](http://epp.eurostat.ec.europa.eu/portal/page/portal/science_technology_innovation/data/database)

Table 18. The number of personnel engaged in research and development (per 100 000 population, people)

Territory	2000	2005	2010	Ratio to the average of 8 regions of NWFD, %
Russia	607	570	523	×
NWFD	823	769	727	×
St. Petersburg and the Leningrad Oblast	1636	1514	1411	×
Murmansk Oblast	300	271	300	220.6
Komi Republic	208	208	201	147.8
Kaliningrad Oblast	264	221	198	145.6
Novgorod Oblast	176	129	177	130.1
Republic of Karelia	179	134	145	106.6
Arkhangelsk Oblast	96	116	94	69.1
Pskov Oblast	55	39	55	40.4
Vologda Oblast	33	38	40	29.4
The average of 8 regions of NWFD	155	142	136	100.0

Sources: Development of the innovation process in the Vologda Oblast / Vologdastat. – Vologda, 2011. – P. 31; Website of the Federal State Statistics Service [www.gks.ru](http://www.gks.ru)

In a recently published article entitled “Russia’s Development Strategy” the leading economists of the RAS reasonably argue: “In general, Russia still has sufficient foreign exchange reserves and natural resources to finance the new industrialization of the Russian economy, its modernization on the basis of high-technology of modern technological order. The Russian financial system is not completely integrated into global financial pyramid yet. This allows blocking the channels of “poisoning” their own financial system with speculative “toxic” instruments, re-directing it to the domestic sources of credit

and directing savings to support innovation and investment in the promising areas of the Russian economy. The presence of natural raw materials and defense capabilities gives us the objective possibilities for independent policy, even with negative scenarios of the global recession resumption Russia has the resources necessary not only for survival but also for the advanced development”<sup>4</sup>.

<sup>4</sup> On the strategy of economic development of Russia / S.Yu. Glazyev, V.V. Ivanter, V.L. Makarov, A.D. Nekipelov, A.I. Tatarkin, R.S. Grinberg, G.G. Fetisov, V.A. Tsvetkov, S.A. Batchikov, M.V. Ershov, D.A. Mityaev, Yu.A. Petrov // Economy of contemporary Russia. – 2011. – № 3 (54). – P. 29.

I would like to return to the words of V.V. Putin, which I quoted above: **“We must say openly (say it again) about the dependence of our economy on the raw materials, about a dangerous level of social inequality, violence, corruption, feelings of injustice and illegality, which people often have when going to state institutions, the courts or law enforcement agencies, about the barriers to initiatives in**

**business, public service, in social activities – all this, unfortunately, is still accompanying us. We can and we must overcome these problems. We can and we must!”**

There comes a time of real and effective action to address the systemic problems in public administration recognized by the leader of the ruling party V.V. Putin, doesn't it?

I really hope it does!

## J

The published below summarizing materials covering the results of VI International Scientific and Practical Conference on “Strategy and tactics of economic reforms implementation: a regional aspect” held October 6 – 8 in Vologda, present how the scientists and experts participating in this forum consider the ways and mechanisms to address the new challenges.

## J

As in the previous issues, we present the results of the recent public opinion monitoring of the state of the Russian society.

The following tables show the dynamics of some parameters of social well-being and socio-political sentiments in the Vologda Oblast for the period from October 2010 to October 2011.

Estimation of the social condition

In % to the total number of interrogated people								Dynamics indexes Oct. 2011 to 8 months 2008	
8 months 2008	Oct. 10	Dec. 10	Feb. 11	Apr. 11	June 11	Aug. 11	Oct. 11		
<i>Usual condition, good mood</i>									
70.2	63.4	64.7	54.6	64.0	64.5	66.7	64.7	<b>0.92</b>	
<i>Feeling stress, irritation, fear, depression</i>									
22.1	29.0	29.8	32.4	28.1	29.4	24.1	29.4		<b>1.33</b>
<i>Everything is not so bad, it's difficult to live, but it's possible to stand it</i>									
81.0	68.2	76.7	68.9	76.1	78.0	73.2	73.9	<b>0.91</b>	
<i>It's impossible to bear such plight</i>									
10.9	18.5	16.0	18.7	16.1	15.9	11.3	15.8		<b>1.45</b>
<i>Consumer sentiments' index</i>									
107.5	88.1	87.8	88.6	90.1	86.1	92.9	88.5	<b>0.82</b>	
<i>The share of people who consider themselves to be poor</i>									
39.8	45.2	46.6	47.6	46.8	43.9	40.8	44.6		<b>1.12</b>
<i>The share of people who consider themselves to have average incomes</i>									
50.7	37.3	42.1	40.0	42.4	46.1	46.2	41.8	<b>0.82</b>	

Estimation of the authorities' activity

Chain of command	Approval in % to the total amount of the interrogated people								Dynamics indexes Oct. 2011 to 8 months 2008
	8 mon. 2008	Oct. 10	Dec. 10	Feb. 11	Apr. 11	June 11	Aug. 11	Oct. 11	
President of the RF	75.0	64.5	57.7	57.3	61.9	62.7	62.1	56.6	<b>0.75</b>
Prime-Minister of the RF	76.4	63.9	61.1	58.9	64.3	60.3	60.4	59.1	<b>0.77</b>
The Vologda Oblast Governor	57.8	46.1	47.2	42.4	46.1	46.7	49.5	47.7	<b>0.83</b>

Chain of command	Disapproval in % to the total amount of the interrogated people								Dynamics indexes Oct. 2011 to 8 months 2008
	8 mon. 2008	Oct. 10	Dec. 10	Feb. 11	Apr. 11	June 11	Aug. 11	Oct. 11	
President of the RF	9.3	17.4	25.5	23.3	23.5	22.1	19.7	29.0	<b>3.12</b>
Prime-Minister of the RF	10.4	19.6	23.5	22.8	22.3	24.3	21.4	24.7	<b>2.38</b>
The Vologda Oblast Governor	19.9	28.1	28.6	29.9	31.1	29.5	24.4	32.1	<b>1.61</b>

What party expresses your interests?

Party	8 mon. 2008	Oct. 10	Dec. 10	Feb. 11	Apr. 11	June 11	Aug. 11	Oct. 11	Dynamics indexes Oct. 2011 to 8 months 2008
United Russia	40.5	28.3	28.3	27.3	35.9	34.0	33.7	29.8	<b>0.74</b>
CPRF	6.8	9.5	7.5	8.4	9.7	8.2	10.0	12.1	<b>1.78</b>
LDPR	7.7	7.9	8.1	6.8	7.5	6.9	7.5	9.1	<b>1.18</b>
Fair Russia	5.0	4.1	3.8	2.7	3.2	5.7	2.7	5.6	<b>1.12</b>
Other	1.4	3.2	2.0	2.4	1.7	1.1	2.4	3.1	<b>2.21</b>
No party	20.1	35.1	36.6	36.0	28.8	30.4	28.9	28.1	<b>1.40</b>
It's difficult to answer	13.7	11.9	13.6	16.3	13.1	13.7	14.8	12.2	<b>0.89</b>

The basis for comparison is the average data obtained in the course of four measurements taken by ISED T RAS for the time interval from January to August 2008. As can be seen from the tables, the parameters of the pre-crisis period have not been achieved yet.

**j**

This issue also contains a rating of the previous publications of the journal.

## The first 10 articles according to the frequency of their viewing for the recent 12 months (November 2010 – October 2011)

Rating	Article	Total time of reading, minutes for the whole period *	Number of readers for the whole accounting period*	Number of views for the recent 12 months	Number of views for the recent 3 months	Average time of viewing (minutes) for the whole accounting period*	Issue	Release date	Authors
1	Development of the regional clusters' system	10741	423	200	39	25	№ 1	March 2008	Uskova Tamara Vitalyevna
2	Problems of local budgets' and municipal property's formation	5096	291	256	32	17	№ 1	March 2008	Valentey Sergey Dmitriyevich Khabriyeva Talya Yarullofna
3	Diversity strategy of the regional economy	6413	313	181	14	20	№ 1	March 2008	Iogman Leonid Genrikhovich
4	Intellectual resources as the factor of the innovational development	2641	125	123	13	21	№ 11	September 2010	Ilyin Vladimir Alexandrovich Gulin Konstantin Anatolyevich Uskova Tamara Vitalyevna
5	Methodology of the comparative estimation of the scientific and technical potential of the region	1886	96	96	11	19	№ 12	December 2010	Zadumkin Konstantin Alexeyevich Kondakov Igor Anatolyevich
6	Tendencies and perspectives of the socio-economic development of the Murmansk Oblast	3739	211	112	17	17	№ 1	March 2008	Didyk Vladimir Vsevolodovich
7	Small-scale business as an important reserve of the mono-town development	1669	87	85	0	19	№ 11	September 2010	Tkachuk Stepan Nikolayevich
8	Dynamics of the socio-economic development of Komi Republic	2098	139	88	19	15	№ 1	March 2008	Lazhentsev Vityaly Nikolayevich
9	Integrated ecologically balanced natural resources use is the basis of the Northern regions development	1779	127	94	4	14	№ 1	March 2008	Larichkin Fedor Dmitriyevich
10	Agriculture of the European North: the results of the All-Russian agricultural census	997	51	50	0	19	№ 11	September 2010	Ivanov Valentin Alexandrovich Ivanova Elena Valentinovna

\* Account of the site's viewing has been carried out since 2009, December, 12