

UDC 338(470.23-25), LBC 65.9(2-2SPb)

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Saint Petersburg in the post-Soviet time: economic strategies and development



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Abstract. This paper studies the main features and results of economic development of Saint Petersburg in the post-Soviet period. The purpose was to determine the extent of influence of urban development on the results of development of Saint Petersburg during this period. The method used in this study consists in the processing of a large array of statistical and analytical materials and regulatory framework; determination of the mutual relationship between the achieved results and the implementation of the program-planning documents that define the objectives, priorities and tasks of socio-economic development of Saint Petersburg.

In the course of work the authors have highlighted seven key stages in the development of the city's economy for the past 22 years, and six stages of development of the socio-economic planning system. The research into the specifics of Saint Petersburg economy within these stages shows that external conditions have a decisive influence on the results of its economic development.

The results of this work can be used for improving the practice of state and municipal management, including the implementation of socio-economic development planning of regions and cities of Russia.

The study has concluded that the cycles of updating of the program-planning documents and changing approaches to public planning are set in Saint Petersburg rather from the outside, and they are connected with changes in the external conditions for development. The elaboration of urban strategic, conceptual and other program-planning documents has an insignificant impact on the development of the city.

Key words: economic development, Saint Petersburg, long-term planning, reforms, strategy, economic structure.

A little more than 20 years have passed since 1991, a year marked by the collapse of socialist economy, breakup of the Soviet Union and beginning of radical economic reforms. The term is not so big by the standards of the 310-year history of Saint Petersburg. However, this period witnessed revolutionary changes in the political system, economy and social sphere, the changes that in many other countries required more than a century. Demonopolization of economy and support of competition contributed to the emergence of a large number of new enterprises, including those related to small and medium business. The city's economy has rapidly integrated into the world economic system. Real estate markets, securities and financial and banking services markets have emerged and are now actively developing.

The structure of Saint Petersburg economy has changed dramatically over the past two decades. It has become more similar to the structures of the economies in the cities of the same scale in developed countries. At the beginning of the 1990s more than half of the city's economic potential was concentrated in heavy industry, mainly in the military-industrial complex. Now a leading role in the economy of Saint Petersburg belongs to the services sector, represented

mainly by trade, transport, construction, property management, tourism, banking and insurance activities. The laws of the market worked, and the sectors that were more efficient under the conditions of a large city supplanted less efficient ones.

Changes in the economy resulted in dramatic changes in the image of Saint Petersburg and the way of life of its residents. The historic center of the city is used more as a tourism zone, an area of business and administration, leisure and cultural activities. The scale of housing construction and construction of public and business objects has increased. Significant transformations have been carried out in the suburban areas with the creation of new production and public and business objects, recreation zones and low-rise housing blocks. In all the areas of the city there are several major zones of retail trade, represented by modern shops. The growth of the residents' incomes in the foreign currency equivalent, and the accessibility of consumer lending allow the citizens to buy quality imported goods, including durables, and to go on holiday abroad.

However, the reforms have not improved every sphere of the city life. Problems in the housing and utilities sector, public and personal safety, and traffic still remain, or

have become even more acute. There has been a decrease in the availability of free services provided to the population by health care, education, culture, social facilities, physical culture and sports. One witnesses the manifold financial and property stratification of the residents, the reduction in the level of scientific and technological potential and in the level of food security. Rapid urban building development has led to the reduction of the area of public space.

What is the role of urban planning in these dramatic changes? Was this planning reasonable; was it possible to achieve more? Did urban planning have any influence on the market forces stirred up by the reforms? We will try to answer these questions by comparing chronologically the dynamics of development of economy and planning in Saint Petersburg.

Economic development of Saint Petersburg over the last 22 years can be divided into several key stages (*figure*). **The first stage covers 1992–1996.** This period is the most difficult and controversial in the contemporary history of Saint Petersburg and Russia as a whole. These years witnessed liberalization of prices and foreign economic activity, mass privatization, demonopolization, promotion of competition and entrepreneurship. Troublesome reforms were accompanied by deep crisis phenomena: rising unemployment, falling incomes, economic decline, political instability, hyperinflation, raging crime.

We can understand the scale of the crisis, if we compare the statistics for 1996 to the corresponding indicators in the pre-reform 1991. The volume of industrial production in Saint Petersburg decreased by almost 70%.

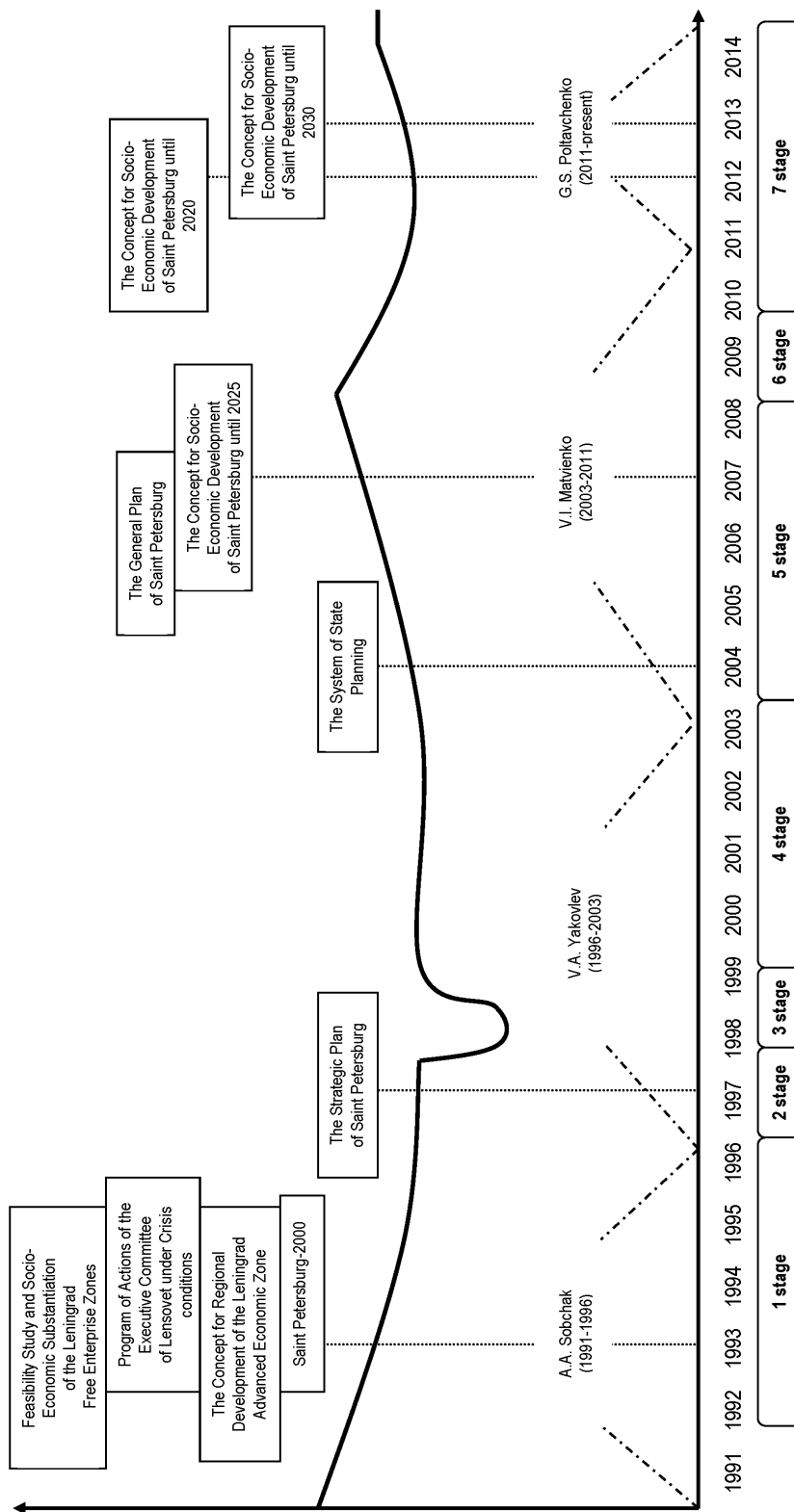
Consumption of basic food products per resident decreased: for example, consumption of meat and meat products – from 78 kg to 56 kg, consumption of milk and dairy products – from 419 kg to 217 kg. The resident population of Saint Petersburg reduced from 4 971 thousand people (end of 1991) to 4 746 thousand people (end of 1996) [1, p. 46, 47]¹. Due to a decline in the standard of living, people started to buy fewer consumer goods, placing a priority on foodstuffs. All this caused a negative reaction from a considerable part of the population, who related their plight to the ongoing economic reforms.

Despite all these difficulties, Saint Petersburg has become the main ideological center for economic reform and leader by the rate of their implementation. For example, rapid economic restructuring helped to cope with large-scale job cuts at industrial enterprises and state-financed organizations. Part of dismissed workers was able to find a job in the rapidly developing sector of commercial and business activity and in the sphere of small business. Markets of securities and real estate were established as a result of privatization. The property of a huge number of privatized enterprises became involved in economic turnover.

Economic development in this period was influenced by the documents elaborated in the early 1990s. They comprised general documents on socio-economic development of the city as a whole. These include

¹ Here and elsewhere the number of resident population up to 2010 is given on the basis of the data of Petrostat (Territorial Body of the Federal State Statistics Service in Saint Petersburg and the Leningrad Oblast), calculated according to the methodology used at that period of time.

Stages of economic development, Saint Petersburg in the post-Soviet period



“The program of action for the Executive Committee of Lensovet (the Leningrad City Soviet of People’s Deputies) under the crisis” and the program “Saint Petersburg-2000”. In addition, some documents were elaborated on certain reform directions, for example the Program for privatization of state and municipal enterprises.

The second stage covers 1997 and the first half of 1998. It is characterized by the stabilization of the situation, low inflation, and slight improvement in the number of other economic indicators. For instance, for the first time in the whole period of reforms in 1997 industrial production increased by 7%. The volume of gross regional product (GRP) reduced only by 1.4%². The indicators of attraction of investments, including foreign, improved. Investments in fixed capital increased by 17%. Consumer price index grew by only 13%, which is significantly lower than in previous periods of the 1990s (for comparison: consumer prices in 1992 in Saint Petersburg grew 21.8-fold, in 1996 – by 25.2%) [1, pp. 46-48]. These positive trends remained in the first half of 1998 as well.

Stabilization of the situation and a certain improvement of economic performance created favorable conditions for the resumption of planned approaches to the development of Saint Petersburg, in the long term as well. In January 1997, the Government adopted the Program of action of the Administration aimed at stabilization and further development of Saint Petersburg’s economy in 1997–2000.

² Here and elsewhere the data on the changes of the value indicators are given in comparable prices, unless indicated otherwise.

At the end of 1997 the work on the Strategic Plan of Saint Petersburg, which had been going on for half a year, was completed. Saint Petersburg became the first Russian city, which adopted a strategic plan.

Among the most negative trends prevailing in the economy in the period under consideration one should highlight the growth of domestic and external debt. In the mid-1990s the borrowing powers of the territories were expanded. This opportunity was exploited actively by Saint Petersburg authorities. This period is characterized by increased issuing of regional and municipal securities. As of the end of 1996, the largest volume of government bonds (6 trillion rubles)³ in the Russian regions was released in Saint Petersburg. The increase in the volume of borrowings at the state level, exceeding their redeemability, became one of the main causes of a profound financial crisis in August 1998.

The period of the crisis in 1998 can be considered the third stage of economic development of Saint Petersburg. The onset of financial crisis was characterized by dramatic deterioration of economic situation in the city. According to the results of 1998, the volume of GRP decreased by 5.3%, industrial production declined by 1.5%, consumer price index increased by 78% [2, pp. 353-899]. This difficult situation required urgent anti-crisis measures on the part of the authorities. In September 1998 the Program of Saint Petersburg Government for overcoming the financial-economic crisis and normalizing the situation in the economy and social sphere of the city was adopted.

³ Pre-denomination rubles.

These measures helped to prevent the development of events by the most negative scenario. Repeated devaluation of the ruble, which was considered as a purely negative phenomenon, on the one hand, the result of which was the fall of the standard of living of population, the imbalances in foreign trade and public finance system, has created important conditions for overcoming the crisis, on the other hand.

The fourth stage of economic development of Saint Petersburg covers 1999–2003. This stage is characterized by transition to sustainable economic growth due to the effect of devaluation of the ruble. In 1999–2000 enterprises were adapting to new economic conditions caused by repeated devaluation of the ruble, high inflation and sharp decline in imports. It was during these years that the economy began to revive and grow. The elimination of imported goods from trade led to the growth of production output at Saint Petersburg enterprises; for the first time since the beginning of the reforms, the share of goods production in the structure of Saint Petersburg GRP began to increase. Price growth rates were slowing down. If at the end of 1999 consumer price index rose by 41.1%, in 2003 it grew only by 12.2% [2, p. 899]. The period of 1999–2003 experienced significant increase in such macroeconomic indicators as GRP – by 156%, investments in fixed capital – in 2.39 times, industrial production – in 1.9 times⁴.

The responsible financial policy of Saint Petersburg authorities had positive effect on

⁴ The authors' calculations based on the data of the statistical digest *Regiony Rossii. Sotsial'no-ekonomicheskie pokazateli. 2005: stat. sb.* [Regions of Russia. Socio-Economic Indicators. 2005: Statistical Digest]. Rosstat. Moscow, 2006. 982 p.

the improvement of the situation in the city's economy. Within several years the city authorities adopted a deficit-free budget, fulfilled all domestic and international obligations on repayment of loans and redemption of bonds. Reduction of arrears in wages and social benefits contributed to the expansion of consumer demand in the consumer market. Preparation for celebrating the 300th anniversary of the founding of Saint Petersburg helped improve the economic situation in the city, because the event attracted significant investment from the federal budget for improving infrastructure. The main long-term plan in the period was the 1997 Strategic Plan of Saint Petersburg. Positive dynamics of economic growth achieved in 1999–2003 has created the basis for transition to a fundamentally new stage of development of Saint Petersburg.

The fifth stage of the city's economic development (2004–2008) became the most successful in its recent history. After the effect of devaluation of the ruble expired, economic growth in Saint Petersburg was promoted mainly through consumer demand and significant inflow of investment. For 2004–2008 GRP increased in 1.55 times, investments in fixed capital – in 1.64 times, revenues of consolidated budget – in 3.6 times⁵. The scope of integration of Saint Petersburg into the world economic system expanded. In 1992 foreign trade turnover was only 0.4 billion U.S. dollars (including export –

⁵ The authors' calculations based on the data of the statistical digest *Regiony Rossii. Sotsial'no-ekonomicheskie pokazateli. 2010: stat. sb.* [Regions of Russia. Socio-Economic Indicators. 2010: Statistical Digest]. Rosstat. Moscow, 2010. 996 p. Here and elsewhere the increase of the revenues of consolidated budget is given in comparable prices (prices set in the corresponding years).

0.2 billion U.S. dollars), and in 2008 it was 49.4 billion U.S. dollars (including: export – 23.7 billion U.S. dollars, import – 25.7 billion U.S. dollars). The amount of foreign investments in Saint Petersburg economy increased from 175.2 million U.S. dollars in 1996 to 5927.5 million U.S. dollars (including direct investments – 1373.7 million U.S. dollars) in 2008 [2, p. 894; 3, p. 16; 4, pp. 949-984].

A significant growth of cash income in the currency equivalent and the extension of the scale of lending had a great influence on the increase of consumer activity among Saint Petersburg residents. In 1995, the currency equivalent of average per capita monetary income of Saint Petersburg population was about 160 U.S. dollars per month, in 2007 – 661.8 U.S. dollars already⁶. Due to the rise in the standard of living of the population, the share of foodstuffs in total household expenditures begins to decrease. In 2007 it was 24.6%. For comparison: it was 37.8% in 1990, and 59.5% in 1995. The extent of housing construction began to exceed manifold the volume achieved in the last years of the pre-reform period. For instance, 1172 thousand square meters of total area of housing was commissioned in 1985, the figure for 1990 was 1064 thousand square meters, for 1991 – 1047 thousand square meters; the total area of housing was 2273 thousand square meters in 2005, and 3212 thousand square meters in 2008. The year 2008 was a turning point in the depopulation trend. For the first time in 17 years the resident population of

Saint Petersburg increased by 14 thousand people due to positive migration balance [1, pp. 46-47; 4, pp. 60-634].

At present, Saint Petersburg performs new international and national functions; it seeks to create a favorable business climate, and support entrepreneurship. These factors, together with the first results of the budget and administrative reforms, have a significant positive influence on the city's development. Since 2004, Saint Petersburg has a system of state planning. Due to certain administrative and political factors, Saint Petersburg has become the seat of the Constitutional Court of the Russian Federation; moreover, the headquarters of several leading Russian companies of national importance are also situated here. In 2006 Saint Petersburg hosted the G8 Summit. Saint Petersburg was among the largest centers of international cooperation in the Baltic Sea region.

The successful development of Saint Petersburg was impeded by the global financial and economic crisis which influenced **the sixth stage** of the city's development.

According to the results of 2009, the values of the main indicators of socio-economic development have decreased. The volume of GRP decreased by 5.7%, the revenues of consolidated budget – by 6.8%, industrial production – by 16.6%, investment in fixed capital – by 16.7% [5, pp. 119-191]. Saint Petersburg is integrated considerably into global economic relations, and it fulfills national federal functions; consequently, it experienced the impact of the global financial and economic crisis to a greater extent in comparison with other Russian regions.

⁶ The authors' calculations based on the data of state statistics and the official exchange rate set by the Bank of Russia.

Since the early 2000s, Saint Petersburg has managed to create a powerful economic basis which helped mitigate negative effects of the crisis. Swift implementation of a set of anti-crisis measures had certain positive effect. The main activities aimed at overcoming the consequences of the economic and financial crisis (approved by the Government of Saint Petersburg) were launched in April 2009.

Saint Petersburg entered the seventh development stage in 2010. It is characterized by the efforts to overcome the effects of the global crisis, gradual recovery of economic growth rates and enhancement of citizens' standard of living. According to the results of 2010, industrial production grew by 9.4%, revenues of consolidated budget – by 9.9%, investment in fixed capital – by 6.4% [5, pp. 139-191]. The achievement of sustainable development is promoted by the significant potential accumulated during the period of extremely favorable external conditions for the city's development. This fact made it possible, in comparison with the 1990s and early 2000s, to make a significant step forward in attracting investment and in integration into global economy. However, due to the impact of global financial and economic crisis, a number of important economic development parameters in 2009–2010 turned out much worse than in the pre-crisis period of 2000–2008.

Some effects of the crisis still linger. In 2011–2013 there was a sharp slowdown in the city's development. In 2011, GRP of Saint Petersburg grew by 8.3%, in 2012 – by only 4.3%. The index of industrial production increased by 13.3% in 2011, and by 4.1% in

2012. By the end of 2013 the total volume of industrial production has decreased in comparison with 2012 (according to preliminary estimates) by 1.2%. Investments in fixed capital declined by 13% in 2011 and by 7% in 2012 [5, pp. 139-191; 7].

In the coming years Saint Petersburg is unlikely to reach the same high rates of economic growth, as in 2001–2008. Attention in this period should be focused on technological modernization, economy restructuring and achievement of significant qualitative results in the city's development. It is necessary to implement a long-overdue transition to innovation development and to enhance the indicators of human capital, the tasks that are set out regularly as development objectives in urban planning documents.

This periodization of Saint Petersburg's socio-economic development allows us to match the stages of the city's development with the periods of validity of corresponding planned documents and with the general evolution of Saint Petersburg's planning system in the post-Soviet period. Did the planning have any impact on the development of the city or it was going on under the influence of more powerful factors?

The multidirectional plans of 1990–1994 can be highlighted as the first period. The first post-Soviet concept for the development of Saint Petersburg dates back to the end of the Soviet period, and it was published as a working document of the Committee for Economic Reform under the Executive Committee of Lensovet in the beginning of 1991 under the title “**Feasibility study and socio-economic substantiation of the Leningrad free enterprise zones**”. The

document contained the analysis of the state of urban economy and alternative possibilities of its development with the assessment of prospects for the period up to 2000.

Three strategies of the city's socio-economic development were considered as alternatives; they varied according to the degree of integration into the external market: from an open, export-oriented strategy, to an almost closed one. The authors showed quite convincingly that it is the degree of openness that is the determining factor in the formation of the sectoral structure of economy and the depth and nature of the reforms that the city requires. The document made a choice in favor of an open strategy. This strategy opened up certain opportunities for some industries, tourism sector, and for the development of the city as a major transport center; the strategy also facilitated the emergence of modern trading and storage facilities, communication systems and information services, financial and advisory services, providing a basis for modern economy.

The document became the subject of wide public discussions typical of that period. It was, in fact, a program for economic policy of the city administration elected in 1990; it was set out in the **“Program of actions of the Executive Committee of Lensovet under crisis conditions”**. The document focused on the development of foreign economic relations and private business. The dominance of the private sector, which required the launch of privatization, was recognized as a necessary condition for successful development of the city's economy. The main task was to create a stable and strong tax base, to attract private,

including foreign, investment in the sectors that were traditionally funded by the state, to promote labor-intensive industries in the services sector. Target social programs were to be implemented.

The issues of the city's economic development were considered in a number of independent studies. In particular, in April 1991, the French bank “Lazard Frères Banque” presented a report “The concept for regional development of the Leningrad advanced economic zone”. In November–December 1991, the British company “Coopers & Lybrand” and Leontief Centre with the participation of the Scottish Regional Development Agency conducted a research resulted in the publication of “The business plan of a free enterprise zone in Saint Petersburg”. These works are interesting because they are an example of involvement of Western specialists in the elaboration of the strategy for Saint Petersburg. They supplemented, developed and formulated new ideas of the city's development.

The implementation of strategic programs developed by the city depended to a great extent on the policy of federal authorities. Therefore, when in 1992 market reforms in Russia slowed down, the hopes for a swift realization of the plans, which conformed to the interests of residents and city authorities, vanished. They could not be carried out due to weak political influence of supporters of radical reforms and, consequently, due to the lack of proper legislation and pro-inflation selective economic policy, and also due to general political instability and unpredictability of central government policy on the whole.

Another attempt to work out city development prospects, which was comparable in scale and significance, was undertaken by the Committee on Economic Development under Saint Petersburg Mayor's Office in 1993 and resulted in the release of an extensive (400 pages) program "**Saint Petersburg–2000**" for official use only. This program was designed to provide a package of anti-crisis measures, outline strategic directions for the city's development and specific tasks of city policy up to 2000.

The authors focused on the active economic policy carried out by the city administration and on strong government regulation. Sectors such as industry, transport, communication and information, culture, science and education, tourism, and financial sector were named as the priorities for the city's development. In general, the program proved to be cumbersome and non-uniform. Statements on liberal market contained in the preamble were not disclosed in the main sections. The proposed implementation mechanism turned out unworkable. Due to reorganization processes inside the Mayor's Office, the work on the program remained unfinished.

Leontief Centre participated in the work in 1993 at the stage of elaborating the concept for this program; the Centre released a report "**Elaboration of the program for socio-economic development of Saint Petersburg up to 2000**". This document set out the ideas of liberalization of the city economy, promotion of the private sector, reduction of the sphere of direct government intervention in economic life more clearly and consistently.

The analysis of the developments that were carried out in the early 1990s allows us to state that Saint Petersburg authorities understood the importance of the strategic vision of the future city very well. The implementation of strategic plans of the city authorities was impeded by inefficient relations with the central authorities. The development of Saint Petersburg is inseparable from the whole country and it depends on the twists and turns of the federal policy. The implementation of radical variants of rebuilding relations with the center in the framework of the strategy of creating a free zone turned out impossible and then unnecessary. The main disadvantages of strategic developments of that period were: vagueness of the ideas about the goals of the development and mechanism of using the strategy in the system of city management, insufficient transparency for the city community, and incompleteness. These shortcomings were overcome in the next period.

1996–1998 can be distinguished as the **second period**, when "The strategic plan of Saint Petersburg" was developed and its initial implementation stage began. The preparation of the plan became the first full-scale experience of application of a new technology of communicative territorial planning in Russia. The work was carried out in 1996–1997 with the methodological supervision of Leontief Centre. The emphasis was placed on two aspects.

First, the abandonment of quantitative specification and complexity, which are traditional for the Soviet planning, in favor of concentrating on essential features

for survival, adaptation and sustainable development of the city in a competitive market environment.

Secondly, the inclusion of stakeholders into the planning process, and organization of an agreement between them that concerns the future of the city in the framework of multilateral and constructive dialogue between business, authorities and society.

A special organizational structure based on 14 thematic commissions was created for the elaboration of the plan. The commissions consisted of the city administration officials, representatives of business, research institutions and public organizations. During the preparation of the Strategic Plan the following activities were carried out: three representative surveys of citizens, more than 50 meetings, 15 public meetings of thematic commissions and Expert Council, three city-wide conferences, which were attended by almost two thousand people. The web-site of the project was maintained and updated. The plan contained a minimum of the number of quantitative landmarks – about ten integral indicators. The plan's validity period was not defined, since it was assumed to be updated on a regular basis. 2003, the year, when Saint Petersburg celebrated its 300th anniversary, was marked as the first interim milestone. Strategic plan of Saint Petersburg did not have the status of a legal act; it was adopted in the form of an agreement of public consent, it was signed by 144 members of the specially established General Council headed by the Governor of the city [8, pp. 16-18].

In 2002 the results of the five years of implementation of the Strategic Plan of Saint Petersburg were summed up; they

showed that 75% of planned measures were being implemented successfully. The creation of the Strategic Plan was undoubtedly beneficial to the city. The plan improved the business image of Saint Petersburg, facilitated the receipt of World Bank loans and technical assistance grants. The plan changed management culture, helped create a space for open discussions between the authorities and society on the issues of strategic significance, defined the directions, which were followed by the city administration and its main partners and which were embodied in actual large-scale projects. Such projects include the construction of the ring road, development of Big Port Saint Petersburg, reconstruction of the city's historic center, and preparations for the 300th anniversary of the city and so on.

The third period covering 2002–2003 was associated with the elaboration of the Concept for socio-economic development of Saint Petersburg until 2025. The preparation of a long-term Concept for socio-economic development and the new General Plan of Saint Petersburg started simultaneously in 2002. The Concept was to replace the Strategic Plan of Saint Petersburg. The General Plan was to replace the document of the same name adopted in 1987, which concerned Leningrad and the Leningrad Oblast for the period up to 2005. For the first time in the recent history of the city, the development of two important documents on socio-economic and urban planning was conducted in synchronous mode, using coordinated methodological approaches and integrated information-analytical basis.

The preparation of a draft long-term Concept was completed in the second half of 2003. By this time a long-term forecast and the Main Provisions of the concept of the General Plan of Saint Petersburg had also been ready. These documents were approved by public authorities of Saint Petersburg and went through public consultation. Due to several organizational reasons, the Concept did not immediately obtain the status of a legal act (it was approved by the decision of Saint Petersburg Government in July 2007). Nevertheless, both the Concept and the forecast were used in the daily work of public authorities and scientific and expert community of Saint Petersburg.

The fourth period that covered 2004–2007 was marked by the formation of the system of state planning of Saint Petersburg. At the end of 2003 it was decided to create a system of state planning that would include several interconnected program-planning documents determining the quantitative parameters of the city's development. In March 2004, the City Government approved "The regulations on organization of activities of executive bodies of Saint Petersburg in the sphere of state planning". The Regulations defined state planning as a set of measures for the development, adoption and implementation of program-planned legal acts in order to ensure sustainable socio-economic development of Saint Petersburg.

The planning system, which had been formed, turned out to be cumbersome and internally inconsistent. Difficulties with its implementation emerged immediately after its adoption. In 2004, the preparation of the following documents was started: "The

program for socio-economic development of Saint Petersburg for 2005–2007", "The provisional list of standards of living", "The goals, objectives, main activities and indicators of efficiency of performance of executive state authorities of Saint Petersburg aimed at ensuring the regulations of the standards of living". Initially, the Program for 2005–2007 was seen as a voluminous document containing a detailed analysis of the situation, results, tendencies, problems and prospects of development, a summary of the main goals and objectives, means to achieve them and results expected.

However, it turned out that such a Program was extremely difficult to coordinate with all the interested state authorities of Saint Petersburg. As a result, it was cut down substantially, and was submitted for consideration and approval in the form of a very short document (5 pages). It contained the main goal, objectives, targets and their values. The implementation period of the Program in the process of its finalizing was extended for one year (until 2008).

The work on modifying the system of state planning and on updating the long-term Concept and providing it with the status of a legal act has begun in 2006. In the end, the system of state planning has undergone significant changes in the direction of simplification and greater adaptation to existing realities, which was legally established by the approval of the Concept and the new provisions on state planning (Resolutions of Saint Petersburg Government of July 20, 2007 No.884 and No.885). The number of constituent documents of the planning system was reduced to five. Two of them (the

Concept and the General Plan) are adopted for the long term, the other two (the Program and the Budget Law) – for the medium term, and one (the Annual Address of the Governor to the Legislative Assembly) – for the short term.

Even after the introduction of the above modifications, the planning scheme that was formed in Saint Petersburg in 2004–2007 bore the “birthmarks of socialism”. The work on planning and reporting became in many ways an end in itself, occupying a substantial part of the working hours of officials. The validity of quantitative indicators remained doubtful, forecasting was reduced to extrapolation, and the connection between activities and objectives was far from obvious. The planning process became more closed, a dialogue with the public was minimized.

The fifth period (2008–2012) was connected with the attempts to modernize the system of public planning. “The Program on socio-economic development of Saint Petersburg for 2008–2011” was prepared in connection with the implementation of the Program on socio-economic development for 2005–2008; the former was approved in 2008, retaining the current format. At the end of 2011, the set of documents on state planning was modified once again. It included: the forecast of socio-economic development; the program on socio-economic development; the main directions of activity of Saint Petersburg Government; the list of indicators of socio-economic development of Saint Petersburg, which included objectives, indicators of tasks fulfillment, and standards of living.

The list of the documents contained neither the concept, nor the strategic plan. Nevertheless, the work on updating the Concept continued. Since 2008 the attempts were made to revise it according to the RF President’s instructions to all the RF subjects that they should have documents that adhered to the Concept for long-term development of Russia till 2020 and that were calculated for the same period (up to 2020). The revised draft Concept that had been prepared and passed in 2009 the procedure of public discussions contained the necessary amendments while preserving the format and ideology of the document. However, it was suspended at the stage of coordination due to another change of leadership in the City Committee in charge of economic development. The new head offered to introduce radical changes into the format of the Concept on the basis of Western standards, to make the document bright, concise and focused on a small number of priorities.

The new Concept was worked out over two years, it was subject to a number of formal and informal discussions and was approved by the City Government in March 2012. The Concept was modified substantially in the course of its elaboration, the results of Internet polls were also taken into consideration in this respect. At the same time, its main parameters, such as conciseness and a limited number of priorities, were preserved. The latter include urban environment and transportation, education, culture, healthcare, and urban land improvement. It is important that the document highlights the issues concerning the quality of living in the city, rather than its economic specialization.

The sixth period in the evolution of the state planning system in Saint Petersburg started in 2013. Its initial stage was marked by the creation of the Committee for Economic Policy and Strategic Planning in the structure of Saint Petersburg state executive authorities. In 2013 in the framework of the activities of this Committee some proposals were prepared concerning the improvement of the system of state planning; besides, the project “The Strategy of Saint Petersburg: priorities and targets for economic and social development up to 2030” (hereinafter – the Strategy) was elaborated. Scientific and educational institutions, economic entities associations, and public organizations of Saint Petersburg took active part in public discussions on the project.

The Strategy contains the main conclusions of the analysis of development of Saint Petersburg, the priority directions of the city’s development, the mission, functions, vision of the future, provision with resources, the system of goals, and implementation mechanism.

The main goal is the sustained improvement of the quality of life of citizens and enhancement of global competitiveness of Saint Petersburg based on the implementation of national development priorities, provision of sustainable economic growth and use of the results of innovation-technological activity. It is planned to give the Strategy the status of a state planning document (after its approval by Saint Petersburg Government), and also to make it an agreement of public consent (after it is signed by all the interested parties to the corresponding agreement). Thus, this document will improve mutual understanding

between the authorities, on the one hand, and business, public organizations and population, on the other hand.

The Strategy will become the central link in the system of state planning. It is proposed to include other documents, together with the Strategy, into a package of documents on state planning of Saint Petersburg; they are: The Main Guidelines for the Implementation of the Strategy (economic policy), The Program for Socio-Economic Development, The Comprehensive Plan to Implement the Program, Sectoral Concepts and state programs.

The research into the specifics of functioning of Saint Petersburg economy and the evolution of its state planning system shows that external conditions have a decisive influence on the results of the city’s development. These include, first of all, the state of the global and Russian economies, and the specifics of the public socio-economic policy. These parameters determine the basic vectors of development of Saint Petersburg. The elaboration of urban strategic, conceptual and other program-planning documents does not have any significant impact on the development of the city so far.

In Saint Petersburg the cycles of updating the program-planning documents and changing the approaches to planning are set rather from the outside and are associated with the changes in external conditions. The aggravation (improvement) of the situation in the country’s economy or certain new trends in Russia’s government policy cause a feedback on the level of management of socio-economic development of Saint Petersburg.

The changes in the approaches to strategic planning become part of this feedback. The content and basic approaches to planning in Saint Petersburg vary in accordance with the external environment. Sharp aggravation of crisis phenomena (the beginning of the autumn of 1998 and 2008) is accompanied by the development of emergency plans and programs.

Stabilization and improvement of the situation in the Russian economy contributes to the transition to a long-term and more comprehensive planning. For example, the launch of administrative and budget reforms in Russia facilitated the works on the creation of state planning system in Saint Petersburg in 2004.

The global financial and economic crisis, which brought ardent planners down to earth, was a factor that simplified the system of state planning in Saint Petersburg in 2011–2012 and served as an incentive to make public participation in the development of future plans more extensive.

These external factors are complemented by internal ones, among which we should name, first of all, political cycles and the change of heads of the city or committees responsible for economic development, which is confirmed by the chronology of changes of the planning documents and planning system of Saint Petersburg in 1992–2011.

The reasons and causes for changes in plans and the twists and turns of the approaches to planning in Saint Petersburg did not differ essentially from the obvious set of factors stimulating administrative activities:

- ambition and will of the head of the city, ambitions and career plans of the heads

of the economic subdivision of the administration;

- desire to utilize budget funds, which is enhanced by advisory firms, specializing in planning services;

- pressure from above in the form of direct or indirect (seminars, methodological recommendations) schemes aimed at boosting the city authorities activity on the development of plans of certain types from the relevant ministries (the Ministry of Economic Development of Russia, the Ministry of Regional Development of Russia);

- information on the presence of such documents in competitor cities in Russia and abroad.

Long experience of observing the practice of strategic planning in various cities leads to the conclusion that the main value of planning lies in the openness of this process. The dominance of bureaucracy, transformation of the plan into an end in itself, keeping business and society away from the process make the planning a waste of time and justify the existence of officials and their advisers. It is useless trying to make a comprehensive and detailed plan of city development. It is more important to turn strategic planning into a public institution that will make it possible, through multilateral dialogue, to involve experts and society in the planning process, to achieve improvements in economic climate, growth of cooperative capital of the city, and improvement of managers' qualification. Such planning has a greater positive impact on development than the administrative struggle of officials for influence and finances, the struggle that is interesting only to themselves.

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