

## **THE MAIN DIRECTIONS OF FORMATION OF REGIONAL POLICY OF THE RUSSIAN FEDERATION IN THE CONDITIONS OF CRISIS**

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### **ABSTRACT**

The article analyzes the contemporary geo-economic status of the South of Russia, the main reasons for underutilization of innovative and technological potential of the region have been revealed, basic ways of development of the area that take into account the trends of the globalization of the world economy have been defined.

#### **Key words:**

globalization, economic development strategy, regionalization, migration, geo-economic policy.

The main direction of the regional economy is its sustainable development i.e. achieving a functional state that is higher compared to a previous one.

State regulatory policies for regional development are directed on the effective development of a specific region, the fundamentals of these policies are outlined in "The Concept of Regional Development "The Strategy of Socio-Economic Development of Russia's Regions".

This document is a concentration of the fundamentals and tools of state regulation for regional development, it sets goals, and objectives, defines methods of ensuring sustainable growth of competitiveness of the region.

However, the analysis of modern trends of state regulation of the regional development in the Russian Federation has revealed a number of aspects that, if paid enough attention to, are able to significantly increment the competitive advantages of the national economy in the world economic space:

1. The efforts of state authorities are mainly aimed at creating "growth points" in specific regions (Moscow, Sochi, Skolkovo), while insufficient attention is paid to the so-called diffusion of regional competitiveness;
2. There are no mechanisms for inter-regional integration; basically they are replaced by the processes of competition of actors in the neighbouring regions for the factors of production;
3. The mechanisms for institutional improvement of inter-regional relations in the labour, capital and innovation markets are absent or underdeveloped.

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4. The tools of public-private partnership aimed at promoting the formation and development of regional integrated spatial production systems (inter-regional manufacturing clusters, interregional special economic zones, industrial complexes, etc.) are insufficiently developed and are not put into practice.
5. The degree of state influence on the regional economy is not adapted, the powers of government in regulating relations between business and government are not determined, especially in the situation when the business increases in size due to its expansion to other regions;
6. There is no unified model for assessing and monitoring the investment climate in the region, efficient use of its resources, the effectiveness of the state subsidiary and preferential policies.

The formation of state regulatory policy for regional development aimed at smoothing the polarization occurring in the process of development of Russian regions will ensure achieving significant results in improving the competitiveness of national economy. This is especially important in a globalized world economic space.

In the transformed geo-economic and geo-political coordinates of the evolutionary dynamics of the Russian state the South of Russia has become a historically new geographical concept, increasingly reflecting the contemporary processes of regionalization of the national economy in the North Caucasus and Lower Volga.

In the process of market reforms of Russian territorial and functional units the contiguity of borders and common economic specialization in the renewing market system of inter-regional division of labor and transforming allocation scheme and development of productive forces are important principles of their integration into large-scale meta- regional structures.

As the place, role functions and rating of the Russian regions are changing in new conditions, it is important to define the strategy of regionalization of a single macroeconomic space, taking into account trends, vectors and guidelines for the development of the regions of Russia, defining their future economic and political aspect.

Today the South of Russia is the main outpost of the country facing political instability on the southern borders of Russia which is created by forces of international terrorism and extremism.

This fact has given rise to a host of new events, processes and problems for the region that are not reduced to border management, organization of the activities of the customs and passport control, but have led to mass migration of refugees from the zones of war, national and ethnic conflicts, confessional conflicts and environmental disasters.

Such flows reinforced by the Russian immigrants from the CIS countries preferring the South of Russia, as well as accommodation of military units withdrawn from the countries of Central and Eastern Europe, have greatly strained the situation in the labor market, housing and social services.

These changes in the economic and political situation necessitate the assessment of geopolitical realities and geo-economic coordinates in which the evolutionary movement of the regional economy occur.

Therefore, it is necessary to assess the current actions in the context of solving urgent problems facing the South of Russia. [1] External tasks of geopolitical strategy of the South of Russia in the economic sphere are the following:

- strengthening of geo-economic positions of Russia across the southern boundary arc of instability;
- implementation of the functions of the southern outpost facing external threats (terrorism and nationalist fanaticism);
- defending the state interests of Russia in the world regions neighboring Caucasus - the “solar plexus of Eurasia”: in the Transcaucasia, in the Middle and Near East;
- settlement of the mode of use of fish resources, transport arteries and mineral resources of the Caspian Sea shelf (by the way, declared a zone of strategic interests of the United States) by the Caspian countries;
- strengthening of cooperation of the Black Sea basin countries;
- optimization of the scheme of transit-main international “Caspian Pipeline Consortium” pipelines and transportation corridors (“Nord-Orient”, “The Great Silk Road”);
- neutralization of the religious extremist vector enforcing the influence of the Islamic factor on the southern territories of Russia.

Among the internal problems of the first priority are the following:

- overcoming conflicts arising on the basis of ethnic, religious and ethnic differences in the territory;
- settlement of the problem of refugees from conflict zones and equipping them in places of settlements;
- public safety in subordinate areas and major highways in Southern Russia from terrorist acts;
- prevention of man-made conditions, natural disasters, etc.

Changing of geopolitical coordinates of the regional development is closely related to the socio-economic situation in the south of Russia.

In contrast to the modest position among the major grain producers in the USSR - Ukraine, Kazakhstan, South Russia today has become its main grain field. Sharply narrowed resort and recreational resources of the country are mainly represented by balneological potential of health resorts of Caucasian Mineral Waters, Black Sea coast, and the Caspian coast, i.e. the South of Russia.

There is also a rich natural resource potential for mountain recreational activities formed by a unique combination of natural conditions and an appropriate infrastructure support (tourist and hotel complexes of Itkol, Terskol, Che-geta, Azau, Guzeripl, Lago-Naki, Dombey, Arkhyz, Tseya, etc.).

Sovereignty of Russia coincided with a period of market transformation of its economy, its transformation into an increasingly open system for the inclusion it into the global economic system. The latter necessitated the creation of strong infrastructure of trade centers and creation of intermodal transport and transshipment nodes and terminals with a view of establishing free economic (customs, business, trade) zones in the areas of port activity.

Thus, today the South of Russia is a military strategic and geopolitical outpost and its breadbasket, husbandry and health resort, as well as the southern center of trade and transport-gateway module of its connecting to the system of transcontinental transport arteries of the world via the Black and the Mediterranean Seas.

When determining the regional development strategy it is necessary to consider the relations between macroeconomic system of the national economy and the economies of Russian regions as between meta system, representing the unity of the latter and its structural and functional systems. [1] This means that the stability of macro-reproductive process owes to regulatory and reproductive mode of functioning of regional economies. However, the region has a certain degree of freedom of strategy choice and development priorities in the national macro-economic system, and its interests may be of self-valuable character.

Having determined to “write out” a promising economic appearance of the region in the forming market space of Russia and taking into account imperatives of ensuring the competitiveness of its economy at the national and international markets, we can use the principle of realization of absolute and comparative advantages in trade.

This means that the priorities of the development of the economic complex of the region lie in the sphere of advantages ensuring its competitiveness in the geopolitical and geo-economic space, natural and economic conditions of the development of relevant industries of nationwide specialization that other regions of Russia don't possess or possess in less favorable combinations.

Meanwhile, the priorities of the economic development of the region should be orientated on perfection, closure of energy-production cycles, bringing the production process to the closing level that produces the final product. [2]

The principle to sell finished products but not raw materials or semi-finished goods is justified in terms of pricing policy not only in foreign trade, but also in inter-regional barter. It makes possible to rely on those industries which have their own resource and, above all, energy and raw materials base.

As a part of the problem-based approach to the formation of the most important trends of regional economic policy and development of tools for their implementation, it is important to identify the changes of the systemic nature caused by the transformation market reforms of the Russian economy and its regions.

The main medium-term objective of the economic policy in the region should be creating conditions for the development of the real economy, stimulating growth in production and demand, accelerated transition to modernization and restructuring of the economy, focused on the needs of the society. [2]

Speaking about the integration potential of the regional economy, we must emphasize the enormity of the strategic objectives that require cooperative efforts, such as: creation of a common civilized regional market that will be competitive not only in the trans-regional exchange, but also in international economic relations at the global market;

- ensuring economic security of the region, because threats exist not only in the economic sphere, but also in relation to the ethnic group of our region;
- creation of a support network of key industrial and economic structures connecting economic systems of the federal subjects in an integrated regional

economy, which are large-scale, modular designs of its "carrier" frame in the scheme of location and development of the productive forces of the South of Russia;

- development of industrial infrastructure of regional economic complex (traffic corridors, intermodal terminals, information and computer networks, telecommunications systems, etc.).

Taking into account market imperatives, direction of structural changes, it is important to evaluate the vector and dynamic characteristics of the process of market transformation of the economy of the South of Russia.

To our mind, there are a number of alarming symptoms of evolutionary dynamics: the low proportion of industry in the economy of the region (17.5%) and a significant proportion of mining industries of energetic complex in it show a clear underutilization of innovative, technological, scientific, industrial, professional and qualification potential of engineering and technical personnel of the processing industry in southern Russia.

Development of the above mentioned trends is fraught with the orientation of the regional economy on the functions of energy and raw materials export-resource province equipped with a developed system of transportation of raw materials and energy – carriers abroad through the ports of the Black Sea and trans-border pipelines and on the globalizing world economy displaced in the geo-economic periphery.

## REFERENCES

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Článok recenzovali dvaja nezávislí recenzenti.

