

MTSDT 2019

Modern Tools for Sustainable Development of Territories. Special Topic: Project Management in the Regions of Russia

DELINEATION OF AREAS OF RESPONSIBILITY IN THE AGRICULTURAL POLICY OF THE REGION

T. M. Eldieva (a)*, N. G. Fedotova (b)

*Corresponding author

(a) Yaroslav-the-Wise Novgorod State University, ul. B. St. Petersburgskaya, 41, Veliky Novgorod, Russia,
Tatiana.Eldieva@novsu.ru

(b) Yaroslav-the-Wise Novgorod State University, ul. B. St. Petersburgskaya, 41, Veliky Novgorod, Russia,
fedotova75@mail.ru

Abstract

The essence of regional agricultural policy as a link of the state policy of the Russian Federation is analyzed. The dual nature of the agricultural policy of the region is studied considering both the deepening specialization and the increasing self-sufficiency of territories. The basic principles of regional economic policy depending on the degree of state intervention in the economy (economic liberalism, regulated economy, social market economy) are considered. It is revealed that modeling within the paradigm of liberal market economy cannot be applied as a basic model in the construction of regional economic policy. It is advisable to implement the theory of cumulative growth, in particular, the “Growth Poles” concept within the framework of the market economy paradigm. Theoretical bases of regional economic policy of the state realized in modern Russia are also analyzed. The normative documents revealing the Russian approach to carrying out the regional agricultural policy are studied. The necessity of differentiation of duties and delineation of areas of responsibility between the federal center and regional public authorities in the development and implementation of agricultural policy measures, with due regard to the competitive advantages of the constituent entities of the Federation is noted. It is necessary to ensure an equivalent interregional and inter-sectoral exchange, enhancement of the production structure with the involvement of investments, creation of free rural entrepreneurship zones and public-private partnerships, equalizing the standards of rural development and improving the village inhabitants' quality of life.

© 2019 Published by Future Academy www.FutureAcademy.org.UK

Keywords: Agricultural policy, agriculture, development strategy, market economy, region, state regulation.



This is an Open Access article distributed under the terms of the Creative Commons Attribution-NonCommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

1. Introduction

It would seem that Russia, having the largest land fund in the world, a diversity of natural, climatic and socio-economic conditions that make up its territorial formations, has limitless opportunities for the successful development of agriculture. In these circumstances, the optimal balance of rights and obligations of federal and regional public authorities in the allocation and use of these resources is particularly important. In recent years, the issue of division of powers is of particular concern not only to the scientific community, but also to the leaders of the country, various departments and municipal governments. Optimal and effective use of natural competitive advantages, due to the deepening of territorial and sectoral specialization and cooperation of regions will motivate the development of their territories (Ioffe & Nefedova, 2000). The rate of economic development of the country as a whole and its entities, reduction of the number of subsidized regions and improvement of the quality of life and well-being of the population largely depend on efficient decision making.

2. Problem Statement

The constituent entities of the Russian Federation, on the one hand, are distinguished by their natural and climatic conditions, labor and production and technical potential, level of production and social infrastructure development, financial resources, on the other hand, make up the integral whole of the economic development of the state. All these features should always be taken into account by regional governments in their practical activity. This task requires the development of a long-term and medium-term state regional policy, ensuring optimal territorial organization of material production and living conditions in a particular territory.

3. Research Questions

Regional agricultural policy is, on the one hand, an integral part of the agricultural policy of the state, and on the other hand – a subsystem of regional economic policy, which, in turn, is included as a subsystem in the state economic policy, formed depending on the adopted economic model (doctrine) on the basis of the corresponding paradigm of economic order (Figure 01).

The figure shows that the economic policy of the regions (constituent entities of the Russian Federation) influences the formation of their agricultural policy through the agricultural policy carried out on their territory. Thus, the regional agricultural policy of the state is formed both under the influence of the federal center and the constituent entities of the Federation, whose role is extremely significant. In this regard, one of the most important tasks of the theory and practice of regional agricultural policy in Russia, as well as any other federal state in the world, is to justify the role and functions of the federal center and constituent entities of the Federation.

The dual nature of the regional agricultural policy is indicated by the corresponding member of the Russian Academy of Agricultural Sciences Altukhov (2005), who viewed it considering both the deepening specialization of the territories in order to maximize the use of their natural and economic potential, depending on the place and role in the national division of labor (the task of the federal center), and increasing self-sufficiency of territories (the task of the regions) (Altukhov, 2005, p. 28).

“The differentiation of these two levels, believes Altukhov (2005), is due to several reasons, firstly, each level exists within the framework of its own legislative and executive activity of regional authorities, and secondly, each one has a certain autonomy of goals, economic interests and financial resources, suggesting the possibility and necessity for each of the levels to carry out the appropriate agricultural policy” (Altukhov, 2005, p. 31).

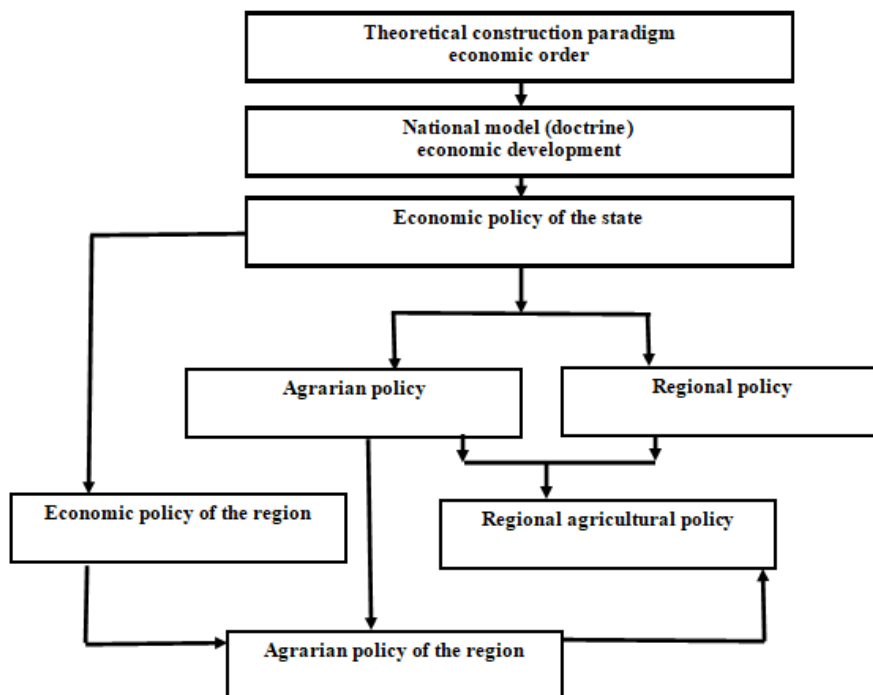


Figure 01. System representation of regional agricultural policy of the state

The scheme presented in Figure 01 is quite complex, but at the same time reflects the general order necessary for the construction of the regional agricultural policy.

4. Purpose of the Study

To highlight the essence of the regional agricultural policy, the principles of its construction and implementation through the study of the theory, models and concepts of regional economic policy, based on classical and neoclassical directions of regional growth. To choose the most effective options for the development of the agricultural sector of the economy. This, in turn, will “coordinate” the state agricultural policy in the issue of distribution of powers and functions between the center and the regions.

5. Research Methods

To identify the foundations and essence of agricultural policy in the regional aspect, let us resort to paradigms that form both specific theories and help determine the general and basic principles of regional economic policy. Studying the paradigms of liberal market economy (“laissez faire”), theories of spatial economic equilibrium were put forward and justified in relation to regional development. Their main

essence lies in the fact that freely operating market forces (mechanisms) in a competitive environment are able to act without the intervention of the state in the direction of leveling the economy of regions with different initial development.

The representatives of the neoclassical direction of regional growth suggested a model of convergence on the basis of which it was substantiated that “over time, the differences in growth rates of the regions should be equalized by achieving an equilibrium and mobility of production factors” (Gadzhiev, 2008). In accordance with these models, the alignment of the levels of economic development of the regions should occur due to the fact that the regions with weak economies will develop at a higher rate than the territories which are already sufficiently developed.

However, as noted by Doctor of Economics, Professor Nureev (2000, pp. 140-141), absolute convergence is almost unlikely, since each region has its own growth trajectory and cannot have the same savings rate, which is one of the prerequisites of the convergence model.

Verification of P. Solow convergence model (“Research methodology of depressiveness ...”, 2011), carried out in the North-West Research Institute of Agricultural Economy and Organization of the Russian Academy of Agricultural Sciences on the example of municipal regions of the North-West Federal District also showed that market relations themselves do not lead to alignment of the development level of the territories, and “conversely, increased differences in regional development both in the North-West Federal District as a whole and in constituent entities of the Russian Federation, caused by market failures and requiring certain mechanisms to eliminate them are observed” (pp. 36-37).

In view of the foregoing, the theories and models built within the paradigm of the liberal market economy, cannot be considered as basis for the construction of regional economic policy and regional agricultural policy, in particular. Within the framework of the paradigm of a market economy regulated by the state, the theories of cumulative growth and, above all, the “Growth Poles” concept (“The theory of polarized development”) can be applied and are already widely used for the development of regional economic policy.

To identify the theoretical basis of the regional economic policy of the state implemented in Russia, it is necessary to refer to those normative documents that have been officially adopted (or developed, but were not adopted for any reason) and are being implemented in practice. That is, it is necessary to find out what kind of “economic order” is the basis for the formation of such a policy.

One of the first documents aimed at the formation of regional policy in modern Russia was the “Concept of regional development strategy. The program of assistance to depressed areas”, developed in the Analytical Department of the Presidential Administration in the early 90-s, being the document in which the sign of equality was actually put between the regional strategy and regional policy.

In April 1995, “The Program of the Government of the Russian Federation “Reforms and Development of the Russian economy in 1995-1997”, section 8 (item 8.2) devoted to regional economic policy was adopted by the Resolution of the Government of the Russian Federation of 28.04.95 No. 439. The program was aimed at “strengthening the economic unity of the country”, “increasing the level and quality of life of the population, ensuring approximately equal conditions for social development in all regions of Russia”, “formation of an effective, socially oriented economy in the regions”. At the same time, it was supposed to “reduce the gap in the levels of social and economic development of the

constituent entities of the Russian Federation by actively supporting backward and depressed territories”. However, these ideas were not put into practice.

Subsequently, the Ministry of Economic Development of the Russian Federation fundamentally changed its conceptual vision of regional policy, developing the “Concept of the Strategy of Socio-Economic Development of the Regions of Russia”, according to which the policy of alignment of the level of regional development is replaced by the principle of polarized development (The paradigm of a regulated market economy).

Finally, in recent years, the Government has been engaged in stimulating the socio-economic development of the regions, studying the instruments of territorial development, economic specialization of the regions, “centers of economic growth”. Identification of normative documents shows that at present a serious tilt towards polarized development policy has been made, which obviously leads regional economic policy away from building a “social market economy” in the country. The formation of “growth points” will take place mainly in regions with a sufficiently high level of development.

6. Findings

Detailed consideration of regional agricultural policy as a subsystem of regional economic policy has led to the need to address the definition of its essence.

The monograph of Academician Kostyaev (2006) is one of the few publications in which such a definition is given, and where the regional agricultural policy of the state is understood as “a set of economic, organizational and legal measures at the level of state authorities to mitigate the consequences of market failure, aimed at:

- on the one hand, achieving higher national efficiency by means of rational allocation and specialization of regions on those agricultural products for the production of which they have the most favorable natural and suitable economic conditions;
- on the other hand, overcoming excessive interregional inequality of agricultural business conditions, in the level of employment, income and life of the rural population and, on this ground, accelerating the pace of economic development of agriculture and other sectors of the agro-industrial complex of the country as a whole” (Kostiaev, 2006, pp. 214-215).

The definition appears to address only one aspect of the issue: the mitigation of the consequences of market failure.

Besides, from the standpoint of the concept of social market economy, the principles of equitable development of agriculture on the basis of mechanisms for equalizing the conditions of its management should be the foundation for defining the essence of regional agricultural policy (Jogoleva & Kovalenko, 1995).

Therefore, we believe that the regional agricultural policy should be understood as an integral part of regional economic policy of the state, implemented in the agricultural sector of the economy, and aimed at creating conditions for obtaining relatively equal income in the regions of the country, the level

and quality of life of those employed in agriculture, and their maximum approximation to the level of income of urban residents of the region.

The corresponding member of the Russian Academy of Agricultural Sciences (RAAS) A. I. Altukhov adheres to a fundamentally different opinion. Conversely, he believes that one of the main directions of the regional policy of the state is “improving the living standards of the population of the region and supporting social stability by mitigating social inequality and stimulating economic activity of citizens”, which is fully consistent with the concept of social market economy (Altukhov, 2005, p. 34).

The distribution of functions and delineation of areas of responsibility between the center and the constituent entities of the Federation takes the main place in the course of practical implementation of the agricultural policy. The measure of participation of public authorities at the federal and regional level in the implementation of the State Agricultural Policy is established by article 15 of the Federal Law of the Russian Federation of December 29, 2006 № 264-FZ “On the Development of Agriculture”. This article provides liability for: implementation of the state program, support of market prices for agricultural products, raw materials and food by organizing and conducting commodity interventions, as well as using other tools of the state agricultural policy (Federal Law of the Russian Federation, 2007).

Unfortunately, a more detailed delineation of the areas of responsibility between federal and regional agribusiness management bodies and their interaction is not provided. What is meant here is the agricultural policy as a whole, but not its regional component.

With the view of consideration of regional specific features in agricultural policy, the All-Russian Research Institute of Agricultural Economics of the Russian Academy of Agriculture identified the following problem areas:

- depressed region of Central Russia with a high rate of decline in the rural population, its depopulation and decline in agricultural production;
- depressed Far East regions, characterized by high population outflow to the European part of the country;
- Northern territories with industry specification and national traditions of the local population. (The main directions of the agricultural policy of the Russian Federation for 2011-2015 and for the period up to 2020, 2011, p. 43).

From our point of view, it is extremely insufficient to allocate only three zones for differentiation of regional agricultural policy measures. The approach of Doctor of Economics Kostusenko (2009), who identified seven groups of regions with relatively similar conditions and features of agricultural development and ways of agri-food supply to their population as objects of agricultural policy of federal authorities is more meaningful:

- metropolis, with the multimillion-city dominant;
- regions influenced by urban agglomerations (distance up to 500 km);
- urbanized regions with a large proportion (over 70%) of the urban population;

- regions by geographical and climatic characteristics suitable for agriculture and having a significant share (over 30%) of the rural population;
- Northern regions of the territory with the severe and extreme environment for agricultural production;
- mountainous regions with specific demands for agriculture, diverse ethnic composition, labor surplus;
- arid areas with the presence of semi-deserts (Kostusenko, 2009, p. 45).

7. Conclusion

Having regard to the above said, it is possible to draw a conclusion that within the framework of the concept of social market economy, **one of the main tasks** of the federal authority body implementing the functions of state policy development, in terms of regional agricultural policy, should be to ensure the placement and territorial specialization of agricultural production in accordance with regional conditions and peculiarities of agriculture in order to obtain the maximum economic and social effect from these measures (Denisov, 2018). However, this task should not be solved by directive methods, but through a system of coordination of placement and specialization of agricultural production by means of differentiation of incentives (subsidies, taxes, prices, etc.) and the formation of the institutional environment in the regions, taking into account their specific features.

The second task of the federal center within the framework of the regional agricultural policy is to guarantee a fair and productive exchange of agricultural products, raw materials and food between the regions. Such an exchange should not prejudice the interests of residents of both the areas of production and the areas of their consumption (Svetlov, Yanbykh, & Loginova, 2019).

For this purpose, it is necessary to conduct a strict antimonopoly and customs policy that excludes unfair competition from both economic entities of one region against others, and exporters of products trying to use the “economic power” (subsidized exports) to “suppress” agricultural producers in regions with adverse climatic and economic conditions. Such measures as public (social) order, purchase of production by Federal funds, etc. appear to be quite effective.

The third task is to overcome the increasing heterogeneity of the regions of Russia in terms of the levels of agricultural economy development. This will require the development and implementation of coordination mechanisms to reduce the inequality of living standards of rural population, the use of tools for interregional equalizing of agribusiness conditions (but not its results) through a system of preferences for rural entrepreneurs in regions with less favorable opportunities for agriculture (Uzun & Shagaida, 2019).

The fourth task is to create the prerequisites for the depressed rural areas to come out of the crisis. Such territories may include border areas, which are the “façade” of Russia in relation to neighboring States. The cross-border nature of the territories is their competitive advantage in comparison with other parts of the country, and these opportunities should be used in cross-border cooperation. Depressed territories, which are on the brink of catastrophe due to national contradictions, excessively high unemployment rate against the background of degradation of rural economy sectors, are of federal

importance. In order to help the depressed territories to show signs of recovery, it is necessary to reconstruct the production structure in them by means of diversification of activities with the attraction of investment through the creation of free rural entrepreneurship zones and public-private partnerships.

At present, the required institutional basis for achieving the aims, mentioned above, does not exist, but the movement of the aggregate scientific thought will eventually lead to its creation. However, no matter what financial capacity and power of authority the federal centre is endowed with, the main resources of agricultural production such as land, embodied capital and the labor force in the specific quantitative and qualitative terms are located in particular regions. At the same time, land tax and personal income tax remain in the budgets of the region, and participate in the process of regional reproduction. Therefore, the agricultural policy of the regions is supported by the resources that they possess, and is based on their use with the aid coming from the federal center for the above given reasons on the basis of the co-financing principle of a number of activities.

In our opinion, the agricultural policy of the regions should be aimed at solving two main tasks:

1) creation of equal conditions for conducting agribusiness in the territory of the constituent entity of the Federation for all forms of entrepreneurship regardless of their location. This will be facilitated by intraregional differentiation of various measures of budget support (subsidies, tariffs, tax regimes, etc.), taking into account the rental potential of a particular territory.

2) creation of prerequisites for overcoming the crisis in depressed territories within the constituent entities of the Federation. Solving this problem requires acceleration of structural reconstruction and development of productive forces in depressed municipal areas, by means of supporting and stimulating the development of small and medium-sized businesses in all areas of the rural economy, but not only in its agricultural sector.

The solution of these two main tasks will help to reduce the gap in standards of living and living conditions in disadvantaged rural territories of relatively stable developing municipal areas, which fits the paradigm of a coordinated market (social market economy).

References

- Altukhov, A. I. (2005). Formirovanie regional'noi agrarnoi politiki. APK [Formation of regional agricultural policy. AIC]. *Ekonomika, Upravlenie/Economics, Management*, 11, 28-35. [in Russ.].
- Denisov, V. I. (2018). Neispol'zuyemye vozmozhnosti gosudarstvennoy podderzhki agrarnogo truda v Rossii [Untapped Opportunities for the State Support of Agricultural Labour in Russia]. *Ekonomika Regiona [Economy of Region]*, 14(3), 1006. [in Russ.].
- Federal Law of the Russian Federation. (2007). "On the Development of Agriculture" of December 29, 2006 № 264-FL. *Russian newspaper*. 4265, 1. [in Russ.].
- Gadzhiev, Iu. A. (2008). Neoklassicheskie i kumulativnye teorii regional'nogo ekonomicheskogo rosta i razvitiia [Neoclassical and cumulative theories of regional economic growth and development]. *Korporativnoe upravlenie i innovatsionnoe razvitie ekonomiki Severa: Vestnik Nauchno-issledovatel'skogo tsentra korporativnogo prava, upravleniia i venchurnogo investirovaniia Syktyvkar'skogo gosudarstvennogo universiteta [Corporate Governance and Innovative Development of the Economy of the North: Bulletin of the Research Center for Corporate Law, Governance and Venture Investments of Syktyvkar State University]*, 1, 6-23. [in Russ.]. Retrieved from <http://koet.syktu.ru/vestnik/index.htm>.
- Ioffe, G., & Nefedova, T. (2000). Areas of crisis in Russian agriculture: A geographic perspective. *Post-Soviet Geography and Economics*, 41(4), 288.

- Jogoleva, E., & Kovalenko, V. (1995). Neopredelennyj kurs agrarnoj reformy v Rossii [The uncertain course of agrarian-reform in Russia]. *Revue D Etudes Comparatives Est-Ouest*, 26(3), 288. [in Russ.].
- Kostusenko, I. I. (2009). *Prostranstvennoe raspredelenie prodovol'stvennykh resursov: voprosy differentsiatsii i puti sglazhivaniia neravnomernosti [Spatial distribution of food resources: issues of differentiation and ways of smoothing inequalities]. Extended abstract of Doc. of Science Dissertation*. Saint-Petersburg-Pushkin: State Research Institution North-Western Research Institute of Economics and Organization of Agriculture. [in Russ.].
- Kostiaev, A. I. (2006). *Territorial'naia differentsiatsiia sel'skokhoziaistvennogo proizvodstva [Territorial differentiation of agricultural production]: Voprosy metodologii i teorii [Issues of methodology and theory]*. Saint-Petersburg: Saint Petersburg State University of Economics. [in Russ.].
- Metodologiya issledovaniia problem depressivnosti territorii munitsipal'nykh raionov [Research methodology of depressiveness problems of territories of municipal areas]. (2011). Saint-Petersburg-Pushkin: State Research Institution North-Western Research Institute of Economics and Organization of Agriculture. RAAS. [in Russ.].
- Nureev, R. (2000). Teorii razvitiia: novye modeli ekonomicheskogo rosta (vklad chelovecheskogo kapitala) [Development theories: new models of economic growth (human capital contribution)]. *Voprosy Ekonomiki*, 9, 126-145.
- Osnovnye napravleniia agrarnoi politiki Rossiiskoi Federatsii na 2011-2015 gg. i na period do 2020 goda. Proekt [The main directions of the agricultural policy of the Russian Federation for 2011-2015 and for the period up to 2020. Project. (2011). Moscow: All-Russian Research Institute of Agricultural Economics. [in Russ.].
- Svetlov, N. M., Yanbykh, R. G., & Loginova, D. A. (2019). O neodnorodnosti effektov gospodderzhki sel'skogo khozyaystva. [On the diversity of the effects of the state support for agriculture]. *Voprosy Ekonomiki*, (4), 59-73. [in Russ.].
- Uzun, V. Y., & Shagaida, N. I. (2019). Otsenka vliyaniya institutsional'nykh i strukturnykh izmeneniy na razvitiye agrarnogo sektora Rossii [Evaluation of the impact of institutional and structural changes on the development of the Russian agricultural sector]. *Voprosy Ekonomiki*, (4), 39-40. [in Russ.].