

Solving monocities problem as a basis to improve the quality of life in Russia

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Abstract. This article discusses the quality of life in contemporary Russia. It is shown that quality of life is largely determined by social and economic status of monocities. The branch structure of monocities and their contribution to the economy of Russia are presented. The necessity of the division of responsibility between government and business for the results and condition of the main enterprise, which determines the quality of life in a monocity, is determined. The basic directions of solutions for monocities' problems depending on the specialization of the main enterprise are proved.

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Introduction

Maintenance of a stable level of the national economy and rise in its competitiveness are a priority objective of social and economic policy in Russia.

At the World Competitiveness Ranking Russia has the 64 place, and on the innovative development has the 99 place of 148 countries [1]. Positions in ratings occupied by Russia are below countries such as Hungary, Slovenia, Peru, India, the Philippines and others. Competitiveness and innovative development involve not only the production of goods and services that meet international standards, but also ensuring of a decent standard of living. Thus, the most important indicator of the level of countries' development is the quality of life. Quality of life is closely connected to investment in human capital. According to the theory of T. Schultz, human capital is accumulated costs of reproduction of labor power in the country, regardless of coverage source (family budgets, current production costs, government spending on social services, etc.) [2].

Quality of life is a complex of multicriterion feature, so to evaluate the quality of life in 1990 UN introduces the concept of "human development" and the HDI (Human Development Index) [3]. Evaluation of quality of life using the HDI is based on a minimum set of basic indicators, each of which is quantitatively one of the main areas of human development: longevity, education and income per capita.

Main body

Quality of life is determined by an extensive system of parameters: the level of income, housing conditions, social infrastructure prosperity, environmental and climatic conditions, safety of living, health and education level, development of the territory and the development of transport

infrastructure, level of development of small business and others. According to UN report for 2013 [3], Russia is in a group of countries with high human development (HDI = 0.816 before changing the methods of calculation, which were updated in 2010) and ranks 55th place out of 186 countries. Place occupied by Russia among other countries such as Bahrain (48th place), Belarus (50th), Montenegro (52 place) and the Republic of Palau (the island state) (54th place) and others, is not the most attractive in this rating. Index value, that reflects the quality of life, has been reduced to 0,788 after introduction of indicators such as life expectancy at birth, duration of study, etc. to the methodology of calculation. The rating downgrade is due to the reduction not only education level but also life expectancy.

In Russia the quality of life is largely determined by the condition of monocities. Working Group on the Modernization of monocities under the Government Commission on Economic Development and Integration made a list in the spring of 2010, according to which Russia has 335 cities classified as monocities (30.48% of all Russian cities), where about 16 million people live (25% of urban population) [4].

"Monocity" means the city in which a large enterprise impact on the basic aspects of life in the city, it is "city-forming enterprise". In Russia there are no clear criteria for identification of a settlement to monocity. There are also several definitions of "city-forming enterprise" in the legal framework:

- According to the regulation of the Government in the Russian Federation of August 29, 1994 # 1001 «city-forming enterprise" is defined as an enterprise which employs at least 30% of the total number of employees in enterprises of the city or has objects of social and communal services and

engineering infrastructure, serving not less than 30% of the residents in a settlement;

- According to the Federal Law of 8 January 1998, the # 6-FZ "On Insolvency (Bankruptcy)", city-forming enterprises are companies, where number of employees, taking into account their family members, is not less than 50% of the population of the corresponding settlement.

- according to the Ministry of Regional Development, monocities are the settlements that meet one of two criteria:

1. 25% of the economically active population should work for enterprises operating within a single production process.

2. The share of these companies should account for more than 50% of industrial production.

Independent experts extend formally proposed list of criteria for classifying monocities [5]:

- presence of one or more similar enterprises belonging to the same industry or serving a narrow segment of the industrial market, and other companies of the city serve only domestic needs of the city or the people living in it;

- presence of the chain of technologically related companies operating in one end market except businesses serving the internal needs of the city;

- significant dependence of the city revenue from the activity of one (or several) large enterprises;

- Low diversification of employment areas of the city (homogeneous professional staff);

- Considerable distance of the city from other larger settlements (which reduces the possibility of mobility for residents), in the presence of the first two signs or lack of infrastructure, providing a connection of the city with the outside world (road and rail ways, telephone network, etc.).

In the expanded list there is 25% of the population living in 460 settlements.

Monocities include large cities with a population of over 500 thousand people (e.g. Togliatti, Naberezhnye Chelny, Novokuznetsk), and cities with a population of several thousand people. In the structure of Russian monocities the largest share goes to small (up to 20 thousand people) cities, that is 47.1% of the total number of monocities, and medium-sized (20-100 thousand of people) cities, that is 43.3% of the total number of monocities [6]. Thus, it is the small and medium-sized cities that determine the quality of life of the population.

Monocities cannot be regarded as useless "ballast" that we inherited from the Soviet Union. In monocities there is 70% of the capacity of engineering, metallurgy, and mining and processing of natural resources enterprises, the defense industry (see Table 1). In 335 monocities there are 442 city-forming

enterprises, which largely determine the structure of the Russian economy.

Table 1. Industrial structure of monocities in Russia in 2010.[7]

Industrial sector	Industry specific gravity
Woodworking industry	20%
Mechanical engineering industry	17%
Food industry	14%
Fuel industry	11%
Nonferrous and ferrous metals industry	6%
Other industries	32%

Today Russian viability strongly depends on the state and level of social and economic development of monocities. Russian economy is largely represented by city-forming enterprises of monocities. Their contribution to the country's GDP is estimated at 20-40%. The efficiency of the Russian economy depends on the success of their functioning. The role of the city-forming enterprises in a number of Russian industries is particularly important: city-forming enterprises provide 64% of oil, 83% of gas, 53% of coal, 50% of steel products, including 66 % of the production of steel and coke, 65 % of iron, a significant portion of non-ferrous metal products, including 90% of nickel and 100% of alumina, 71% of passenger cars production, 84% of potash fertilizer production etc. [8].

The main causes of the crisis of city-forming enterprises can be combined into three main groups [9]:

- general Russian: low production efficiency; structural imbalance and dependence on export of raw materials; heavy dependence on bank lending; Russian system of financing of industrial enterprises mainly due to relending;

- private, associated with features of monocities: undeveloped legal regulation of monocities; short-sighted strategies of owners of industrial structures; non-systemic policy of local and regional authorities;

- private, associated with the peculiarities of industrial city-forming structures: specialization of city-forming structure by type of raw material (monoresource), sales (monoproduct), consumer; focus on the limited human resources of the settlement, often largely remote from major economic centers.

World experience shows that there are two ways of solving problems of monocities. The first direction (the American approach) is based on the market mechanism to solve the problem: people move to where the jobs are. This way of solving problems is

difficult to realize in Russia for many reasons, among them:

- long distances between cities. You cannot focus on the European experience, where the distances between cities can be overcome in an hour.

- low mobility of population. Only about 2% of people in Russia change their geographical location at least once in their lives [10]. We should not forget that in many industrial centers there are many elderly people who find it difficult to move, retrain and adapt to the new environment.

The second direction of problem solving (the European way) is the State and regional programs of rehabilitation area. They include infrastructure projects, support for small and medium businesses, reorientation (or diversification) of city-forming enterprises, programs of training of the population employed in the old industries to new professions etc.

According to A.G. Sokolov, the Director of the Department of Economic Development of Russian regions, 50 billion rubles will be allocated from the federal budget [11] in 2014 for closing of unpromising monocities and resettlement of their residents.

In today's hard deficit of labor resources monocities closing and resettlement of residents is justified in some cases. But we should not forget that the economic development of the territory is an essential condition of national security. Factor of monocities growth has a significant positive impact on the coefficient of viability of the country (correlation coefficient is $R = 0,53$) [8]. Establishment of new monocities enhances viability of the country because it promotes the development of more efficient (more organized and intensive) use of natural, spatial, labor resources of the area. Growth in the number of monocities stopped in 1993, indicating completion of the development of the territory of Russia using this specific tool.

Thus, it is impossible to enable the depopulation of regions, monocities support programs should be aimed at preserving their number.

The level and quality of life varies greatly depending on the specialization of the city-forming enterprise. There are "agglomeration" and "raw" development zones. Agglomeration zone is represented mainly by the chemical industry and metallurgy. Monocities are satellite cities in areas of large agglomerations. Monoprofile is compensated by the proximity to large centers, the opportunity to live and work in different settlements.

The situation is different in the raw development zone, which occupies the northern and eastern regions of the Russian Federation. There is a lot of depressive monocities there, specialization of which is associated with the extraction and primary processing of raw materials. City-forming enterprises

became unprofitable because of the depletion of resources, as work on the development of new fields was practically ceased. In the raw development zone there is an excess of labor force, which defines an additional social load on the state and city-forming enterprises. Mining enterprises form a subsystem of social and economic interests and relations of production entities in the industry market. Interests of various business entities are different: business exists to make a profit and seeks to minimize its costs, people want to have normal jobs with adequate working conditions, municipalities should ensure the viability of a city and acceptable social infrastructure, the government seeks to create favorable social and economic situation in the whole country. It is not easy to combine all this.

Undoubtedly, today there is no single "recipe" for solving all problems of monocities. But , if you focus on maintaining the number of monocities, first of all support programs should be aimed at enterprise restructuring, the creation of alternative jobs, diversification of the monocities economy, formation of separate programs for small business development, including the creation of industrial parks and business incubators involving budget, promotion of self-employment. During the Soviet era, when the whole industries were created, along with the construction of factories, infrastructure of cities was developed. Today it is possible to restructure unpromising production based on existing infrastructure.

Not only the federal government, but the population of the city, owners and managers of the city-forming enterprises, the city authorities, the authorities of the federation, on whose territory the city is situated, should be involved in solving problems of the restructuring of monocities and city-forming enterprises.

Social and economic status of monocities is largely determined by the financial and economic situation of the city-forming enterprise and demand for its products. City-forming enterprise provides employment and, consequently, the income level of the majority of people, it is involved in the development and maintenance of engineering and social infrastructure, energy and transport, provides fullness of the local budget. Investing in social programs of monocities, city-forming enterprise increases its costs, making the company's products less competitive compared with similar enterprises in cities with multifunctional economic structure.

In a crisis, large-scale business usually refuses to social obligations, reducing its costs, and the city's population suffers from it. The fullness of the local budget is reduced, that is why the ability of the authorities to fulfill social obligations is also

reduced. Release of excess labor resources leads to unemployment, which increases the level of crime, a growing number of people with deviant behavior, health becomes worse, and generally social tensions increases. In this regard, there is an issue on the demarcation to manage the social environment between the public authorities, local government leaders and city-forming enterprises.

In case of the closed administrative-territorial entity, the responsibility for the fate of the city lies entirely on the state. Closed administrative-territorial entity was created during the Soviet era and had strategic importance, providing enterprise performance somehow connected with the security system of the country. Status of closed administrative-territorial entity currently has 41 settlements. City-forming enterprises and organizations in a closed administrative-territorial entity are mostly military units of the Russian Defense Ministry and nuclear industry enterprises.

In the raw materials sector of monocities the responsibility should be shared between all entities: state, population, business. City-forming enterprises of monocities with raw materials sector are often part of the integrated structures, weakly sensitive to the problems of local territories. Therefore, owners are less interested in solving problems of their enterprises, relying on state support. The Russian experience shows that often the owners are on the fence in a crisis situation, bringing the city-forming enterprise to a state of insolvency. Improvement of the legal framework will allow avoiding similar situations, creating a system of liability of owners for the results and condition of enterprises that are in their possession.

Conclusion

Today, the quality of life in Russia is largely determined by social and economic status of monocities. It is obvious that there is no single solution for the problems of monocities, as cities emerged in different historical periods, changing their role and importance in the national economy, developing in their own scenario. Authors think that since the level of development of the territory of the country depends largely on the security, integrity and territorial unity, the state program for the development of monocities should be aimed at the preservation of their maximum possible amount.

Sustainable social and economic development of Russian monocities is provided by measures such as the development of small and medium-sized businesses and investments in people (education, health, culture). In the second place, it is

provided by the development of social and engineering infrastructure, innovation introduction, and development of innovative economy. The third step is to concentrate on overcoming the monoprofile of a city and reduce dependence of a city on the city-forming enterprise, development of other sectors of the economy, as well as the diversification of production.

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