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**West Siberia – a challenging path from exploration to development: interaction
between the state and regions**

Abstract

West Siberia – a challenging path from reclamation to development: interaction between the state and the regions The current situation of political destabilization and economic stagnation in Russia is defined not so much by the lack of resources (in all their significance) as by lack of both consistent and coordinated interaction of the state and the regions and strategic benchmarks of economical development. This problem is particularly acute for key oil and gas production territories. The West Siberia including the Tyumen region is the focus of this research. Its objective is to determine strategical directions, conditions and factors of the West-Siberian region development. Government is the main actor in the Russian oil and gas sector. However, most of the government's efforts are focused not on increasing the efficiency of the regional development, but on maximising, in a neo-colonial form, the resource base reclamation and usage in the region, which is the main source of hydrocarbons and profit for the state. The authors use the comparative analysis methods and the results of sociological survey. They substantiate the need for institutional changes to transform the strategy of reclamation into the strategy of development.

Keywords: region; state; neo-colonialism; reclamation; development.

**Zachodnia Syberia – trudna droga od ekstensyfikacji do rozwoju:
interakcje centrum i regionu**

Abstrakt

Obecna sytuacja niestabilności politycznej i stagnacji gospodarczej w Rosji jest nie tyle efektem braku zasobów (przy całym ich znaczeniu), co raczej braku wiarygodnego skoordynowanego współdziałania między centrum a regionami i wyraźnych strategicznych wytycznych dla rozwoju gospodarczego. Problem ten jest szczególnie dotkliwy dla obszarów wydobywania ropy

naftowej i gazu. Zachodnia Syberia, w tym region Tyumeński jest tematem niniejszego opracowania. Jego celem jest określenie warunków, czynników i strategicznych kierunków rozwoju regionalnego. Państwo jest głównym aktorem w rosyjskim sektorze naftowym i gazowym, ale jego głównym celem nie jest poprawa efektywności rozwoju regionalnego, a maksymalny rozwój i wykorzystanie (w neokolonialnych formach) bazy zasobów regionu jako głównego dostawcy węglowodorów i źródła dochodów budżetowych. Autorzy wykorzystują metody analizy porównawczej oraz wyniki ankiety socjologicznej. Uzasadniają konieczność zmian instytucjonalnych dla przejścia od ekstensyfikacji na rzecz rozwoju strategii.

Słowa kluczowe: region; państwo; neokolonializm; ekstensyfikacja; rozwój.

JEL: R11, R58.

Introduction

The history of Russia both, in the past and nowadays, is a history of colonisations, often forced and coercive. A famous Russian historian of the XIX century V. Kluchevsky noted: “The history of Russia is the history of a country, which is constantly being colonized” (Kluchevsky, 1987, p. 50). At the same time, the “euphoria” from expansion and new territories acquisitions often overshadows and sometimes, even substitutes, the concept of those lands’ social and economical development.

A solid evidence of this effect can be observed through a history of oil and gas complex development in West Siberia, basing on a case of the Tyumen region, starting from the stages of big-scale forced industrial development in the Soviet epoch, including the periods of misjudging a geopolitical positioning of the Western Siberia and underestimating its role in resource provision on a federal level after the USSR collapse, and finalising with a contemporary stage when the oil and energy complex of West Siberia has become a primary direction of Russia’s industrial development policy.

The objective of the research is to identify main institutional conditions, factors and barriers for development of West Siberia, taking into consideration the following:

- peculiarities of the past and current economical development and movement of this region (strategies of exploration versus strategies of development),
- characteristics of the regional governing system and existing trends in regional policy (state versus region),

- key institutional drivers and barriers for the strategic development of the region which is the main oil and gas producer of the country (factors of “primary” nature versus factors of “secondary” nature).

The article summarizes experience of oil fields development in the USSR in 1950-1980's and examines the case-study of the Tyumen region which is the focus of this research in a historical perspective. Government is the main actor in the Russian oil and gas sector, therefore relationship of state and region in the processes of acquirement and exploration of the West Siberian oil-and-gas territories is of a special interest. Moreover, the contemporary situation of political destabilization and economic stagnation in Russia is defined not so much by the lack of resources (in all their significance) as by lack of both consistent and coordinated interaction of the state and the regions and strategic benchmarks of economical development. As V. Kryukov indicates, “Russia failed to create an effective model of hydrocarbon resource management - both in terms of exploration and development of oil and gas resources, and in terms of adequate use of oil and gas revenues for the diversification of the national economy” (Kryukov, 2010, p. 864).

In the first decade of the twenty-first century, Russia reserves mainly raw specialization in the international division of labor. The country has a nonprogressive economic structure that painfully depends on the current global situation. Most of the government's efforts are focused not on increasing the efficiency of the regional development, but on maximising, in a neo-colonial form, the resource base exploration and usage in the region, which is the main source of hydrocarbons and profit for the state. We assume that the development strategy for regions is only declared by the federal center but factually the Russian institutional system is not focused on regional development as such. The Federal government executes a classic colonial policy which does not allow the region exploit its competitive advantages for its own territory development. The surplus focus and concentration of the government on the centre has reached its level of complete inefficiency.

For reaching these objectives the results of sociological survey are used and the theoretical and statistical analysis of social and economic regional development during the last decades is maintained. Besides using primary data from case studies based on qualitative interviews, we have used the Federal Treasury and the Ministry of Finance statistics, the Federal State Statistics Service and a secondary data from our own analysis based on a wide range of academic literature. They substantiate the need for institutional changes to transform the strategy of

exploration into the strategy of development. Suggested approaches can be applied for reforming the system of the regional governing, developing regional policies and strategies.

Main concepts and General Approach

Questions about the impact of natural resources on economic development and a government regulation role in resource economies always provoke a broad scientific discussion and arise a polemical tone of scientific publications. Problems of interaction between the state and the regions are studied by such authors as Ž. Tunčikienė, R. Drejeris (2015), W. Sługocki (2014), A. Wójtowicz (2016), and J. Kaźmierczyk (2015). Some authors advocate the positive role of natural resources in improving the countries' economic growth, and consider them as a source of power and main driving forces of the industrial revolution (eg, Mikesell, 1997; Kronenberg, 2004). Others consider it as a source of "resource curse" – a conjecture, presented by the author (Sachs and Warner, 1995) in his work "Natural Resource Abundance and Economic Growth".

This hypothesis defends the idea that a high proportion of raw materials exports in the gross domestic product (GDP) of some countries negatively correlated with their rate of economic growth for several decades. Other economists conducted a depth analysis, identifying the 22 variables providing a statistically significant effect on economic growth, including natural resources have been attributed to factors that have a negative impact (Sala-i-Martin, 1997). This trend is widespread. In particular, in the book "Oil Windfalls Blessing or Curse?" (Gelb, 1988) the effects of the first oil boom (1973-1984) for the six oil-exporting countries are studied, and only the poorest ones (Indonesia) managed to derive benefits from oil prices spike.

At the end of the twentieth century, the development of scientific and analytical approaches in an economic areas has focused on identifying the resource dependence channels impeding economic growth. There were concepts that have paid attention mainly economic channels (McKinnon, 1976; Corden, & Neary, 1982; Van Wijnbergen, 1984; Auty, 1994; Gylfason, Herbertson, & Zoega, 1997). In the framework of this direction in the 2000 new theory arose, which set the research core in price volatility of raw materials and its impact on economic development. The publications Cavalcanti, Mohaddes and Raissi (2009 and 2011), van der Ploeg and Poelhekke (2010), and Leong and Mohaddes (2011) demonstrated the negative impact of this factor.

At present, the hypothesis of resource curse face a growing skepticism and is not shared by the majority of economists (Stijns, 2005). Econometric research has to question it as well. Representatives of the World Bank (Lederman, & Maloney, 2008) have shown that the

country's natural wealth lack impact on economic development, and its correlation with specific country characteristics. In this regard, the research focus has shifted to the search for alternatives and implicit mechanisms of influence of natural resources on economic development. Those have been recognized as institutional factors. To replace the resource curse, an institutional curse has appeared. Supporters of institutional approach (Auty, 2001; Sala-i-Martin, & Subramanian, 2003; Kronenberg, 2004) have proved a detrimental impact of resource wealth on the quality of institutions and their degradation in resource dependent countries, which results in a slowdown of the economic growth. Within a framework of the same approach, another group of researchers (Rosser, 2006; Gylfason et al., 1997; Mikesell, 1997; Torvik, 2002; Ross, 1999; Beland, & Tiagi, 2009; Boschini, Petterson, & Roine, 2003) defended the opposite point of view: it is not the richness of natural resources dooming the country and leading to an institutional degradation, but it is the weak institutions themselves in resource dependent countries that are negatively impacting the countries' economic development. Moreover, the impact of the quality of institutions in resource-based economy, as a rule, is stronger than in non-primary economies. The authors of this article intend to adhere to this methodological approach, which, in our view, provides strategic vision, a greater depth of research, and the scientific basis for long-term practical measures.

An evolution of the role and scope of the state in the twentieth century has been studied by a number of economists, in particular an IMF employee V. Tanzi (Tanzi, 2000; Tanzi and Schuknecht, 2000), economic commentator M. Wolf (2001), J. Mitchell from the Cato Institute (Mitchell, 2005; Edwards, & Mitchell, 2008), as well as J. Gwartney and his colleagues from the Fraser Institute (Gwartney, Lawson, & Holcombe, 1998 and 2006). They outline the following main areas of the research on the role of a state in a regional policy: regulation, redistribution and ownership. This work focuses primarily on the first two aspects.

Exploration Strategy

During the Soviet period, as well as in the current historical era, the priorities of spatial economical policy in Russia have not changed significantly. The focus of economical activity on the East from the centre, to Siberia, has been announced in the middle of the XX century and has continued up to the very end of the last century. The highest GDP of Siberia (including the one of the Tyumen region) has been 23.9% in 1996, whereas the proportion of the European part of Russia in the national GDP was at its lowest, with 63.8% in the same year (Melnikova, 2013, p. 5).

The challenging tasks that the USSR government was facing in West Siberia 1950s-1980s had not had any analogues not only in the Soviet, but in the world practice as well. In this respect, an oil and gas complex of West Siberia can be considered as the world record. According to evidence of an academic A. Aganbegyan, “nobody in the world has ever demonstrated such dynamics of oil extraction; there had no been such a growth anywhere previously: the first million tons of oil has been extracted in 1964, followed by 31 million tons in 1970, 148 million tons in 1975 and 310 million tons in 1980. The oil and gas pipelines have been constructed in astonishingly short periods. The main pipeline to Europe has been built in less than a year. All the construction works were undertaken in extremely difficult conditions, through marshes, taiga, two hundred rivers and hundreds of roads” (Aganbegyan, 2011, pp. 143-145).

From the very early stages, Tyumen region has become a foremost springboard for implementing, testing and recognizing hundreds and thousands of technical and technological innovations in oil and gas extraction, drilling and pipelines construction. In conditions of scientific and technological progress dynamics decrease, the development of a new unique oil and gas region was considered as “panacea. The foreign currency revenues levels obtained from the Siberian Klondike have caught the imagination as well: annual foreign currency revenues from oil and gas export in Russia reached 15-24 US billion dollars in 1980s (Slavkina, 2007).

Development of the Tyumen region as a base of oil and gas complex of the country has been executed at an extremely high pace of accelerated industrial development. That is the first basic characteristic of the development process.

It has taken a very intense character: the first oil field was put into operation in 1960, followed by 42 more oil fields opened in the next five years, including the major one, Samotlor oil field. Most of the currently known large oil and gas fields, including the giant ones in the North of Tyumen region, have been discovered and opened during eight years, from 1964 to 1971 (Kryukov, Sevastyanova, & Shmat, 1995, p. 23). Development of oil and gas industry in West Siberia was mainly based on exploitation of large fields, as a high level of concentration has opened perspective opportunities for extraction increase and for balancing the portions of “cost” and “profit” extraction in a favour of latter.

Secondly, a regional economy formed by that concept of development processed a rather high degree of openness: all the produce was meant to be exported to other regions and abroad, whereas machines, groceries, labour and financial resources for the needs of the region itself have been imported from other regions. Industrial development of West Siberia has been

executed with a significant support of other regions: Ural and Povolzhye, Krasnodar region, Belorussia (scientific projecting, qualified labour, machinery etc.). A big part of qualified labour resources have been also provided by Ukraine, and it stands for reason Western Siberia nowadays having extensive Ukrainian diaspora among its population. Moreover, the Soviet system of governance had a distinctive capability of concentration enormous amounts of resources for the targeted regions and directions of development. Therefore, when it came to developing the West-Siberian region, the whole country got involved: cities and towns of Tyumen region were designed by professionals from Leningrad (Saint Petersburg), whereas the building works were executed by professional constructors from the Baltic region and Belorussia (Kryukov et al., 1995, p. 43).

The strategy of regional development also includes a wide-scale geographical expansion and extensive self-expansion in numerous directions of distant oil and gas regions at the same time: for instance, development of Tyumen region, Mangyshlak has been accompanied by a simultaneous increase of oil extraction in Belorussia. Another characteristic of this strategy is synchronization of the processes of development as opposed to consequent, graduate industrial exploration and operation of new oil fields as the older ones loose their levels of resourcefulness and extraction volumes.

As a result, the most qualitative and the best-located mineral raw resource fields have been intensely depleted. For instance, only 12 out of 500 oil and gas fields in Khanty-Mansiysk autonomous district have provided 80% of the regional resource extraction volume in 1964-1995 (Kryukov et al., 1995, p. 54). An unprecedented for the world's practice intensification of drilling and oil extraction has been undertaken from the very first days of the region's development. The maximal planned level of oil extraction in Samotlor oil field has remained only for one year, in 1980. By 1988 the volume extracted had already decreased and amounted up to 1/3 less compared to the maximum level year. Whereas following a projected extraction level of 130 million tons per year instead would have allowed the exploration of the Samotlor field for 19 consecutive years (Kryukov et al., 1995, p. 54). The practice of forced and boosted extraction for the sake of profit maximization has led to a speedy depletion of resources and to a rise of social, ecological and general economical issues.

No need to say, such a wide-scale extensive expansion demanded the attraction of incredible investments and other resources: the budget and other resource limitations have been overcome by means of simplification of production and technological structure of objects in oil and gas fields; the concept of creating complex infrastructural objects has not been implemented, and

social and ecological problems that occurred as a result of resource development have been ignored (Kryukov et al., 1995, p. 35).

The oil extraction volume and dynamics have outpaced the process of infrastructural development and ground facilities construction. The objects that amounted 1.5 billion rubles in the budget have not been created (Kryukov et al., 1995, p. 59). As a result, “the interests of the regions itself have been ignored and the accumulated economical effect for the territory has been reduced” (Kryukov et al., 1995, p. 42).

The oil and gas sector of the Tyumen region, being the key driver and multiplier of economical growth in the region and providing a powerful impulse for the economical development of the whole territory, has, nevertheless, tied the economy of the region to its own needs and predetermined its mono-sectorial, non-innovative direction of development. In our view, there are the following specific characteristics of the regional governance and oil and gas sector planning in a period of resource development stage:

- 1) A centralised planned economy was distinctive by its principal of priority of overall governmental goals and tasks, and by subordination of certain regional interests to those goals and their achievement. Traditionally, goals of material productions development have been seen as a priority. Whereas social objectives oriented towards welfare increase, life quality improvement, environmental protection, cultural development and so on have been declared officially, but have always been approached in a formal manner.
- 2) As hydrocarbon resources have had a strategic importance for the country, the priority of creating and developing the oil and gas sector has had “an absolute character” – as V. Kryukov says. All the key decisions on oil and gas sector development have fallen under the competence of central authorities and governance departments.
- 3) In a system of centralized planned economy, an industrial approach in a combination with rigid vertical governance structures was prevailing. Controversially, due to the scale and complexity of objectives set for the certain oil and gas regions, sectorial methods of planning and governance have turned out inefficient for an overall state’s goals achievement (Kryukov et al., 1995, p. 96).
- 4) The ground principal of the state policy was a principal of balanced oil and gas sector development, an organic correlation of producing and non-producing fields, a coordinated and proportional, from the production limits prospective, development of the main, extractive industry, along with linked and service industries.

- 5) In a relation with a balanced development principle, the principle of complexness, that has become a ground base for transition to the concept of target-oriented approach to economy planning, has been adopted as well. However, applied in practice to an economical development of the country and its selected regions, the principle complexness has become subordinated to the goal of national production maximization, and thus, it only remained a positive intention rather than an actual approach. Defects of lack of complexness and balance have usually been overcome by means of creating additional governance structures – local authorities departments, both in the capital and in the regions, as supra-departmental structures (such as Interdepartmental Territorial Commission for the oil and gas complex established as a sub-branch of Gosplan USSR in Tyumen city).
- 6) Regional interests and priorities of a long-term sustainable development in an existing back then system of centralised planning and governance, have not been taken into account, and the territorial approach to planning has been made secondary, while the territory plans for regional industries have actually duplicated the centralised plans, set by the capital. Recognition and appreciation of objectives and tasks for the economical development of regions as relatively independent and self-sufficient socio-economical systems was lacking completely in the practice of economical planning and governing (Kryukov et al., 1995, p. 97). The evidence of this fact is vividly reflected in a history and experience of regional development of oil and gas province in the Tyumen region.

Regional Policy

The current situation demonstrates the occurrence of the regional crisis in Russia, which is shown in economic, political, and the sociocultural relation. According to Zubarevich (2014), in January – October 2013 the budgets income decreased in third of Russian regions, moreover the maximum recession was shown in the main oil and gas production region – the Tyumen region (-28%). This deprives the regional authorities of the status of active and strong player in the economic area. As a result, the regions are not capable to solve social problems and problems of their own development by means of internal revenue sources mobilization. Thereby the main priority of regional policy in the economic domain – transition from budget payments to self-development of the regional economy – is called into question.

Economic powerlessness is accompanied by the loss of political influence and “weight” of regions, their opportunities and abilities to participate in the state and political administrative

decision making. The existing political system does not provide conditions and effective instruments for the accommodation of interests of different “center – regions” system levels.

This, first of all, bears record to inefficiency of the existing regional policy, indicates that its priorities are not created and its tools work inefficiently. In spite of the fact that in the middle of 2000 in the “Strategy of development of Russia till 2020” (Concept of socio-economical development ..., 2008) there was a section on regional growth for the first time, the regional policy as a factor of development plays a limited role: in oil and gas extraction regions the implemented strategy is rather reclaiming than development.

The Tyumen region, showing impressive dynamics of development, is more and more on the periphery, which means the part of the country that lives not for itself, but for serving the interests of the center. The presence of strong corporate players in the oil and gas regions leads to an actual substitution of the regional policy by corporate strategies in the regions of presence. The share growth of vertically integrated oil companies in the regional economy correlates with a decrease of their attributable return. So, nowadays all major businesses in Russia are still predominantly concentrated and registered in the capital, where all the tax payments and statistical analysis are made. Federal capital institutions are undertaking a super-concentration and accumulation of all tax revenues and control over all decision-making processes. Whereas in the region where most of the oil and gas extracting companies are having its main activity and business processes, the tax revenues from those businesses are steadily decreasing. As a result of this unfair re-distribution of revenues, an actual proportion of the Tyumen region’s gross regional product (GRP) has decreased from 12.4% in the year 2005 to 11.7% in the year 2007, while the oil prices market has remained in very favourable conditions (See Figure 1). In 2015 the share of the Tyumen region’s gross regional product in “the Russian pie” was 9%.

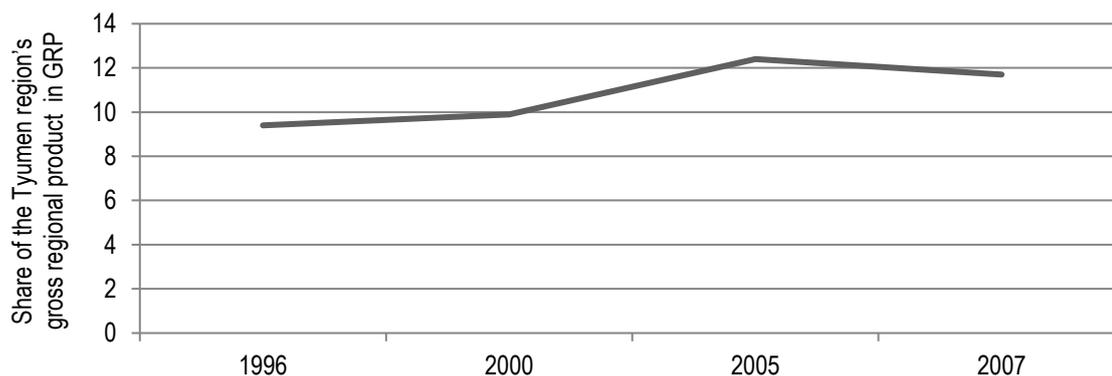


Figure 1. Share of the Tyumen region's gross regional product in an overall Russian regions' GRP

Source: based on regional statistics from Tyumenstat: <https://www.fedstat.ru/indicator/45342>.

At the same time, in the year 2013 the federal funding for balancing the budget (the least transparent criteria) have been provided to all regions except for Moscow and two autonomous districts in the Tyumen region, although 22% of the total funding has been directed to Chechnya (Zubarevich, 2013). Thus, the existing institutional system no longer provides the conditions and effective instruments for the accommodation of interests of different “center – regions” system levels. In relation to oil and gas extraction regions the option of a neocolonial policy of the center is realized.

Self-development Strategy

Siberia is still remaining a reference model for Russia and other countries as a region for an industrial experiment, a region that has accepted the risks of accelerated industrialization and has become a “hostage” of this experiment, remaining and reproducing the signs of “neo-colonialism” in its development: resource polarization, inefficiency and underdevelopment of institutions, poor territorial links, the lack of economical capabilities for managing its own development, a discriminative relation from the centre and dependence on it, low localization levels etc.

What does the Tyumen region represent today? This West-Siberian oil and gas province is a connecting link between West and East, oil and gas North and industrial Urals, including biggest markets of Khanty-Manskiysk and Yamalo-Nenetsky autonomous regions, where the most big-scale oil and gas drilling and infrastructural projects are executed. The Tyumen region is developing at a high pace. The volume of industrial production has increased by 2.4 times from 2006 to 2015, and the volume of investments into the fixed capital has increased by 3 times during the same period. Industrial production index is growing annually by 12-15%, and

in the year 2015 it has hit the mark of 109.3%, whereas the same index for Russia in general has hardly reached 96.6% (Tyumen region, 2016). The region has ranked fifth in the National investment climate conditions ranking in 2016, which has been announced at the International Economic Forum in Saint Petersburg.

Moreover, according to Expert RA, Tyumen region has got minimal level of investment risks. This observation results from a number of factors. Firstly, investment risks have been increasing in progression and the investment activity, on the contrary, has been steadily decreasing since the year 2009 in conditions of continuous industrial indicators decrease. Since 2012, a so-called “logic of economical stagnation” has been indicated in most of the regions. Tyumen region has been unattainably outrunning other regions of Russia in comparison. For instance, in the year 2013, the industrial production index annual growth reached 16.8% followed by a 12.9% increase in 2014, which has become a stimulating factor of investment activity (Statistical Research ..., 2015, p. 17).

Secondly, the investment cycles in the macro-region associated with large businesses and state have finalized in the other regions, whereas in Tyumen region international joint projects of such a big-scale industrial construction are being realized nowadays, including Antipinsky oil refinery plant, Tobolsk-Polymer etc. “Tobolsk-Polymer”, for example, has been already put into operation as well, producing 500 thousand tons of polypropylene per year. There is no case of any similar production anywhere between Portugal and Far East. There are 20 thousand people involved into this project. The construction of this plant elevates the city of Tobolsk to a status of the West-Siberian oil-chemical cluster centre and one of the biggest industrial cities in the country (Tyumen region, 2016).

Thirdly, under these conditions, only consumption stimulated by an increase of revenues can act as the only driver of investment activity. Those resources have been exhausted as well in the crisis conditions in other regions. Retail volume decrease in other regions on average amounts to 4-5% per year. Whereas Tyumen region was ranked 4th among the richest regions of Russia in 2014 as it possesses significant wealth reserves (Tyumen region, 2016).

Fourthly, regional budgets (more than 60% of regional budget across Russia) are currently executed with a deficit, and, therefore, they cannot serve as a source of investment into West-Siberian region. Moreover, traditionally in crisis conditions the volume of investments into the fixed assets has varied at the minimal level that would allow current functioning of business, but not its further development. Whereas Tyumen region has been traditionally ahead of the

rest not only by the dynamics of development demonstrated, but also by the stability of this positive dynamics.

For instance, the volume of investments into the fixed capital has increased by 2.7 times for eight years, from 2006 to 2013. In 2013, the growth of this indicator amounted 35% compared to the same indicator for the previous year. Main sources of funding for industrial companies have been direct investments (54.5% from a total volume of investment into the fixed assets) and their own funds (42.4% of the total investment volume). It should be specifically noted, the growth of this indicator was due to the increase of private investments into the regional economy. At the same time, the volume of fixed capital investments funded from the state budget has reduced to 13% from a total volume of investments (for comparison, this indicator amounted 20.8% in 2012). The biggest growth of investment activity can be observed in processing industries that demonstrated growth by 6.1 times, in fish production with a 58% growth and retail with a 46.6% growth (Tyumen region, 2016).

The Tyumen region government, despite decreased volumes of federal investments, is continuously developing the infrastructure for investment projects support. There are plans for creating technical parks for providing spaces to investment project objects in industrial sector (Tyumen region, 2016). There is also a programme of investment credits partly provided by means of budget subsidies with an annual percentage rate of 7%, which is times lower compared to commercial bank crediting. One of the key links of the investment infrastructure support and development is the Fund "Investment Agency of the Tyumen region". Another structural establishment supporting small and medium enterprises in the region is the Tyumen business incubator. In January 2015, on the base of the Tyumen branch of "Support of Russia" and the Federal Alliance of entrepreneurship development a regional Centre for entrepreneurship development was created (Tyumen region, 2016). The Agency for credit guarantees has been created to support small and medium businesses, to facilitate modernization of existing businesses and to create new ventures. There is also a project of partial industrialization in villages of the region by means of establishing a big amount of flexible modern productions that will process local resources and will create a high quality distribution network. Thus, those measures are serving as an actual ground for structural reforms in the Tyumen region.

However, the analysis of the investments into fixed assets structure reveals that the bigger source of it is coming from two main investment projects: Antipinskiy oil refinery plant and Tobolsk-Neftekhim (Tyumen region, 2016). Moreover, it's possible to assume that investments into these big-scale projects are provided not due to a favorable business environment, but

mostly due to territorial proximity of hydrocarbon deposit fields in the North of the region. Therefore, the capitalization is mostly obtained via the resource specialization of the region rather than as a result of its infrastructural development. The structural analysis of investments based on companies' size allows concluding that the portion of investments into small and medium-sized businesses is negligible and tends to decrease over time.

Lastly, high migration activity of population, including return migration, is a conspicuous demographic phenomenon of the new areas' development, especially development of high latitudes areas (Shafranov-Kutsev & Efimova, 2017, p. 9). It is clear that such a return migration is very costly for the state, for a new city, for its buildings and businesses.

The consequences of mass migration shifts can be seen on the example of teaching staff, that is the most massive group of intellectuals, especially considering the terms of their stay in the Far North, their migration routes, the difficulties of their adaptation, teaching migration attitudes, etc. The results of the opinion poll that has been carried out show that only 14.2% of Yamal schools' teachers identify themselves as indigenous people of Yamal, 76.4% as the visitors that are staying permanently and 7.4% as the visitors that are residing temporarily (*Socio-professional portrait ...*, 2016, p. 105).

Assessing the level of "rootedness" it is important to analyze the answers to the question "Have your family generations repeated the "migration to the north – migration from the north" cycle?" as a kind of long-term commuting. It is the usual migration scheme for the 40.9 % of the surveyed teachers (*Socio-professional portrait...*, 2016, p. 105).

The obtained sociological information shows that the percentage of teachers, who are planning to live in the district after their retirement, is twice the number of indigenous northerners. This indicates that the positive trend of "rooting" of the newcomer population is significantly enhancing. And there are some suddenness in these many years of migration processes. Currently only 12.1% of the surveyed teachers moved from the southern part of the Tyumen region to the Far North, but the number of the surveyed teachers who are planning to move to the south of the Tyumen region for permanent residence after retirement is two times higher (24.0%). Such sentiments of Yamal teachers are being formed as a result of the realization the regional target program "Community" (Tyumen region, 2004) by the regional authorities. The program includes significant urban development projects for resettlement of northerners to the regions with relatively favorable natural-climatic conditions.

Thus, it is necessary not only to create the conditions for attracting people to the areas of new development by the social benefits' establishment (such as increased regional coefficient).

It is necessary to competently manage the migration flows in the Siberian regions on the basis of scientific researches. These complex development problems cannot be solved without an essential change and reforming of the existing institutional system, change of the development ideology itself.

Discussion of results

A pioneering nature of big-scale Northern territories development in oil and gas provinces is of a big significance as such, as this practice is novel and unique for the rest of the world. The Tyumen region has become a leading springboard for practical testing and recognition of numerous technical and technological innovations in extraction, drilling and construction. It is not just the scale and the geography that are impressing, but mostly the pace of development, its intensity that required a massive investment of various resources. The downside of this process revealed through a complete ignorance of regional interests and a decrease of an accumulated effective benefit for the territory of the region (Kryukov et al., 1995, p. 42).

The oil and gas sector of the Tyumen region, serving as the main driver and multiplier of an economical growth in the country, has tied the economy of the region to its own interests and needs, forcing it to head to a mono-sectorial, non-innovational *path of development*. It means that among the factors determining the vector and conditions of the economical growth of the Tyumen region the dominating ones are of endogenous determinants, which are connected with natural conditions and natural resources of development. An institutional system negatively affects the development of the regional economy.

A financial ground for diversification based on partial accumulation of regional revenues from intense carbohydrate extraction into a trust fund for long-term regional development has not been created and formed as well. Thus, the centre has undermined and jeopardised region's opportunities for sustainable development of the territory in a long-term perspective. The practice of planning and economic governance has lacked an appreciation and recognition of objectives and task for development of the regions as independent and sufficient socio-economical systems.

Conclusions

1. Siberia and its selected regions have obtained a number of powerful impulses for development from the government. On the other hand, they have not been a result of a consistent and coherent regional policy, but a result of the macro-region's and its targeted parts being a part of the state geo-political interests and needs. Currently, as S. Suspitsyn notes, "Siberia de jure is a region of a very high significance and potential, but de facto, for the government the regions is not listed among the strategic objects with a top priority" (Suspitsyn, 2011, p. 14-15).
2. The Russian institutional system is not focused on regional development as such. The Federal government executes a classic colonial policy which does not allow the region exploit its competitive advantages – rich natural resources – for its own territory development. The surplus focus and concentration of the government on the centre has reached its level of complete inefficiency. Federal capital institutions are controlling and accumulating all tax revenues and decision-making in the centre. Whereas, an effective territorial development of the country requires decentralisation of governance with a redistribution of major financial flows on a regional level.
3. Relationship between the government and the regions is characterized by a significant number of non-correlating interests. At the moment, the policy of interests coordination is of an unstable and non-transparent character: the centre accumulates all resources, obtained from the regions, and then distributes those in a form of social transfers with a set guidance on their utilization. Up to 30% of state revenues in Russia are distributed in accordance with this concept, which has a strongly marked redistributing rather than stimulating character. Moreover, the process of distribution is executed "manually" rather than through institutional mechanisms.
4. As institutional practices have shown, even under the conditions of rather inefficient regional policy, strategic leadership achievements of a certain region are always a result of a proactive position of the region's leader and its authorities. One of the key directions of the regional development governance is an integration of regional and social policies and establishment and improvement of channels of efficient collaboration between the government, business and population.
5. Capabilities of progressive establishment and formation of institutions in a combination of specific regional competitive advantage are another factor of success in regional development. In case of Tyumen region, a challenging transition from utilizing the

competitive advantages of a primary nature (Krugman, 1993), based on resource preferences, towards the advantages of a secondary nature, associated with developed institutions and human capital. There are new technologies not only manufacturing industries, but in raw industries and agricultural sector as well. Those sectors are capable of modernizing an economy of the Tyumen region, creating employment opportunities for qualified specialists. It is difficult to underestimate the role of regions in attracting foreign investment capital, however, in order to do so, the regions must be endowed with a wider scale of full powers and freedom in decision-making.

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