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Original Research Paper

Moscow in the Mirror of the Regional Pathologies

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The causes and consequences of regional bias in the creation of special economic conditions for the development of Moscow are analyzed. The crucial role of capital in a concentration of domestic and foreign capital is marked. The project of territorial expansion of Moscow is criticized. There is an idea about the dangerous consequences of ethnic conflict Moscow "mention". Other Russians argue that the real centrifugal tendencies emanate not from the regions but from the capital of the Russian Federation due to the shortcomings of the existing model of economic federalism, allowing and encouraging territorial injustice.

Keywords: Metropolitan areas, Rent of capital, Regional disparities, Territorial justice, Fiscal federalism, Spatial expansion of Moscow, Depopulation of the regions, Russia.

INTRODUCTION

The largest Metropolitan areas in the world which possess the capital status, materialize their advantages depending on the factors influencing the formation of their institutional environment. In countries with developed market economies, traditional agglomeration effect leads to the natural concentrations of a variety of functions that accelerate the spread of innovative technologies, growing competition-competition between economic agents, etc.

In less developed countries, with over centralized management and excess concentration in the capitals of the largest companies, the traditional advantages of agglomeration effect, typically complemented by unearned income ("parasitic" capital, volume of which is comparable with the sintering of the high-volume), and a huge influx of migrants. A typical example in this case is Moscow - the capital of the Russian Federation.

RENT OF THE CAPITAL STATUS

The unique role of Moscow in the functional mechanism of the Soviet and Russian economic, political, social, cultural and administrative spheres is most clearly today in the violent jerk of the Moscow megalopolis amid prolonged impoverishment of the Russian regions, mainly due to the parasitic rather than productive capital, complete ignorance of the government and the legislature as well as shamefaced silence reputable thinkers from economic science. While the Russian taxpayer is methodically inspired by the idea that the whole country should be aware of "progressiveness" of such selective in its

development, and he should not hesitate to support this "Holy" idea of your purse. "Moscow, first of all, can restore our normal view about ourselves and the dignity of their own country" is today evil motive supporters of the unjust enrichment center Federation, primarily due to the huge concentration here of the national capital (1).

Dependency status of the capital has largely been shaped by its uniqueness, created in the Soviet conditions. Without getting into the budget "wilder" of the first Soviet five-year plans, we note that in 1988 in the framework of the Russian Republic (as part of the USSR) from domestic redistribution, 51% were subsidizing economic and social development, Moscow (emphasis added: Yu.G.), which is not surprising for a totalitarian state with a concentration of power in the hands of the oligarchy" (2, p. 90). The situation has not radically changed and in the post-Soviet era: in 2011, the investments from the Federal budget amounted to 12% of all investments in Moscow.

Some authors claim the real Moscow financial oligarchy, unequal confrontation with regional elites resulted in the complete defeat of the latter after the start of mortgaging auctions in the mid 90's. The fact was educated in the 90's following the Moscow financial "empires": "Holding Promstroybanks" (more than 20 legal entities), "Empire of Vneshtorgbank", "Empire "Menatep" (about 60 legal entities), "Empire "ONEXIM Bank-IFC (over 30 legal entities), "Empire "Russian credit" (over 30 legal entities), "Empire "Inkombank" (about 30 legal entities), "Empire Bridge (42 legal entities) etc.,

and only two of them - "Vneshtorgbank" and "Promstroybank" - represented the interests of the state, the rest privileged class of the so-called "authorized", which quite clearly visible shadow of the power of state structures. Using the "head" of the state apparatus, the comprador class of such "authorized" has easily captured all of the exclusive rights and quotas for highly profitable operations in the country, stretching financial and administrative tentacles to raw periphery and natural gathering of the Russian regions.

Practically everywhere - from St. Petersburg to Vladivostok lion's share of "local" commercial banks are branches of Moscow banks. Building the largest of them are located in the centers of cities, their architecture on the background of abject poverty is striking in its luxury and the refinement. But the main, eluding the layman detail of their work is that all profits from working with clients is away from the regions to Moscow (often in foreign entities), on account of head offices, although it could give an impetus to many local and regional projects.

Regional producers headed by its Board of Directors reasonably consider the expansion of the Moscow financial capital not as a long term investment, and as a primitive stock speculation. With careful analysis, it appears that the vast majority of Moscow banks are financial "dwarfs" in comparison with the cost of the basic production assets of the privatized enterprises, in particular Siberian giants. No real investment or effective management (because of thousands of miles) Moscow financial oligarchy, of course, cannot provide.

Thus, the current rent status of the capital city of Moscow is replenished mainly because of production subsidiaries of big business "registered" in Moscow at the address of its headquarters, resulting in hydrocarbons like mines in Moscow (in 2011, 20% of industrial production Moscow, was the extractive industries, of which 99% was oil and gas production) (3). Income from rents, the city authorities have to share with citizens - this explains the increased increments to wages, pensions of state employees, housing subsidies, etc. It should be added that the concentration of the headquarters of big business not only provides the capital additional tax revenues of the city budget, but also creates many high-paying jobs. However, Moscow rents unstable in the crisis years of income tax on the profit decline is much sharper than in other regions.

In the last two decades, almost a quarter of the gross domestic product of Russia is in Moscow, because of the same - continued system of transfer pricing: a significant portion of the cost of raw materials transferred to the trading company, and arrived in the headquarters, large Russian companies in Moscow. It also shows about astronomical amounts of money in here in the back. Unbiased economist-professional, comparing the share of capital taxes introduced in the Federal budget with other local macro-financial indicators (especially with the amount of financial resources concentrated in Moscow) will come to the conclusion; its obvious undervaluation.

Of the several thousands of existing small businesses in the capital, taxes are not paid by everyone and not in full. And although this picture is typical of other regions of Russia, taking into account the volume of circulating capital mass of leakage is obtained incomparable. The same paradox, the situation is that the Federal government pays Moscow extra for performing the functions of the capital (!). Excessive wealth of the city treasury, life on rents is not only bad for emerging mechanisms of the city authorities, it distorts the mind, corrupts, does not allow to do effective social spending and social care - of address.

The absolute leadership of the capital at regularly published the ranking of subjects of Federation on the rating of investment attractiveness of a surprise to anyone can't. Such components of the investment climate as the accessibility of the region, investment risk and others in terms of financial and political superiority and the proximity of the Federal government and the headquarters of the largest apartments monopolies makes Moscow a leader in attracting foreign capital. But this ranking is intended to be based not on direct and other investors, primarily portfolio that buys stocks from different issuers, etc. It is Clear that Russia's economic revival is unlikely to take place soon, if 2/3 of foreign (mostly unproductive) capital will continue to be deposited in Moscow, and the government to pretend that giant country regional economic policy is the promotion of regional asymmetries and hypertrophied development of the capital.

MOSCOW AS AN INDICATOR OF REGIONAL DISPARITIES

Deep inter-regional socio-economic disparities that persist in the Russian Federation, it is obvious even to non-specialists. Conservation regions at different levels of the social hierarchy is completely unacceptable: it perpetuates the unequal life chances of their population and becomes too dangerous for international unity and territorial integrity of the country - Federal, multiethnic, with giant spaces, retain and cement are together for many centuries the Russian authorities considered it a matter of of paramount importance.

The urgency of problem of the growth of inter-regional imbalances not only not weakened, but sometimes increases as the deterioration of the geopolitical "settings" Russia and the emergence of new and diverse challenges lost strength after the country. It is clear that the total elimination of inter-regional disparity belongs rather to the realm of fantasy, because there are many objective and subjective factors (and is able to provide in the future) impact on the regional savings and nature of the emerging intergovernmental relations. Among the first note of the climate, the volume and value of natural-resource potential of the regions, inherited" the subject of production funds and other But among the subjective factors will mention political (the pressure of regional elites, lobbying, cronyism and the corruption of local authorities), national-ethnic factor.

For obvious reasons (thanks to its oil revenues and a small population) leaders on gross regional product per capita in Russia are *Sakhalin* and *Tyumen regions* (the latter region together with *Yamalo-Nenets* and *Khanty-Mansi Autonomous Okrugs*), not Moscow. However, if we abstract from the oil and gas entities, and in this case, the difference between the capital and, for example, Ingushetia - the Republic of differing social indicators, reaches fourteen-times value. Vary widely, almost all indicators of the capital (of course, in the best way) related to state services.

Apart from extra-budgetary funds of the capital, which is largely associated with the fulfillment of the functions of the capital, and to count only quite official local tax revenue, they are about 4 times higher than the expenditures of regional budgets (5). Out of competition and Moscow's position in attracting foreign capital (fig. 1). Careful analysis of the structure of foreign investment shows that it is not direct and even portfolio, and the so-called other, which are mainly pre-payment for imports or exports and the provision of credit for import or export. Such investments are short, or "hot" money that quickly withdrawn from the economy, which adversely affects the stability of Russia's economic development.

Declared today the principle of territorial justice, as one of the founding principles of fiscal federalism Russia, in fact, remains on paper. Naturally, the practical alignment of vertical and horizontal imbalances fiscal system through budgetary transfers - an elusive goal, not least because there is no ideal model of fiscal federalism. However, it is difficult to grasp the logic in the actions of the government, still forming intergovernmental relations spontaneously, under the influence of the political situation, as a result of compromises between the Federal authorities and regional political elites. The reform of 1992, allegedly laid the foundations of fiscal federalism in the country, practically remained at the level of regulations.

In the country, still, to economically disparate regions apply a uniform tax and budget standards, which is the product of a centralized fiscal system. However, it is not only the lack of comparability of per capita gross domestic product. Thus, in the structure of local revenue capital plays a huge role non-fiscal component ("laundered" non-tax revenues), as a consequence of the imperfection of fiscal federalism. At the same time this fact testifies to the successful "dragging" of the mayor and the Moscow government funds from other regions, selfish "recycling" Russian funds and assets than openly proud of.

THE SPATIAL EXPANSION OF THE CAPITAL - THE PATH TO THE DEPOPULATION OF THE REGIONS

Moscow has outgrown the limits of its spatial and population growth, having exhausted the possibilities of the economic effect by the concentration of the productive forces, combining production, etc. There is strong evidence of appreciation here of production and services, deterioration of sanitary conditions and the growth of diseases, complications of drinking water, worsening traffic problems, etc. However, the capital multiplier of growth, artificially has been preheating under the Soviet government by means of subsidized injections and fed in the conditions of market reforms by local financial oligarchy leads to uncontrolled drift of the Moscow megalopolis with unpredictable consequences.

Evidence for this is declared by the authorities in 2012 project of the expansion of Moscow, according to which its area is increased more than 2 times by the addition of the South-Western sector of the Moscow region (Fig. 2). This is, in some respects fatal for Russia resolution was taken in fact, behind the scenes, without adequate scientific justification, without a thorough analysis of the possible consequences, when strange silence of graduados-urbanists (known public outcry was caused only by the protest movement of ecologists). The main thing is that it is not quite clear objective that must be achieved as a result of the project. More precisely: the goal is clear, but it does not coincide with that which is declared in the project.

According to one survey, for the banker was important that thanks to the implementation of project "developers and investors will get the opportunity to create new businesses"; for the commercial director main value represent significant capital investments in infrastructure and the construction of roads; director of marketing concerned by the fact that "suitable for construction sites almost gone" etc. (4) There are serious grounds to assume that the arguments of the true masterminds of the historical expansion project of Moscow is not so very different from the above. But what is the true purpose of the project?

It is clear that the capital due to better infrastructure, higher wages and so on, will certainly win in its implementation. It will

be harder to attract capital and most professionally trained workforce from regions of depressed and lagging, contributing to their "neglect" and the growth of social contrasts. But, it seems that proponents of the expansion project of the capital, were not burdened by thoughts about the blatant interregional social inequality, and living outside the Moscow ring road millions of destitute citizens, finally, about the obvious geo-strategic inferiority of the project at least for the reason of excessive concentration of population in the vast country.

Supporters of the "new Moscow" strongly advertise it as the ultra-modern the European centre with its own infrastructure, social sector, etc. But under the ads are hiding the ordinary "PR" moves that accompany any kind of home sales in a newly built neighborhood. In the minds of the inhabitants of the extension capital is rightly associated with one of the largest investment projects of housing construction in Russia, on the one hand, promising fabulous profits to the developers, on the other guaranteeing the deterioration of social and environmental protection of Moscow and contributing its share in depopulation the "rest" of Russia. Moreover, the increasing population of Moscow is not converted into their economic weight and only contributes to the increase of "parasitic" capital.

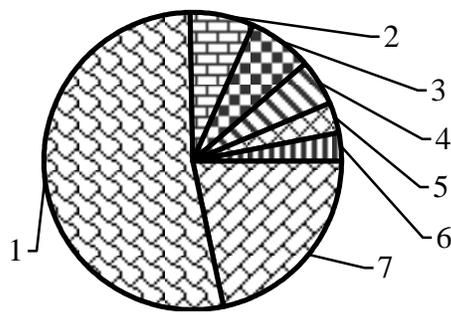
Critics of the project underline that the authors suggest, in essence, the concept of *sleeping giant territory*, not innovative territory, to which the latter focus special attention. The statement that the construction will be accompanied by large-scale development of the system of public service population, should not be misleading: the service economy itself will find investors, and with regard to the construction of social infrastructure, these costs will fall almost entirely on the shoulders of taxpayers. Russia needs today is not "the suburbs-sleeping-bags" for Moscow and St. Petersburg, the construction of which is associated with the elementary enrichment of private companies, and real projects to create new jobs for depression and peripheral regions, in order to facilitate the lives of millions of Russians outside of ring roads of megalopolis.

At the end of this story will remind you about the point of view of authoritative urbanist *Miguel Roble-Duran* (professor of urban studies at the New York school of design Parsons), defending the city as an organic, flexible, dynamic ecological system as a living organism, and not as the fruit of "heartless" master plan (Durand meant just *Moscow plan!*), which is almost always becomes a tool for land speculation. A small group of people knows about developing areas, these lands are bought and so on. This position is consistent with the opinion of the famous *Henri Lefebvre*, the author of the concept "right to the city", called to give residents the opportunity to create their own space, adapted to the city.

Alas, muscovites were deprived of this right.

"MECCA" FOR MIGRANT WORKERS

According to official statistics of the population division of the UN Department of Economic and Social Affairs, the Russian Federation in 2013 ranked second in the world (after the USA) on the number of immigrants, becoming thus one of the most attractive countries in the world for immigration. (Of course, data on the extent of migration in the world and Russia contradictory and not always objective - they should be "filtered through a sieve" multiple sources, taking into account correction factors.



Regions	%
1. Moscow	52,8 %
2. St. Petersburg	7,0 %
3. Sakhalin region	6,9 %
4. Tyumen region (with Yamalo-Nenets and Khanty-Mansi Autonomous)	5,1 %
5. Sverdlovsk region	3,4 %
6. Moscow region	3,0 %
7. Other 75 regions	21,8 %

Fig. 1. Moscow's position among the leading regions in terms of attracting foreign capital in 2012, % (5)



Fig. 2. The spatial expansion of Moscow

Table 1. The answers of the respondents of Muscovites to the question: "How do you personally feel about the migrants"? (%)

Answers	From Tajikistan, Uzbekistan, Kyrgyzstan?	From Azerbaijan, Armenia, Georgia?	From Ukraine, Moldova, Belarus?	From the North Caucasus republics of Russia (Chechnya, Dagestan) and others?	From other regions of Russia?
Normally	21,6	23,9	65,3	16,3	86,9
Not very good	37,4	37,7	27,6	26,7	10,6
Bad	40,2	37,9	6,1	56,6	2,0
No answer	0,8	0,5	1,0	0,4	0,5
Total	100 %	100 %	100 %	100 %	100 %

(Source: 6)

So, only in Russia there are several sources of conflicting data about foreign workers: data of the Federal migration service of Russia, Federal state statistics service, Ministry of Internal Affairs of Russia, the Border service, Federal security service of Russia, Ministry foreign Affairs. Part of the information supplied by ministries and departments of the post-Soviet

countries. But there are data from the International Labor Organization (ILO), the International Centre for migration policy development, the International organization for migration and so on.

One of the main difficulty is that a significant proportion of the migrants are illegal immigrants, i.e. those who illegally

terminated the state border, in the territory of the country with an expired labor contracts or even without them, whose right of entry is fabricated, etc. According to authoritative experts, the number of illegal immigrants in Moscow reaches 3 million (i.e. about a quarter of the total population), and their growth will continue until you enter the visa regime with some post-Soviet countries and while officials will not cease to take... bribes.

Immigrants-workers can be found in almost every region, but the most powerful center of attraction is Moscow, which accounts for about half (!) the total number of foreign workforce (which suggests that despite the seriousness of the problem of labour immigration in Russia, this problem has the regional level). Of course, not all workers are foreigners, the majority (about 80%) arrives in Moscow from other Russian regions, including permanent residence. Extreme concentration of income in the capital creates so significant gap in income and wages from the rest of the country that the majority of migrants sent it to the capital. If Moscow did not have such high rents, labor flows more evenly distributed between the major cities of Russia. Among the people who came to Moscow to work, dominated by immigrants from Central Asia - the Tajiks, Kyrgyz and Uzbeks. They have, as a rule, no special professional skills. They are often criticized, because they don't even speak Russian.

Independent and hard-to-solve problem for Moscow is the adaptation of migrants, the number of which, according to experts, in the coming years will increase. This problem has multiple aspects and means "adaptation" to the new economic, social, natural and cultural conditions. The obvious disadvantages of large-scale labour immigration is associated with increased competition for jobs between local residents and migrants, inter-ethnic conflicts in the soil due to ethnic and cultural differences, problems in the housing and household relationships, etc.

Often Muscovites on the first promote frequent cases of gross violations of visitors of the criminal code of the Russian Federation, their direct impact on maintaining the country's low wages (a kind of "dumping"), the growth of the shadow economy, the changing ethnic composition of the population, the formation of closed ethnic communities, enclaves, and most importantly - aggravation of interethnic relations. It is estimated that migrant workers annually transferred and taken out of Russia about 20 billion dollars, usually without a corresponding tax deduction.

The results of the survey of Muscovites in their attitudes towards migrants find some unexpected results (table 1). For 60% of Muscovites migrants cause irritation. 56.6% of respondents stated that they dislike immigrants from the Russian republics of the North Caucasus, 40.2 per cent of Muscovites bad attitude to Tajiks, Uzbeks and Kyrgyz. Almost 70% of respondents believe that in Moscow it is possible to come only to the Russians from former Soviet republics, only 8% of respondents believe that Moscow can move everything.

But it would be unfair to ignore the "hardship and deprivation" who experience themselves as workers in Moscow, especially those that differ impeccable behavior, work honestly, comply with the law and respect the culture and traditions of the "host" country.

For many young people, for example, from Central Asia, even for the already formed individuals with stable psyche, "earnings" in a completely alien world - a difficult ordeal. Their already difficult lives of settlers in a completely alien world is complicated by the deep psychological trauma they received in childhood after the collapse of the USSR caused the socio-economic chaos and social unrest (recall, for example, that

inter-clan and inter-ethnic conflict in the early 90's. in Tajikistan has taken the lives of nearly 100 thousand people). Compassion and solidarity - both these qualities and characterize the process of social interaction of the people that share democratic values.

Compassion and solidarity - both these qualities and characterize the process of social interaction of the people that share democratic values. Socio-cultural adaptation - process is bilateral. Today Russia needs a rational, evidence-based social and cultural policy in the field of immigration. For a country is a multinational and multicultural - it is necessary to develop not only the Federal and regional programs for the integration of migrants into Russian society.

CONCLUSION

Causing deep concern to the public permanent confrontation between the Federal center and the periphery is dangerous because it is, in fact, about the varieties of ethnic confrontation Muscovites other citizens of Russia. For decades cultivated dependency has engendered a certain part of a superiority complex (contempt for the province). Hence parasitic-exploitative intent: to keep the province and producers of "black body", artificially low as the price of the basic production assets in the regions, and the value of local talents, knowledge, experience, etc. of course that we are talking mainly about the high the government and the bureaucracy, however, and ordinary residents of the capital, living in the socio-economic, cultural, criminal landscape, can adapt to it, only changing their behavior, learning some specific rules (stereotypes) behavior.

In this context, there are reasons to speak about an aberration distortion cultural and ethnic identity of the population of the capital of the Russian Federation. From time to time coming from the capital claims about dangerous centrifugal tendencies in the regions and some mysterious separatists, dreaming allegedly to destroy "united and indivisible mother-Russia" in fact put everything upside down. Groups of these separatists, if they are small, fragmented, do not have the financial support and private media. Real centrifugal tendencies coming today from the capital, as recorded attempts "to distance itself from Moscow" are more economic than political in nature.

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