Mega-Projects as a Solution to the Challenges Facing Russia's Arctic Cities

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Introduction

While there is consensus among the Russian political elites on the need to attract investment, achieve technological modernization and strengthen Russia’s global competitiveness (see, Putin, 2012), there has been less clarity about the priorities of spatial development. Numerous government policies have failed to reverse the existing trends of growing disparities, spatial polarization and fragmentation (Syssoeva, 2010: 19).

In the absence of a clear and coherent regional policy framework, the federal government uses mega-projects, such as the 2012 APEC Summit in Vladivostok, 2014 Winter Olympics in Sochi, the Skolkovo Innovation Centre near Moscow, and others as a tool of regional development. Recently, the Russian Ministry of Regional Development (hereafter, Minregion) has resumed works on the proposal to concentrate industries and population in 20 “urban agglomerations” (or city-regions) expecting to boost economic productivity and restructure the economy inherited from the USSR (EBRD, 2012) and spatial organisation of the country (Hill and Gaddy, 2003).

As political and economic resources are increasingly concentrated in the federal centre, government-led projects, special economic development programmes and projects implemented by state-controlled corporations play a leading role in urban and regional development. Although these projects generate massive investment, they are not without their own serious problems, especially in terms of implementation, spatial justice and environmental impact.

This paper will examine the role of mega-projects as a tool of regional development in the Russian Federation. It will first discuss the preparation of Russia’s regional policy. Second, it will introduce mega-projects used by the federal government to promote regional development. Finally, it will draw some tentative conclusions about the implications of regional development policies for sustainable urban development.

The preparation of a new regional policy

In 2000, a period of economic stabilization and growth started and led to the revival of state involvement in regional planning. In September 2004 president Putin created Minregion. One of the tasks of the new ministry was to prepare a national regional policy under the new economic conditions. In 2006, Minregion drafted the Concept Strategy for Socio-Economic Development of Russia’s Regions. It proposes a radical turn from the leveling-out approach to a new approach aimed at stimulating growth in a number of most economically advanced regions where investment would produce the best economic effect. According to the document,

the principle of polarized (or ‘focused’) development will replace the principle of equalization of the levels of regional development and will concentrate financial, administrative, managerial, human and other resources in the ‘core regions’ (the ‘poles’ or ‘locomotives’ of growth) with subsequent diffusion of innovative activities to other regions. Therefore, intensive economic growth, entrepreneurial activities and innovations in the core regions will also affect other areas that do
not belong to the ‘core’ (Minregion, 2006: 27).

This explicitly pro-market stance of the proposal immediately sparked criticism. According to one expert, polarized development would lead to “the division of the country into the regions of the first and the second class”, the emergence of “dead zones” and even work as a catalyst of the country’s “degradation and disintegration” (Kynev, 2005: 10). In February 2008, president Putin in his address to the State Council urged that regional policy must provide for real equality among the regions. Equality would allow every region to have the necessary and sufficient resources for decent living conditions, development and diversification of the regional economy (President, 2008).

Following the presidential address, the Ministry of Economic Development of the Russian Federation adopted the Concept for Long-term Socio-economic Development of the Russian Federation for 2020 (Pravitelstvo Rossii, 2008). The Concept strongly defends the need to reduce inter- and intraregional disparities and achieve a balanced pattern of socio-economic development (Pravitelstvo Rossiiskoi Federatsii, 2008: 102). The document recognizes the role of old industrial centers, urban agglomerations, large cities, and export-oriented sectors in securing economic growth. On the other hand, it calls for modernization of the existing industrial centers, creation of new centers of an accelerated growth around the existing network of Siberian cities, creation of new centers of exploration of mineral deposits in the Russian North, East Siberia and the Far East, construction of new ports in the Arctic and building new transport corridors, including the Northern Sea route in order to unlock the development potential of new areas and tackle the existing disproportions (ibid, 104-105).

The latest draft policy—The Concept of Improving Regional Policy in the Russian Federation for 2020—was prepared by Minregion in 2011. The concept states as main goals of regional policy in Russia, among other things, balanced socio-economic development of the regions and reduction of regional disparities in life standards (Minregion, 2011: 7). The concept completely abandons the previous proposals to grant special economic rights to several most advanced regions with a view that these “locomotives of growth” would eventually generate enough wealth to pull the lagging regions out of a backwater. At the same time, it faces (and leaves unresolved) the same dilemma as all previous proposals, i.e. how to achieve equal standards of living in all regions without imposing too much fiscal burden on the strongest regions where most wealth is created.

Large national corporations view the absence of a national regional policy framework as an obstacle for their development plans. For example, Russian Rail President Vladimir Yakunin stated that “one of the serious problems of regional development has been the absence of a long-term spatial development planning for the country as a whole and for every specific region” and called for better coordination between business development strategies of the monopolies and regional territorial development schemes which are currently “coordinated poorly” (Yakunin, 2008: 19).

**The proliferation of urban mega-projects**

If the national priorities of regional development remained poorly defined and continue to change from the pursuit of spatial agglomeration to equalisation and back, one of the clearest trends is the growth of selective government interventions to promote mega-projects in certain areas. For example, the draft Strategy for Development of the Arctic Zone of the Russian Federation and National Security for 2020 sets the implementation
of several large investment projects as a developmental priority for the Arctic zone. In the Arctic, high development cost requires large-scale mega-projects in order to fully benefit from the economy of scale (Minregion, 2010: 29).

The preparations for the 2012 APEC Summit in Vladivostok involved massive redevelopment of the city, including construction of new roads, bridges, water treatment facilities and a new campus of the Far Eastern Federal University (Kalachinsky, 2010). Upon its implementation, the project has undergone an unexpected “discursive shift” - from being a symbol of the growing power of the Russian state in the Far East to that of state inefficiencies, massive budget excess and failure to tackle corruption (Richardson, 2012). In Sochi, all construction works for the 2014 Winter Olympics have been conducted by a special development corporation, established by the central government and subordinated directly to the Deputy Prime Minister and Office of the President (Muller, 2011: 2096).

Although mega projects vary in terms of their scale and goals, their common feature is the leading role of government agencies or development corporations acting on behalf of the presidential administration or the federal government. Lavish government funding and the lack of transparency and public scrutiny create opportunities for financial irregularities and embezzlement, which in case of the preparations for the 2014 Winter Olympics, according to numerous media accounts, took an unprecedented scale. Other common characteristics of mega-projects include: 1) limited opportunities for public participation; 2) special planning and investment regimes; 3) a very important role assigned to the visual aspects of development; 4) significant environmental impact (Blinnikov and Dixon, 2011).

Urban agglomerations and polarised development

During the presidency of Medvedev (2008-2012) the push for modernization provided an additional thrust for the search of ideas of territorial restructuring and identifying the key areas of growth and investment. Then it seemed that the government was going to make a drastic move back to the initial vision of “polarized growth”.

According to Vedomosti, the Office of the President proposed to create 20 “urban agglomerations”. Unlike small mono-industrial towns with little potential for growth, agglomerations would concentrate intellectual resources vital for the knowledge economy and the creative city to take off (Pismenskaya and Kostenko, 2010).

The idea of concentrating resources in a limited number of “poles of growth” or “agglomerations” has not received yet a coherent policy framing. The ongoing policy “paralysis” has contributed to the skepticism about the role of the center in regional development. According to Vedomosti, vice-governor of a Siberian region commented on the latest regional policy proposals: “they could as well produce ten more programs, regions would benefit from that anyway. They should hand tax revenues over to us... Minregion would then monitor the implementation of the goals. Now there are too many words for nothing” (Pismenskaiya, 2013: 4).

Conclusions

The preparation of a national regional policy has been fluctuating between different priorities, including growth-oriented plans to stimulate investment in the most affluent areas expecting the trickle-down effect. Other more traditional approaches aim to level
off development disparities. Although there are strong indications towards a greater centralization, until now the priorities of spatial development have not been clearly stated. The policy making process has reached a stalemate and become locked between the two competing visions of the country’s spatial organization. In the absence of a regional policy framework the decision-making process was made on the ad hoc basis and allowed further concentration of growth around the existing urban centers adding to environmental problems and aggravating spatial polarization.

The ‘policy palette’ of the federal government is based on a selective use of western models, such as development corporations, special economic zones, economic clusters and innovation centers. These arrangements have not been a result of devolution of power to regions but a direct intervention of the central authorities at the regional and local levels, sometimes with little awareness about local conditions. As these policy arrangements are often ‘immune’ to public scrutiny, they raise questions about their environmental impact, long-term durability, and the ability to deliver economic development.

Mega-projects create a new geography and scalar structure of the country. The ‘hot spots’, such as Skolkovo, urban agglomerations, and in fact, the whole Arctic zone are governed through special regimes aimed to stimulate investment, economic productivity and remove “unnecessary” bureaucratic restrictions that inhibit the flow of capital, ideas and goods. At the same time, democratic legitimacy and the long-term environmental impact of new spatial governance arrangements need to be carefully analyzed.

References


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