ABSTRACT

This research focuses on methodological approaches to the development of regional policy in Siberia. Principles, forms, and methods of regional policy implementation are studied. Set are the fundamental objectives of regional economic policy, its structure and content. Analyzed are prerequisites for and constraints to the economic development of a region affecting its competitiveness. Consideration is given to regional policy implementation tools performing and guiding catalytic functions. Authors justify and offer the use of the cluster approach to the regional economic policy design and implementation for gaining benefits from competitive advantages of a region. Considered are the priority directions of clusters development. Using the example of Novosibirsk oblast, different types of clusters are examined. The authors analyze the international experience of regional policy implementation and consider the possibilities of its borrowing and applying in Siberia. In this article, new governance mechanisms are proposed to ensure the implementation of effective regional economic policy.

INTRODUCTION

Currently, the increased importance being placed on regional policy issues is due to many factors, the major ones being the following. First, state economic strategy detached from the problems of regional economic development becomes non-viable as shown by declining economic growth that goes on despite the relatively high prices for the energy resources on the world market. The second factor is the national economic policy inconsistency manifested in the fact that its declared priorities have little to do with the extremely expensive image-generating investment projects, the costs of which are incommensurate with their negligible effect on the economic development of the projects' implementation territories. The third factor is the increasingly growing disparity in the regional socioeconomic development. The longer this tendency will proceed, the farther a significant part of them will plunge into a depression, and the more difficult and expensive will be their way out of the impasse. Nobody doubts in the seriousness of economic and social consequences of this situation.

Each subject of the Russian Federation is characterized by its own spatial factors that influence the regularities of its economic growth and opportunities for interregional cooperation.

This has created a need for subfederal policy challenges to study with the aim of fostering socioeconomic development of regions and municipal units and ensuring their economic advance. In an increasingly competitive environment in the context of transition to a new governance system, it has also become essential to give credence to the priorities of spatial socioeconomic development and to substantiate the need for strengthening the role of innovation-based economic growth, developing business sector and providing a sustainable regional development.

Regional economic policy challenges are studied by researchers through various aspects, including coordination of State interests with those of regions (Bennett, 2012; Blair & Carroll, 2008); integrated solution of the problems of socioeconomic development of a region on the basis of its competitive advantages (Seliverstov, 2009; Klistorin, 2013); a whole complex of regional aspects of different types of policies (Melnikova, 2008); regional integration and sustainability in the common economic space (Leksin, 2013).

METHODOLOGICAL APPROACHES

The methodological basis for the regional economic development and management of a region’s economy is the theory of regional sustainability (Shniper & Novoselov, 1991). The practical value of the sustainability (economic reproduction) approach to the
governance of a region’s economy is the possibility of a balanced substantiation of the power distribution among different levels of the administrative setup, i.e., federal, regional and municipal. These powers and functions of governance should be determined by a complex of regional sustainability (reproduction) cycles, spatially distributed according to the administrative setup of a given entity. The criterion for the distribution of socioeconomic functions between different levels of the territorial system is the degree of localization in the use of the results of their governance functions. It is not the scale or quantitative parameters of socioeconomic development but the system of performed functions that should become a distinctive feature of the political unit of a given rank. The approach to this problem in terms of the regional sustainability theory concretizes the responsibility for a certain objective at each level of the regional system.

Thus, the sustainability approach first of all means the adjustment of development cycles at the level of a region of a given rank. In the generalized form, the governance function performed by regional executive bodies can be presented as the creation of a system effectively using the competitive advantage and resource potential of the region. It is possible to say that the process of governance of a region’s development is the creation of proportions among various elements of the regional system that provides its efficient socioeconomic growth. Different regional units make up the uniform administrative system of the federal state; its units not only differ by the scale and status in the system of federal setup, but also by the objectives they are to achieve and by the mechanism of their administration.

The governance of a region is control over its functioning and development. A question naturally arises concerning the essence of socioeconomic development governance, because economic and social processes directly meet here in decision-making results at all levels of governance: federal, regional and business. The competence of each power level implies the creation of a favorable environment for people’s life activity and the preservation of the natural system and favorable environment for business and other organizations. The socioeconomic functions at all levels of the administrative system ultimately lie in the creation of sustainability, rational application of resources and maintenance of a balance between economic, natural and social systems.

The regional sustainability process represents a constant interaction between different structural elements of the regional economy (population, public organizations, business structures and regional governing bodies), under which each party is guided by its own interests, and these interests do not always coincide with each other. The role of governing bodies of the regional socioeconomic system is to develop a mechanism regulating intra-systemic relations, allowing for the creation of long-term stable financial-economic ties based on some balance of interests.

For the integration of these interests, a mechanism is needed to provide the interaction between interests in the process of consistent implementation of priority directions of a region’s socioeconomic development, economic interests taken by a region’s economic agents in the achievement of objectives at each stage; monitoring economic relations and resolution of arising differences between some agents of the regional economy, and conditions allowing for the adaptation to the existing mechanisms of regional governance.

The study proceeds from the following methodological premises: (1) regional economy is viewed as a system of interacting agents (enterprises, associations, organizations with different forms of ownership, independent entrepreneurs vested with extensive rights in production and sales); (2) agents can be grouped with regard to their activities into the following subsystems: material production, circulation, finance and credit system, local authorities, population; (3) regional sustainability (reproduction) process evolves through interaction of agents in production, distribution, exchange and consumption; (4) over the preceding period there formed stable production-technological, socioeconomic and organization-management relations (vertical and horizontal) which show considerable inertia; (5) in the period of transition to a market economy as changes take place in property relations, management structure, economic relations sphere, the system of vertical and horizontal ties undergo change as well, new relations take shape, transformation occurs in the agents’ economic interests, incentives and motivation.

The structure of regional policy of the Russian Federation subjects includes the following subsystems: (1) regional economic policy aimed at the improvement of regional economy competitiveness, support and development of the real sector of the economy, the creation and development of regional infrastructure, the efficient use of state property and others; (2) regional innovation policy aimed at creating conditions and incentives for innovative activity in a region, development of regional innovative infrastructure, innovative development territories, innovation clusters and networks; (3) regional social policy aimed at achieving a high standard of living in each region, harmonizing differences in the level of personal incomes of regional population, the creation of equal opportunities for all citizens, regardless of residence, ensuring the right of free choice of place of residence and work, solving the problems of unemployment and creation of new jobs, the development of social infrastructure, the regulation of population and labor force migration, the revival of villages and small towns, prevention of intense social conflicts in regions; (4) regional investment policy aimed at establishing a favorable economic climate for attracting domestic and foreign investment to regions, encouraging priority investment projects.
of construction, the provision of State guarantees; (5) regional competition policy aimed at promoting competition, ensuring freedom of entrepreneurial activity, overcoming administrative barriers, prevention of monopolistic activities, government regulation of natural monopolies activities in a region; (6) regional fiscal policies aimed at effective distribution and redistribution of financial resources between regions and municipalities; (7) regional environmental policy aimed at the implementation of measures to maintain the necessary level of environmental safety in regions, the prevention of crisis situations in areas with high environmental impact, support for regions in the case of environmental emergencies, regulation of natural resources tax rates depending on their quality and location; (8) regional foreign economic policy aimed at fostering the development of export-oriented and import-substituting production in regions that have enabling environment for that, as well as the development of the essential elements of foreign economic activities infrastructure.

**CURRENT CHALLENGES FOR REGIONAL DEVELOPMENT IN SIBERIA**

Consider the problems concerning subfederal economic policy design on the example of Novosibirsk oblast. The main strategic objective of regional economic policy of Novosibirsk oblast is to make it an attractive place to invest, work and live in as well as to help it to maintain and consolidate its position as a scientific and educational center and to ensure its taking a full advantage of innovative development (Novoselov, 2012; Novoselov, 2014).

The main objectives of regional economic policy of Novosibirsk oblast include the following ones: to make not only Novosibirsk, but also the whole territory of Novosibirsk oblast attractive both for living and for investing; to identify the main directions of Novosibirsk oblast economic development reflecting long-term interests of business, local authorities and those of population and to create timely prerequisites for ensuring the feasibility of long-term objectives of Novosibirsk oblast's development programs that will place the oblast among the regions—leaders of the Russian economy.

In order to overcome the recession and to accelerate the economic growth of small towns and districts of Novosibirsk oblast, there is a need to increase the levels of production in traditional basic specialized industries (agriculture, industry of construction materials and food industry) and to improve the competitiveness of products through the use of innovative technologies, as well as to foster new activities increasing the attractiveness of the territories (new knowledge-intensive industries, recreation and travel business).

Novosibirsk can develop dynamically as interregional business, commercial and industrial center with a high concentration of high-tech industries, science and education, market infrastructure, medical and social services. Its priority areas are machine-building, chemical industry, construction, trade and public catering and the non-material services sector.

Scientific and technological park (Technopark) “Novosibirsk” established on the basis of scientific potential and in the integration with the research institutes of the Siberian branch of the Russian Academy of Sciences has become a real tool in solving problems concerning the commercialization of scientific developments, creation of a competitive economy and promotion of regional economic development. The main goal of Technopark is to ensure the accelerated development of high-tech industries and to make them one of the major driving forces facilitating the economic development of the City of Novosibirsk as a whole and Novosibirsk City Agglomeration.

In developing small towns of Novosibirsk oblast, it should be taken into account that only large cities are capable of performing inter-town functions related to providing a full range of personal, cultural and social services. Therefore, the increase in small oblast's towns' population and the development of the second major industrial center on the basis of Kuibyshev and Barabinsk are one of the strategic tasks. Unfortunately, this pressing challenge is still not being solved as there is no strategy to address it, although there are necessary prerequisites for its solving: it is possible to combine these cities into a single agglomeration, they are located in the immediate vicinity of the main railways and highways of federal importance, they possess some industrial potential and relatively well-developed social services sector.

The development of other oblast's towns and districts is aimed at overcoming depression and depopulation of smaller towns and settlements by increasing the competitiveness of traditional sectors of the economy, the development of their market, transport and social infrastructure and non-material services sector development.

The priority areas of the accelerated growth of the cities and districts of Novosibirsk oblast could be the following ones:

1. New “points of growth” in non-material services sector including recreation and travel intra-regional business on the basis of local ski resorts and mineral waters and therapeutic mud and clay of health resorts; the development of recreation and travel intra-regional business on the banks of local lakes, the development of historical and ethnographic tours; the establishment of specialized and vocational education institutions for training workers of required job specializations, reconstruction and renovation of pre-school and general education institutions in districts centers; the reconstruction of health-care establishments and the development of adequate public health service networks so as to give rural population access to better quality health services; the establishment of International
Centre of Trade with Kazakhstan and Central Asian republics.

2. New “points of industrial growth” in small towns and districts: oil (fuel), oil processing and petrochemical industries, mixed feed industry, machine-building, timber and wood processing industry. With regard to the oil industry, there is no doubt that it has good prospects, since the development of oil field in the north of Novosibirsk oblast is gathering pace. One of the strategic objectives of Novosibirsk oblast administration is attracting investors to oil processing industry that could play an important role in saturation of domestic market with high-grade motor fuel and aviation kerosene which, in turn, should have a positive impact on the prices of the domestic market and, as a consequence, promote the development of road transport. Towns located along the Trans-Siberian railway are the potential sites of industrial construction.

The development of mixed feed industry in Novosibirsk oblast will help to establish stable forage reserve for dairy cattle and pig breeding. This industry should be subsidized by the Government, possibly in the framework of a national project for the development of agriculture. Rural areas producing coarse grains are the potential areas of mixed feed industry localization.

The following three developmental areas should be singled out in machine-building spatial development as most important: (1) the development of service enterprises network for maintenance of agricultural equipment in district centers; (2) the development of innovative instrument-making sector and science-based machine-building industry in Novosibirsk agglomeration; (3) power engineering development—the production of energy-efficient steam boilers of light and medium power for district heating plants and autonomous distributed energy supply systems.

CLUSTER APPROACH TO REGIONAL ECONOMIC POLICY DESIGN IN SIBERIA

The effective spatial policy implementation requires new approaches specific to a market economy that allow constructing regional competitive advantage and solving the tasks of modernization and innovative economic development. This refers mainly to the cluster approach to economic development. The cluster approach to the development and placement of the oblast’s productive forces focuses on two directions.

(1) The first direction is the development of sectoral clusters. An actual example of such a cluster is a “Power electronics” Program, which includes a score of regional enterprises and organizations and research and educational institutions. More than two dozen projects are at various stages of their implementation. This cluster integrates research and development works on material engineering, power semiconductor devices, microprocessor engineering and information technology. Cluster products are widely used in automotive electronics, modernization of power plants as well as in public utilities.

Novosibirsk oblast has a strong economic basis and all preconditions for the establishment of a wide range of new territorial and sectoral clusters. Biotechnological cluster is one of them. The Production Association “Sibbiopharm”, the largest biotechnology company in the Russian Federation, could become a nucleus of this cluster. More than four hundred consumers of its products include distilleries, centers of State Sanitary and Epidemiological Surveillance of Russia, oil production enterprises and organizations for environmental protection, agricultural enterprises and livestock farms in Russia and neighboring countries as well as foreign companies. Having designed strategic development projects the company conducts biotechnology research within their framework. Closed Joint Stock Company “RusskayaUsadba” may serve as the basis for the formation of Wood Processing and Building Construction cluster that involves logging operations, manufactures of technological equipment for wood processing, designing and building construction enterprises and exhibition grounds may serve. The development of Cluster “Linens” would help to maintain and generate the sustainable growth of the Russian consumer goods industry. This cluster should be composed of flax stations, flax farms and mills, flax combing factories, textile and knitwear industry enterprises, model house, trade and distribution network, research and design institutes and engineering companies. The boundaries of this cluster will extend beyond Novosibirsk oblast. The formation of Transport-and-logistics cluster is predetermined by a number of factors, first of all by a favorable geographical location of the oblast at the intersection of transport routes of all kinds, as well as by availability of already existing infrastructure and the one that is being developed in Novosibirsk oblast at present. Its effective development will help to streamline commodity flows, passenger flows and strengthen Novosibirsk oblast position in the development of interregional links. The cluster approach to the development of construction industry aims to optimize its structure and cluster elements’ relationships. The oblast’s construction cluster is composed of design companies, enterprises producing construction materials, low-stored private houses, construction itself, public waste utilities, training institutions and institutional structure that ensure the continuity of the construction process (committees for land resources, financial institutions). Besides, Novosibirsk oblast has all necessary prerequisites for the development of tourism and recreational business, and thus for the formation of Recreation and Travel cluster: a great number of cultural and historic monuments and beautiful examples of old wooden and modern architecture, mineral and curative water springs, treasures of nature and exceptionally favorable...
conditions for the development of winter sports (the construction of modern ski resort has already begun).

While all federal subjects try to engage their recreational potential in the economic development, the competitiveness of this sphere of Novosibirsk oblast may be ensured only through the innovation development of preventive health care and health rehabilitation and the provision of quality services that may ensure wholesome rest and enjoyable vacation.

Another factor contributing to the development of recreation and tourism industry is the attractiveness of this sphere primarily for the small and medium-sized business entities, supporting the development which is a part of the national strategic economic policy.

(2) The second direction of the cluster approach to the development of productive forces is the formation of regional clusters. In a “Strategy of Socio-Economic Development of Novosibirsk Oblast until 2025” municipal units are combined into regional clusters based on the following characteristics: location in physical proximity to each other and close to major transportation routes, relative homogeneity of economic specialization, transportation linkages and economic ties between municipal units, economic potential, the level and quality of population life.

The need for regional clusters formation is caused by the necessity to create and support viable points of growth throughout the area of Novosibirsk oblast. Market capacity and available resource base of a single municipal unit do not allow it to have a modern cost-effective brick factory, its own meat-preserving factory or a dairy plant but this problem can be easily solved if this municipal unit is combined with several other ones within a regional cluster. Regional agribusiness clusters seek to create a manufacturing and marketing basis for farmers, which should ensure an uninterrupted supply of material resources (seeds, fuel and fertilizers), repair and maintenance of equipment and marketing.

The mechanisms to ensure the implementation of regional economic policy should provide the development and implementation of the projects aimed at addressing the key issues of long-term territorial development; the development of mechanisms of investment projects initiation, their selection and implementation including their supervising; the creation of Investment Council of the Governor of Novosibirsk oblast for considering investment projects and evaluating their effectiveness; monitoring the implementation of territorial component of the long-term program of development of Novosibirsk oblast productive forces; adoption and implementation of a new legislation and improvement of the existing one with regard to the governance of economic development of Novosibirsk oblast and its municipal units.

The legislative framework of Novosibirsk oblast allows the use of a whole range of tested mechanisms to provide a support for the implementation of Novosibirsk Oblast Productive Forces Development and Distribution Program. The main mechanisms include: subsidizing of interest rate on bank credits; granting public credit at the expense of the oblast budget and property tax exemptions; pledge of Novosibirsk oblast public property; the formation of authorized capital of enterprises established out of regional budget funds; funding of investment projects from the regional budget on a competitive basis; bond issues secured by the state guarantees; funding of engineering infrastructure development; the establishment of a fund for small and medium business support; exemptions with regard to property tax and profit tax during a project payback period for major priority projects; financing of investment projects implemented by enterprises under leasing conditions; reimbursement of the cost of equipment and material resources produced in the region; creation of special economic zones of regional level aimed at innovative activities development; providing organizational support to investors willing to get federal support; establishment of foundation to support innovation in the social sphere and its use on a competitive basis; non-financial forms of support of investment activity (informational, organizational and legal support) and the development of vocational and technical education system with regard to the implementation of large-scale investment projects.

The active involvement of public and civil society institutions in the implementation of long-term strategic development goals and objectives of Novosibirsk oblast as a whole is a very important direction of regional economic development. Community participation in discussions of the program will help both to prevent the alienation of population from the local authorities and to form new effective forms and mechanisms of civil society.

REGIONAL POLICY IMPLEMENTATION IN SIBERIA: POSSIBILITIES OF INTERNATIONAL EXPERIENCE BORROWING

The borrowing of international experience in governing the regional process allows us to conclude about the possibility of its application in Siberian context. On the basis of an analysis of the participation of non-governmental business organizations in regional development practiced abroad, it is possible to recommend the creation of similar organizations in Russia at both the regional and interregional level. A number of competencies in the economic interaction between enterprises and regional organizations in socioeconomic trends in a region can be taken on by public organizations, unions and associations already existing in Siberian regions: regional associations and unions of manufacturing enterprises, commercial banks and small business organizations. The functions of interregional interaction concerning regional development problems are performed by the interregional association of economic interactions of the federation's subjects.
In a system of economic governance methods, an important role is played by the regional marketing strategy. In a market environment, regions and cities are competing in different areas and aspects. In this competition, those regions win have the strongest competitive positions. As is shown by international experience, one of the critical advantages in a system of competitive positions can be the formation of a favorable business environment on the basis of a system of financial and non-financial incentives. Financial incentives are privileged loans, subsidies, loan guarantees, tax privileges, etc. Non-financial incentives include simplification of licensing procedures, issue of permissions, business consulting, subsidies for research and design works, provision of land plots for development, etc.

In the creation of a favorable business environment in a region, an important role is played by regional governance bodies and public organizations of entrepreneurs. In accordance with the concept of regional marketing, it is reasonable to create a special non-commercial organization, which will be able to perform the marketing of social and infrastructural services. This organization should represent both sectors, public and private, as well as various social groups. Its founders can be regional governance bodies, manufacturing enterprises, commercial banks, trade organizations, social services, etc. The main task of such an organization is the development of a regional marketing strategy and the implementation of a marketing program oriented to the provision of a high living standard, total employment of the population, restructuring of production and the development of a market infrastructure. A regional marketing strategy should be developed on the basis of estimating the strengths and weaknesses of a region's economy with account of its economic and geographical location, the location of manufactures near capacious markets or sources of raw materials, etc.

Basic directions in the new system of a region's governance are the achievement of publicly important results, improved quality and access to public services, lower intervention of regional bodies in the economy, lower costs of inefficient purchases for public needs and higher public trust in regional governance bodies. The final results of the formation of a new system of regional governance should be higher competitiveness of a region's economy, better investment climate, higher quality of life, better manageable at the regional and municipal levels, higher efficiency of budgetary expenditures and stronger coordination within the regional community.

The Russian experience in the last decade has visually shown that, to achieve the objectives of regional policy, it is not merely enough to formulate them, supply with a legal framework, and developed a plan of action. In order to achieve significant publicly important results, it is needed to introduce a system of governance by results which connect the objectives, measures and resources needed for the achievement of the governance objectives. This system uses a mechanism of project management, the application of which allows one to have control not only at the decision-making stage, but also at the implementation stage. The absence of this mechanism considerably impedes the achievement of the outlined results at both regional and municipal levels of government. Its introduction is equally important for the formation of a new system of governmental regulation on the whole and for the solution of many other problems associated with the implementation of structural transformations in the economy. The practical application of the mechanism of project governance should be closely tied with the introduction of a mechanism for the definition of objectives and budgeting by results.

In the budgetary process, the main direction is introduction of budgeting methods oriented to results, a transition to the distribution of budgetary resources between administrators of budgetary resources and their budgetary programs on the basis of their concrete results, and a higher financial independence of agents of budgetary planning on the basis of their stronger financial management.

The transition to this type of budgeting requires an inventory of the expenditure obligations of budgetary planning subjects in coordination with the register of the federal and municipal services and development of technology for their rendering, as well as procedures for calculating the costs of governmental and municipal services. The introduction of standards for governmental services will allow for the coordination and concretization of the obligations of state and municipal governance bodies to regional communities, will require the use of objective procedures for the control and appraisal of their activity and will lead to lower scarcity of socially important services. These standards should be created for services fixed in the registers of state services of federal subjects, coordinated with requirements for the legislation and register of expenditure obligations of budgets.

Functions without sufficient legal foundations and precluding the exercise of the rights of residents or imposing additional duties on economic agents should be abolished. This will make it possible to reduce the unjustified intervention of the government in the economy, to reduce the transaction costs of subjects of the regional economy and to concentrate the administration bodies of federal subjects on the problems within the direct circle of their powers.

In order to prevent the appearance of additional functions, it is important to legally fix the procedure of proving the reasons for the introduction of state regulation measures for business activity at the regional and municipal levels. Before the introduction of a new regulating function, it is necessary to motivate that the objective cannot be achieved by market methods and self-regulation, while the summary losses for subjects of the regional economy will be far below the effect. The introduction of a procedure for new measures of state
regulation will allow for a reduction in the number of newly introduced additional functions and a decrease in total costs for businesses, thus increasing their competitiveness.

The development of self-regulation mechanisms of socioeconomic development processes in a region will also increase the efficiency of the regulation of activity types. Self-regulatory institutions, such as insurance of responsibility and compensation, can provide a more effective protection of consumer rights than state methods, such as licensing. As a result, it will be possible to develop effective self-regulatory institutions, which will be able to carry on part of functions which are currently fulfilled by state and municipal governance bodies.

A realistic estimation of all undertaken measures for the perfection of regional governance and the available proposals, characterizing the general concept of economic reformation at the regional level, allow for the following conclusions. First, the basic elements of the socioeconomic systems of regions are not equally prepared to a transition to a new model of regional governance. Second, the powers of official bodies of the hierarchical system of territorial governance are not clearly defined. Third, the economic, social and financial norms, which should perform the functions of financial economic instruments, providing the achievement of objectives and tasks of integrated socioeconomic development, are not justified.

Fourth, in some governmental links of a region's economy, there is a lack of worldview susceptibility and personnel preparedness to a transition to a new model of regional governance.

It follows that a transition to a new model of economy governance of a federal subject should be of a stepwise character and implies the constant replacement of ineffective elements of the economic mechanism. At the first stage, it is necessary to provide the following tasks: (1) to proceed from the priorities of a region's socioeconomic development to motivate authorities, concrete prerogatives, and duties and functions of regional governance bodies and local self-government; (2) to develop a system of regional planning–forecast and normative documents, providing a high level of reliability and quality of governance; (3) to establish order in the organizational structure of the government in accordance with its tasks, to increase the efficiency of governance by simplifying the government structure, abolish the multilink system and exclude irrational costs; (4) to establish scientifically motivated regulating bodies with a mutual economic interest in the activity of local bodies of governance and business structures located in a territory; (5) to form a necessary information base of regional and municipal statistics which would make it possible to investigate the regional financial and economic proportions of sustainability and the instrument of action in order to change them in the necessary direction; (6) to create the necessary infrastructure for a transition to updated methods of governance with a wide application of new information technologies.

This new regional governance model will make possible to make decisions which can be really fulfilled in terms of the availability of adequate financial and economic possibilities in a region; arouse the interest of business structures located in a region in solving the general regional objective to increase the competitive positions of the region and its financial and economic potential, without using administrative actions but instead creating conditions for business that would provide economic feasibility and profitability from participation in the solution of regional problems; to concentrate activity on the development of promising economic clusters and on solving inter-industrial boundary problems that are important for each particular production located in the territory of a region but can only be solved on the basis of inter-industry interaction.

The strategy of a federal subject should be the one that provides a common platform, which is called to provide the mutually profitable development of business and the territory in the interests of the region's population.

CONCLUSIONS

Thus, the basis of regional economic policy is made up by a system of principles through the prism of which management decisions at regional and municipal levels should be considered: (1) Cluster approach principle. The implementation of this principle involves identifying highly integrated territorial-sectoral and regional structures (clusters) united on the basis of shared interests in achieving common goals under conditions of severe competitive environment. The cluster approach ensures the informal association of regions and their coordinated development, exchange of innovation, identification of specialization of enlarged regions taking into account the available resources and the needs of the market. (2) Principle of social development orientation ensuring the employment growth, creation of highly paid jobs, construction of social infrastructure and development of the service sector. (3) Principle of public–private partnership (participation in investment, state guaranteed bank loans). The participation of regional and municipal authorities in economic development will increase the investment attractiveness of the territories and will facilitate the flow of private investment, as investors will receive an objective confirmation of local authorities being interested in providing support to specific sectors of regional economy. (4) Differentiated regional investment policy. The essence of this policy is that in regions with a higher investment grade rating the key objective of economic governance is to find investors and to create comfortable condi-
tions for them, strengthen investment promotion and simplify procedures for investors. In regions with low investment potential required is direct budgetary allocation for the development of social and industrial infrastructure and co-financing of enterprises construction and reconstruction. (5) Region-oriented policy. This principle means supporting local production of quality goods and services, promoting them on the market and local producers participating in executing regional and municipal orders.

Implementation of the mentioned above principles could be possible only in the case if the innovative technologies are widely introduced not only into the economy but also into the regional economic policy itself.

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