

## FROM THE CHIEF EDITOR



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**Dear readers,**

In the face of ongoing Russian economic crisis the country's economic recession in the first quarter of 2009 amounted to 9,5% in January – April – 9,8%. Almost did not work the set of anti-crisis measures to increase lending to real sector of economy (the decline in the manufacturing industry in Russia in the first quarter has reached 17%, in the Vologda region – 24,7%). The unemployment growth has continued (in Russia in relation to the first quarter of 2008, its level was 114,7%, in the Vologda region – 133,2%). Outstanding arrears of wages have increased (in Russia it was 8754,6 million rubles to 2900,1m in 2008, in the Vologda region – 67 million rubles to 2,8 m).

Results of the April survey<sup>1</sup> of residents of the Vologda region in comparison with the survey carried out in February 2009, showed a further decrease in the percentage of respondents approving activities (*fig. 1, 2, 3*):

- ▶ of the President of the Russian Federation – to 58,5%, February – 63,7%;
- ▶ of the Chairman of the Government of the Russian Federation – to 61,2, February – 68%;
- ▶ of the Governor of the Vologda region – up to 34,1%, February – 46%.

According to the poll, in April compared to February, Consumer Mood Index has slightly improved (+2,5 points). However, compared to August 2008, the index fell by 36,7 points.

In the dynamics of social mood there have been some positive changes. In April the number of people experiencing stress, anger, fear, melancholy, brought down by six points and was 35,7% (in August 2008 – 21,7%).

Changes in the dynamics of patient showed some reduction in the proportion of those who believes that “tolerate our plight is already not possible”, from 18,1% in February to 16,7% in April (August 2008 – 10,2%).

All these data indicate that the population in April compared with February has adapted to the crisis relative to their real life, but not satisfied with the efficiency of the country's leadership, the region to bring the economy out of crisis, which resulted in reducing the proportion of population approving the work of authorities to the lowest level since 2000.

The latest expert assessment of the situation in the world and the Russian economy (including those made in St.-Petersburg International Economic Forum 2 – 4 June 2009) show more variation of estimates, and there is no common view that the worst period is already behind us.

<sup>1</sup> Vologda Scientific and Coordination Center CEMI RAS conducts public opinion polls in changes of the living standards of the Vologda region population twice a month.

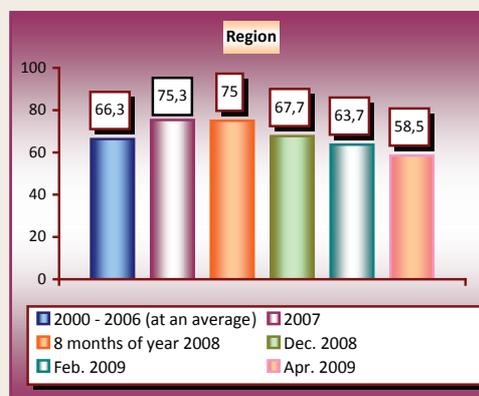
Polls are held in the cities of Vologda, Cherepovets and in eight districts of the region. The amount of the total sample is 1500 people.

Representativeness of the sample is ensured by the compliance of proportions between the urban and rural population; proportions between residents of different types of settlements (villages, small and medium-sized cities), sex and age structure of adult population of the region.

The method of questioning is questioning at the place of residence of respondents. Sampling error does not exceed 3%.

The results of polls can be found on the site <http://www.vscs.ac.ru/>

Figure 1. How do you assess the current activities of the Russian President Dmitry Medvedev? \* (the answer is "completely and largely approve")



\* In 2000 – 2007 there is the assessment of the RF President V. Putin activities, from October 2008 – the same of D. Medvedev.

Figure 2. How do you assess the current activities of the Chairman of the Government of the Russian Federation Vladimir Putin? (the answer is "completely and largely approve")

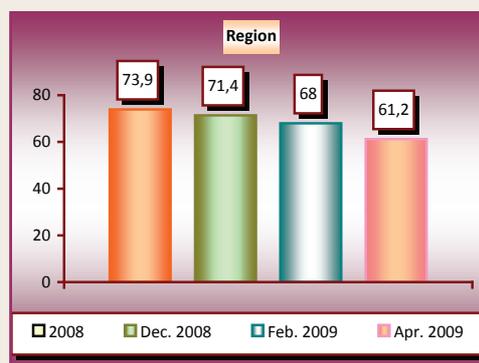
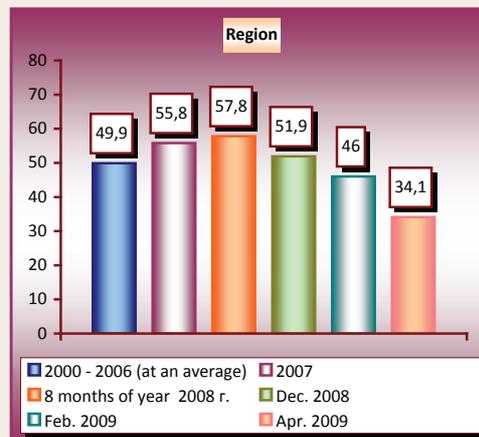


Figure 3. How do you assess the current activities of the Governor of the Vologda region? (the answer is "completely and largely approve")



The same idea is expressed in the analytical summary of the Institute of Economic Forecasting of the Russian Academy of Sciences, published in 23.06.2009:

*“Rosstat (Russian Federal Service of State Statistics) published preliminary data on the dynamics and structure of Russian GDP in the first quarter, as well as data on the dynamics of industrial production for April – May indicate that the crisis was much deeper than might be expected, and than we expected three months ago. At the same time the effectiveness of anti-crisis measures to support the economy especially in sectors such as construction and automobile industry is possible to recognize extremely low”.*

There was the collapse of General Motors (GM) on the American market, one of the largest employers in the world, which produced more than half of American cars. Now this “American Icon” is a bankrupt. The stock exchange threw General Motors out of its indices from June 8.

In Russia there were protest actions of the people of Pikalevo against the indifference of business, regional and federal authorities to the plight of people living in monotowns. The Prime-minister of the Russian Federation Vladimir Putin had to sort out the situation, that he outwardly impressively did.

Of course, the examples are not equivalent, but these tragedies both American and Russian are united, in our view, in the origins.

Melor Sturua quite accurately identified the root causes of the incident<sup>2</sup>:

*“The bankruptcy of GM is not only the part of the bankruptcy of the USA. It is also the evidence of the bankruptcy of the whole system of the unbridled, uncontrolled free enterprise, the market... that to fight with global financial and economic crisis is impossible without curbing its fault – the free market and its priests. Only the State can protect its citizens from moneychangers who seized the temple and turned it into the trough and the barn”.*

Unfortunately, in Russia “moneychangers” also has ruled. But the President and the Chairman of the Government have not still taken effective measures to exile “moneychangers” from the “Russian temple”.

In an interview to the newspaper “Vedomosti” from 4 June, 2009 Minister of the Russian Federation for Economic Development and Trade E.S. Nabiullina gives in detail and specifically her view on the dire state of economic sphere in Russia in the

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<sup>2</sup> Sturua M. The demise of GM – it is a bankruptcy of the United States and free market // Izvestia. – 2009. – № 97. – June 4.

Table 1. The number of personnel engaged in research and development, per 100 thousand people, per.

№	Federal District	Indicator	
		Year of 2000	Year of 2007
1.	Central	1 194	1 118
2.	North-Western	<b>823</b>	<b>769</b>
3.	Volga	476	420
4.	Urals	407	389
5.	Siberian	307	289
6.	Far Eastern	208	218
7.	Southern	164	161
Russia		607	569

Country	Indicator	
	Year 2000	Year 2006
Finland	1 012	1 099
Sweden	810*	865
Japan	707	732
Germany	590	594
Netherlands	553	581
United Kingdom	508	552
Spain	299	429

\* Data for year 2003.  
Source: Regions of Russia. Socio-Economic Indicators of 2008: stat. digest / Rosstat. – M., 2008. – P. 56-57, 796-797, Russia and the countries of the world. 2008: stat. digest / Rosstat. – M., 2008. – P. 30, 305.

Table 2. Internal research and development costs, in % of GDP

№	Federal District	Indicator	
		Year of 2000	Year of 2007
1.	Central	2,08	2,00
2.	North-Western	<b>1,86</b>	<b>1,72</b>
3.	Volga	1,30	1,17
4.	Siberian	0,70	0,79
5.	Southern	0,62	0,59
6.	Far Eastern	0,53	0,57
7.	Urals	0,58	0,50
Russia		1,05	1,12

Country	Indicator*	
	Year 2000	Year 2006
Sweden	3,86**	3,73
Finland	3,34	3,45
Japan	3,04	3,39
USA	2,74	2,62
Germany	2,45	2,53
France	2,15	2,11
United Kingdom	1,85	1,78

\* Internal research and development costs, in % of GDP.  
\*\* Data for year 2003.  
Source: Regions of Russia. Socio-Economic Indicators 2008: stat. digest / Rosstat. – M., 2008. – P. 350-352, 798-799, Russia and the countries of the world. 2008: stat. digest / Rosstat. – M., 2008. – P. 307.

first half of 2009. How does the Minister see the way out of the situation? «For us it is very important to focus on those areas that will reach out our economy. And this is not simply the development of specific sectors and industries, but an innovative behavior, innovative consumption, the demand for innovation, human capital development, improving productivity, efficiency. And it is not just a declaration».

But the facts show that since 2000 numerous appeals from the State (with one center of power) on the need for major investments in the country's future – R&D, science, education – in reality were simply a declaration (see tables 1 and 2).

Frozen for seven years the level of domestic spending on research and development, which has been and remains 2-2,5 times as lower than in developed countries, spoke about the lost years to transfer the country's economy from export-oriented to innovative path of development.

Now, when in the country two centers of power are more observed, it is more difficult in the face of ongoing crisis to refocus the strategy of national economy of the rough export structure to the best one – the organic union of science and innovative production and vertical integration of the corporate sector of the economy.



Dear readers, I tell you about changes that have taken place in the journal since the release of its fifth issue.

**Victor Ivanter**, RAS academician, Director of the Institute of Economic Forecasting of the Russian Academy of Sciences became a member of the editorial board.

Now we have an English version of the fifth issue on our site. The creation of the English version was made possible through the combined efforts of the organizers of the issue – the economic institutions of the Russian Academy of Sciences of North-West Russia. Editorial Board expresses special thanks to RAS corresponding member **V.N. Lazhentsev**, Doctor of Economics, Professor **F.D. Larichkin**, Doctor of Technics, professor **A.I. Shishkin** and Doctor of Economics, Professor **V.E. Toskunina**.

The preparation of English version of the journal took two and a half months. In future we plan to reduce the term of translating journal into English. Open access in the Internet to both versions of publications (English and Russian) will allow to get acquainted with the materials of a wide range of readers. We hope that this will increase the level of citation of our authors.

According to the decision of the Editorial Board by 1 September of this year, we shall apply for placing our journal in the prestigious international journal database Scopus. Now we are working hard in this direction.



As we planned, a large portion of publications in the sixth issue of the journal is devoted to the problems of small business development. In the familiar to readers “Opinions, assessments, comments” section we offer interesting material, which was kindly provided by Doctor of Economic Sciences, Professor **V.G. Naymushin**.

The seventh issue will be devoted to food security and agro-industrial complex.

The eighth final issue of the year is planned to be dedicated to problems and prospects of the development of mechanical engineering in North-West Russia.

According to the established practice journal does not publish articles only on the given subject matters. In this difficult time much of the country depends on what will shape the socio-economic situation in the regions. Dear readers and colleagues, we look forward to hearing from you new interesting materials about the dynamics of regional life, its problems and prospects.