ABSTRACT

The analysis of the emerging trends in the development of socio-economic systems based on a high level of dynamics of institutional transformations requires the development of improved scientifically grounded approaches to their assessment.

This article is devoted to the relevant issue – the substantiation of the problem of improvement of the effectiveness of intergovernmental fiscal relations in the context of differentiation of economic entities.

The socio-economic differentiation in the development of economic entities is to a certain extent inherent in any country in the world.

The improvement of sustainability in the regional development is the most significant factor ensuring the progression of the Russian economy at the present stage of its transformation.

However, the contradictory processes of systemic transformation of the Russian economy have strengthened its territorial inequality. The asymmetry of the regional socio-economic development is based on the growth rates and the size of budgets.

Some socio-economic indicators of the development and the state of regional budgets are analyzed, and the factors (the support priority, the redistribution policy, etc.) that have caused the inequality in regional incomes and expenditures are identified, the directions for cooperation between the federal and regional branches of government are suggested herein.

The results of the study can be applied to create the fiscal relations’ regulatory system. This system is designed to identify the current state of regional development, which will ensure a significant competitive advantage of the region.
The article is addressed to the specialists, researchers, as well as to anyone interested in the problems of interbudgetary relations of sectoral actors at the regional level.

Key words: Economic development, regional policy, intergovernmental fiscal relations, income, expenditures, budget, socio-economic indicators, differentiation of the regions.


1. INTRODUCTION


In justice to the thoroughness of the problem, it should be stated that the level of study of regional interbudgetary relations meets the prevailing socio-economic situation not as far as is necessary.

Undoubtedly, in the scientific works of the majority of authors the issues related to the interaction of the federal center and the regions in the part of the allocation of budget resources are studied, the individual problems are defined and solved; however, the mechanism for the integrated solution is not always justified.

The object of this study is the policy for the regulation of intergovernmental budgetary relations at the regional level.

The subject of the study is the economic relations that arise in the process of interaction between the regional and the federal authorities to differentiate the expenditure obligations among the levels of the budget system.

The significant spatial differentiation of the economic potential, the size of individual territories, the diversity of natural conditions, the uneven distribution of resource potential, etc. caused the significant regional differences in the value of the gross regional product produced, the taxes collected, the budgetary security, and, accordingly, in the level of socio-economic development [1].

During the period of transformation, the regional differences were developed in Russia. So, for example, the difference among the subjects of the Russian Federation with the highest and lowest per capita indicators is: by GRP – 45 times, by the investments in fixed assets – 55 times, by the retail trade turnover – 9 times, by the volume of paid services to the population – 7 times, by the per capita money income of the population – 6 times, etc. At the same time, the territorial inequality, including due to the differences in rates of economic growth, is not only preserved, but even strengthened by some parameters [2]. According to the Analytical Credit Rating Agency (ACRA) in 2016, 20% of the richest regions of Russia had a relative
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level of their own incomes (tax and non-tax revenues, not including grants from the federal budget) 6.8 times higher than 20% of the poorest [3]. The above and other indicators make it possible to suggest that in the near future Russia will remain the subject of large regional differentiations.

The uneven spatial development of Russia remains one of the most serious problems that cause large-scale interbudgetary redistribution [4]. In recent years, the government declared several approaches to the formation of a regional policy, in which various measures to support the backward territories were proposed, but they did not lead to the desired result.

This makes it urgent to develop and implement state policies aimed at ensuring the balanced development of the regions.

Being the task set, the leveling of the social and economic level of the regions can be performed by the following methods:

- massive budgetary inflow;
- more intensive economic development of the outsiders (regions – recipients from the budget funds).

We believe that the existing, chaotically conducted state regional policy should be given the qualities of an integrated system of carefully planned, financially secured impact of the state on the socio-economic processes, taking place in a particular territory.

2. METHODS
The scientific papers of the classics of the economic science, the fundamental provisions, contained in the works of domestic and foreign scientists on the problems related to the implementation of the regional socio-economic policy within the framework of intergovernmental budgetary relations, are the theoretical and methodological basis for the study.

The methodological toolkit hereof is based on the application of logical, statistical and comparative analysis.

The research is based on the analysis of the series of dynamics and the use of its relative indicators (factors and growth rates). Each series of dynamics has two main criteria – time and level of the series (specific values of the indicator). The levels of the dynamic series are expressed as absolute and relative values. To characterize the developmental features of the phenomena under study, one of the derived indicators is calculated: the growth factor.

3. RESULTS
The working hypothesis of the research is that the principles and conditions for the development and implementation of the policy of coordinated development of regional entities are fundamentally changing in the existing economic system.

As noted above, there is deep economic inequality among the regions of Russia [5, 6]. Successful regions are much ahead of economically backward territories in terms of per capita output, investment and budget expenditures. Thus, the gap in the level of investment in the regions of the Russian Federation equaled to 563 times in 2010, to 291 times in 2011, to 161 times in 2012, to 150 times in 2013, to 255 times in 2014, to 191 times in 2015, and to 262 times in the first half of 2017.
The main cause of economic inequality is the concentration of the economic activity in places that have the advantages, contributing to cost reduction. P. Krugman [7] rightfully distinguishes from the above mentioned competitive advantages and classifies:

- the "first nature" factors (the availability of natural resources, favorable geographic location), which are the factors that depend very little on a person;
- the "second nature" factors (the agglomeration effect, human capital, institutions), which are the factors, largely related to the activity of the state.

In the transition to the postindustrial economy, the role of the "second nature" factors is sharply increasing, since they play the main role in the modernization of the economy, the development of which is hindered by the focus on the resource advantages.

The trend of territorial concentration of the economy in the regions with competitive advantages is typical for all countries, regardless of their development level. Since the spatial economic inequality is formed under the influence of objective factors, it cannot be thoroughly eliminated or reduced anywhere. In the developed countries, focused on the "second nature" factors, the growth of regional economic differences is slowing down. The economic inequality of the regions is increasing in the countries of catching-up development. Since Russia belongs to the countries of catching-up development, in the course of its transition to a market economy, the economic inequality growth in regions is the objective trend.

In the Russian Federation, since the second half of the 2000s, the regional differences in per capita GRP began to decline due to large-scale redistribution of oil surplus revenues in the form of sharply increased transfers from the federal budget to less developed regions. In the period from 2008 to 2009, a stronger decline in the regions with competitive advantages became the additional equalizing factor: more developed regions grew more slowly than underdeveloped regions, living at the expense of transfers.

With a significant difference in the objective basic factors of regional development, a federal regional policy is required.

We agree with some authors, supposing that the priority direction in achieving this goal should be the reduction of the differentiation of the constituent entities of the Russian Federation not at the expense of budget injections, but at the expense of developing the economy of the outsiders, since the budgetary alignment of regions:

- puts the regional leaders in dependence on the federal government;
- deprives the donor-regions (subsidize the federal budget – contribute the assets to it) of the opportunity to invest in the economy, as the resources are taken to the state treasury.

According to A. Shvetsov [8], there is no state regional policy in Russia: instead of it there is a practice of arbitrarily accepted decisions, which are put in various forms ("interbudgetary transfers", "priority national projects", "federal target programs", etc.), which are reduced to "handouts" of the federal center to the authorities of individual territories. At the same time, the latter (the territories) are deprived of funds from their own sources, which are necessary and sufficient for their development, and are in the strongest budgetary dependence on federal authorities. The regional budgets lack the funds not only for investment in major socio-economic projects, but also for financing the current tasks assigned to the region by the federal center. Moreover, quite often the regions have to sacrifice their essential needs in
favour of the foreign policy ambitions of the federal leadership and the interests of the raw materials business.

The setting of various tasks, such as "to create equal conditions for the economic development of the subjects of the Federation", "to adjust the socio-economic levels of the territories", "to concentrate the resources in the "poles of growth", "to develop the regional competition", etc. points to the fact that the federal authority has no clear ideas about the content of the regional policy, its goals and means.

To date, a questionable situation has developed in Russia in the context of regional development factors: on the one hand, the set of them is understandable, there are proposals for assessing the influence of the individual factors on the differences among the regions; on the other hand, there is no general idea of the main factors, to what extent each of them should be taken into account in the conduct of the federal regional policy – the federal regulation of socio-economic development of the regions [9].

According to O. Kuznetsova [9], the lack of a conceptual basis for the federal regional policy is associated not only with a lack of understanding of the factors of regional development, but also with:

- the deficiency of the budgetary funds;
- the lack of finance for the regional policy;
- the underestimation of the consequences of excessive disproportions in the level of social and economic development of the regions;
- the deficiency of the information on the contribution of the federal authorities to the regional development.

Thus, the asymmetry in the socio-economic development of the regions is largely due to the size of their budgets.

According to O. Kuznetsova, one of the levers for the federal influence on the regional development is the fiscal-budgetary toolkit. The latter is diverse. The most of it is related to the federal budget spending, in which special place is taken by the transfers provided to the regions for different purposes:

- the adjustment of the level of budget capacity of the regions;
- the financing of the federal powers transferred to regions (subventions);
- the cofinancing of the regional powers (subsidies).

At the same time, the composition of subsidies, grants and subventions expands every year, and the amount of funds pumped from the federal budget and extrabudgetary funds to the regional level enlarges. Up to 40 types of federal transfers to constituent entities of the Russian Federation are approved by some laws – from subsidies for equalizing the budget capacity of the regions and the subsidies to their budgets for cofinancing the capital construction projects to the subsidies, for example, for a monthly monetary reward for class supervision.

Great problems occur when allocating the funds to regional budgets. Thus, when calculating the subsidies to the regions for adjustment of the level of budget capacity, the formalized methods are used, and in other cases, there is no justification for the allocation of the funds to the subjects. However, the subsidies of the center to the subjects of the Russian Federation are distributed extremely unevenly.
The remaining federal expenditures (direct) are the funds distributed throughout the country, directly to the population, to the regional organizations and directed to the investments.

The direct federal budget expenditures are often more significant for the regions than the interbudget transfers, because:

- they partly go to the regional budgets in the form of taxes payable (personal income tax, corporate property tax, etc.);
- salaries and social benefits payable from the federal budget make up the part of the income of the population, which contributes to the development of economic sectors in the region, the products and services of which meet the consumer demand that arises in this way;
- a part of the federal budget expenditures (for higher education, creation of infrastructure facilities) contributes to the creation of conditions for the economic development of the regions.

However, the distribution of the direct costs for the constituent entities of the federation is also uneven and extremely non-transparent.

Thus, the assessment of the extent of federal influence on the regional development is considerably hampered.

The federal regional policy is required if there is a significant difference in the objective basic factors of the regional development, and this is the situation currently taking place in Russia. Moreover, the federal regional policy should be the factor ensuring the regional development even under insufficiently favorable objective conditions. This can be achieved in two ways:

- by investment of budgetary funds in the improvement of objective factors, first of all, by the investments in the infrastructure development;
- by compensation of negative factors through the economic policy measures, for example, with the help of tax incentives.

One of the weakest points of the Russian economy is the regional finance. The federal treasury takes 60-80% of the regional revenues, to return them in the form of grants and subsidies.

The regions consider themselves to be the injured party, arguing that, in violation of the principles established by the budget legislation and the law on the delimitation of powers between the center and the regions dated 2004, the federal center has hogged the financial blanket and regulates almost all expenditures of the regions that are sorely lacking their own resources. At the same time, the federation imposes new powers and obligations on the regions, while allocating little or no money for their implementation. As a result, the number of regional debts is growing every year [3].

By the beginning of 2017, the expenditures of the regional budgets in constant prices have fallen by almost 20% compared to the maximum reached in 2012. In 2013-2014 the regions, faced with the problem of forming the revenue side of budgets, tried to prevent a sharp drop in costs, as a result of which the regional and municipal debt increased by 1.5 times [10, p. 2]. In this case, the federal center will probably have to increase the transfer.

During the previous crisis (in 2009), the federal center increased sharply the volume of transfers and their share reached 25% of regional revenues; in 2015-2016 the transfers
decreased both in absolute and in relative terms. The main directions of the tax, budgetary and customs-tariff policy prepared by the Ministry of Finance presuppose the continuation of the same trend. Then, in the opinion of Y. Kuzminov, it seems promising to give the regions more freedom both in terms of granting preferences and changing the rates for taxes destined for the regional budgets.

The center strictly controls 95% of regional expenditures [11]. The federal government can be understood: the terms related to the regional finances were tightened in the early 2000s, bearing in mind the parade of sovereignties of the early to mid-1990s. As a result, the settlement system among the center, the regions and the municipalities in the past 10-15 years has been so destructive that it will not be possible to restore it quickly on a rational basis.

The total expenditure of the regions (which grow from year to year) is about 11 trillion rubles. However, about 97% of the expenditures are regulated by various federal acts [12], despite the agreement that the subjects spend them on their own.

Undoubtedly, the regions have their own powers (to finance the health care, education, housing and communal services), but the federal center quantitatively controls their expenses. As a result, the regions do not have enough money. At the same time, a paradoxical situation is observed: the more the region makes efforts to develop the budget revenue base, the worse for the region, since it is simply being seized. Thus, the current policy of interbudgetary relations for actively developing regions has a disincentive character. It seems that it is necessary to abandon such regulation and to give regions more freedom.

4. DISCUSSION
In order to solve the problems identified, let us cite some of the statements and provisions of individual researchers.

According to A. Kudrin [12], it is necessary to adjust the existing system of subsidies for equalizing the budget capacity and sectoral subsidies. Or, it is necessary to raise the regional powers to the federal level, to withdraw the revenues and distribute them based on the need.

Oleg Budargin voiced the initiative, supported by the working group: if the region earned more taxes than last year, then, 75% of the difference should be left to it as a motivation. At present, there is no such motivation, because the region has practically nothing left [13].

In the opinion of N.V. Zubarevich, the system of federal transfers' distribution is dissuasive for the development of the regions, since the number of transfers and their "manual" distribution have reached an incogitable level. It is important for interbudgetary relations to change this system by increasing the share of subsidies for equalizing the budget capacity (they are transparent, as they are considered by the formula) to at least half of all transfers to the regions and the rejection of a multitude of subsidies distributed by different federal agencies according to non-transparent criteria. It is necessary to reduce them to 6-8 subsidies for a broad target purpose, which the region can use more independently [14].

This point of view (on the need to adjust the current system of subsidies for equalizing the budget capacity and sectoral subsidies) is shared by A. Kudrin [12].

By the Amendments to the Budget Code and the law on the budget for 2017-2019, adopted in the autumn of 2016, a transition period was established (until April 30, 2017, the sectoral departments were to carry out the inventory of the regional expenditure powers in the areas in which the federal regulation was implemented) in the relations between the federal center and the regions in balancing their budgets. The first attempts to solve this problem
were taken in 2004. Over the past time, no inventory of the regional powers has been performed: federal agencies have not analyzed what the regions spend money on in their sphere of competence. In forming the budget for 2017, the Ministry of Finance carried out such an inventory based on the data provided by the regions themselves, calculated their expenditures on the minimum budgets and determined the amount of financial assistance. The granting of subsidies to equalize the budget capacity of regions for the first time was due to the need to conclude the agreements between the center and the regions [3]. For the first time the federal government decided to grant the subsidies to the regions only under the conditions stipulated in the agreements concluded with the Ministry of Finance signed by the governors (on the achievement of development targets – income, investment growth, number of jobs).

At the same time, the agreements were also concluded for the first time on granting subsidies to regions (the target funds to support various sectors of the economy). However, they will be executed in a different way: the region itself will pay for the costs of a particular program, and the federal center will join the process in cofinancing, and in the part established by the agreement. In other words, the cofinancing of the expenditures will be targeted: high-income regions will receive from 5 to 70% of the funds, and less-income regions – from 70 to 95%. However, today only 25 out of 85 regions have the balanced budget [11].

The Law "On the Federal Budget for 2017 and the Planning Period of 2018 and 2019" provides for 1.599 trillion interbudgetary transfers to the regions, of which: 728.3 billion rubles (45.5%) are the grants (for equalization and balance); 414.5 billion rubles (25.9%) are the subsidies, 311.5 billion rubles (19.5%) are the subventions, 145.4 billion rubles (9.1%) are other interbudgetary transfers. The number of subsidies is reduced from 65 in 2017 to 55 by 2019.

The new situation, conceived by the Ministry of Economic Development and the new provision of the Ministry of Finance, according to which the interbudgetary transfers now depend on the budgetary capacity, has led to the fact that today neither the Tyumen Region, nor Yugra, nor Yamal fall into the funding that was previously received from the federal budget. First, the Federation lured the regions into long-term programs, the regions got involved, counting on the support of the federal center, and now they are deprived of such support [15]. As for the Tyumen Region, the situation with the corporate income tax will change. First, the centralization of 1% tax remains for the nearest period. Second, by 2019 the profit of commodity organizations will have decreased due to an increase in the mineral extraction tax (MET) as a result of maintaining an increased rate of mineral extraction tax in accordance with the federal law until 2019. As a result, the regional budget, more than 60% of which is the corporate income tax, will receive annually less than 10 billion rubles. And the regional authorities still have the significant obligations for important infrastructure projects. As a result, the heads of regions should use the instrument of borrowing to cover the budget deficit, which they have been using actively for a long time. Thus, because of the government restrictions on the financial freedom of Russian regions, their commercial debts are currently estimated at 1 trillion rubles, which is almost half of the domestic state debt. Since the debt burden prevents the regional development, it has been decided that by the end of 2017 they will receive the targeted loans to reduce the debt to commercial banks (which will require 60 billion rubles) [17].

According to the materials prepared within the framework of the report to the club "Russian Entrepreneur", despite the measures declared in the draft budget for 2017, 615 billion rubles are distributed extremely unevenly among 85 regions of the Russian Federation, which is reflected in the Table 1.
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Table 1 Regional budget allocation

<table>
<thead>
<tr>
<th>Region</th>
<th>Amount of budget funds, total</th>
<th>In per capita in the region</th>
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<tbody>
<tr>
<td>The Republic of Dagestan</td>
<td>52.4 billion rubles</td>
<td>17 thousand rubles</td>
</tr>
<tr>
<td>The Republic of Komi</td>
<td>295 million rubles</td>
<td>345 rubles</td>
</tr>
<tr>
<td>The Chechen Republic</td>
<td>44.4 billion rubles</td>
<td>29 thousand rubles</td>
</tr>
<tr>
<td>The Yaroslavl Region</td>
<td>572 million rubles</td>
<td>449 rubles</td>
</tr>
<tr>
<td>The Kamchatka Territory</td>
<td>37.2 billion rubles</td>
<td>12 thousand rubles</td>
</tr>
<tr>
<td>The Novgorod Region</td>
<td>1.2 billion rubles</td>
<td>2 thousand rubles</td>
</tr>
<tr>
<td>The Republic of Crimea</td>
<td>37.2 billion rubles</td>
<td>19 thousand rubles</td>
</tr>
<tr>
<td>The Republic of Sakha (Yakutia)</td>
<td>36.6 billion rubles</td>
<td>38 thousand rubles</td>
</tr>
<tr>
<td>The Kaliningrad Region</td>
<td>1.9 billion rubles</td>
<td>2 thousand rubles</td>
</tr>
</tbody>
</table>

For example, in comparison with the Republic of Komi, the Dagestani authorities will receive almost 178 times more funds from the government. At the same time, 449 rubles are allocated to one resident of the Yaroslavl Region from the federal budget, and 38 thousand rubles to one resident of Yakutia, which is 85 times more.

The authors agree with the proposals on the modernization of Russian regional policy, formulated by A. Shvetsov [8]:

- it is required to abandon the current practice of regional management, in which a region is considered as an administrative-territorial unit, subordinated to the federal center;
- it is required to develop the federal relations on the principles of delineation of powers of the federal and regional authorities in the spheres of their joint competence and their equal interaction;
- instead of investing the federal budget in backward regions, it is required to create the necessary conditions for their self-development by implementing a system-wide regional policy by the federal center aimed at creation of common prerequisites for the regions that are favorable to the progress of the regions.

5. CONCLUSIONS
The results of the study can be summarized by a system of logically interconnected conclusions:

1. Despite the reforms and optimization, the existing system of interbudgetary relations does not meet the fundamental principles of budgetary federalism. The macroeconomic conditions formed by the state budget policy, as well as the endless reforms, should change the principles and approaches to the development and implementation of the regional economic policy.
2. For the effective functioning of the regional system, it is advisable to use various instruments and forms of institutional impact.
3. The current situation in the distribution of finance among the regions shows a personified, subjective approach, preventing any public debate and changes in this imbalance.
4. There is a need to revise the budgetary relations between the federal center and the subjects of the country on a more radical basis.

REFERENCES


