

The Essence and Directions of Transformation of Regional Economic Area

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Abstract

The goal of this work comprises the scientific substantiation of the theoretical and methodological framework and methodological approaches to the essence and directions of regional economic space modernization. In accordance with the set goal the authors provide the representation of economic area and a region in agreement with the quasi-government paradigm; substantiate the functions of regional economic area and the factors of its development; carry out the comparative analysis of functional and heuristic opportunities of different scientific approaches to the study of the essence and directions of development of the spatial organization of regional economy; define the algorithm of formation of "growing areas" in regional economic area.

Keywords: *Regional economic area, economic space, quasi-government paradigm, transactions, transaction expenses, infrastructure complex as a "growth area".*

1. Introduction

The necessity to study the spatial organization of the Russian economy is determined by the functional necessity as well as the influence of objective and subjective factors formed at the turn of the XX century. The most significant objective factors are: intensification of contradictory processes of globalization and regionalization, which have brought to the formation of plural territorially localized entities actively interacting with the external environment (those entities are characterized by the presence of "growth area(s)" (supporting territories) and acquire synthetic abilities of interpenetration); increase in the subjective body of the traditional participants of transactions (government, economic agents, households) due to the inclusion of integrated formations (pedimental integrated companies, cluster formations, regional and municipal formations, supranational formations); structuring of transactions on the basis of changes in active assets content and inclusion of information into their content, which preconditions the increase of the number of factors determining spatial borders, the inclusion of human capital assets and the sources of its formation; networking of economy, which presupposes the implementation of transactions mainly in perceptual symbolic form, acts as a necessary condition of transformation of information space into the semiotic sphere and of the introduction of network form of organization into the three-level institutional structure "market-hybrid-firm"; orientation of territorially localized formations to produce both economic and social results, which become the sphere of responsibility of an entrepreneurial society; evolution of the assets allocation mechanisms and proprietary right specification, which predetermines the rise of new

contradictions (between the centre and the outskirts, centripetal and centrifugal tendencies, etc.) and new forms of their solutions. It all specifies the relevance of the research.

The methodological basis for the research of economic space as an economic category and analytical tools was laid in the works by K.Marx (the influence of differentiation of labor on the production factors asymmetry), W.Eucken, K.Polanyi, F.Hayek, J.Schumpeter (the theories of economic processes), J.Commons, R.Coase (the theory of transaction expenses), T.Veblen, D.North (the theory of "bunch of property rights"). At present the theory of spatial development is one of the prospective directions of economic thought development and it embodies the gnoseological potential of alternative schools and movements.

2. Methodology

To solve the set tasks we have used the theoretical and empirical methods in accordance with the gnoseological potential, namely: common scientific methods of factorial analysis, systems theories, methods of historic and comparative, cross-regional and cross-national analysis.

3. Results

The research allowed to substantiate the conceptual approach to the economic area content as the total of institutionally regulated transactions with the participation of integral formations expanded quartet of economic agents in four-dimensional system, presented by the parameters of distance, frequency and intensity of transactions as well as economic time. This allowed to formulate the representation of equilibrium position in the continuum of abstract homogeneous space with the absence of transactional expenses as a particular case of universal paradigm, where the choice of economic agents determines the transactional interactions transformed in particular life cycle phases of the area and it is also determined by them; the economic time and its particular indexes play the role of parameters to choose the model and path of development of national and regional economic space, duration of usage of technological modes and their change intervals. The research allowed to introduce the methodological approach to representation of an infrastructure complex as the "growth area" and as the factor of regional economic space transformation which is predetermined by its attributed features (Baumont C., Ertur C., Le Gallo J. (2002), Fingleton B. (ed.) (2003), Fingleton B. (2004), Lopez-Bazo E. (2006), Florax R., Folmer H., Rey S. (2003), Fujita M., P. Krugman and A.J. Venables (1999), Fujita M., Krugman P, Venables A. (2002), Isard W. (1960), Scott A. J. (1998)). The following attributed features were specified: the inclusion into the system of intersectoral and interregional transactions which provides high multiplicative effect of aggregate mesoeconomic indexes change; high average ratio of economic added value generated by the total of economic agents and conjugated enterprises as a part of infrastructure complex; a steady demand for the infrastructure complex enterprises products, presented by the autonomous (conditioned by the absolute) and external (conditioned by the relative competitive strengths of the region) demand; high economic, social, budgetary and financial efficiency of investment expenses on the infrastructure complex development.

4. Discussion

The economic space is defined as the sum of institutional regulated transactions with the participation of integral formations expanded quartet of economic agents in four-dimensional system, presented by the parameters of distance, frequency and intensity of transactions as well as economic time. The distance reflects the relative basis and order of assets allocation (absolute and relative to each other), which finds its reflection in spatial location (configuration) of economic agents (D.North (1997)). The frequency of transactions reflects the degree of their repetitiveness and can be presented by single, random and regular transactions, which finds its reflection in conformation or in peculiarities of the system of communication linkages between economic agents. This parameter defines the type of the transaction management structure. The intensity of transactions reflects how many of them are held in a unit time, which conditions the directions of development and "growth area" spatial location (supporting territories) which are characterized by the maximum upper bound of the parameter. The intensity of transactions lowers as the "growth areas" (supporting territories) move to the borders of economic area which are defined as a break of the total of contractual relations as the result of excess of transactional expenses over transformational ones and which don't coincide with the state borders. At this the assets intensity level is quite high at the movement along the centre lines of development, which determines the directions of the diffusion of innovations: the diffusion of widening, diffusion of moving and diffusion of a mixed type. Economic time acts as an inner characteristic of transactions determined by the assets content, their specificity level and

the subjective body of participants, which finds its reflection in performing the function of an economic process-, assets allocation-, wants and sources development synchronization- and transaction institutionalization indicator. The inclusion of economic time into the system of coordinates allows to represent the economic space development as a multiple-choice process taking the forms of increment (as the result of formation of institutes providing the lowering of transaction expenses for the agents of a limited number of transactions); evolution (as the result of transformation of the acting institutions under the influence of institutional project planning); revolutionary institutionalization (as the result of creating of new or adaptation of imported institutes). In this respect the "growth areas" (supporting territories) formation in the multipole space presents itself as the manifestation of cycle-caused determinacy of transactions which are interdependable, subordinated and sequenced. The driving force for realization of transactions in four-dimensional economic space is the participants' interests, the concurrency level of which is defined by the correlation of transaction expenses level of one agent and the level of expenses which is imputed to another agent in the forecast of the counterpart. The transaction realization in four-dimensional economic space finds its reflection in its evolution, bifurcation, revolution changes. And institutionalization of transactional interactions is foreseen as a necessary condition.

The economic space has a life cycle of its own which is synchronous and dichronous to the life cycles of its constituents. The duration of the life cycle and its phases is conditioned by the action of transactional factors and consists of the phases of formation, development, recession and depression (table 1).

Table 1. Changing of the economic space parameters at the stages of its life cycle

Economic space life cycle phase	Economic space parameters			
	Distance	Transaction frequency	Transaction intensity	Economic time
Formation	Transaction integration, formation space configuration formation	Single transactions prevail	Transaction integration, "growth area" appearance	Synchronization of transactions as the result of the excess of individual transactions expenses over aggregated transaction expenses
Development	Transaction preference, space configuration development	Random and regular transactions prevail	Transaction development, formation of faster development zones	Transaction boost
Recession	Transaction stabilization, space configuration institutionalization	Random and regular transactions prevail	Transaction stabilization, formation of faster development zones	Transaction deceleration
Depression	Transaction disintegration, configuration destruction, changes of space borders by means of integration (take-over) with the adjoining formations or separation of new formation from the space	Single transactions share increases	Transaction destruction, diffusion of innovation into the adjacent spaces	Transaction desynchronization as the result of the excess of aggregated transactions expenses over individual transaction expenses

Economic space fractality predetermines the presence of subnational constituents characterized by integrity in national space formation. The fact that economic time is included in the parameters of economic space allows us to substantiate the model of multipolar development of national economy and non-linear model of innovation diffusion. The presented treatment of economic space predetermines the opportunity to use the creative cognitive potential of alternative economic schools and movements in the framework of which the fundamental methodological approaches to the investigation of economic processes in the economic space continuum are formulated (Гранберг А.Г., 2004).

The admission of national and regional economic space multipolar character predetermines the necessity to search for "its growth areas", the activation of which provides for their turning into the supporting territories and faster development zones, which in its turn predetermines spatial parameters and finds its reflection in the dynamics of aggregated factors of territorial subdivisions development. "Growth areas" are characterized by their belonging to a particular type of economic activity; by the potential type and structure (of the competitive strengths) on the basis of which the progressive advance is performed; by the active assets placement order around a particular territory; by the content, order of elaboration and implementation of the development strategy (<http://www.raexpert.ru/ratings/regions>). The modified economic dynamics model, which views the transaction factors alongside with the factors of demand, offer and distribution as sources, allows to consider the infrastructure complex of territorially localized system a "growth area",

because the infrastructure development provides for the changes of all parameters of economic space, namely: change of the space location (configuration) of economic agents, increase of the frequency and intensity level of transactions, and also the economy of aggregate time, which serves as the organizing principle of changing the technological mode and institutional environment (Региональное развитие: опыт России и Европейского союза, 2000).

Infrastructure complex as a "growth area" of the regional economic space is characterized by the following attributive features: inclusion into the system of intersectoral and interregional transactions, which provides high multiplicative effect of changing of aggregate indexes of the regional economic development (general economic effect); high average ratio of economic added value generated by the total of enterprises including the ones of the infrastructural complex and the adjacent ones, which is conditioned by the content of the growth mechanism presented by the reinvestment of income generated by the economic agents which it is comprised of; a steady demand for the infrastructure complex enterprises production, presented by the autonomous (conditioned by absolute) and external (conditioned by relative competitive strengths of the region in the national economic space) demand; high economic (GNP growth), social (creation of new work places, increase of investments into the human capital assets), budgetary (tax revenues growth into the regional budget in all activity categories constituting the "growth area"), financial (internal rate of return, payback period, the payback period index) effects of investment expenses on the development of infrastructure objects (Розанова Т.Г., 2004).

The life cycle of the space formations presupposes the progressive growth of "growth areas" which gradually transform into the faster growth zones and supporting territories if the transactional factors are observed. As regards to the infrastructure complex the role of "growth areas" may be played by one or several separate objects and/or technological complexes meant to provide the transport activity, energetic system, social sphere, public utilities or telecommunications; in the capacity of faster growth zones there may function transport and logistics centers, training-scientific-industrial centers, etc.; in the capacity of supporting territories - transport and logistics clusters, international transport corridors, investment and building complexes, educational clusters, special economic zones, etc.

5. Statements

The infrastructural complex serves as a "growth area" in the regional economic space if the following attributive features are present, namely: the results of its development (the outcome product) positively influence the dynamics of parametrical indexes, which in its turn provides the increase of "growth area" effective functioning (positive feedback); limitations of the "growth area" development are limited by the borders of the economic space development; the effect of "growth area" development bears the multiplicative character. The identification of infrastructure complex as a "growth area" (if the above mentioned factors are observed) serves the basis to set the direction, forms and methods of the state influence towards transactions with due regard to their space organization.

6. Conclusion

The strategic goal of the social and economic development of Russia in the long-term period is set as the transition to innovative type of progressive macroeconomic dynamics (www.perspektivy.info), which implies the necessity to transform all its sources, to develop and implement a whole new mechanism of national economic management with the account for the peculiarities of spatial allocation of resources determined by the activation of the contradictory processes of globalization and nationalization.

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