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**URBAN AGGLOMERATION AS A SOCIO-ECONOMIC
DEVELOPMENT PATH: TRENDS AND MYTHS**

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Abstract

Urban agglomeration is considered to be one of the most effective ways of territorial socio-economic development. Two types are distinguished, the first being a contractual cooperation of several independent municipalities joined in order to solve the issues challenging for small economically weak municipalities with the help of the largest city involved, the second being the system of urban agglomeration carried out by city enlargement through settlements' annexation. The former is a sophisticated but effective model, used in the countries with a well-developed local government system. It is necessary to note that being a unified municipal entity, a city gets all revenues and basic powers essential for the economy development of an urban agglomeration as a whole. Such agglomerations are becoming more and more common nowadays. Urban agglomeration has already been initiated in many countries in order to raise their socio-economic level. However, the effects of urban agglomeration have proven to be a myth. Rarely has urban agglomeration led to socio-economic development. In 2007, a kind of agglomeration rush suddenly broke out in Russia, too. The authorities of major cities began to develop plans to create new urban formations in shape of a cluster of nearby settlements, which together could exceed a population of 1,000,000 inhabitants. Thus, Russia followed the path of urban agglomeration without considering negative foreign experience in municipal amalgamation area.

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1. Introduction

Modern forms of inter-municipal cooperation include legal and institutional, associative, contractual and economic forms. The most developed in our country are associative inter-municipal cooperation forms. To improve the quality of population life and to provide local-scale services to the residents, primarily contractual and economic forms are used. They imply creation of inter-municipal legal entities having the form of economic entities and partnerships, and municipalities making target agreements with each other.

Today not only small, but also large municipalities are experiencing financial difficulties. In order to rehabilitate local self-government system economically, the policy to form urban agglomerations within the country was adopted. The vital importance of urban agglomerations as points of growth and catalysts of regional development (Galinovskaya & Kichigin, 2020) is the basis of the state concept of enlarging municipal territories. However, international experience proves that the problems cannot be solved simply by uniting territories.

2. Problem Statement

Strategy for Russia's spatial development for the period up to 2025 assumes that the worldwide development trend in the early 21st century is population and economy concentration in large urban agglomerations. With their developed infrastructure, they will be able to attract investment and reduce the flow of internal migration to Moscow and St. Petersburg. However, international practice shows that the expansion of the boundaries of major cities through the annexation of other settlements involves the goals of public authorities and does not always have a positive impact on the life of the joined territories. Thus, studying the consequences of agglomeration formation is a relevant topic for our country.

3. Research Questions

The subject matter of this research is agglomeration options and their outcomes.

1. Guided by foreign and domestic experience of forming agglomerations, and the views of scientists studying these issues, the author has made an attempt to identify positive and negative effects that may accompany ill-conceived consolidation of municipal territories.
2. Agglomerations reduce the number of local government bodies, distancing municipal government from the people and bringing it closer to state authorities. In this regard, essential for the study is exploring the benefits of agglomeration for the inhabitants of the territory and the state as a whole.

4. Purpose of the Study

The aim of the study is to analyse domestic and foreign experience of some aspects of agglomeration, to identify the best ways to improve inter-municipal interaction.

5. Research Methods

The study of agglomeration was carried out by analysing trends in the territorial organization of local government in Russia and the experience of Scandinavia. Different temporal stages of agglomeration in Scandinavian countries were investigated. The work was based on the method of dialectics applied from the perspective of universal interconnection principles and development through contradictions. Among the empirical methods, the methods of observation and description were applied as well. The comparative analysis of current processes allowed to make conclusions that could help to improve agglomeration in Russia.

6. Findings

While in 2006 the most popular "scientific" word among officials was "cluster", now it has been replaced by "agglomeration" (Smirnyagin, 2008). Unfortunately, there is no unified approach to the concept of agglomeration in Russia. There are no common criteria for assigning the territory the status of agglomeration. There are also no general ideas about its essence, positive and negative sides. However, for the legal definition, its correspondence to the defined social phenomenon is crucial; the legal mechanism effectiveness, boundaries and the content of the regulation subject depend on it (Galinovskaya & Kichigin, 2020). The main criteria of agglomeration are proximity (as a rule, border crossing of the municipalities), facilitating internal labour migration and infrastructural interconnection. Accordingly, transportation within such municipalities comes to the fore. This issue can be resolved through inter-municipal cooperation or the powers of public authorities of the federal corresponding constituent entity realized in order to organize transport services for the population.

According to the forecasts, "up to 75 per cent of Russian population by 2030–2040 can be concentrated in fifteen to twenty urban agglomerations... However, agglomeration management poses many challenges. Most of them lie in the fact that agglomeration processes, which began 15 years ago, did not have common foundations. There was no legal basis, no economic calculation and no concrete implementation plan based on foreign experience. It was not until 2020 that the draft Federal Law on Urban Agglomerations, including only 15 articles, was published. In many countries, agglomeration is going in two directions. The first is through contracting out in order to optimise municipal services or to replenish the local budget. Sometimes a contract involves the establishment of a single decision-making body (e.g. a regional commission). This type of agglomeration is a form of inter-municipal cooperation. The second type of agglomeration involves an amalgamation of municipalities (Aguinaga et al., 2015). This does not entail inter-municipal cooperation.

Recently the second option has been widely applied in Russia. And the latter solution was chosen for two reasons. First, there are no transparent, simple and objective conditions for inter-municipal economic cooperation in the legal sphere, which could have solved many municipal problems, as some issues cannot be dealt with by municipalities solely. Secondly, there is a situation of economic distortion what concerns economic development of the regions within the country. As a result, the constituent entities vary considerably in terms of budget revenues and standards of living. This has caused a strong outflow of population from the poorest regions to the most economically developed cities of Moscow and

St. Petersburg. There are some migration processes within the constituent entities of the Russian Federation as well. People keep moving from rural settlements and small towns to administrative regional centres. People tend to move to places with higher incomes and more favourable living environment. The country's leaders see the consolidation of individual administrative centres to be the solution to this problem.

The concept of establishing large agglomerations has been set forth. Its main idea is that 83 constituent entities of the Federation will be replaced by 20 large agglomerations with a population over one million people (Biryukov, 2010). These agglomerations will be capable to exercise specialized international functions in the global labour market, will become growth engines, and will develop new innovation clusters (Kalashnikova, 2017).

The process of creating agglomerations is not always natural. Sometimes public authorities impose it on municipalities and use administrative resources to do so. In 2012, Irkutsk agglomeration was not formed, although planned. The only thing that prevented the agglomeration creation then was the resistance of local elites because a single management centre was going to be established (Mahneva, 2012). At the same time, agglomeration developing is rather expensive, and is not always justified. One of the myths about urbanisation benefits is an increase in agricultural marketability, which is unlikely because of the population outflow from rural areas and the impoverishment of rural areas that would eventually cut the amount of farm products.

The experience of foreign countries shows that agglomeration does not always have a positive impact both on municipalities' economy and democracy development. Especially if there is some pressure from the central government.

The perceived benefits of municipal consolidation are based on functional efficiency increase, referred to as the "expedient justification for local government" (Chandler, 2010). In this case, the effectiveness of local government is evaluated by public authorities in terms of the successful implementation of their prescriptions. Some scholars believe that territorial change as a way of organising local government is valuable as long as it plays an important role in achieving the goals set by the state. When it no longer does so, the structural organization of the local government can be changed, through coercive measures if necessary, to better fit its purposes (Erlingsson et al., 2020).

Between 1950 and 1974, large-scale amalgamations of municipalities took place in Scandinavia. In Norway, their number was reduced from 744 to 444. In Denmark, 1,335 municipalities were amalgamated into 278. In Sweden 1,037 out of 2,498 municipalities survived (Nielsen, 2003). The second reduction stage was carried out in the period of 2007 to 2020. In Denmark, the number of municipalities was reduced to 98. In Finland, 460 municipalities were amalgamated into 311 under the "Paras Project". The planned number of municipalities left was 250. In Norway, there are 358 left by January 2020. Many amalgamations were forced and accompanied by trials.

The first phase was justified by a strong belief in central planning, rationalisation and functional efficiency through economies of scale (Humes, 1991). The second phase was stimulated by amalgamations tend to be fueled by *financial difficulties* and *austerity*, and the *hope* is that *larger municipalities may ultimately facilitate economies of scale to save small and shrinking municipalities* (Bouckaert & Kuhlman, 2016). An analysis of these countries' experiences shows that scale economies

should not be taken for granted, that budget-conscious strategy may turn to be unachievable, and that public services are not necessarily improved by amalgamation (Schaap & Karsten, 2015). The same conclusions were reached in New Zealand (Kortt et al., 2016). Foreign researchers believe that in countries with more municipalities the population is more satisfied (Saltz & Capener, 2016), because residents are closer to authorities. They have a higher degree of influence on the decisions taken by the authorities and the quality of the services provided. This strengthens them and brings them satisfaction. Because of this, in some countries, the process of municipalities' amalgamation has slowed down. Agglomerations based on inter-municipal cooperation are more active.

In America, too, there is no aspiration for super-large agglomerations because there are too many of them now. They do not see any necessity to organize them. There are many books devoted to the study of the best city possible. The primary burst of economic development that comes from scale economies soon will decline. Large cities face great challenges. The environment is rapidly deteriorating, housing and utilities are to be improved, and transportation is under tremendous strain. This is a typical situation for a city achieving 400,000 inhabitants. So, if the cities size was determined only by technical and economic requirements of the housing and utilities sector, all cities would stop their development before they have half a million inhabitants (Smirnyagin, 2008).

In our country, on the contrary, there boosts the trend towards enlargement of urban agglomerations. The interaction of municipalities through jointly established business partnerships and companies has a weak basis and actually does not have any development prospects. Throughout Russia, there are about a hundred of inter-municipal business entities, 607 municipalities are involved in. The number of organisations varies over time, but the numbers point out that this model is generally underdeveloped (Pavlov, 2018).

Thus, inter-municipal cooperation development is necessary. Continuing ill-conceived consolidation may cause detrimental economic and social effects.

7. Conclusion

The view that there are only positive effects of urban agglomerations formed by merging municipalities is a common myth. Such agglomeration requires a serious, deliberate legal basis. There is extensive foreign experience on the issue of agglomeration, which should be the basis for drafting regulations aimed at governing agglomeration. Before it is implemented, thorough forecast of economic and governance outcomes is necessary.

Municipality mergers should be voluntary. The initiators of amalgamation should take into account various risks. Public participation will be minimised, and civic engagement will be reduced. If the economy deteriorates, the authorities will lose the trust of the population. A larger territory will require higher financial and economic costs and infrastructure reconstruction. It could result in raising taxes, utility bills and housing costs in small towns and cities. Such agglomeration requires a serious, scrupulously considered legal framework, which does not yet exist.

Forming urban agglomerations by merging settlements is not the only way. A change in trend directions is necessary. The best option is inter-municipal economic cooperation based on contractual

relationships and inter-municipal economic partnerships and companies formed by several municipalities. This will require some legislative changes, but will have a positive effect.

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