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THE SOUTH OF RUSSIA: THE MAIN VECTORS OF MODERN SOCIO-ECONOMIC DYNAMICS

Sergey Yakovlevich Suschiy (a)*, Diana Dmitrievna Chelpanova (b)
*Corresponding author

(a) Federal Research Centre The Southern Scientific Centre of the Russian Academy of The Sciences, Rostov-on-Don, Russia, SS7707@mail.ru
(b) Federal Research Centre The Southern Scientific Centre of the Russian Academy of The Sciences, Rostov-on-Don, Russia, chelpanova@ssc-ras.ru

Abstract

The article examines the main directions of socio-economic development of the southern macroregion of Russia at the beginning of the XXI century. It is concluded that at present it remains mainly an administrative entity, within which two economically semi–autonomous subregions are distinguished - the Azov-Black Sea and the Volga-Caspian. The first is based on the two most powerful regional economies of the South of Russia (Krasnodar Territory and Rostov Region), concentrating more than 2/3 of the gross product of the macroregion. The dynamics of the socio-economic complexes of the southern Russian regions is determined by a complex correlation of many factors, including the influence of the federal center, the management practices of regional authorities; the activities of local, national, and international business; demographic and socio-economic processes of various taxonomic formats (metropolization, interregional migration, the flow of the labor-active population into the service sector). In the last 20–25 years, the South Russian regional economies have demonstrated the stability of the sectoral structure and the line of main specializations. This allows the entire southern macroregion to remain as the leading breadbasket of Russia, the epicenter of its tourist and recreational complex, the most important transport and logistics module in the international trade system.

Keywords: Regions, South of Russia, socio-economic dynamics

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1. Introduction

The development of Caspian hydrocarbon resources significantly intensified in the 2000s and 2010s. These clusters of economic specialization in the South of Russia are likely to retain their importance in the medium term. A certain correction is possible in the group of second-level economic specializations, the composition of which will be supplemented by new clusters, responding to the global and all-Russian socio-economic conjuncture. The most promising for the development of innovative segments (and the smart economy as a whole) is the Azov-Black Sea zone of advanced development, which includes the coastal territories and the center of the Krasnodar Territory, the urbanized southwest of the Rostov region. Less significant zones of dynamic development of the macroregion are the Volgograd agglomeration and Astrakhan. A significant part of the rest of the territory of the South of Russia, including almost all rural territories, is in a zone of stable depopulation and extensive socio-economic dynamics.

In the research literature there are many variants of spatial delimitation of the southern macroregion of Russia (Rozin & Suschiy, 2011), which in this article will be understood as the territory of the Southern Federal District. The South of Russia (hereinafter referred to as the SoR) is one of the most geostrategically important Russian macro-regions. Its territory is characterized by significant climatic, ethnocultural, sociodemographic, socio-economic differences. The density of the rural population within the SoR ranges from 0.9 to 250–300 people/sq. km. The sectoral structure of the economies of the southern regions and the size of the per capita gross regional product (hereinafter referred to as GRP) differ most significantly.

2. Problem Statement

Large–scale internal differences of large territorial systems are a common pattern. But the high level of socio-economic polarization actualizes the question of the integrity of these territorial entities, their ability to develop as unified social organisms. These issues are fully relevant in relation to the Southern Federal District, which has existed in its modern composition for only a few years.

3. Research Questions

The subject of the article is the socio-economic potential of the SoR, its individual regions and subregions; the current state of this potential, possible directions of its dynamics; as well as growth factors and possible structural limitations of the development of the southern macroregion, its ability to develop as not only an administrative, but also an integral socio-economic entity.

4. Purpose of the Study

The purpose of the study is to analyze the central vectors of the development of the economic potential of the southern macroregion of Russia; to assess the factors responsible for the socio-economic dynamics of the SoR and its individual territories; to study the correlation in these dynamics of the efforts

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of the federal center, the actions of regional authorities; big business and the impact of the processes of spontaneous self-organization of Southern Russian territorial communities.

5. Research Methods

The theoretical basis of the research is a general scientific systematic approach, the concept of a systemic *track* (the complex dependence of territorial communities on the characteristics of previous socio-economic development); the methods used in modern economics and social geography in the study of regional socio-economic complexes, including methods of their comparative, statistical, spatial, and structural-functional analysis.

6. Findings

Over the past 30 years, the southern macroregion of Russia has changed its administrative contours three times. Such administrative *reformatting* prevented the formation of a single socio-economic space of the SoR, convincing the regional leadership and business of the formal nature of the district level of territorial division. In a sense, this position was justified, since most of the southern Russian regions demonstrated great stability, existing in their contours for 60–80 years.

The modern market economy, unlike the Soviet planned one, leaves the state with much less leverage over regional socio-economic complexes. This is confirmed by the unsuccessful experience of implementing many Strategies for the development of Russian macro-regions. The programs of socio-economic development of the SoR are no exception (RAEX, 2020). Most of the development indicators indicated in them have not been achieved (Suschiy, 2019).

The noticeable impact of the state on the regional economies of the SoR in the last 20–25 years has been detected only in the framework of the implementation of a number of major projects in the oil, oil and gas and chemical industries, as well as in connection with the development of the transport infrastructure of the southern macroregion, designed to increase its capabilities for the extraction, processing and export to foreign markets of natural raw materials, agricultural products and a number of others branches of the economy.

Another area of active involvement of the federal center in the development of the legal system was large-scale budget support for major sporting events held in the macroregion (Sochi Olympics 2014, FIFA World Cup 2018). However, in the spatial aspect, a significant part of these major investment initiatives was localized in the Black Sea zone of the southern macroregion.

In conditions of limited investments, each of the southern regions tried to use the available natural, labor, production resources and opportunities to implement their own development strategies. This approach was mainly focused on maintaining the stability of existing socio-economic systems, reproducing the existing line of specializations.

In all regions of the SoR, these included individual segments of the agro-industry and related clusters of food and light industry. Rostov and Volgograd regions are the main industrial territories of the South, supported the centers of their heavy industry (mechanical engineering, metallurgy, chemistry). The Astrakhan region, along with the development of several manufacturing industries (shipbuilding,

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metalworking), focused on the development of Caspian hydrocarbon deposits (6 trillion cubic meters of gas and more than 1.3 billion tons of oil). Almost all the southern regions tried to activate the sphere of tourist and recreational services, using the natural and climatic and historical and cultural resources of their territories. But the obvious leader in this area was the Krasnodar Territory, which has been joined by the Crimean Peninsula since the mid-2010s. The sphere of transport and logistics services played an important role in the development of several regions of the SoR (e.g., Kuban and Rostov region).

The emphasis on maintaining its position in the interregional division of labor did not exclude the search for new promising areas of growth. But in fact, the issues of innovative development were relegated to the background. Dominant in the dynamics of the southern Russian regions was the algorithm of movement in the current socio-economic track, characteristic of the entire Russian state (Granin, 2014; Ilyin, 2017). By minimizing systemic risks, it also seriously limited the possibility of switching to a more intensive growth trajectory.

This is indicated by the stability of the positions of the southern territories in the rating of investment attractiveness of Russian regions. Over the past 20–25 years, most of them have moved in very narrow ranges (±1–4 places). At the same time, in the rating of investment risks, the position of all regions of the SoR has worsened (Table 01). Trying to preserve the competitive sides of their socio-economic complexes, the southern regions often did not pay due attention to the correction of bottlenecks (unfavorable environmental situation and/or criminal situation, poor quality of the management system, etc.) that limited the pace of economic growth, the dynamics of social development, the scale of investments.

Table 1. GRP of the SoR regions and positions in the investment rating (calculated by: Regions, 2006; Regions, 2021; Rating, 2000–2020)

Regions	**The place of the regions of the SoR in the rating:**		**GRP**			
	invest. Attractiveness 2000/2020	**investment risk 2000/2020**	**Volume, billion rubles.**		**Share in the GRP of the microregion 2000/2019 (2019)***	**Place among the regions of the Russian Federation in terms of GRP2000/2019**
			2000	2019		
Adygea	74/73	40/52	5.5	132.2	1.7/2.0 (2.2)	74/74
Kalmykia	80/81	56/74	6.2	89.9	1.9/1.3 (1.5)	72/78
Crimea	–/28	–/69		469.3	–/7.1	–/48
Krasnodarskiy kray	10/4	6/9	137.1	2569.8	41.6/38.9 (42.9)	10/6
Astrakhan region	58/57	17/68	28.1	602.3	8.5/9.1 (10.1)	44/39
Volgograd region	18/26	29/32	63.8	961.4	19.3/14.6 (16.0)	20/24
Rostov region	15/9	25/26	89.0	1637.2	27.0/24.8 (27.3)	15/12
Sevastopol	–/71	–/48		136.9	–/2.1	–/75

* without the Republic of Crimea and Sevastopol

However, it should be considered that not all such problems of the southern territories could be solved by the efforts of the regional authorities. Some presented local variants of all-Russian negative trends. Others, having a regional nature, required tools and resources that local authorities did not have. One can also note the cumulative result of the process of metropolization for many decades, which has

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been pulling the rural population of the SoR into large cities (primarily regional centers) and contributing to its outflow outside the macroregion. Its resultant is the increasing internal polarization of regional settlement systems, the formation within them of narrow zones of dynamic development and vast areas of chronic socio-economic stagnation (Castells, 2010; Leroy, 2000). Such internal polarization is found even in the prosperous Kuban, about 40 % of the area of which is a zone of stable depopulation. In the Rostov region, such a depopulation area occupies 75–80 % of the territory, in the Volgograd and Astrakhan regions – 85–90 % (Rozin & Suschiy, 2011).

But in general, the socio-economic system of the SoR in the first decades of the XXI century demonstrated more dynamic growth than the entire Russian economy. For 2000–2019, in nominal terms, the total GRP of the macroregion in a comparable format (excluding Crimea and Sevastopol) increased by 18.2 times (from 329.7 billion to 5992.5 billion rubles), and Russia – by 16.5 times.

Among the leading regions were Adygea and Astrakhan Region (GRP growth by 24 and 21.4 times, respectively), Kalmykia and Volgograd Region were among the outsiders (14.3 and 15.1 times). But, despite significant differences in growth rates, the shares of regions in the total GRP of the macroregion have changed slightly – the multiple difference in the total weight of regional economies, among which the Krasnodar Territory and the Rostov Region stood out, had an impact. In 2000–2019, their total share in the GRP of the macroregion increased from 68.6 to 70.2 %.

The analysis of the sectoral structure of the GRP of the regions of the SoR in the 2000s-2010s confirms the conclusion about their predominant development in the current socio-economic track; orientation towards sustainability, not innovation. As a result, the ratio of the main forms of economic activity in regional socio-economic complexes has changed slightly. But such conservatism did not exclude serious structural shifts associated with the action of global and all-Russian trends. The most obvious of them is the flow of the economically active population from manufacturing industries to various segments of the service sector. In 2000–2019, the share of industrial sector workers decreased in most regions of the SoR by 20–30 %, in Kalmykia by 2.7 times. In agriculture, absolute and specific personnel losses were even more significant. By the beginning of the 2020s, 63–78 % of the working-age population of the southern Russian regions was concentrated in the service sector (in 2000 – 46–59 %) (Table 02).

Table 2. The sectoral structure of GRP and the labor-active population of the Southern Russian regions in 2000/2020, % (calculated by: Regions, 2006; Regions, 2021)

Regions	Agriculture, fishing	Industry	Construction	Education, healthcare	Wholesale, retail trade; repair	Other types of econ. activities
			Industry structure of GRP			
Adygea	15.9/13.7	17.5/19.9	6.3/6.7	13.5/12	18.2/13.9	28.6/33.8
Kalmykia	26.6/25.9	12.9/3.2	6.9/6.0	17.5/11.8	7.5/5.8	28.6/47.3
Crimea	–/6.7	–/16.3	–/11.1	–/12.2	–/17.1	–/36.6
Krasnodarskiy kray	15.8/10.6	18.2/15.2	9.4/6.9	8.2/8.7	14.3/17.3	34.1/41.3
Astrakhan region	8.4/5.1	33.9/57.6	12.0/4.9	8.3/5.6	8.8/6.7	28.6/20.1
Volgograd region	9.6/10.5	39.6/36.6	5.9/6.1	6.4/8.2	16.2/13.2	22.3/25.4
Rostov region	12.9/10.2	25.1/26.6	6.4/5.7	7.4/8.6	23.2/17.8	25/31.1
Sevastopol	–/3.4	–/14.9	–/6.5	–/11.4	–/15.0	–/48.8

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Distribution of the working-age population						
Adygea	24.2/10.7	18.5/17.2	4.2/8.7	19.4/18.3	13.8/16.1	19.9/29.0
Kalmykia	28.4/18.1	20.7/7.6	4,6/7.3	22.6/20.5	8.9/15.3	14.8/31.2
Crimea	–/11.5	–/11.6	–/9.5	–/15.9	–/19.9	–/31.6
Krasnodarskiy kray	23.8/8.9	16.8/12.7	5.7/9.3	16.6/14.5	12.0/20.8	25.1/33.8
Astrakhan region	15.8/13.5	17.9/14.4	7.2/6.2	19.3/15.5	13.3/16.3	26.5/34.1
Volgograd region	18.8/13.2	23.716.2	6.1/7.2	14.7/13.3	14.2/19.9	22.5/30.2
Rostov region	18.4/11.3	20.3/16.3	6.3/7.8	15.0/13.3	19.6/23.6	20.4/27.7
Sevastopol	–/2.1	–/10.7	–/9.0	–/13.4	–/22.2	–/42.6

However, the shift of the labor market of the regions of the SoR towards the tertiary sector slightly correlated with the line of their specializations, concentrated mainly in the field of agricultural production, recreation, transport and logistics activities. But it should be noted the increased desire of regional economies for narrower specialization within their leading segments. Thus, within the agro-industry, there was a significant interest of producers in the development of several crop production areas (cereals, sunflower, vegetables, fruit and berry crops) with a parallel curtailment of the scale of regional livestock complexes (with the exception of sheep breeding). But strengthening or losing positions in individual positions, the southern Russian agro-industry remained one of the central areas of economic specialization of the macroregion. In the 2010s, he not only solved the problem of Russia's food security, but also successfully brought his products to foreign markets, significantly increasing the export potential of the Russian economy.

At present, the SoR, with a share of about 10 % in the country's population, steadily produces 20–30 % of products for a significant number of crop crops (grain, beetroot, sunflower, vegetables, fruits) (Table 03). The Krasnodar Territory and the Rostov Region are the two largest grain regions of Russia, they, together with the Volgograd region, are the leading producers of sunflower; Kuban is the largest center of Russian beet production, the Lower Volga region – fruit and berry products.

Table 3. The share of the SoR and its regions in the all-Russian indicator, % (annual average for the 2010s) (RAEX, 2020)

Territories	**Population**	**Industrial production**		**Agricultural production**						
					Cultivation				**Livestock**	
		Extractive industries	**Manufacturing industries**	**Products of the entire agricultural industry**	**Grain**	**Sunflower**	**Vegetables**	**Fruits berries**	**Cattle**	**Sheep, goats**
SoR	10.60	6.71	6.64	17.02	26.42	30.45	24.91	26.27	12.69	27.5
Adygea	0.31			0.41	0.53	0.96	0.45	0.95		
Kalmykia	0.19			0.50	0.38				2.62	10.1
Crimea	0.79			0.87			0.82	2.77		
Krasnodarskiy kray	3.77			7.12	12.11	10.56	5.37	12.92		
Astrakhan region	0.70	4.22		0.79			6.91		1.51	6.23
Volgograd region	1.76		1.90	2.54	3.43	7.38	6.89	5.20		4.42
Rostov region	2.92			4.74	9.27	10.89	4.33			4.85
Sevastopol	0.30									

Note: Only clusters of economic specialization are shown

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For the territories that are part of the SoR, industry, despite the presence of several large enterprises, was not a large cluster of economic specialization. It is necessary to highlight the complex of extractive industries of the Astrakhan region, which in the 2010s accounted for 4.2 % of the output of the Russian extractive industry (6 times more than the share of the region in the population of the country).

The positions of the macroregion in the field of tourist and recreational activities were much more powerful. In the 2010s. they are even more strengthened. In some segments (for example, in beach tourism), the position of the SoR was exceptional. Kuban and Crimea accounted for 90–95 % of the flow of recreants who chose a sea beach holiday within Russia. But in terms of the total volume of tourist flow, these regions (in the second half of the 2010s, respectively, 15–17 and 5.5–7.5 million people) were among the top five territories of Russia. Up to the beginning of the pandemic, the tourist flow to other southern regions was steadily growing – the Astrakhan, Volgograd, Rostov region in 2019 was visited by 1.2–1.6 million people (according to this indicator, they were in the top 20 Russian regions).

Throughout the post-Soviet period, the transport and logistics functions of the southern macroregion remained significant, the ports of which in the 2000s and 2010s accounted for 35 and 32.3 % of the total sea freight turnover of Russia, respectively, in the average annual measurement. The size of the South Russian cargo cabotage increased from 100–110 million tons per year (early 2000s) to 260–290 million tons in 2017–2019. Novorossiysk accounted for more than half of this volume, and the share of the entire Kuban port complex reached 85–90 %; 7–10 % of cargo turnover was provided by the ports of the Rostov region, 3–5 % – by the Crimea (in the second half of the 2010s).

Thus, the post-Soviet period strengthened the positions of the main clusters of economic specialization of the SoR. But in the last 15–20 years, a systemic quality, conventionally defined as *southernness*, has begun to play an increasingly significant role in its socio-economic dynamics. Within the macroregion, it (if by it we mean the sum of natural and climatic conditions favorable for living and economic activity) is distributed very unevenly.

To the maximum extent, this natural and climatic resource is concentrated within a territorial strip 50-100 km wide, stretched along the coast of the Black and Azov Seas. It encloses the west, south and center of the Krasnodar Territory, the urbanized southwest of the Rostov region. Since the mid-2010s, it began to include the southern and central regions of Crimea. More than 7.5 million people (about 46 % of the population of the macroregion) live within this limited territory (12–13 % of the area of the Southern Federal District). The settlement network reaches its maximum density here, all its major cities are concentrated except for Volgograd and Astrakhan. In the socio-economic aspect, this territory represents the Azov-Black Sea Zone of Advanced Development (hereinafter – ABSZ), the leading driver of which is currently a diverse service sector – the tertiary sector of the economy.

The dynamic demographic and socio-economic growth of the ABSZ has been recorded throughout the post-Soviet period. There is every reason to believe that it will continue in the next 10–15 years, creating prerequisites for the accelerated development of the quaternary sector – innovative segments of the economy focused on the territories of concentration of human capital (Mitrofanova et al., 2021). It should be noted that the advanced development of the ABSZ is not so much the result of a purposeful policy of the federal center, as a consequence of the complex self-development of the southern

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communities themselves, with the help of regional authorities implementing the agro-climatic, socio-demographic, socio-economic advantages of their territories (Suschiy, 2019).

7. Conclusion

The short period of existence of the SoR in its modern form determines its functioning mainly as an administrative construct. In socio-economic terms, the macroregion currently rather represents the sum of regional socio–economic complexes, the largest of which are two - Kuban and Rostov.

The analysis of the main trends in the development of the regions of the SoR in the 2000s–2010s reveals a steady growth of the economy and social sphere, which, however, was largely provided by the advancing dynamics of the ABSZ, which concentrated about half of the population of the macroregion, a significant part of its economic potential. The zones of advanced development of the second order were the Volgograd agglomeration and Astrakhan. A significant part of the rest of the territory of the SoR, including almost all rural territories, was in the zone of stable depopulation, gradual reduction of human potential and extensive socio-economic dynamics.

The regions of the SoR demonstrated the stability of the sectoral structure of their economies and the line of main specializations. This allowed the entire SoR to remain as one of the main granaries of Russia, the epicenter of its tourist and recreational complex, the most important transport and logistics module in the system of international trade communications. The process of developing the Caspian hydrocarbon resources intensified in the 2000s and 2010s. There is reason to believe that these segments of the SoR economic specialization will maintain steady growth rates in the near and medium term. A certain correction of the line of socio-economic functions of the southern regions is possible in the group of second-level specializations, the composition of which will be quickly supplemented by new clusters, responding to the global and all-Russian conjuncture.

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