

Working Paper



Urbanization Challenges in Contemporary Russia

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Introduction

The contemporary trend of BRICs countries, Brazil, Russia, China, South Africa, and less so, India, from rural to urban nations can be observed as part of the overall transformation and growth of BRICs “rising powers”. The last hundred years of the urbanization process specifically in Russia has been characterized by significant shifts of rural to urban areas of population all over the country. This process has been accompanied by high concentration of industrial and energy production, which accumulated an administrative territorial system of cities (both small and large) with their own economic, environmental and social needs.

Despite the fact that radical societal, political and economic changes in the Russian society in the last two decades after the collapse of the Soviet Union brought in a new light on the study of urban development in Russia, the lack of theoretical understanding and empirical investigation into the processes of urbanization and the current conditions of rural to urban dynamics in Russia continues to exist. There is a need to talk about qualitatively different processes of urbanization related to the overall condition of the Russian industrial and energy sector, as well as the political and economic situation in the country. More or less recent studies on the so-called “urban agglomeration” in Russia offer interesting inquiries into the new processes of urbanization and organization of society not only into cities but into developed and dense “urbanized districts” on the basis of territorial concentration of industrial facilities (Boze, 2007; Goryachenko et al, 2012; Zubarevich, 2007). According to agglomeration studies, such new processes of industrial and energy sector rehabilitation stimulate connections between differing administrative units and create new administrative boundaries, which do not necessarily coincide with the existing official administrative borders of cities and regions

(Goryachenko et al, 2012: 303). Other studies demonstrate that agglomeration processes are at least two times slower than metropolitan areas of the US and that urbanization of Russia is “stuck” at the agglomeration stage (Lappo, 2005).

Compared to the abundance of studies, documents and discussion on urban governance of western cities, very little is known about the situation in Russian cities and “about the drivers and mechanisms of urban development in the Russian context” (Kinossian, 2012, p. 333-334). This study will, therefore, help to better understand the urban conditions in Russia by examining urbanization processes in the country and the effect that the energy sector may have on the dynamics of Russian urbanization.

Part one of the study will examine the historical and socio-political context of urbanization, as well as the “self-governing” component of local authorities in Russia. In part two, I will look at examples of specific problems in the urbanization of Russia, characteristics and perspectives of development of Russian cities. Part three will discuss the role of energy sector and its transformations in the urban development of Russian cities. In the end, I will offer speculations about possible scenarios of urbanization dynamics in Russia in the future.

Part I. The historical and socio-political context of urbanization in Russia

The urbanization in Russia as in other BRICs countries is closely connected with the processes of industrialization, which produced new large and small cities and provided an impulse for the development of multifunctional agglomeration districts (Table 1). Industrialization also affected existing old Russian cities (e.g., Ivanovo, Lipetsk, Tolyatti) by improving their economic conditions, contributing to the creation of new educational, cultural and scientific institutions, building of new theatres, museums, libraries and eventually creating multifunctional district centers from these cities (Lappo, 2005).

Table 1: The growth of the number of cities in Russia: 1926-2001

Year	The number of cities	Population, (thousands)
1926	520	14265,9
1959	877	52164,0
1989	1034	94516,2
2001	1097	94401,3

Sources: Population of USSR, 1973, Moscow, 1973; The results of All-Union Population Census 1970, Chap. 1, Moscow, 1972; Population Census of RSFSR, data of All-Union Population Census 1989, Moscow, 1990; Population Census of the Russian Federation by January 1st, 2001, Moscow, 2001. (Lappo, 2005).

Three stages can be emphasized in the process of urbanization in Russia:

1. The period of 1920-1950ss. This period after the Revolution of 1917 is characterized by the development of industrial complex of Russia and simultaneous growth in the number of cities and city population.
2. The second half of the XXth century, up until 1981, together with a significant acceleration of cities and city population growth, a substantial growth in large cities and in the formation of agglomerations occurred.
3. Beginning from 1990s, the growth of the number of cities and the trend “from rural to urban” has stopped, as the dominant demographic trend has been the decrease in city population and in population in Russia more generally (*Major Stages of Urbanization in Russia*).

During this third period, demographic problems combined with the economic downfall, social collapse and industrial disasters made it almost impossible for the cities to form a new, updated network of interconnections, including transport, sea networks and other types of local and regional infrastructure necessary for economic development and prosperity of urban areas. At the same time, during this period “the orientation towards the market has introduced a new urban context—new actors and new rules of the game, new challenges, and new structures of decision-making” (Golubchikov, 2004, p. 229). “The orientation towards the market has much transformed the context for urban change in Russia. The state has ceased to be a monopolist in

the urban economy, and city development has become a multidimensional product” (Golubchikov, 2004, p. 242.).

Indeed, with the collapse of the Soviet Union and Russia’s initial modernization and democratization period, the system of local government began to recover; “its organization forms were determined, on the one hand, by the democratic federative structure of the Russian state, by its legal system; and on the other, by historical, geographical, demographic, and other regional features of the subjects of the Russian Federation” (Belkina, 2010: 265).

As a result of socio-political and economic transformations in post-Soviet Russia, the modern Russian state comprises three levels of state power: the federal, regional, and municipal government, each possessing their own legal autonomy. What is more important is that the Constitution of the Russian Federation (1993) excluded the local self-government from the system of state power, granting an autonomy to the municipal level to decide on the local matters, which was consequently supported by the Federal Law on the General Principles of the Organization of Local Self-Government in the Russian Federation (Belkina, 2010: 265). Such a transformation was accompanied by some supervision from the federal level (e.g., the adoption of the federal law “The Town Planning Code of the Russian Federation” of December 29, 2004, no. 190_F3). However, as T. Belkina (2010) claims, “the self-governing component for municipalities meant first and foremost, that the cities had to develop their own strategic planning in order to create economic impulses and to succeed in competition within and between the states for investments, financial resources and work force in conditions of demographic crisis” (265-266). In this process of government withdrawal from the municipal level, “different planning regimes have emerged as a consequence of interaction between central power and regional political elites” (Golubchikov, 2004, p. 243). As a result, “Today’s Russian system of planning and development control is a product of contradictory factors—the Soviet legacy, bureaucratic power, emerging regionalization and municipalisation.” (Golubchikov, 2004: 243)

With the urban population accounting for 73.8% of total population (The World Fact Book, 2011), Russia is predicted to project an average rate of change in size of its urban population over 2010-2015 at the level of 0.13% annually, which is significantly lower than in Brazil (1.1%), China (2.85%), India (2.47%) and South Africa (1.21%) (The World Fact Book,

2011). The following section will discuss general problems that affect urbanization dynamics in Russia, which may explain the predicted low rates of change.

Part II. General problems of urbanization in Russia

Urbanization in Russia is far from being complete: it has been affected by the country's regime transition, which has led to the deficit of cities, especially in the East of Russia (Lappo, 2005). Many cities need to diversify and further develop their infrastructure in order to be able to respond to the challenges of market economy and to improve urban living standards. Apart from transportation and other infrastructural problems, such important elements of urbanization, especially in large leading cities, as higher education, science and culture remain underfinanced (Lappo, 2005).

Deurbanization processes also should be taken into account, including a “shift of industrial production beyond the boundaries of urban areas and active development of individual low-rise housing, the share of which is planned to amount to 52–55% of all residential properties to be commissioned” (Energy Strategy, 2009: 107).

There are unresolved questions about an acute demographic deficit and the use of land resources in Russia. Limonov and Vakhrusheva (2011) argue that the public ownership of the majority of land and non-specified property and land use rights serve as a serious impediment to the effective use of land resources in Russia (264). In case of Saint-Petersburg, the authors conclude that “three quarters of all land is owned by the state at various levels, and investment and construction projects totally depend on government approval. This creates what is in practice a state quasimonopoly on land...The huge nondemarcated areas of land owned by the state create an artificial shortage of land, increasing its value and the costs for existing buildings, which in turn exacerbates the housing problems of citizens and encourages corruption in the construction market” (274).

The agglomeration process mentioned above is particularly important for Siberia and the Far East. According to Goryachenko, et al, (2012) “In Siberia, a network of major urban agglomerations should be established. This will structure and speed up the development of human capital in the entire macroregion and generate competitive conditions for business” (301).

Characteristics and perspectives of development of Russian cities

Larger cities and accomplished agglomerations are the current vehicles of urbanization development in Russia. Cities like Moscow or Saint-Petersburg have better economic resources and demographic potential to adapt to new conditions of market economy and to effectively use their leading role as the cradles of urbanization and agglomeration processes. However, the ever-growing gap between larger cities and other centers of urban life in Russia has a danger to lead to center-periphery tensions: “the leader should not only go forward but also to direct the periphery” (Lappo, 2005). Instead of exclusively favoring the development of larger cities, “an active management of urban development by using tools of agglomeration formation and support of medium and small cities” is a current requirement proposed by many politicians and academics (Kolomak, 2012: 299).

Moscow and Saint-Petersburg are the leaders in regional development with a wide sphere of influence in industry, science and education, as well as in cultural-historical heritage. However, regional centers such as Novosibirsk in Siberia and the cities-leaders in the Far East are the ones that have an economic potential and industrial basis to bring their regions to the next level of development through, for instance, the intensification of interconnections with other regional centers and, in case of the Far East, with such countries as China and Japan (Lappo, 2005). Such interconnections will only be possible through the construction of new transport corridors, new transport infrastructure that will not only allow regional city-centers and agglomerations to interact, but will also provide a possibility for the country as a whole to be strategically included into the world transportation corridors.

Specifically, re-building of the Northern Sea Way for connecting Russia with the Northern European Countries and Asian-Pacific region (especially Japan), construction of new ports on the shores of the Arctic Ocean, development of the Northern and Siberian industrial centers, as well as the intensification of trans-border cooperation between Russian border-zone cities and the Baltic states, Belarus, Ukraine, Kazakhstan, Azerbaijan and Finland will enable Russian urbanization to achieve visible results.

Cities and regions of Russia can play a significant role in the progress of society as a whole and in the urbanization of the territorial structure of Russia. Understanding of cities’

potential at all levels of government and in the society itself is the necessary prerequisite for fulfilling such a role.

Part III. Energy sector in the urban development of Russian cities

The Russian Energy Strategy for the period up to 2030 (Energy Strategy, 2009) indicates that the current trends in the field of energy “relate to the formation of a new geography of energy-redundant and energy-deficient regions, as well as to the shift of centers of energy production, processing and export to the North and East of the country” (Energy Strategy, 2009: 42). The main problems in the energy field that directly affect the processes of urbanization and agglomeration in the country are formulated by the Russian government as follows:

- High level of disparities in energy self-sufficiency and structure of energy consumption in the regions, need for rational distribution of revenues from energy production between mining regions and the federal center;
- Lack of consistency between strategies, programs and plans for socio-economic development of the regions with federal strategic documents in the sphere of the fuel and energy complex (master plans, strategies of individual industries, federal target programs) and investment programs of energy companies;
- Bottlenecks in energy supply systems at interregional and intraregional levels;
- Insufficient development of small-scale energetics, negligible role of local energy resources of regional and local importance in fuel and energy balances of the regions;
- Absence of regional energy programs and programs for energy saving as well as urban heating development programs in many regions (Energy Strategy, 2009: 42).

These problems ranging from financial distribution from energy production, consistent well-developed planning in energy complex allowing for an effective use of local energy resources to the development of urban heating and energy saving programs – all directly affect the progress of urbanization in Russia. In order to address these problems, there is a need for concrete initiatives in energy sector. At present time, the priorities and key initiatives in energy

sphere could be formulated as three major directions observed in many official statements, strategies and documents at the federal level. The first direction is the European energy market, which is a priority for the Russian energy sector at all times. Considering high level of interdependency between Europe and Russia, Europe remains a major source of profit for the Russian export-oriented economy as a whole, providing the necessary financial prerequisite for the prosperity of urban areas.

The second direction is the potential of the Northern regions of Russia in oil and gas industry and the development of the Arctic shelf. Rebuilding of the Northern Sea Way and the development of technologies allowing for an oil and gas extraction on the Arctic are the major initiatives holding a potential to initiate local trans-border cooperation projects under the auspices of the development of the Arctic, and, therefore, stimulate the urbanization of the Russian North. Finally, the third key direction, which has acquired a great importance during the last few years in Russia, is the promotion of the Eastern dimension of energy market and intensification of cooperation between Russia and Asian Pacific countries as part of diversification policy of Russian energy export aimed to decrease Russia's dependency on the European energy market. According to the Russian Energy Strategy-2030, it is expected to develop oil and gas complexes in Eastern regions of Russia, precisely:

1. Formation of four new gas extraction centres in Sakhalin, Yakutia, Irkutsk and Krasnoyarsk regions.
2. Building of new gas pipelines: Sakhalin-Khabarovsk-Vladivostok" and Chayandiskoje filed-Blagoveshensk-Khabarovsk".
3. Development of a network of gas refining plants.

Overall, these projects will affect urbanization dynamics and bring in modernization of electric power and heat supply systems in the Far East Region, specifically in Sakalin, Yakutia, Magadan, Irkutsk and Krasnoyarsk regions.

"...Urbanization created reasonable economic growth and opportunity in Russia-India-China but decent living environment needs are missing in most of the urban sectors" (Das Kundu, 2012). How to reach the balance between urbanization and sustainable development of these countries? Indeed, the continuous exploitation of energy resources in Russia, especially non-renewable ones, will have a negative influence on the accessibility of these resources, as well as on the environmental conditions of cities most affected by energy industry. However, as

it is visible from the Energy Strategy-2030, sustainability is not a current priority of the Russian government, which prioritizes competitiveness of Russia on the world energy market and is mostly concerned with the necessity to secure its energy supplies through updating infrastructure with the help of domestic investments and the foreign capital. Thus, questions of continuous demand and supply of Russian energy resources are at the top of the current governmental agenda, overshadowing social and environmental aspects of urban development of Russian cities and regions.

Instead of conclusion: Possible scenarios of urbanization dynamics in Russia in the future.

Based on the current situation in Russia in the area of urban development, this study ponders over three possible scenarios of urban progress in Russia. The first scenario considers a general trend towards centralization of authority in Russia as a special characteristic of all three terms of Putin's presidency. Such a scenario would imply heightened interference of federal level into all stages of planning and implementation procedures through the establishment of homogeneous administrative rules and federal laws throughout the country. Obviously, the scenario implies that regional and local municipal authorities would lose some of their power in the decision-making process and be unable to apply its competences and knowledge of the local specificities for regional or municipal governing. The Energy Strategy-2030 confirms that such a scenario is feasible in proclaiming the following goals to be pursued by the Government in regional energy policy: "Improvement of interaction between the federal executive authorities, executive authorities of the constituent entities of the Russian Federation and local authorities by means of legislative division of powers and responsibilities in energy saving policy, realization, energy reliability and safety provision, regulation and promotion for development in energy sector, and, the state support for development of the interregional and intraregional energy infrastructure" (Russian Energy Strategy, 2009, 42-43).

The second scenario is the focus on local municipal administration, which would assume an exclusive authority in institutionalizing urbanization at the local level and establishing the necessary planning and legislative regulations for regional development. This scenario would only be possible in case of strong municipal agencies advocating for a high level of self-governing autonomy and carrying enough expertise to undertake an effective local planning and administration of urbanization procedures, improvement of infrastructure and transportation

routes. In this scenario, the Russian cities would play a role of initial policymaking vehicles for knowledge translation, experience and innovation exchange on urbanization problems; most importantly, they would hold a potential to interact with each other and, in case of trans-border cooperation, with foreign cities as independent self-sufficient actors capable of launching cooperation projects at both the local and international level and stimulating urban development on their own. There are multiple examples of cross-border city-to-city initiatives. Nonetheless, considering the predominant trend towards centralization in Russia described in the first scenario, limited range of exclusive or shared competences between municipal and regional or federal levels, the likelihood of this second scenario remains doubtful, although not entirely impossible.

The third scenario is creation of regional planning systems with a proactive role of regional administrations in building agglomerations at regional levels and stimulating the growth of larger, as well as smaller cities on the basis of an existing economic and industrial potential of their region. It is of great importance for regions to realize their investment possibilities and to attract both federal and non-governmental resources in their development. The Energy Strategy-2030 proclaims the promotion by the government of integrated development of regional energy sectors and implementation of major regional strategic initiatives of the state and energy business in a consistent manner (energy developing of the Eastern Siberia, Far East, Yamal Peninsula and Arctic) (Russian Energy Strategy, 2009, 43). However, even with these official statements it remains unclear “who gets to decide”; the question remains as to who will be in control of the regional urbanization and who will be held accountable for planning and implementation of urbanization procedures in the near future, providing for sustainable and effective urban development of the Russian state.

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