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Artur Alexandrovich Blagorodov

Institute of Service and Entrepreneurship (branch) of DSTU Master

Vladimir Timofeevich Prokhorov

Institute of Service and Entrepreneurship (branch) of DSTU Doctor of Technical Sciences, Professor, Shakhty, Russia

Victoria Sergeevna Belysheva

Institute of Service and Entrepreneurship (branch) of DSTU Candidate of Economics, Associate Professor

Galina Yurievna Volkova

LLC TSPOSN «Ortomoda» Doctor of Economics, Professor Moscow, Russia

PROBLEMS AND OPPORTUNITIES FOR SOCIAL AND ECONOMIC DEVELOPMENT OF SMALL AND MEDIUM-SIZED CITIES IN THE ARCTIC ZONE OF THE RUSSIAN FEDERATION

Abstract: in the article, the authors analyzed the Federal Strategy for the Development of the Arctic Zone of Russia until 2035 with the development of regional target programs for innovative economic development, including its diversification, which contribute to the intensification of tourism activities in the region. It is becoming one of the drivers in the development of the economy in the Arctic. Its modern structure constantly increases the variety, which meets consumer demand. An important factor is the export role of tourism products. In the next 15 years, it is planned to increase the annual number of tourists in the Arctic zone to three million people, which, however, is significantly lower than in the foreign Arctic. In this regard, the development of polar Arctic tourism is possible so far only in Russia, as well as the organization of astroparks, the number of which is very limited in the world, are promising areas of tourism. Based on the analysis and generalization of thematic publications, the features of the development of pole tourism and the prospects for organizing an astropark in Teriberka, Murmansk region are considered. A number of measures have been proposed to promote them in the tourism market: expansion of the tourism product based on further scientific research; increasing the export value of new tourism products through active introduction to the international market; development of mechanisms to stimulate domestic demand through a flexible tax policy, infrastructure development, and broad information support. The development of tourism contributes to the improvement of the socio-economic situation in the region: it creates new jobs that are attractive to young people, the female population, creates opportunities for the preservation of traditional forms of management of indigenous ethnic groups, strengthens the geopolitical position of Russia in the Arctic, the article analyzes the problems and prospects for the socio-economic development of small towns and regional centers in the Russian Federation. Key approaches to determining the socio-economic potential of the region (including medium and small towns) are given. The types and elements of socio-economic potential, extensive and intensive factors of development are considered. A scheme of the socio-economic potential of small and medium-sized cities is proposed, the problems and advantages of the studied territories in comparison with large agglomerations are identified.

Key words: Arctic, polar tourism, astroparks, development, socio-economic potential, territory development, small town, medium town, resources, state and municipal management.



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Introduction

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The Federal Strategy for the Development of the Russian Arctic until 2035 against the backdrop of rapid climate change in the region, the development of targeted programs for innovative economic development of the Arctic, contribute to the intensification of tourism activities in the region. The tourism industry is becoming one of the drivers in the development of the economy in the Arctic. It was included in the programs of socio-economic development of the Murmansk, Arkhangelsk regions, the Republic of Komi, YNAO and other subjects of the Arctic zone of the Russian Federation located in the Arctic region of Russia. A similar process is typical for other polar countries of the world, which contributes to the development of international cooperation in this area. The established areas of Arctic tourism include: ecological, business, ethnographic, event, scientific, hunting, extreme, Its structure is constantly expanding, indicating that it is in demand even during pandemic economic difficulties. At the same time, there was a decrease in the export role of Arctic tourism in 2020-2021, associated with the pandemic, as well as with geopolitical factors. At the same time, despite the difficulties that have arisen, the investment attractiveness of the tourism sector of the economy continues to grow, which is facilitated by the growth in demand for recreation in areas with undisturbed nature not only in Russia, but also in other countries of the world. The Ministry of the Russian Federation for the Development of the Far East and the Arctic in the next 15 years plans to increase the annual number of tourists in the Arctic zone to 3 million people, despite the longer payback period for tourism projects than in more southern regions. Note that in Northern Norway, having a much smaller Arctic space, this figure has already been reached. The contribution of the tourism industry to the formation of the GRP of the Arctic regions of the Russian Federation ranges from 0.3% to 2% and gradually decreases as you move from west to east, which is not due to significant differences in recreational resources, but to transport accessibility and the quality of tourist infrastructure. The development of tourism contributes to the improvement of the socio-economic situation in the region: it creates new jobs for young people and the female population; opens up new opportunities for involving representatives of indigenous peoples in this area of activity, while at the same time ensuring the

preservation of their traditional nature management, etc. The significance of the development of the tourism industry in the Arctic region encourages the study of its new promising areas.

The study was prepared on the basis of the analysis and generalization of thematic scientific publications, own developments on promising types of tourism activities and field research in the region. The main study areas were the water area, island territories and the coast of the Barents Sea.

A promising direction for the development of Arctic tourism is the polar cruise, which has its own characteristics compared to cruises along the coast of the Arctic, a few of which took place even this year against the backdrop of all kinds of pandemic restrictions. Pole Arctic tourism is developing in the western sector of the Arctic and includes two tourist destinations: visiting the North Pole and Hooker Island of the Franz Josef Land archipelago, which is part of the Russian Arctic National Park. In 2022, the possibility of including the cluster of this park located on the Severny Island of the Severnaya Zemlya archipelago in this route was considered. A feature of polar Arctic tourism is that it is still unique and is carried out only by the Russian nuclear-powered ship "50 Years of Victory". The duration of the trip is 10-14 days.

The second promising area for the development of Arctic tourism is astrotourism. The main goal of astrotourism is to observe the iconic objects and phenomena of the dark sky, which is possible in the absence of its anthropogenic illumination, the territory of the Arctic belongs to such areas. Interest in astrotourism is stimulated by the growing process of light pollution that accompanies urbanization. Astrotourism destination areas are astroparks (Dark Sky parks). They have exceptional conditions for observing the sky at night, as well as features of the "night life" of nature (nocturnal birds, mammals, active at night, etc.). Such areas are protected for scientific, educational purposes, as well as a natural and cultural heritage site, which have received such a status from the International Dark Sky Association.

The possibility of organizing the first astropark in Russia was studied by us near the village of Teriberka, Murmansk region in the summer of 2021 (Figure 1), the following were carried out: instrumental measurements of the illumination of the sky and visual measurements on the Bortl scale, a landscape description of the territory was made, and an initial assessment of the aesthetics of landscapes in promising areas of tourist routes was carried out.



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Teriberka is located on the coast of the Barents Sea, which creates excellent conditions for exploring the nature of the Arctic. The territory in the relief represents a small hilly and coastal flat part of the coast of the Teriberskaya Bay. The absolute elevations are 0–177 m, the relief is erosion-denudation, sharply dissected. The climate of the territory is maritime, subarctic. In the landscapes, shrub and shrub-lichen tundras are most widespread; forest-tundra thickets of hypoarctic shrubs, subarctic light forests, coastal meadows, and swamps occupy smaller areas. Remoteness from urban and industrial centers determines the low level of atmospheric pollution, ensuring its transparency, which is conducive to observations of the night sky. On a clear night, light pollution measurements with a luxmeter gave results of less than 1 lux, and on the Bortl scale - class 2, which indicates the absence of light pollution.

Important objects for observing the night sky are the constellations Ursa Major and Ursa Minor with the North Star, the northern lights are especially clearly visible in March. The possibility of observations is limited to periods with the lowest density of clouds, strong winds, etc. The creation of astroparks implies the presence on the territory not only of the possibility of observing celestial phenomena, but also of natural, cultural and historical objects that are attractive to tourists. Although Teriberka has a high recreational potential, it has become an important tourist attraction relatively recently, after the release in 2014 of Andrey Zvyagintsev's feature film Leviathan, which was filmed there. This explains the greatest interest of tourists in the associative cultural landscapes of Teriberka.



Picture 1. The abandoned grocery store from the Leviathan movie as an example of an associative cultural landscape.

Tourist activity can be stimulated by educational tours to observe the phenomena of the Polar day and Polar night, unfamiliar to most Russians, unique bird colonies on the shores of the Barents Sea, visits to

aesthetically valuable natural landscapes of the coastal zone and the river valley of the river. Teriberka (Figure 2).





Figure 2. Landscapes near the village of Teriberka



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The development of sports tourism is possible skiing and hiking, diving, as well as fishing tourism. The village is located 130 km east of Murmansk, which can be reached by private or public transport. However, in winter, the only road is often closed due to snowstorms for 3–5 days. In the last 3-5 years, a modest hotel chain (branches of Murmansk hotels, private hotels of local residents) and catering places have appeared in the village. The considered promising areas for the development of tourism in the Arctic allow us to propose a number of measures for their promotion in the tourism market, which include, for example, the following, namely:

- expansion of the structure of the tourism product on the basis of further scientific research;
- increasing the export value of new tourism products through active introduction to the international market;

• development of mechanisms to stimulate domestic demand through a flexible tax policy, the development of transport and tourism infrastructure, and broad information support.

The Russian Arctic, which occupies a significant part of the circumpolar space, where more than half of the entire population of the region lives, has all the prerequisites to become the world leader in Arctic tourism, which will contribute not only to the socioeconomic development of the region and the strengthening of Russia's geopolitical positions in the Arctic.

Main part

Key modern approaches to the definition of the concept of the socio-economic potential of the region are shown in Table 1.

Table 1. Approaches to the definition of the concept of the socio-economic potential of the region

No.	Definition
1	The system of material labor resources and factors that ensure the achievement of production goals
2	Production resources, its quantitative and qualitative parameters that determine the maximization of production capabilities at a particular point in time
3	The ability of the region to use the full range of its resources, including the characteristics of the current and future structure of the economy and geographical location
4	Intra-regional resources and inter-regional synergies that promote mutually beneficial resource efficiency improvements through specialization or other tools
5	The total ability of the region's economy, its industries, enterprises, farms to carry out production and economic activities, produce products, goods, services, meet the needs of the population, social needs, ensure the development of production and consumption
6	Expression of the material base of the region, taking into account the volume of property of the territorial entity, expressed in quantitative indicators, as well as in qualitative indicators that determine the possibility of selling this property in the region
7	The ability of the region to solve not only economic problems, but also social ones, improving the quality of life of the population
8	The ability of the region to create conditions for improving the quality of life using the entire range of resources available in the region, as well as using external resources
9	Possibility of development of the region when using territorial resources, features of the economic activity of the region and its geographical location in the interests of the population of the region

Speaking about the socio-economic potential of the region, there are several types of it, namely:

- * basic potential a potential capable of resolving problems and issues of local selfgovernment within the framework of socio-economic development;
- * hidden potential potential that can create innovations;
- * excessive potential potential that does not give a socio-economic effect;
- * negative potential the potential is not sufficient to address issues of local self-government;
 - * total potential.

As for the total potential of the territory, a significant number of elements are distinguished in its composition, the key of which are, namely:

- * natural resource potential the potential of natural reserves, the state of the environment;
- * production potential the potential of industrial production, fixed capital and the degree of its depreciation, the level of technological and reproductive structure of fixed capital, the competitiveness of products;
- * social potential the potential of the social structure of society and the degree of differentiation of the population, the potential of personal and public security, social infrastructure;



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- * consumer potential the potential of the purchasing power of the population of the region;
- * innovative potential the potential of research and technical activities in the region, the use of progressive traditional high technologies, the formation of the results of intellectual activity;
- * infrastructural potential the potential of the region's infrastructure;
- * labor (demographic) potential the potential for labor activity of the population and the educational level of the population of the region;
- * institutional potential the potential for the development of institutions and social production;
- * financial potential the potential of tax revenues to municipal budgets.

In the regional economy, two groups of factors for development and building up the socio-economic potential of the region are distinguished - these are extensive and intensive factors of development:

extensive factors include a quantitative increase in the volume of resources used (material, labor, financial, industrial, natural, etc.);

to intensive - a qualitative improvement in the resources used, an increase in the efficiency of their use.

Thus, the basis of all definitions of the socioeconomic potential of the region is its resource component and the efficiency of its use.

The advantages of small towns in comparison with medium and large ones are in the possibility of prompt mobilization of available resources, in the high centralization of municipal government, which gives good prospects for using network interaction with other cities and regional centers, including development within a cluster (tourism, industrial, cultural, etc.).

Nevertheless, small towns and regional centers of Russia face a number of serious problems in the course of their development. The most important of them is demographic - the outflow of the population from small towns to larger settlements, which can lead their degradation and transformation into infrastructurally undeveloped rural areas. The outflow of the able-bodied population occurs due to the lack of qualified jobs, the concentration of educational centers in large cities, etc. In general, the population of small towns has decreased by 10–15% over the past 5–10 years. It can be noted that in the post-Soviet period, the country has developed a tendency for government non-intervention and disregard for the development of small towns and regional centers, which are considered unpromising and uncompetitive, in connection with which their budgetary support is not considered effective. In addition, it is argued that the presence of a large number of small towns and district centers predetermines the growth of social inequality and poverty, reduces social stability in society. Of course, the weaknesses in the development of small towns in Russia cannot be denied. Thus, small

towns are distinguished not only by an insufficient economic base, but also by unfavorable positions in terms of attracting qualified specialists and investments; at the same time, they face an acute problem of unemployment. A significant proportion of small towns are single-industry towns with a predominance of one industry and a high dependence on the activities of city-forming enterprises. Plants and factories in small towns lose out to competitors from larger cities in most industries. According to some estimates, doubling the size of the city leads to a 5% increase in the productivity of enterprises.

The formation and development of market relations presupposes the free and equal coexistence and development of various forms of ownership and various sectors within each form of ownership. Considering the private sector of the economy, we can talk about three groups of enterprises, which, according to generally accepted terminology, are defined as large, medium and small enterprises, depending on their size, as well as a group of individual entrepreneurs. Each of these four groups has its own internal interests that determine the strategy of their economic behavior, their attitude towards the state and its policy, towards socioeconomic, political and national problems. Big business mainly determines the economic and technical power of the country. For the purposes of self-preservation and development, it gravitates toward integration, absorbing or concentrating smaller partners on the one hand, and on the other, uniting into international structures, losing part of their independence and falling under the influence of stronger partners. At the same time, guided by the situation on the international market and fulfilling the will of stronger partners, big capital becomes an instrument for the expansion of international business structures in the domestic market of the country. Medium-sized businesses are more dependent in their activities on the domestic economic situation and are forced to compete within their own group, as well as with large domestic and foreign capital. This determines the interest of medium-sized businesses in protecting the domestic market through the implementation of a protectionist state economic policy and the formation of certain rules for market relations.

Small business, including individual entrepreneurship, is a numerous layer of small proprietors, who, due to their mass nature, largely determine the socio-economic and, to some extent, the political level of the country's development. In terms of their standard of living and social status, they belong to the majority of the population, being at the same time both a direct producer and a consumer of goods and services. The small business sector represents the most extensive network of enterprises and individual entrepreneurs, operating mainly in local markets and directly connected with the mass



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consumer of goods and services. Together with the small size of small enterprises, their technological, production and management flexibility, this allows us to respond sensitively and in a timely manner to changing market conditions. The small business sector is an integral, objectively necessary element of any developed economic system, without which the economy and society as a whole cannot exist and develop normally. Although the "face" of any developed state is made up of large corporations, and the presence of a powerful economic force - big capital, to a large extent determines the level of scientific, technical and production potential, the true basis of the life of a country with a market economy system is small business as the most massive, dynamic and flexible form of business life. It is in the small business sector that the bulk of national resources are created and circulate.

High adaptability and mass coverage of almost all areas of the country's domestic market ensure the sustainability of economic development and contribute to the stability of the state. The owners of small enterprises, on the one hand, are small owners and are united by corporate interests in property with large and medium-sized capital. On the other hand, representatives of small enterprises and individual entrepreneurs are distinguished by the fact that their living and working conditions, as well as the position of an active producer and at the same time a consumer in the domestic market, force them to strengthen ties with their regular and potential customers from various social groups in everyday life. All of the above determines the social behavior of small business representatives, based on direct dependence on local and national interests.

In our country, the advantages of large-scale production have been promoted for a long time. With certain positive aspects, such absolutization led to the absence of conditions for the formation of competitive

relations. At the same time, the opportunities for small businesses are very high, especially in modern conditions. Many years of experience in developed countries have shown that without a wide network of small enterprises, the functioning of the commodity market is impossible. The presence of a sufficiently large number of small enterprises makes it possible to intensively rebuild the structure of the economic complex.

of the reasons for the successful development of small and medium-sized businesses in advanced economies is that large-scale production is not opposed to small-scale. In the USA, Japan, Germany and other developed countries, small and medium enterprises form a stable, as it were, double structure: "small plus large". In these countries, the principle of cooperation between large and small enterprises is cultivated, and large associations do not suppress small businesses, but complement each other, especially in the field of specialization of individual industries and innovative developments. It is known that Japanese supergiants rely on thousands of family businesses and micro firms with a high level detailed (operational) specialization responsibility, with the highest level of computer support. The relations of the latter with the state and big business are regulated by a legal framework developed over decades. Small business dominates in production, construction, services, and now in high technologies. The exception to some extent, especially in the United States, is the aerospace and electronics industries, and to a certain extent, the automotive industry.

Firms of different sizes play different roles in ensuring the stability and competitiveness of a market economy, and have different risks and benefits (Table 2).

Table 2. Strengths and weaknesses of large and small businesses

	Strengths	Weak sides
Big business	- the ability to actively change the external environment of entrepreneurship - the ability to create and accumulate the achievements of scientific and technological progress, procedures and rules of rational business - saving on production costs - sustainability	technical progress and rational business - a drop in efficiency growth management



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Small business

- flexibility higher profitability compared to big business - use of unemployed resources from informal markets
- dependence on the support of large firms and the state
- high risk nature
- intuitive nature and non-specialized control
- limited access to high quality resources
- lack of financial resources, difficult access to information and scientific achievements

Big business defies simple definition. Usually the concept of "big business" is applied to such giants as, for example, General Motors. The largest companies in the world include such firms as General Electric (USA), Royal Dutch (Great Britain - Denmark), Coca-Cola (USA), Nippon Telegraph & Telephone (Japan), Exxon (USA), Gazprom (Russia) and others. It is thanks to large enterprises that business is developing, which is based on mechanisms for reducing production costs. Large firms are the bearers of scientific and technological progress (STP), they accumulate and then implement the methods of rational entrepreneurship.

Most modern large firms are international companies operating in global markets, which allows them to take advantage of the relatively cheap resources of the world economy by locating different stages of production in different countries. With the greatest clarity, these properties of big business manifested themselves in the activities of modern transnational corporations (TNCs). The latter, thanks to the huge concentration of resources and the centralization of financial and material flows within the corporation, are able to create for themselves an effective market and social infrastructure. Coming to less developed countries, TNCs themselves create communications, form a model of behavior of workers and consumers, and actively influence domestic and international legislation.

Along with competitive advantages, large business also has weaknesses. The growth of the company is often accompanied by a decrease in the effectiveness of its management. Very often, large firms have the ability to regulate the demand and prices of their products, which reduces the incentive to increase efficiency, and makes big business inflexible. These features of large firms create opportunities for sustainable business development in medium and small sizes.

The concept of "big business" is a concept mainly economic. The legislation of both foreign countries and Russian does not specifically highlight this concept. The concept of "small business" is defined both economically and legally. As the experience of countries with highly developed economies shows, it is the most important component of the market economy. In its most general form, small business is understood as economic activity carried

out by subjects of a market economy under certain conditions established by law, state bodies and other authorized organizations that determine the essence of this concept. The strengths and weaknesses of small businesses will be discussed in the following paragraphs.

In addition to large and small businesses, a significant layer of medium-sized businesses remains in the modern market economy. Just like big business, medium business does not have a special legal status. It occupies an intermediate position between small and large businesses located at different poles of the economy and plays an extremely important role. It acts as an intermediary and a link between large and small businesses, between small businesses and the state. The small size of firms, the instability and high riskiness of small businesses do not allow them to establish stable ties with large businesses directly. Medium business assumes this role, creating a complex network of relations of various forms, legal and organizational formalities, both with large and small businesses. These connections are called the network economy.

Thus, a modern market economy is characterized by a complex combination of industries of various scales - large, with a tendency to monopolize the economy, medium and small enterprises that arise in industries that do not require significant capital, volumes of equipment and cooperation of many workers. The size of enterprises depends on the specifics of industries, their technological features, and on the effects of economies of scale in production. There are industries associated with high capital intensity and significant production volumes, a large share of fixed assets and entrepreneurial costs. Most of the large businesses are concentrated in these industries. These include the automotive, pharmaceutical, chemical, metallurgical industries, most enterprises in the extractive industries. The fastest growing industries determining scientific and technological progress (STP), since they accumulate financial, production and human resources faster than others. In industries with low capital costs, where the share of personnel costs in the costs of entrepreneurs is large, small enterprises are preferable.

The place of small business is predetermined by objective economic laws, since it is approximately the same, regardless of the peculiarities of the political



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structure, the history of the country's development, the sectoral structure of the economy, and other factors.

The perception of problems in single-industry towns depends on the specific situation in each of them. For different single-industry towns, the severity of even common problems (Figure 3) is different.

Representatives of the executive authorities of the subjects of the federation are most concerned about the situation with the social burden on business due to the need to make social payments related to the status of the northern territories. The same problem was named among the main ones by some mayors of cities, as well as a number of federal experts and businessmen themselves.

Социальная нагрузка на бизнес
Система перераспределения налоговых поступлений
Ситуация в ЖКХ и транспортной системе
Избыток/нехватка жилого фонда → отток кадров в другие регионы
Длительность аукционных процедур по госзакупкам товаров и услуг
Новая кадастровая система налогообложения недвижимой собственности
Сокращение мощностей предприятий → рост безработицы
Отсутствие интереса к запуску имиджевых и маркетинговых стратегий

Figure 3 - Main problems in single-industry towns

Another barrier to the development of single-industry towns is the system of redistribution of tax revenues. The current tax policy, according to which only a part of personal income tax remains in the local budget, while VAT and some other types of revenues go directly to the federal and regional budgets, creates a deficit in local budgets. Even with the active economic development of the territories, the heads of single-industry towns do not predict a reduction in the deficit by more than 20%.

In addition, processing industries do not pay taxes on the resources used to the local budget at all, which significantly reduces the amount of budget revenues for several single-industry towns at once. At the same time, taxes paid by businesses on pollution of territories, use of the roadway, etc. are higher than in non-Arctic regions. There is a situation when the basis of budget revenues - deductions from large industries - is a destructive factor for business, but even in this form it does not satisfy the needs of municipalities.

The heads of single-industry towns note the situation in housing and communal services and the transport system and the outflow of personnel among the significant problems. For example, for the city of Vorkuta, the key issue is the resettlement of nearby villages, in which practically no one lives, but which have to be heated and lit. Every year the city has to spend about 100 million rubles for these needs. Transport problems imply high wear and tear of the existing roadway and the impossibility of replacing it

due to high capital intensity, in which the need for transport provision of the territories does not decrease.

For more successful single-industry towns, such as Norilsk and Severodvinsk, one of the problems is the lack of housing construction, which does not allow attracting new qualified personnel. It can be said that some Arctic single-industry towns suffer from an excess of housing stock, for the maintenance of which they do not have enough funds, while others suffer from a shortage. The same problem causes the migration of the young population to more affluent cities in the regions.

For remote single-industry towns, such as the city of Pevek, a serious problem is the duration of auction procedures for public procurement of goods and services. The short period of summer navigation poses a threat of supply disruption due to the need to meet the deadlines for tenders.

Some of the respondents refer to the existence of projects to address these problems. However, these projects involve the creation of new infrastructure facilities, which exceed the financial capabilities of the municipalities, but are not supported by the regional authorities due to limited resources.

According to business representatives, the new cadastral system of immovable property taxation greatly undermines the profitability of production. For mining industries that own quarries and large areas for storage and processing, the corresponding expense item, according to businessmen themselves, has



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increased up to 100 times. At the same time, no benefits were provided to enterprises.

Also, business representatives note a reduction in capacity and a slight increase in unemployment. Its growth rates are low: surges are recorded only when large-scale production facilities are closed, such as, for example, Kovdorslyuda.

Business, according to respondents, is highly dependent on geopolitics. For example, at Onegales, the fleet was updated in favor of foreign equipment, but the imposition of sanctions against Russia in the future will require abandoning such initiatives.

Another problem of doing business in the Arctic was the lack of interest in building the company's image and launching marketing strategies. The products of many companies are little recognizable, and some enterprises do not have a strong brand to attract outside investment.

In the course of the interviews, specific problems concerning individual single-industry towns were also noted. For the city of Zapolyarny, the situation with the maintenance of military units of the Ministry of Defense of the Russian Federation is important - many

service items are outsourced to other cities and regions (for example, bed linen is washed in St. Petersburg). For the city of Nikel, the border status is of particular importance: it requires maintaining the improvement of territories in order to attract consumers and producers from among the citizens of the fifty-kilometer border zone. Pos. Beringovsky remains today without any way to earn money independently.

Evaluation of the effectiveness of state support measures for the Arctic single-industry towns also differs significantly depending on which group the respondent belongs to (Figure 4).

Federal experts are the most critical. They note the insufficiency of support measures, and some of them even doubt that such targeted support is being carried out. Their main claims are the lack of a strategy for the development of the Arctic single-industry towns and the Arctic as a whole, the lack of allocated funds and the lack of a diversified approach based on the specifics of each individual single-industry town.



Figure 4 - Evaluation of the effectiveness of state support for single-industry towns

Representatives of the regional authorities noted rather the support measures that need to be implemented at the federal level. The regions themselves, among their own support measures, named a deferment on the payment of regional taxes, penalties and fines for city-forming enterprises, as well as benefits on corporate property tax and corporate income tax when implementing investment projects.

The opinions of the heads of medium and small towns on the issue of state support measures were divided: some of them noted the existence and effectiveness of these measures related to the implementation of large infrastructure projects funded by the federal budget; the other part called the existing measures ineffective or pointed to their absence. That is, the assistance of the federal center is significant only in the form of support for large infrastructure



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projects. Those medium and small towns that were able to receive funding feel supported, while those who do not are skeptical about it. The existing mechanisms are somewhat limited, as they are aimed at creating new industries, while there is a need to promote the development of already established enterprises. Such support is exclusively targeted.

Assistance from the regional authorities is noted by all heads of medium and small towns. For them, the main form of support is subsidies from the regional budget. At the same time, neither federal experts nor regional authorities named the poor quality of city management as a problem. Also, there is a lack of focus of the heads of small and medium-sized cities to attract investment, with the exception of representatives of the Murmansk and Arkhangelsk regions.

The heads of mono-settlements see the effective assistance of the center in the field of education, providing budgetary organizations with stable and full wage payments, participation in regional co-financing under development programs. The heads of small and medium-sized cities also note the support of the city-forming enterprise in the field of social policy, housing and communal services, and improvement of the urban environment.

Business notes the need for support from the authorities, but mainly in the issue of revising the legislative framework (tax policy, personnel policy, etc.), rather than in the form of subsidies. In general, the survey shows that cities and towns need state support rather than enterprises themselves.

On the issue of changing the situation in small and medium-sized cities in the Arctic, there is the greatest dispersion of opinions (Figure 5).

Some of the interviewed experts note that the only effective tool to support small and medium-sized cities could be the expansion of mining. But this way of resolving economic problems is in conflict with the threat of depletion of resources and has little effect on improving the socio-economic living conditions of the population. In general, it is necessary to revise the exclusively mining profile of enterprises, its gradual transformation towards deep processing. According to respondents, support for the modernization of existing extractive industries is especially relevant for those regions where the extraction of raw materials is seasonal in nature and forms the occupancy of warehouses in the off-season in volumes of up to 50% of the total production volumes.

- необходимость поддержки малого и среднего бизнеса
- продолжение практики встреч глав моногородов с представителями федеральных властей
- развитие новых направлений экономической деятельности
- развитие социальной ответственности бизнеса как метода экономического стимулирования

- изменение законодательства в части проведения торгов для арктических территорий
- изменение системы перераспределения доходов от налогов муниципалитетов
- изменение кредитной политики, снижение и стабилизация ключевой ставки для предприятий арктической зоны, помощь в обслуживании долга
- присвоение статуса ТОР всем арктическим моногородам
- переселение жителей малочисленных населенных пунктов
- повышение квалификации управляющих кадров
- вывод средств из теневой экономической среды
- поддержка развития транспортной, бытовой и социальной инфраструктуры

Figure 5 - suggestions for improving the situation

At the same time, the most common proposal was to assign the status of ASEZ to all Arctic small and medium-sized cities. So, all the proposals of representatives of the regional authorities, in fact, came down to support mechanisms within the framework of the ASEZ: tax incentives, preferential lending and expansion of the territory of the ASEZ beyond the boundaries of small and medium-sized

cities on the basis of connectivity, the creation of the ASEZ without being tied to specific projects, etc.

Federal experts also pointed to the need to support the development of small and medium-sized businesses. For example, the experience of the city of Severodvinsk in effective support of small businesses through the SME Financing Fund is noted. A number of interviewed experts stressed the importance of



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continuing the practice of meetings between the heads of small medium-sized towns and representatives of the federal authorities, but on a systematic basis. The development of new areas of economic activity was also noted as a significant factor in improving the situation in small and medium-sized cities in the Arctic. We are talking about creating infrastructure for small and medium-sized businesses in the field of tourism, public services, etc.

The heads of small and medium-sized cities, in addition to the above, called such necessary, in their opinion, measures as:

- resettlement of residents of small settlements;
- changes in legislation related to bidding for the Arctic territories;
- change in the system of redistribution of revenues from taxes of municipalities;
- advanced training of management personnel;
- development of social responsibility of business as a method of economic stimulation;
- change in credit policy, reduction and stabilization of the key rate for enterprises in the Arctic zone, assistance in debt servicing;
- withdrawal of funds from the shadow economic environment;
- support for the development of transport, household and social infrastructures.

Problem

There is no detailed strategy for the development of the Arctic small and medium-sized cities of the Russian Federation, fixing the mechanism of their systemic federal support. Such a strategy should take into account the specifics of single-industry towns in the Arctic, which is completely ignored in the existing list of all small and medium-sized specialized municipalities in the country. Each Arctic small and medium-sized city has its own problems, often unique to them, which makes a stereotyped, average approach ineffective.

Foundations

The lack of a comprehensive, highly specialized strategy puts the Arctic small and medium-sized cities in a position in which the implementation of support from the federal center does not lead to the expected economic growth and development of the territories due to the lack of consistency and consideration of the specifics. The existing regulations for the support of small and medium-sized cities are designed for 319 administrative-territorial units, of which only 14 are small and medium-sized cities in the Arctic. At the same time, the support and development programs of the subjects of the federation, which include small and medium-sized cities, although they reflect regional specifics, are designed for all categories of settlements, and, therefore, are not always effective in small and medium-sized cities.

The lack of an innovative scenario for the development of small and medium-sized cities in the Arctic also slows down investment development, allowing the municipal authorities to concentrate solely on maintaining the current state, instead of developing the territory.

Attention to small and medium-sized cities of the Arctic zone is irregular, significantly inferior, for example, to the attention paid to the Far East. The symbiosis of Arctic and multidisciplinary specifics requires the creation of a team of qualified specialists in regional development issues, which are usually absent in regions and municipalities, which makes it almost impossible to develop such a strategy by small and medium-sized cities themselves.

Offer

Develop a comprehensive Strategy for the development and systemic state support of small and medium-sized specialized municipalities in the Arctic zone of the Russian Federation, reflecting:

- general specifics of the region;
- economic conditions for the existence of small and medium-sized cities;
- features of the position of the territory of small and medium-sized cities;
 - investment climate improvement scenario;
 - mandatory measures of state support;
 - conditions for obtaining state support;
- options for combining state support measures to achieve a multiplier effect;
- ❖ a plan for legislative revision of the provisions of the fiscal state policy for the regions under consideration;
- forms and methods of stabilizing the demographic situation in small and medium towns;
- ***** KPI (key performance indicators) for the implementation of support measures, etc.

Problem

The study showed that SMEs in the Arctic zone, despite a wide range of government support measures for lending, do not actually use them. In addition to poor awareness, this is evidence that the existing mechanisms are inaccessible to entrepreneurs. This is especially true for companies whose profile is different from the profile of a city-forming enterprise, which, having no financial capabilities, are unable to increase production, which hinders the diversification of the economy of small and medium-sized cities.

Foundations

Existing programs to support lending to SMEs provide for the presence of at least 30% of own funds or assets to secure a loan. This condition turns out to be unbearable for small and medium-sized enterprises of small and medium-sized cities in the Arctic zone, since there is isolation in the domestic sales market, due to extremely high logistics costs when entering foreign markets.

In addition, traditional state support measures (creating a greenfield or brownfield) aimed at



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developing competition due to the geographical specifics of the Arctic zone also do not work.

Offer

According to experts, it is necessary to introduce a lending model for small and medium-sized businesses in the Arctic zone, which reduces the obligations of SMEs to 10-15% of the required amount or the corresponding amount of collateral. By analogy with mortgage lending, which did not develop under the requirements of 50% availability, developed poorly at 30%, and began to be actively used when the restrictions were reduced to 10-15%. At the same time, it is important to provide consulting and organizational and managerial assistance to businesses in the process of project implementation.

The lending model can be specialized and apply only to reducing logistics and transportation costs, giving small and medium-sized businesses the opportunity to enter foreign markets.

It is also necessary to expandtypes of economic activity that are subject to concessional lending for the territory, taking into account priority industries and including the service sector in them. In the Arctic small and medium-sized cities there is a shortage of enterprises of this profile, which distinguishes them from the cities of the central part of the country, where this area is highly developed and profitable.

Also expedientwider involvement of regional guarantee funds and the inclusion of state and municipal authorities in the process of reviewing loan applications and providing a bundle of forms of state support for small and medium-sized businesses.

Problem

The majority of heads of small and mediumsized cities and representatives of the executive power of the subjects of the federation that are part of the Arctic zone lack the necessary investment thinking, which is the basis for understanding effective methods and forms of development of territories with this specificity.

Foundations

During the study, it turned out that most of the heads of small and medium-sized cities called only the subsidized scenario of financing the budget deficit as a measure of state support. Only some representatives of the municipal authorities are aimed at attracting investments as an effective lever for improving the economic situation of the territories. This approach of the majority of decision makers is destructive due to the limited federal and regional budgets.

Offer

Develop a training program for senior and middle managers in small and medium-sized cities in the Arctic. Include in the program representatives of the executive authorities of the subjects of the federation that are part of the Arctic zone, federal experts together with representatives of private business of mono-profile municipalities. The training program, with its annual implementation, should become a new specialized platform for communications on the development of Arctic small and medium-sized cities.

Problem

The creation, maintenance and modernization of transport, housing and communal, social and other infrastructure is in most cases extremely capital-intensive. Local budgets of small and medium-sized cities do not have the necessary amount of funds for investment in order to fully meet the needs of the population and industries in high-quality infrastructure.

Foundations

For the comprehensive development of the infrastructure of small and medium-sized specialized municipalities, significant extra-budgetary funds are required. The existing measures to attract private investment in small and medium-sized cities do not cause an increase in the investment proposal, so there is a request to use a new tool in this area.

Offer

Introduce an instrument of bonded loans to finance large infrastructure projects. The implementation mechanism includes the following elements:

- ❖ a large bank issues a loan at a preferential rate (for example, 19.5% per annum);
 - ❖ VEB buys and "packages" these loans;
- \clubsuit VEB issues targeted bonds secured by these loans under its own guarantee, and the coupon rate on the bonds is equal to the rate on federal loan bonds with a comparable maturity + 1%.

Table 3. Categories of socio-economic status of single-industry towns in the Arctic zone (2018-2035)

Name of small and medium towns	Monotown region	Category of small and medium cities (2018)	Category of small and medium cities (2035)
Kirovsk	Murmansk region	1st category	1st category
Onega	Arhangelsk region	1st category	1st category
settlement Revda	Murmansk region	1st category	1st category
Kovdor	Murmansk region	2nd category	1st category*
Zapolyarny	Murmansk region	2nd category	2nd category



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Monchegorsk	Murmansk region	2nd category	2nd category
Novodvinsk	Arhangelsk region	2nd category	2nd category
Olenegorsk	Murmansk region	2nd category	2nd category
settlement Beringovsky	Chukotka	2nd category	2nd category
settlement Nickel	Murmansk region	2nd category	2nd category
Severodvinsk	Arhangelsk region	2nd category	3rd category*
Norilsk	Krasnoyarsk region	2nd category	3rd category*
Pevek	Chukotka	3rd category	2nd category*
Vorkuta	Komi Republic	3rd category	2nd category*

^{*} The red color in the table indicates the deterioration of the positions of cities in 2035 (transition to a less favorable category), green - improvement in positions (transition to a more favorable category).

Conclusion

Rehabilitation and restoration of small and medium-sized cities as engines of growth for the region and the country as a whole seems to be a cost-effective and essential step that creates new incentives for the socio-economic revival of the vast surrounding rural areas and contributes to the preservation of the cultural traditions and historical heritage of the region. Modern realities give small and medium-sized cities in the Arctic zone of Russia new chances and prospects for intensive development. For small and medium-sized cities and regional centers, it is necessary to search for new branches of specialization that contribute to the preservation and growth of the level and quality of the socio-economic potential of these territories.

In this regard, the problem of identifying internal reserves for the socio-economic development of regions with small and medium-sized cities is becoming increasingly relevant. The solution to this

problem is the search and implementation of new approaches to determining the structure, methods and tools for assessing the socio-economic potential of the region. In this regard, state and municipal management should be aimed at ensuring the sustainable development of regions, and the concept of managing the potential of regions should be focused on identifying, identifying, evaluating and effectively using available resources to increase opportunities for socio-economic growth. Thus, it is necessary to create a system for monitoring the socio-economic development of the regions, which will provide the governing bodies with complete, timely and reliable information about the processes

In order to improve the efficiency of realizing the potential of small and medium-sized cities in Russia, it is necessary to expand the range of functions performed, including the solution of scientific, educational, tourism, recreational, cultural and other tasks.

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