

THE STRATEGY OF DEVELOPMENT



We offer the Vice-Governor of Vologda Region Nikolai Kostygov's interview, in which he expresses his point of view on the anti-crisis measures taken by the local authorities.

The Vologda region: anti-crisis action program

NIKOLAI VLADIMIROVICH, you are the Head of the Commission on providing stable economic functioning in the regional social sphere. What functions does it carry out?

Anti-crisis measures' structure, in short "AKM", is as follows. There exists the Headquarters of the efficient response, which studies the emerging problems and makes the information ready for discussing at the Inter-Agency Commission's sittings, headed by the Governor. The Commissions share the responsibilities such as supervising Industrial Complex and Small Business, Agro-Industrial Complex and Consumers' Market, Social Sphere and Labour Market, and Public Safety.

The Regional Government has approved the Plan for Actions and the Measures for providing steady economic and social functioning. These documents unite the steps of organizing character, which support the real economic sector, small and medium-size enterprises, agro-industrial complex, consumers' market, housing and communal services, optimization of budgetary relations. These documents are also the basis for the regional legal base's formation, which provides

the realization of the measures for the achievement of social and economic stability.

A separate section includes the Measures on employment. Its basis is the Program, approved by the Vologda Region Government and by the Federal Inter-Agency Workgroup on monitoring of the labour market; the Program is entitled as "Assistance to the populace employment, including the group of citizens under the risk of discharging in 2009". After its adoption we expect to get the considerable financial support of 800 million rubles from the Federal Budget. Besides, the "Measures" contain Regional Government's proposals on the steady economic and social functioning; realizing all these proposals is carried out by the Federal Authorities.

A separate section of the "Measures..." is devoted to the steps on regulation of the social and economic position at the municipal level.

Some of these measures have already been fulfilled.

It's not a secret that Vologda region ranks among the regions, which more than the others have suffered from the financial crisis. For instance, "Severstal", which formed of about

40 per cent of the regional profits, is in heavy economic position now. Thus, we can foresee that this year only 56 per cent of the regional budget will be fulfilled (in comparison with the last year situation). So we have difference in 18 or 19 billion rubles. And it will be very difficult for us to cope with this situation without the federal support.

In March we are going to approve the corrected regional budget. According to the most pessimistic prognosis, we'll have an opportunity to pay out wages, fulfill social liabilities, and finance some other important social programs on medicinal provisioning, vaccine prophylaxis, pancreatic diabetes. But we shall have to postpone financing all the rest projects, such as the expenses on capital construction and repair works. I'd like to underline that all those activities will be postponed, not stopped at all.

We expect the industry to work at the level of 85 per cent of its productiveness, in comparison with its last year production level. The most important thing now is to study the market, to make our enterprises pay more attention to the home market. We should analyze the situation and to find out what can be done by the regional enterprises in the sphere of government work. Another important problem is that should carefully study the situation at the food market; the main aim of the latter is to provide 11 kinds of necessary food products. In local areas trilateral commissions conclude contracts on the main issue, that's it, on workplaces' reservation. Our aim is to do our best to keep people busy and not to discharge them. In case of getting the financial support from the federal budget we'll pay to those enterprises which managed to reserve workplaces.

On the 3^d of February the Regional inter-branch agreement between the Vologda Regional Trade-Unions' Federation, the Regional Union of Employers "Vologda Region Union of Manufacturers and Businessmen", the Agro-industrial Union, the Association "Municipal Regional Establishments' Council" and the

Vologda Regional Government on the matter of regulation of the situation at the labour-market in 2009 was completed.

You have mentioned the Inter-Agency Commission which sittings are presided by the Governor himself. During one of them the Program on the Support of the Small Business was adopted. What results do you expect to get from its carrying out, how many vacancies is it possible to form due to its realization? Whom will the businessmen address to in case if they want to get grants and other types of state assistance?

First, there are three "hot lines" at the Department of Economics, at the Department of Employment, and at the Business-Center where one can get all the necessary consultations. What do we expect to get? According to our prognosis, there will appear 23 thousand unemployed people in Vologda region. Some of them will be able to find the jobs themselves; the others will get the opportunity to change their professional directivity. But we also expect a lot of people get involved into small business, so we have approved all the mentioned measures in order to help such people. At this point it is very important to explain to people that the crisis is not that endless one. Those Vologdians who will start their business, will have to start it from the very beginning. If we help them, if we show them the correct direction of the development, if we give them start capital, grants or lodgments, we can expect great results. It's hard to predict how many newcomers will appear in business. It's very important to remember that if one works hard and honest, if one pays taxes, this person will get the legal business and the federal authorities will help him or her.

What steps are taken by the regional authorities in order to support the real economic sector? You have already mentioned the drop in steel production. Besides, house-building and forestry also suffered from the crisis...

Just as 12 years ago, the Governor addressed to the metallurgists with the proposal of the support and help. The enterprise got considerable support at the legislative level. And in the end the enterprise paid back its debt. We also organized the special commission on our interaction with “Severstal”. 14 social and domestic objects became the city’s responsibility. “Severstal” is on the list of the most important enterprises which will be given the federal support. Another direction of our activity is the employment assistance to the discharged “Severstal” workers.

At the turn of the last year the regional budget provided 164,5 million rubles for buying chemical fertilizers for Vologda farming.

We are constantly studying the processes in the economic situation. To this day none of the enterprises has announced that it stopped production. But some of the large-scale enterprises arouse anxiety. For instance, it is the Vologda Bearing Plant, which is directly connected with automobile industry. There are also some enterprises which need our prompt support; they are the flax-scutching mill at Krasavino, the woodshop at Monseno, the woodshop at Sokol. We try to settle the problems in the field of poultry breeding. Poultry factories are in debt to the power suppliers, and they have problems with discharging of taxes. Jointly with the new investor we are trying to revive the pig-breeding farm at Nadeevo. But in general we don’t have any reasons to expect a social outburst.

How would you characterize the situation in the areas?

The crisis is not so evident in the areas. The bases of the rural economic activities are the small-scale enterprises, forestry, and agriculture. The logging enterprises’ productive efficiency amounts 90 per cent in comparison to the last year production. No disastrous effects are prognosed. We have worked out the number of measures in order to help the foresters. A lot of our proposals were approved

at the Foresters’ Council sitting, presided by the first Vice-Prime-Minister Victor Zubkov. We have always tried to give the maximum support to the rural economy. Special attention is paid to the linen industry. The villagers were given the task to sow with linen 10 thousand hectares. There all the necessary sources for carrying out this task, such as seeds, machinery, and farm-hands. But also we constantly remind the officials that it’s too early to calm down. The worst thing that can be done at the time of crisis is self-calming. The local authorities are to be attentive to people and to state the Government’s position to people.

We also should mention the governing optimization, the reduction of the expenses...

During the elections in March we set the task of uniting some settlements. The same work was done at the October ballot. It’s also a part of the anti-crisis program because we managed to reduce administrative staff machinery. There are a lot of rumors now on the points of closing down schools and reducing the number of in-patients at hospitals. The Governor has always told that we must be led by the common sense only. The amount of 7,5 billion rubles of inoperative expenses, every year noted by the Treasury Department, is too great. So we shall have to close down the schools with small number of the pupils. But we’ll do that according to the inhabitants’ agreement and with careful economic estimation.

Nowadays difficulties are temporary. In your opinion, what changes will occur in the regional economy in the situation of the crisis?

Now we know that the word “crisis” is taken from Greek and it means “refinement” and “justice”. We hope to meet the crisis refined from unprincipled and inoperative officials. We expect new people to come and to fulfill economic policy. We’ve got a lot of plans. We must become even more strong and confident in the rightfulness of the taken course in the development of the regional economy.