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in the Russian Far East and Zabaikalye**

Kazuhiro KUMO

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**RUSSIAN RESEARCH CENTER
THE INSTITUTE OF ECONOMIC RESEARCH
HITOTSUBASHI UNIVERSITY
Kunitachi, Tokyo, JAPAN**

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Kazuhiro KUMO

Associate Professor, Russian Research Center

Institute of Economic Research, Hitotsubashi University, Tokyo, Japan.

kumo@ier.hit-u.ac.jp

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Kazuhiro KUMO

Associate Professor, Russian Research Center

Institute of Economic Research, Hitotsubashi University, Tokyo, Japan.

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Abstract

This paper describes population problems involved in the Russian Far East and Zabaikalye regions, and the nation as a whole. According to the analysis conducted by the author no notable population growth will emerge in the near future, therefore extensive development strategy can not be taken in planning regional economic projects. In this regard the current “Development Program for the Russian Far East and Zabaikalye” established recently is much to the point.

1. Introduction

It has long been argued about the catastrophic demographic conditions of the Russian Far East and Zabaikalye. In complete contrast to the prosperity of the Moscow-peripheral and the resource-producing regions, the stagnation in the Siberian and Far Eastern regions not producing resources has assumed a serious look, and after the collapse of the Soviet Union a massive exodus of people has occurred. In some of these regions, together with a death rate higher than the birth rate from 1992 on, the population has shrunk to less than half that at the time of the former-Soviet Union’s collapse (Table 1). In regions such as these it can be said that, in addition to their economic stagnation, the viability of society itself has reached crisis point.

In the first place, policies were adopted in the former-Soviet Union to suppress

economic differences between regions. Of the population of the former-Soviet Union three quarters was concentrated in the European part of the country, which made up only a quarter of the total land area, and the European part had far more advanced infrastructure compared to other regions. That said, development incentives were given in the Soviet Union to develop its outlying regions; for example, double (or more) wages in the major cities in the regions near the Arctic.

Table 1. Population in Russia and the Russian Far East and Zabaikalye (Jan. 1st, in thousand)

	1991	1994	1997	2000	2003	2006	2009
Russian Federation	148274	148356	148029	146890	144964	142754	141904
Buryatiya	1052	1040	1029	1005	980	963	961
Zabaikalye	1318	1270	1234	1193	1153	1128	1117
Sakha	1119	1065	1010	963	949	950	950
Kamchatka	479	440	397	372	358	349	344
Primorye	2310	2284	2217	2141	2067	2020	1988
Khabarovsk	1625	1591	1525	1474	1434	1412	1402
Amur	1054	1018	975	936	901	881	864
Magadan	385	300	229	202	182	172	163
Sakhalin	715	689	612	569	545	526	515
Evrei	219	216	204	195	191	187	185
Chukotka	158	111	78	62	53	51	50
Far East (Sakha-Chukotka)	8064	7714	7248	6913	6680	6547	6460

Source: Goskomstat/Rosstat, *Regiony Rossii*, various years; Website of the Rosstat, <http://www.gks.ru>.

After the collapse of the communist regime, however, such policies came to exist in name only. The outlying regions stagnated through wages getting paid late and a lack of infrastructure, while people, goods and wealth further amassed in places such as Moscow. National average of per capita income in Russia in 2008 was 15 thousands rubles, but that of the Moscow city reached upward of 34 thousand rubles¹.

It is thought that for the former-Soviet Union—confronted by its neighbor the US on the other side of the Arctic region—there was a military and political rationale of carrying out development and establishing military outposts, to the extent of giving economic incentives to

¹ Rosstat Website, <http://www.gks.ru> accessed on April 20, 2010.

the Far East and the Far North. After economic liberalization, however, this situation completely changed. Government subsidies were greatly reduced, and the development incentive of the preferential provision of consumer goods was also cut. In the area of production too, the demand disappeared, through a rise in rail prices, for goods from the Far East, which had hitherto been supplied to the European part of the country. The occurrence of the population exodus from such regions could itself be said to be a natural consequence of the crumbling of the Soviet-era development policies.

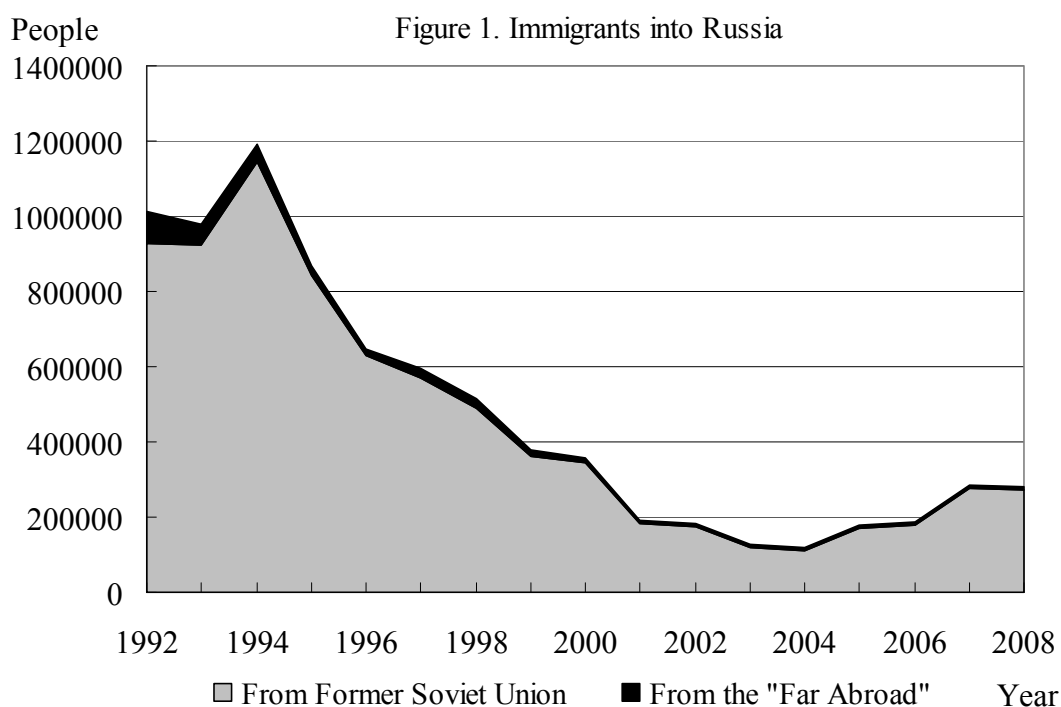
Based on such understandings, this paper examines demographic conditions and development programs in the Russian Far East and Zabaikalye. The paper is organized as follows. In the next section demographic trends in the Russian Far East and Zabaikalye, and the nation as a whole are presented in more detail and recent repatriation/pronatalist policy in Russia is discussed. In section 3 key factors in determining childbirth and the size of new born babies are argued. On condition that no huge population growth can be expected in the near future, the current “Development Program for the Russian Far East and Zabaikalye” established is interpreted in section 4. The last section concludes.

2. Demographic Trends and Population Policy in Russia and the Russian Far East

It is self evident that behind the population decrease in the Russian Far East and Zabaikalye lie national demographic trends of Russia as a whole. Fertility in Russia was low even during the Soviet period, it plummeted after the beginning of the transition to capitalism and fell below 1.20 in both 1999 and 2000. The size of total population has been decreasing since 1992 (Table 1). The number of out-migrants amounted up to almost 12 million, but it was compensated by immigrants. They were mainly the compatriots flowed from former Soviet states and other CIS titular nations (Figure 1). The size of the number of immigrants was, however, stabled at the beginning of 2000s.

Against such situations the annual state of the nation addresses given by then-President Putin in 2005 and 2006 touched on the problem of Russia’s demographic trends and singled out (1) raising the birth rate and (2) inducing compatriots to return home as policy

goals. The presidential order in 2006 and the “Program inducing immigration of compatriots”² declares to promote acceptance of immigrants and to increase labor pool by using international migration policy.



Source: Goskomstat/Rosstat, *Chislennost i migratsiya naseleniya v RF*, various years; Website of the Rosstat, <http://www.gks.ru>.

Some regions are selected as pilot ones which accept compatriots in line with the program cited above. According to the plan presented by these pilot regions, however, the Amur oblast intends to receive compatriots of only 992 people during the period from 2007 to 2012³. Another example is the Khabarovsk kray and it planned to receive only 421 compatriots from 2007 to 2009⁴. Both of the two regions lose their population to the number of 6 thousands or 20 thousands every year since 2000 (Table 1); thus, the planned scale of immigrants these regions

² Rossiiskaya gazeta, July 28, 2006.

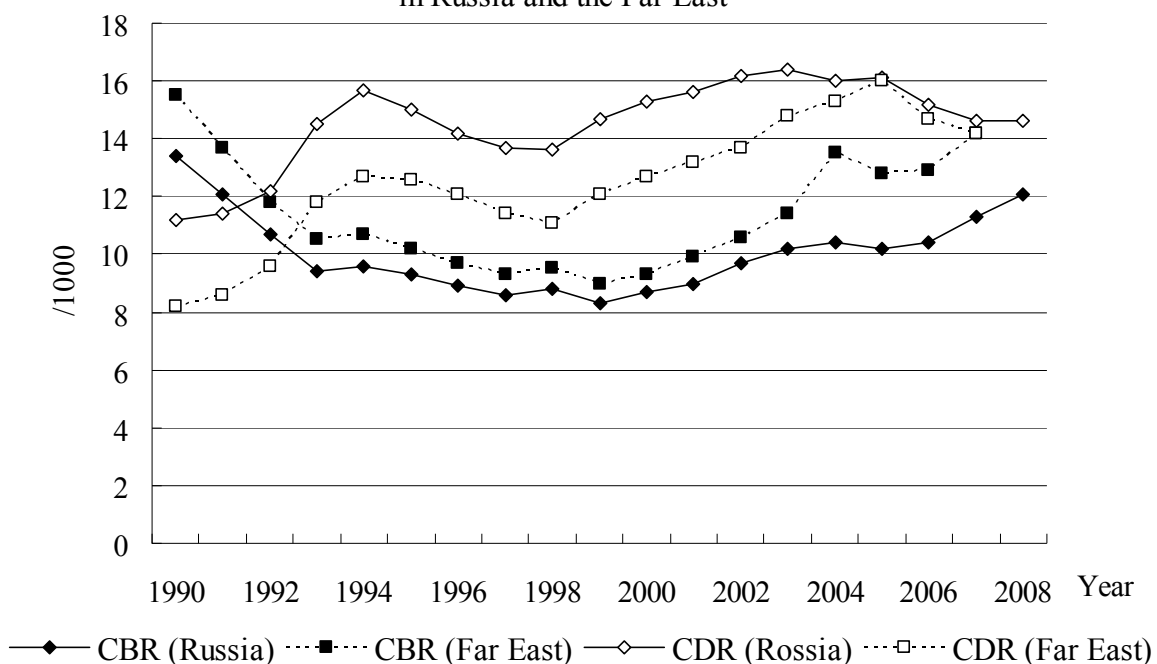
³ Rossiiskaya gazeta, September 01, 2006. Even if we take the size of the families of compatriots into account, the total immigrants should amount up to 3000 or 4000.

⁴ Rossiiskaya gazeta, September 06, 2006.

prepared along with the repatriation program is far smaller than the actual number of out-migrants. In comparison with the size of the population losses observed in the Russian Far East and Zabaikalye, the effects of the repatriation program must be very limited even if the program attains the initial objective.

Figure 2 shows demographic trends in the Russian Far East. Comparing the figures with those of the national average, these eastern regions are facing with far better situations than the nation as a whole. Crude birth rates in the Far East exceed those of national average, and crude death rates keeps below the figures of the Russian Federation⁵. Even under such demographic trends, however, one can observe a huge scale of out-migration from these areas and it emphasizes the severe situation in the Russian Far East and Zabaikalye.

Figure 2. Crude Birth Rate (CBR) and Crude Death Rate (CDR) in Russia and the Far East



Source: Goskomstat/Rosstat, *Regiony Rossii*, various years; Website of the Rosstat, <http://www.gks.ru>.

⁵ One of the reasons of this phenomenon is comparatively young population structure of the region. The percentage share of working age population in the Russian Federation as a whole in 1990s was more than 19% consistently, but the same indicator for the Russian Far East was less than 15%. See Goskomstat RF, 2001.

It can be said that, however, this phenomenon eased the problem of unemployment in the Far East and Zabaikalye, under the situation that economic activity in the regions was poorer than the national average. One can observe that the size of the working age population⁶ increased continuously during the 1990s in the Russian Federation⁷. On the contrary, although the percentage share of working age population to total population increased, the scale of working age population in the Far East decreased consistently in the same period. If it were not for out-migration flows from this region, labor market situations might be worse than actualized.

Before discussing the contents of the development program for the Russian Far East and Zabaikalye, it may be of interest to examine the possibilities of increasing fertility and population growth rate in Russia, including the Far East because of the keen demographic situation the regions are facing. As noted earlier, the annual state of the nation addresses given by (former) President Putin in 2005 and 2006 also touched on the problem of the slump in the birth rate, and gave increasing it as a policy goal. This led to childrearing allowances and other benefits being raised in December 2006⁸, and a childrearing support scheme⁹ called the “Mothers’ Fund” being established.

The Mothers’ Fund provides parents of two or more children with a total of 250,000 rubles in subsidies for one of housing, education, or pension contributions, and applies to children born or adopted between January 1, 2007 and December 31, 2016. Given that the mean monthly income in Russia in September 2007 was 12,000 rubles, the value of these subsidies is

⁶ Aged 16-59 years for men, 16-54 years for women.

⁷ Goskomstat RF, 2001.

⁸ Federal’nyi zakon ot 5 dekabrya 2006, No.207-FZ o bnesenii izmenenii v otdel’nye akty Rossiiskoi Federatsii v chasti gosudarstvennoi podderzhki grazhdan, imeyushchikh detei. Childrearing allowances and other benefits went from a flat 700 roubles per child to 1,500 roubles for the first child and 3,000 roubles for the second, third, etc. “Federal’nyi zakon ot 1 marta 2008, No.18-FZ o vnesenii izmenenii v otdel’nye zakonodatel’nye akty Rossiiskoi Federatsii v tselyakh povysheniya razmerov otdel’nykh vidov sotsial’nykh vyplat i stoimosti nabora sotsial’nykh uslug” provides for these amounts to be revised in line with the rate of inflation.

⁹ Federal’nyi zakon ot 29 dekabrya 2006, No.256-FZ o dopolnitel’nykh merakh gosudarstvennoi podderzhki semei, imeyushchikh detei.

huge¹⁰.

Of course, it is still too early to judge the extent of the impact these measures will have. As one can see, the number of births has been rising almost continuously since 1999 (Figure 2). However, because the number of deaths has also generally remained high, it is difficult to argue that the overall natural decline has been halted. Nevertheless, vital statistics for 2007 and 2008 show that the crude birth rate was at its highest level since the collapse of the Soviet Union in both these years. Meanwhile, the crude death rate has also exhibited a decline in recent years (Figure 2).

In light of these developments, since the second half of 2007, once the number of births had been seen to be in a steady upward trend, former President Putin and cabinet ministers had stated on several occasions that their population policies were already having an effect¹¹. Although the view that political measures introduced in January 2007 were already influencing fertility behavior in June of the same year is no more than political spin, not a few articles in the media have presented it as fact.

The situation just described raises a number of questions. What does explain the observed rise in the birthrate since 2007? In particular, what role do economic developments play? What effect do the cash payments in return for having children have on the number of births and the fertility rate? And what are the implications of these factors for the prospects of future fertility trends in Russia?

3. Factors Affecting Fertility in Russia

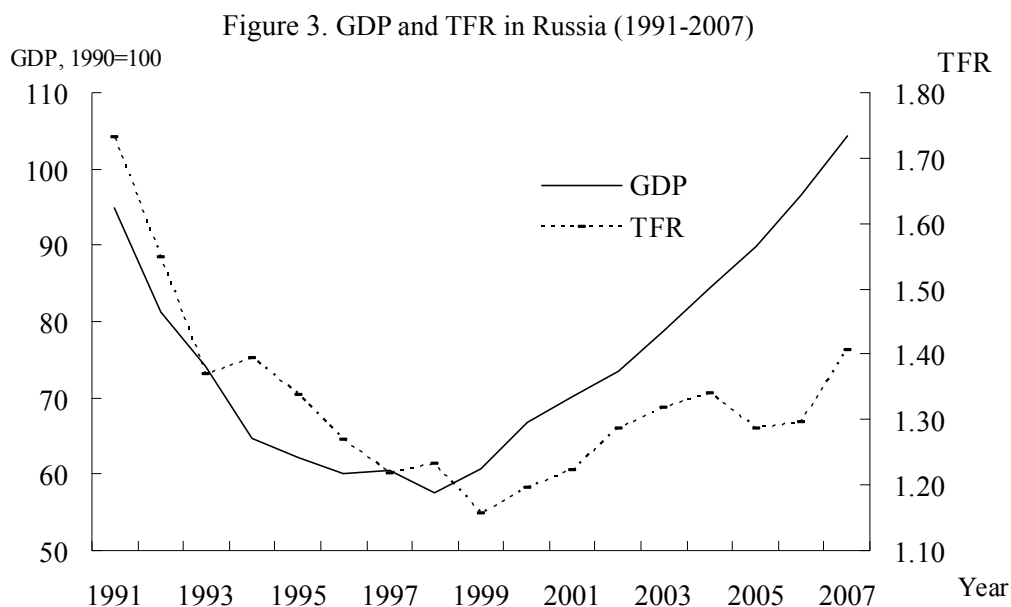
3.1 Income Levels and Fertility

Let us start by looking at trends in Russia's GDP and the TFR. Figure 3, which plots these against each other, gives the general impression that there is a correlation between the two. The correlation coefficient for data from 1991 to 2007 however is only 0.56, which for annual time series data does not imply a strong correlation. It therefore seems fair to say that the

¹⁰ And like childrearing allowances, this amount is revised annually to take account of inflation. Rossiiskaya gazeta, Feb. 14, 2008.

¹¹ Izvestiya, June 1, 2007.; Rossiiskaya gazeta, Dec. 25, 2007.

correlation between economic growth and the fertility rate is more apparent than real.



Source: Prepared by the author based on data from Rosstat (2008) and *RSE*, 2002, 2003, 2009.

Consequently, for a more rigorous analysis, we examined the determinants of childbirth employing micro-data from the Russia Longitudinal Monitoring Survey (RLMS). Specifically, using a sample of women aged 15 to 49 from each round from 1995 (Round V) to 2004 (Round XIII), we conducted a regression analysis using individual characteristics as explanatory variables and whether or not the woman gave birth during the following round as the dependent variable. The pooled sample consisted of over 15,000 observations. The main results of the regression are presented in Table 2, some of which will be interpreted below¹².

The first finding that can be gleaned from Table 2 is that household income is not a determinant of the probability of childbirth. This finding is in line with previous research into childbirth in Western European countries, which has clearly established that there is no linear relationship between personal income and the probability of childbirth. Instead, the apparent correlation between GDP and the fertility rate seen above seems to reflect the turmoil accompanying the collapse of the Soviet Union and the subsequent return of economic growth

¹² For details, see Kumo (2009).

and social stability. In other words, the fact that Russia's fertility rate plummeted following the economic transition likely was the result of the extreme uncertainty regarding prospects for the future associated with the dramatic decline in income. Consequently, the returns of economic growth and social stability have helped to raise Russia's fertility rate to some extent. This is also evident from the fact that the subjective notion of "satisfaction with life" also significantly influences the probability of childbirth. Nonetheless, that could not be said to have a direct impact.

Table 2. Determinants of Childbirth in Russia

	(1)	(2)	(3)	(4)
	β	β	β	β
Age	-	-	-	-
Wants children	n	n	n	n
No. of children already in the household	-	-	-	-
Square of no. of children already in the household	+	+	+	+
Presence of a spouse	+	+	+	+
Living with a man of an age eligible to receive pension benefits	+	+	+	+
Living with a woman of an age eligible to receive pension benefits	n	n	n	n
Owner-occupier	-	-	-	-
Living Areas	n	n	n	n
Satisfaction with life	+	+	+	+
Expectations concerning future standard of living	n	n	n	n
In work	+	+	+	+
Completed secondary or vocational education	+	+	+	+
Completed higher education	+	+	+	+
Living in a rural area	n	+	n	+
Federal Districts other than Moscow & Peterburg, Central FD	+	+	+	+
Year Dummy	n	n	n	n
Household income (equivalence scale)	n	-	-	-
Square of household income (equivalence scale)	n	-	-	-
Household expenditure (equivalence scale)	-	n	-	-
Square of household expenditure (equivalence scale)	-	n	-	-
Real household income	-	-	n	-
Square of real household income	-	-	n	-
Real household expenditure	-	-	-	n
Square of real household expenditure	-	-	-	n

Source: Estimated by the author based on forms returned from the RLMS.

Notes: + statistically significant and positive; - statistically significant and negative; n not significant

Second, the results also indicate that more educated women are more likely to have children. This phenomenon that a higher level of educational attainment is associated with a higher probability of giving birth is unusual given the experience of other countries, where a higher level of educational attainment is typically associated with a lower birth rate because women delay marriage and childbirth and have greater awareness regarding health and contraception. So how can this phenomenon be explained? One possible explanation is that in the context of the social turmoil and sharp decline in incomes experienced during the 1990s educational attainment is a proxy for permanent income. The fact that employment and the level of satisfaction with life also have a significant impact on the probability of giving birth can be interpreted along the same lines.

3.2 Demographic Factors

As elsewhere, the rate of childbirth in Russia is affected by a range of factors simultaneously, including economic growth, incomes, the outlook on life, and social stability. This means that it is difficult to determine the specific effects of childbirth incentive measures such as the Mothers' Fund.

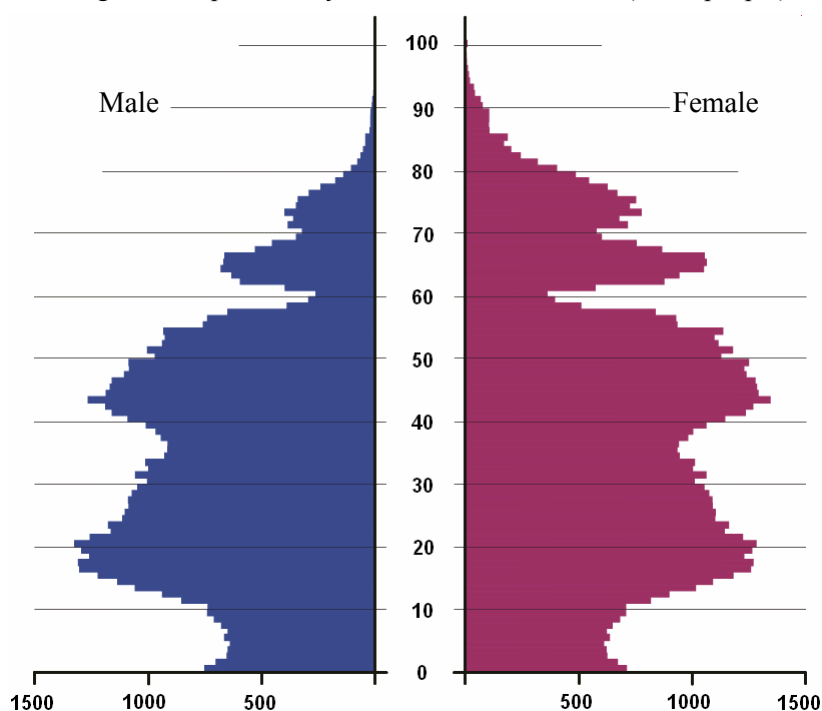
In terms of the number of births rather than the birth rate, it goes without saying that demographic factors also need to be taken into consideration. Although the number of births is obviously influenced to a large extent by fluctuations in the number of women of reproductive age, opinion varies as to whether the number of births has increased or decreased once that factor is taken out of the equation.¹³

Figure 4 shows the population pyramid for Russia at the start of 2004, where the bulge in the population in their 40s reflects the increase in the number of births following the Second World War. The size of the generation consisting of their offspring meanwhile can be seen in the bulge in the population in their 20s. To reiterate, this is a population pyramid for 2004, meaning that those in their 20s at the beginning of the 21st century were yet to reach their peak age for fertility. Essentially, even in the absence of any measures to boost the birth rate, consistently high crude birth rates were to be expected during the first 10–20 years of the 21st

¹³ See, e.g., Antonov (2008), Zakharov (2008), Rosstat (2009) and the Moscow Times (July 11, 2008).

century. In fact, Rosstat, the Russian Federal State Statistics Service, had already predicted, in 2004, that the birth rate would climb continuously until 2016.¹⁴ It goes without saying that the number of people of reproductive age plays a key role in the number of births. As such, it is clearly meaningless to consider the impact of childbirth incentive measures unless the impact of this factor is excluded. Moreover, it is possible that even if the Mothers' Fund helped to lift the birth rate since 2007, all it may be doing is to bring forward the timing of births that might have happened in the future anyway, so there is also a possibility that the birth rate will decline again at a later date. In fact, in 2009 Rosstat revised its forecast from 2004 and is now predicting that the birth rate will stop rising in 2011 (as opposed to 2016, as forecast in 2004).¹⁵

Figure 4. Population Pyramid for Russia in 2004 (1,000 people)



Source: Prepared by the author based on the internal document supplied by Rosstat.

There has also been a continuous upward trend in Russia's TFR since 2005. However, the experience of other countries indicates that fertility is not solely determined by short-term

¹⁴ Data provided by Rosstat.

¹⁵ Rosstat website (http://www.gks.ru/free_doc/new_site/population/demo/progn5.htm), accessed March 21, 2010

factors such as rising incomes or by the economic climate, as analyses based on micro-data show. Experience also suggests that childbirth incentive measures may only have a short-term impact. There are questions meanwhile over the sustainability of providing cash payments in return for childbirth on a scale that exceeds average incomes, as is the case with the Mothers' Fund. Even if recent increases in Russia's fertility rate are attributable to the impact of the Mother's Fund, payments are only going to be available to those having children until the end of 2016, after which time the country's fertility rate will presumably start to decline. However, the only way to determine if fertility trends since 2006 will be sustained is to monitor trends over the long term.

4. Regional Development Policy in the Russian Far East and Zabaikalye

As the analytical results described in the sections above show, income levels or preferable economic situations are not the critical determinants or inducement for giving birth in Russia, as it is the case for other developed countries. This means that one could not expect drastic growth in fertility and the fulfillment of the labor demand gap in Russia and its regions to be realized shortly. Then what one should examine is the development strategy for developing regions, if one concerns about the expected future of the Russian Far East and Zabaikalye, given conditions that no huge population growth can be assumed. Even though Alaska, for example, is resource-abundant and per capita income in this region is comparatively high among the United States, people rarely want to settle there. Then how about the Russian Far East and Zabaikalye? The adequateness of the economic strategy in the Russian Far East is of importance for sustainable development of the region.

4.1 Regional Policy of the 2000s

Regarding future trends in the dynamics of regional economies, a key policy event has been the establishment, following a resolution on 26 January 2005, of the Russian Federation Regional Development Ministry, and subsequent issue by this ministry of the Regional Social Economic Development Concept. This document makes clear that the Regional Development Ministry intends to target specific regions for development (Министерство

Регионального Развития, 2005). It states that resource allocation will be weighted in favor of core growth regions.

Since the collapse of the Soviet Union, the government has come out with numerous ‘programs’ and ‘concepts’, such as the *Far East and Zabaikalie Long-Term Development Program*, most of which have been in the same vein. However, it has been widely pointed out that a shortage of government funds has left these schemes without teeth, with most of them receiving well under half of the government funds they were supposed to get (Minakir, 2003).

However, the Russian Federation Regional Development Ministry’s Regional Social Economic Development Concept differs in that it was already on the same axis as actual policy. This is illustrative of the central government’s policy of transferring taxation rights to regional governments and withdrawing central-government support. Behind this trend are the Northern Restructuring Program that have been established since 1997 with the aim of encouraging people to move out of the Far North regions. One of these programs has achieved steady results in Susuman, the second largest city in the remote oblast of Magadan, and it has been reported that the programs have been successful in reducing the populations of regions where the cost of maintaining the social infrastructure is high (Thompson, 2004; World Bank, 2005)¹⁶.

In addition, in July 2005 a federal law was passed that in November the same year saw several regions designated as ‘special economic zones’. Although more than 20 regions had been designated as ‘economic special zones’ during the Yeltsin era, apart from Kaliningrad Oblast these zones have lost any real significance. There are fewer of these new special economic zones than there were economic special zones, and they are in regions, such as the area around Moscow, that already have a certain level of industrial infrastructure. All these initiatives are well integrated, and clearly indicate a unified approach to policy by the

¹⁶ This Northern Restructuring Program can be justified in the following way. For example, there exist necessary infrastructure, which should be required either the population of the city is one million or one hundred. The infrastructure equipped would inevitably necessitate its maintenance costs. Then, to induce inhabitants in depopulated regions to move to comparatively agglomerated areas and to close down the small cities may be able to make the national urban systems more efficient.

government.

4.2 Regional Population and the Federation Program “Economic and Social Development of the Far East and Zabaikalye till 2013”

In discussing future economic trends in this region, what one has to examine is the contents of the “Development Program for the Far East and Zabaikalye”¹⁷, established in November 2007 by the federal government. This latest Program apparently focuses on the maintenance of resource-mining or energy-processing infrastructures and the development of transport networks. It is very reasonable to improve industrial bases in resource-mining/supplying areas in Russia, the economic growth of which is deeply dependent on natural resource production.

However, if the government intends to maintain industrial bases in the Russian Far East or to develop social infrastructure in order to attract people to this region, one should judge that these are the measures just like the ones conducted during the Soviet era in peripheral regions. As Hill and Gaddy (2003) declared, it could be said that the necessary costs to maintain social infrastructure in peripheral areas in the Soviet Union had been even “curse” for the state. Settling people in the Russian Far East may be regarded as a countermeasure against the population pressure from China. Justifying such measures, however, may be difficult because of the cost involved in maintaining social life in the Far East or the Far North regions again as the Soviet Union did before. Actually, development programs for the Far East and Zabaikalye that had been settled on so far devoted large part of their efforts on the development of social infrastructure which would give benefits to the inhabitants of the regions directly, and this cast debt on the rationality of the programs themselves involved.

The current “Development Program”, however, differs fundamentally from the ones ever prepared. It is surely written that one of the objectives of the program is to secure

¹⁷ Federalnaya tselevaya programma «Ekonomicheskoe i sotsialnoe razvitie Dalnego Vostoka i Zabailalya na period do 2013 goda», postanovlenie pravitelstva RF ot 21 noyabrya 2007g. No.801. Rasporyazhenie pravitelstva RF ot dekabrya 28 2009n December 28 of 2009 goda No. 2094-p, which was titled as “Strategiya sotsialno-ekonomicheskogo razvitiya Dalnego Vostoka I Baikalskogo regiona na period do 2025 goda”, follows the former, and actual and detailed development plans were defined by “Economic and Social Development of the Far East and Zabaikalye till 2013”.

employment and to settle down the inhabitants in the main text (page 3 of the “Program”). Other than that, however, nothing is referred about the demographic problems anywhere. As mentioned earlier, almost all the part of the text are devoted to the description on the development of energy- or natural resources-mining/supplying infrastructures, and to maintaining transport infrastructure. The same can be said concerning the sub-program “Development of Vladivostok as a Core of International Cooperation in Asian and Pacific Regions”. “Stabilization of demographic trends” is referred in a part of the description on expected results (“Program”, p.57). Nothing is, however, argued elsewhere regarding population problems, and no target population indicators were presented in the program¹⁸. Additionally, this “Development Program” does not mention about the repatriation project, the “Program inducing immigration of compatriots”, which explained earlier in this paper, therefore these policies are not linked with each other. The scale of expansion in the number of employees in the Program is supposed to be only less than 70 thousands (“Program”, p.7) and this figure must have been prepared on the condition that there would not happen large scale immigration flows.

The direction of this program can be evaluated affirmatively. The sub-program “Development of Vladivostok as a Core of International Cooperation in Asian and Pacific Regions” intends to concentrate resources on this most developed urban areas in the Russian Far East under such recognition as “the city of Vladivostok has one-third of manufacturing capital and labor power in Primorye; the productivity of this city is higher than other areas, and Vladivostok is the only donor for the municipal budget of Primorye” (“Program”, p.65). It is apparent that this program intends to eliminate inefficient regional development strategy such as regional equalization-oriented investment during the Soviet era. Many plans for maintaining transport infrastructure are arranged in cities of the Russian Far East and Zabaikalye, but the aim of these plans should not be interpreted as improvements of industrial bases, rather than the

¹⁸ In this program one can find a phrase which describes “Population of Vladivostok urban areas can amount up to 804 thousands and 4 hundreds in 2010” (“Program”, p.66). The size of population in Vladivostok is a bit more than 580 thousands at the beginning of 2007; hence, it is quite beyond credibility to assume that population of the city will be more than 800 thousands in 2010. Provided that one can include the population of Uslisk (more than 150 thousands in 2007) in that of Vladivostok urban areas, the figure the program assumes is understandable. It is hard, however, to identify the regions covered by the words “Vladivostok urban areas” in this program.

construction of social capital stock for residents¹⁹.

5. Concluding Remarks

Given that one can not expect notable population growth in the near future in either the Russian Far East or the nation as a whole, extensive growth strategy should not be taken. In this regard, the current “Development Program for the Russian Far East and Zabaikalye”, which specializes in the development projects of the region as a resource-mining area and concentrates capital utilization in specific areas, could be rated positively.

It is sure, however, that all of the regional development projects or concepts in the Russian Far East and Zabaikalye established after the collapse of the Soviet Union led to naught. The effectiveness of the present development program for the Russian Far East and Zabaikalye could be determined after monitoring the policy impacts in a certain term.

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¹⁹ Such transport networks development may result in the economic stagnation of comparatively small cities. See Fujita, Krugman & Venables (2001).

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