

## Political and economic autonomy of local self-government as a factor of social infrastructure development in Russia



Frolova V. Elena <sup>1,\*</sup>, Rogach V. Olga <sup>1</sup>, Ryabova M. Tatyana <sup>1</sup>, Morozov Yu. Vladimir <sup>2</sup>

<sup>1</sup>Faculty of Management, Russian State Social University, Moscow, Russia

<sup>2</sup>Department of Management and Law, Russian State University of Tourism and Services Studies, Čerkizovo, Russia

### ARTICLE INFO

#### Article history:

Received 19 September 2019

Received in revised form

28 December 2019

Accepted 1 January 2020

#### Keywords:

local self-administration

Russia

Social infrastructure

### ABSTRACT

The purposes of this article are problem analysis of social infrastructure in Russia; investigation of conditions and factors in governmental and local administration, which define development parameters of it; case study about the adequacy of high centralized governmental power when solving problems of social infrastructure. In this article, there is a proposed development strategy of social infrastructure, expert interview (local authorities of Russia), and local people interview. As a result of the investigation, today's development level of social infrastructure in Russia rated by local authorities and local people is very low. Development limitations of social infrastructure in modern Russia are due to, first of all, problems of institutional imbalances: Narrowing autonomy of local self-administration because of the absence of effective resource support to its activity, deformation within relationships between regional and federal authorities, uncertainty specifics of municipal property, a crisis of public confidence in government. Points for practitioners: Social infrastructure defines the level and quality of population lives, which is why development strategy is considered as one of the important factors and has a high priority in governmental and municipal politics in democratic countries, analysis of those specific problems, reflects undoubted interest for scientists and practitioners. Comparative analysis of administrative practices, a study of Russian experience helps to form activity directions of governmental and local authorities in a more effective way to assist the development of social infrastructure.

© 2020 The Authors. Published by IASE. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

### 1. Introduction

Development of social infrastructure is a priority in the Russian Federation's political directions; this priority can be seen as a reflection on specific federal programs. In this modern stage, Russian Federation as a government uses federal programs and directs a huge amount of funds to infrastructure such as transportation system, public health, culture, education, housing and utilities, physical culture and sport etc. However, unfortunately, funds' and materials' possibilities cannot provide the social infrastructure that corresponds to world standards. These specific problems need an analysis of functionality in social infrastructure in the Russian

Federation, in addition to this main tendency, factors, that limit activity effectiveness of governmental and local authorities for the purpose of development.

Previous research on the subject: The social infrastructure ensures the satisfaction of individual vital needs, being one of the dominant factors of its cultural, professional and educational potential implementation (Frolova, 2014). Besides, the infrastructure provides the social-economic development of a territory, opens new opportunities to meet the constantly changing and diversified needs of cities (Zimmerman, 2009). Infrastructure systems are the basis for economic growth and productivity increase (Oswald et al., 2011; Bajar and Rajeev, 2016), while urban population growth contributes to the burden increase on infrastructural systems (Crane, 2008). In these conditions, the main task of a state is to improve infrastructure planning, to make effective investment decisions (Dowall and Ried, 2009).

\*Corresponding Author.

Email Address: [efrolova06@mail.ru](mailto:efrolova06@mail.ru) (F. V. Elena)

<https://doi.org/10.21833/ijaas.2020.03.008>

Corresponding author's ORCID profile:

<https://orcid.org/0000-0002-8958-4561>

2313-626X/© 2020 The Authors. Published by IASE.

This is an open access article under the CC BY-NC-ND license

(<http://creativecommons.org/licenses/by-nc-nd/4.0/>)

It is characteristic to consider the quality of governance and the sufficiency of financing for developed countries, as the most crucial problems of territorial infrastructure development in modern conditions (Pagano and Perry, 2008). A number of studies have confirmed the need to model the channels through which government spending on infrastructure and the cost of social services are determined, as well as the investment decisions in the development of social infrastructure (Aiello et al., 2012).

According to the conducted studies, the developing countries are characterized by a low quality of infrastructure services, which is associated with a chronic financial weakness of this sector. In particular, the statement is substantiated about the existence of the relationship between an incomplete payment of infrastructure service cost by users, the weakness of operational and financial management of this sphere and the quality of the infrastructure profile territories (Bond, 2016).

“Local government is one of the most important agents in the complex processes of building”, “institutional thickness” to ensure the development of local economies and the quality of life of people (Young and Kaczmarek, 2000). The effective functioning of the infrastructure, the solution of local problems is associated with the autonomy of local authorities, their resource potential (Chigwata and de Visser, 2018).

Traditionally, an empirical assessment of local government financial autonomy extends to the evaluation of local spending autonomy and the consistency of central government policy in respect of local authorities, which is an important tool to manage the social infrastructure of the territories (Oulasvirta and Turala, 2009).

Speaking about the role and the function of local government for the development of rural areas, the prevailing position is that “there is some empirical support for the idea that the federal aid was an important contributing factor” (Holcombe and Stroup, 1996). In particular, the ineffectiveness of the social infrastructure operation in developing countries has been associated with an insufficient state funding and the financing of social projects; the inability of local authorities to provide public services effectively in accordance with local community expectations (Khongsatjaviwat and Routray, 2015).

The use of progressive labor force planning tools by municipalities is one of the dominant factors to optimize the political and economic climate for developed countries (Goodman et al., 2015). At the same time, public perceptions of the effectiveness and the autonomy of local authorities are mostly negative, which is the factor limiting the development of social infrastructure (Chong-Min, 2003).

An effective mechanism for local community capital increase in order to improve the qualitative characteristics of the territory infrastructure profile can be the mechanism of effort

consolidation and integration among all representatives of the local community (Mohammadi et al., 2018; Roberts, 2004). However, this issue of social infrastructure development is still very controversial: a number of researchers suggest that the population is “incompetent” for social infrastructure problems solution, including the negative impact of public control over the activities of infrastructure facilities (Bowman and Kearney, 2007; Yang, 2006; Irvin and Stansbury, 2004).

However, in developed countries, the dominant view is the need to expand corporate social responsibility on the key issues of social infrastructure development in the territories (Ridley, 2011). Particular attention should be paid to the resolution of conflicts with a view of social and economic development balancing and the management of the local community infrastructure profile. This is due to the fact that the social-economic context of local authority activities leaves room for “quantitative manipulation” of social-economic variables and indicators in individual cities and regions (Liu et al., 2014).

A public-private partnership (Frolova and Rogach, 2017) becomes a popular strategy for infrastructure development around the world. The implementation of this mechanism in the context of infrastructure financing deficit solution requires the creation of a favorable legislative framework, effective tools for public-private partnership programs and project evaluation (Garvin and Bosso, 2008).

Thus, the purposes of this article are problem analysis of social infrastructure in Russia; investigation of conditions and factors in governmental and local administration, which define development parameters of it; case study about the adequacy of high centralized governmental power when solving problems of social infrastructure.

## 2. Method

The hypothesis of the study was the assertion that the development of social infrastructure is limited by institutional imbalances: the narrowing of the autonomy of local self-government, the lack of effective resource support for its activities, the deformation of relations with regional and federal authorities, the uncertainty of the specifics of municipal property, the crisis of public confidence in the government.

The information base of research are acts, statistical data, information and analytical materials of federal, regional and local authorities of the Russian Federation. The research was used theoretical methods (analysis and synthesis, deduction and induction, generalization, theoretical modeling) and empirical methods (analysis of documents, sociological polls, observation).

In the article, the authors used data of sociological poll of experts. An expert survey was conducted among officers and elected officials of local governments of the Russian Federation as a

method of selection of experts-multistage selection. Sampling units of the first step were regions of the Russian Federation which the federal cities (Moscow and St. Petersburg) were previously eliminated. The exception was made because in these cities activity of municipalities has the specifics. Local governments in federal cities in Russia have a reduced volume of powers. At the second step lists of municipal units in the selected regions of the Russian Federation were taken as a basis of selection. The territorial quota paid off on a number of municipal units in the region. A survey of experts was carried out with the assistance of the Russian Council of the local government of the Russian Federation.

Interviews were held in January-February 2017 via sending application online. The election included 718 experts (authorities of local government).

For analysis of grading done by inhabitants of Moscow region Russian Federation, there was held an online application that has interviewed 739 respondents (Election-multi-step, regional, quotation, signs of representation-city type based on population, and gender and age parameters). Moreover, massive results were used from Fund Public Opinion.

### **3. Main problems of social infrastructure's functionality in the Russian Federation**

Interview results from experts and the population have shown that in the meantime, the level of social structure development is rated as very low. Let's study the main problems of social infrastructure development in spheres like housing and utilities, transportation, consumer market, communications, socio-cultural complex.

**Housing and utilities:** Housing and utilities are one of the major problematic complexes in modern Russian social infrastructure.

One of the negative tendencies of the housing and utilities complex development is the increase of funds for emergency housing. The total area of emergency housing fund in the 2011 year, is 20.5 million m<sup>2</sup>, and in the 2014 year, is 23.8 million m<sup>2</sup>.

Today, only every third citizen of Russia rates his/her own housing and utilities' conditions as good. The same situation can be seen in communal farming which also reflects a negative rating done by local people. The vast majority of respondents rated the quality of community services as bad. Interviewed respondents underlined interruptions in services like Garbage withdrawal (30.3 %), territory cleaning (26.1 %), water supply (25 %) and electricity supply (14.2 %). In addition to this 65 % of respondents think that funds they are paying for housing and communal services are very high. Ratings of respondents have found their reflection in statistical data. Tariff increase for housing and communal services initiated increases of their share in the structure of household consumption expenditure (8.7 % in the 2009 year, 9.5 % in the 2015 year).

One of the limiting factors, in the modernization of housing and communal infrastructure, is growing debt for housing and communal services that increased by 3 times in the 2005 year.

Moreover, total spending to bring up housing and communal complex to normative state is more than 6 trillion rubles (approximately 137 billion Euros).

This unfavorable background has served as a catalyst to financial-economic instability of housing and communal complex organization. This situation was determined to be absent of financial recourses, needed not only for the development of this sector but also to support normative conditions for its functionality. According to governmental statistics of Federal service, the weight of profitable housing and communal complex organizations is 72.0 %.

In Russian Federations, 40 % of water piping networks need to be replaced, and every year the replacement for water piping networks is not exceeded by 1.5 %. 7 % of whole drainage water is not cleared or processed. One-third of drainage communication networks (27.3 thousand Km) are in need of replacement.

**Transportation:** Among the main transportation problems are an unsatisfactory condition of road networks, low technical levels and exploitation characteristics.

Railroad, problematic portions of the whole railroad network are 30 %. Only 38 % of federal automobile roads correspond to normative requirements. Thus, federal automobile roads are under threat. 29 % of the whole length of the federal road network is exploited with overload according to normative, especially in zones near big cities. The local road network is also developed insufficiently, thus overload is increased on federal roads. Automobile owning has increased, thus enhancing such problems (Transportation strategy of the Russian Federation until 2030).

The road network quality indicator is the speed of freight flow, which today in the Russian Federation is seriously behind European indicators. "In Europe average speed of freight is 1000 km per day, in Russia not more than 300 km. Cost of transport in Russia is 1.5 times higher than in EU countries, moreover fuel consumption 30 % higher compared to European analog". 40% of local authorities in big cities rate road quality as "good" (38.9%) and "Excellent" (1.1%), in rural areas this rate is much lower, positive ratings are present only a few authorities' 15.5%. In rural areas, one-fourth of experts consider road conditions unsatisfactory (rating "1" and "2").

People rating functionality of the transportation complex, underline problems such as low quality of roads, not corresponding to modern needs condition of roads, high cost of public transportation services. Among other ratings, ratings for transportation condition for people with disabilities.

**Info-communicational infrastructure:** Info-communicational infrastructure is the most important resource for socio-economic development; it represents the organizational

system, providing telecommunication services: telephone services, postal services, mobile connection, data transfer and internet services.

For communication, there is a high level of regional differentiation and a low level of development compared to international indicators. Despite the positive dynamics, according to which weight of houses, which have internet access have increased 4 times in the last 5 years, temps of backlog from European countries remain very significant. In the 2015 year, the weight of houses, having personal computers is 72.5%, wherein only 72.1% of houses had access to internet networks.

Consumer's market: Consumer's market complex plays a very important social and economic role in providing comfort conditions of life of population municipal education of the Russian Federation. The highest ratings were given to the trading sphere, and this sphere is considered a dynamically developing industry in modern conditions. There is a tendency of higher rating levels in authorities' ratings for the functionality of all consumers' markets predominantly in big cities. Development indicators of a population's domestic services in rural areas reflect a decrease in the quality of the social environment on this territory.

Socio-cultural complex: Socio-cultural complex is represented with spheres like secondary education, health care, culture, and sport. According to the local population, the major problems of secondary education are large amounts, high prices and unavailability of paid services (27.3 %), bad material, technical and methodological service of education units (22.6%).

The lowest grading in the socio-cultural structure was given to the system of public health (average grading according to local governmental authorities is 3.4 points). There is a significantly high level of dependence on the correlation between the type of municipality education and gained grading. There are no governmental city authorities that have given high grading to medical services; in addition to this, every fifth (21.4 %) stated that the development level is unsatisfactory. Among city authorities (larger cities) giving such grading are five times lower than 4.4 %. Along with this, a high level of unsatisfactory grading can be seen among the local population. The major problems are the absence of professional staff and medical equipment. As within the grading of the functionality of the secondary education system, a high level of negative responses occurs within a large volume of services, offered on a paid basis.

The second major problem is related to the competency of medical professionals (Lack of professionalism in medical workers, an unethical attitude of medical personnel). There are problems of the organization at the origins, technical, sanitary conditions of medical Institutions underlined by respondents as less significant (not suitable schedule system of patients receive).

Major problems in the functionality of cultural-leisure and sport's infrastructure have problems such as lack of recreation, high prices, and lack of

equipped sports fields, shortage and high cost of sections, groups, and clubs. Also, the needs of specific social groups are not taken into account, these are children, youth, and seniors.

The main socio-cultural complex' problems are due to the limited financial resources of local authority (government), a determination to this is the increase of the volume of paid services for people, and in addition to this, a low level of correspondence to existing practices of organization for leisure in new and evolving needs of different social groups.

For example, service units of culture, such as museums and libraries, are unclaimed today. In the interview process, respondents were stating the importance of widening the spectrum of services in the leisure sphere; this can serve as proof to the imbalance in the development of the socio-cultural complex.

The problem analysis initiates a question about the reasons for negative tendencies in the functionality of social infrastructure, determination of factors within the system of governmental and municipal administration, which prevents effective development for the purpose of population.

#### **4. Development of social infrastructure in the governmental and municipal administration of Russia**

First of all, it is necessary to determine which authorities have responsibility for social infrastructure development's quality. There is a question of how credentials for financial resources and responsibility between federal, regional and local governments are organized?

At the top federal level there is a planning and approving base of normative and rights for the functionality of social infrastructure, also it sets up a unique system of minimal social guarantee in the medical service sphere, education and culture. In this way, the Russian Federations' Constitution guarantees that society is provided with the rights for houses, education, medical help, participation in culture and access to cultural values.

Most of the aspects relating to the organization of functioning of social infrastructure are classified as a competency of local authorities. The Federal law in 2003 is considered as the main law: Regulatory consolidation of local authorities, issues of organization functioning social infrastructure and/or the creation of conditions for their development. Organization for providing secondary education, road development, and creation of leisure conditions for local people, transportation services, good housing, resource suppliers (Gas, water, electrical) and other aspects of social infrastructure development today are the highest priority of local authorities, which also received legal consolidation in Russian rights.

Analysis of the legal framework of social infrastructure allows for discovering several problems. First of all, the major powers are assigned

to local governments, who have stringent criteria for evaluating their performance in this area, but the funds necessary to support the operation and development of social infrastructure are concentrated at the regional and federal levels.

The budget system of the Russian Federation is three-tier. The first level is represented by the federal budget and the budgets of state extra-budgetary funds of the Russian Federation. The second level includes regional budgets and the budgets of the territorial state extra-budgetary funds (The third level-local budgets).

Analysis of the budgetary system of the Russian Federation does not allow for clear delineation of the principles of tax revenues between the various levels of government. The composition of federal taxes, determined predominantly by the yield factor, as attributed to them in the majority of such tax payments; provide the greatest amount of financial income. Local taxes include personal property tax and land tax, which are the most difficult to collect.

As practice shows, local taxes make up a very small part of the revenues of local budgets (4.8% from tax on land 0.2% tax from on personal property).

The burden on local government is constantly increasing, so for the last 10 years as a result of amendments to the Federal Law on the General Principles of Local Self-Government in the Russian Federation, the list of issues of local importance expanded by about 10 points for each type of settlement while revenues of municipalities, especially using an indicator such as "income per capita" is constantly shrinking.

Thus, in the current political and economic conditions, determined ambivalent of the mechanism of the main subject of the development of social infrastructure, as federal authorities are the guarantors of the provision of services to the population, have the resources and development control powers and local government duties and responsibilities. Federal authorities, supporting the system of intergovernmental transfer, procedures for provision and distribution of subsidies for the development of social infrastructure, and establish thresholds for co-finance supporting programs. Build complex of hierarchical system of providing funds (federal, regional and local budgets) initiates certain imbalances of social infrastructure: Time loss due to the increase in terms of passage of funding, the expansion of risk areas of individual and contractual types of intergovernmental relations, high tension in personnel and organizations being main recipients of funding resources.

As emphasized in the draft Concept of improvement of regional policy in the Russian Federation for the period up to 2020, there is a sufficiently high level of centralization of income in Russia, even by the standards of unitary states. At the same time, municipalities overtax expenditure commitments. As a consequence, the Russian Federation operates an extensive system of intergovernmental transfers. However, it is too

detailed (about 90 types of inter-budgetary subsidies and more than 20 types of grants). Intergovernmental transfers account for the bulk of the regional budget, often creating dependencies among authorities at the regional and municipal levels.

In the current conditions of fiscal centralization in municipalities, there are some difficulties implementing the principles of the organization of local self-government. Inherent powers of the federal legislation are not provided with adequate material resources, a high proportion of intergovernmental transfers in personal income municipalities testify inadmissibility to established practice of fiscal policy and there is a need to develop mechanisms for the formation of competitive market model of local government to ensure the development of domestic economic potential of the area.

## **5. Institutional autonomy of local government as a factor of social infrastructure development in Russia**

Search ranges of conditions, conducive to the development of social infrastructure, defined primarily by factors such as material and financial resources of municipalities, innovative technologies, the state of fixed assets in areas of social infrastructure. However, the result of recent factors of the consequence of the development rather than an incentive. The introduction of innovative technologies, reliance on research achievements, and update funds in areas of social infrastructure—use it in a qualitatively new level of development, pre-empting the improvement of the quality of infrastructure services. According to many experts, the decisive factor is the material and financial capacity of the municipality, the availability of resources that can be spent on the renovation funds, new technologies, and the new construction of social infrastructure (Matraeva and Vasiutina, 2017). The validity of this statement is not in doubt, however, it is not an exhaustive explanation. As already noted, at present, the state invests the funds in the development of social infrastructure, but the results do not meet the expectations of any population or heads of local authorities, as shown by the results of the investigation. For example, the priority of the state program "Social development of village" is to enhance the growth of the social infrastructure like utilities and rural settlements. Despite the considerable governmental investment, the level of polarization in the conditions of the organization of living space in urban and rural settlements in Russia reached a critical point. The level of infrastructure services in rural villages and small towns not only does not correspond to world standards but limits large a portion of the Russian population in their constitutional rights that guarantee equal access to main social benefits.

Due to the complexity of the processes of infrastructure development, a significant degree of

interaction and the mutual influence on the socio-economic situation requires consideration, in addition to economic, political, and even institutional factors, determining trends in its functioning.

In our view, the restriction in the development of social infrastructure in modern Russia is linked primarily with issues and institutional imbalances: the restriction of autonomy of local government as a result of the lack of effective resource support for its activities, the strain in relations with regional and federal authorities, uncertainties in the specifics of municipal property, and a public confidence crisis in the government.

## **6. Municipal property and its role in the development of social infrastructure**

Instrumental abilities of local government in the development of social infrastructure defined its organizational autonomy and security of financial, economic and human resources. In particular, an insufficiently defined legal framework that defines the nature of the municipal property is one of the most significant constraints of the development of the social infrastructure of the municipality, and, in general, of the institute of local government, and its sustainable and effective functioning in Russia. The formation of institutional foundations of municipal property is a strategic imperative for the modernization of social infrastructure.

The lack of clear and long-term security of tenure and the self-administration of the municipal property creates certain barriers to its effective use in the development of social infrastructure. Constant changes in federal legislation on local self-administration processes of legal and economic transformation of municipal property undermine its institutional framework. Thus, the date of adoption (2003) of the basic law on general principles of the organization of local self-government in 2011 adopted more than 50 federal laws and made about 400 amendments. The absolute imperative institutionalization of municipal property is its integrity and the right of its actual control in the interests of the municipality. However, compliance with these principles is not possible within the legal framework of modern Russia. Thus, Russian law establishes that municipally-owned property, which may be federal property or the property of the Russian Federation shall be subject to the donation of federal property or the property of the Russian Federation in the case of:

- If the finding of said property in the municipal property is not permitted, including as a result of the division of powers between federal bodies of state power, bodies of state power of subjects of the Russian Federation and local self-government;
- If the specified property is used by federal authorities, state authorities of the Russian Federation, the state unitary enterprises and government agencies.

The very possibility of withdrawal of municipal property undermines its institutional framework. Equilibrium principles of integrity and limited municipal property rights must not be violated in favor of the last.

Also in doubt is the validity of using a closed list of municipal property, not allowing variation, and rigidly deterministic vested in the municipality issues of local importance. The Law on General Principles of Local Self-Government stipulates that “the property of municipal property may be designed to address the present Federal Law issues of local importance. In cases of municipal ownership of property, not conforming to the requirements of this Article, the property is subject to redirection (change of target destination of the property) or alienation”.

In actual practice, the legislator redistributes powers in relation to specific issues, and reduces the amount of municipal property, thus undermining the principle of the immanence of its inviolability. Constant changes in legislation transform the list of local issues that inevitably causes an unnecessary redistribution of municipal property between municipalities of different levels, as well as between local government and public authorities.

This practice does not allow municipalities to respond flexibly to the socio-economic and demographic trends of territory adequately to re-profile municipal property under the relevant population's needs for infrastructure services.

State intervention in municipal property issues significantly limits the powers at the discretion of the local government, transforming the basic aspects of the possession, use and disposition of property.

As a consequence, the activities of local authorities prevail orientation for a single economic benefit associated with the sale of municipal property, which is confirmed by statistical data. Revenues from the sale of municipal property are significantly higher than the income received from its rental lease. On the one hand, the sale of non-core assets reduces the costs for local government, but on the other hand, it deprives local authority of economic levers of influence on the development of social infrastructure. Prescriptions to privatize residential premises that do not provide a solution to local issues outlined by the state, in fact, deprive local authorities not only of long-term income from their rent but also of opportunities to conduct a mutually beneficial dialogue with the business community in order to develop social infrastructure. Variations in rental rates at the time of non-residential premises would allow local government to attract entrepreneurs to provide services demanded by the population, to build the local community social infrastructure, and to use the practice of concession agreements more efficiently.

Thus, the regularities of legal regulation of the municipal ownership restriction determine the mechanisms of development of social infrastructure. The role of local authorities with respect to the municipal property is reduced within a modern legal

framework to the accounting function, excluding such aspects of management activities as planning, organization, coordination and control.

An especially challenging exception is the planning function, which allows a full analysis of the municipal property to formulate goals and objectives of social infrastructure and develop a strategy for action aimed at maintaining or becoming effectively functioning. Uncertain conditions, dependent on external factors do not allow for forming effective system solutions that would cover a significant period of time, to establish long-term goals of social infrastructure development, to predict the order of the acquisition, distribution and use of available resources of the corresponding municipal property to achieve established objectives. As indicated in the Concept of long-term economic development of the Russian Federation for the period until 2020, the main vector of institutional changes of small and medium businesses should show a "decline in property number located at the state and municipal level." Legislated economic priorities of the state policy provide a disincentive for maintaining robust integrity at the municipality and its social infrastructure. In fact, the implementation of the adaptive function is broken to ensure the life of the local society. Adaptive function, as emphasized by T. Parsons, is associated with the problem of rational organization and resource allocation. Within the Russian legal framework, the conditions and budgetary centralization of modern municipalities lack appropriate opportunities.

Despite this, local self-administration is placed in a condition so it can't form long term planning for its development; appropriateness of spending its own funds for construction and for commissioning new social infrastructure is questionable because the preservation of this property can't be guaranteed within a modern legal framework. The state should make relevant institutional changes, securing a real municipality the right to possess, use and dispose of the municipal property. Only the formation of targeted institutional changes to the municipal property will determine the vector transformation of social and value aspects of local authorities. Real, rather than declared by the legislator, right will allow local government to become a real subject property to determine the prospects for the development of social infrastructure in the public interest, to focus not on the immediate benefits, but long-term socio-economic results.

Conservation and efficient use of the municipal property is one of the conditions for the formation and sustainable development of the institution of local government. No less important is to overcome institutional constraints such as financial and legal lack of independence of local government.

## **7. Interaction of state and local authorities: Major problems and contradictions**

A highly centralized fiscal system and the dependence of efficiency of local government from

intergovernmental transfers contribute to the concentration of local authorities' efforts to interact with regional and federal authorities and to the lack of motivation for the development of entrepreneurship in the territory (Holcombe and Stroup, 1996). A consequence of such policy is conformism, a high level of loyalty leaders of municipalities in relation to the parent bodies of state power, which, in turn, greatly undermine the prestige of the local government in the eyes of economic agents, the population that identifies with the government.

In addition to this, deformation in relationships between the local and federal governments can be explained with a high level of control from the latter. As a result of the interview, authorities of local government underlined unacceptably high quantities of checkups and control events, preceded by governmental power.

For example, in 2012 the Russian prosecutor's office sent 1162 appeals to the administration of the city of Khabarovsk and 2600 appeals to the administration of the city of Novosibirsk. This does not take into account other treatment of supervisory and control bodies, whose requirements are often conflicting.

Analysis of the survey of local government leaders also revealed the problem of irrelevance, which made regulatory authorities orders to eliminate violations of actual capabilities of the municipality and resource support for their implementation. Financial resources necessary to meet the requirements often exceed by several times the annual municipal budget.

Penalties imposed by public authorities on municipalities also do not align with their financial possibilities. For example, one of the municipal districts of the Republic of Udmurtia Russian Federation, in accordance with the requirements of State Traffic Safety Inspectorate to align to the standards of roads, was fined over 60 million rubles (1.4 million Euros), which is more than 3 times the annual budget of the district. There is also the practice of re-imposition of fines in the amount of twice the initial penalty for non-payment due to lack of funds in the budget.

The result of this policy is the distraction of organization and human resources of local government from the real problems faced by a community. Efforts are focused on the analysis and the provision of information control, verification activities and preparing data for a statistical character. The result is a persistent pattern of orienting local government leaders to formal results of operations, the prevalence of liability to the regulatory authorities, and not to local population that, as already noted, is supported by a high level of dependence on intergovernmental transfers.

Currently, the extent of government control over local governments is so great that the consequences are in the form of a diversion of human and organizational resources that commensurate with the goals and objectives which it sets itself. In

addition, the state control should remain only a verification of the legality of local governments, and oversee the implementation of laws. Monitoring the effectiveness, the quality of local authorities, management decisions, in this case, means the administrative burden and direct subordination, while the institutional nature of local government involves only the interaction and cooperation with the public authorities. The only exception to this rule is to control the quality of the local authorities delegated certain state powers. In other cases, testing and conformity assessment of the public interest of local government should be the subjects of public scrutiny.

### **8. Local government and population: Priorities in cooperation in the purpose of social infrastructure**

Displacement of control and supervisory functions of the State towards the public, according to local government will enhance public confidence in local government. To overcome the prevailing practice of social alienation and passivity, conformity assessment of the actual management decisions in the public interest, to allocate significant in terms of population social development priorities of the infrastructure of the municipality.

The Institute for Local Self-Government now needs the active support of its people to overcome negative stereotypes of the perception of its activities, value- regulatory systems, which provide the basis for the identification of local and state authorities (Frolova, 2016).

As a result of research, today almost half of the respondents in the Russian Federation do not trust local authorities. Another 12 % could not give an answer. Only one in ten respondents believe that local authorities are sufficiently interested in residents' opinions on the most important issues of supporting life and a smaller percentage (4.1%) believe that local officials are well aware of the problems and needs of the residents. More than half of respondents believe that local authorities are focused only on superiors, feeling responsible to them, while only one in ten recognize that they have responsibilities to the public. Only 2% of respondents believed that the population has an impact on the socio-economic development of the municipality.

In modern conditions, it's necessary to form a positive image of local government. However, the popularization of the basic ideas of local government, declaring their social significance, it is impossible to overcome the passivity, distrust and alienation from government ingrained in the popular consciousness. Development of social infrastructure in the interests of the municipality population is impossible without the participation of the population in these processes, with partnerships between the public and the authorities. One of the most effective mechanisms for not only the formation of civic initiatives but also for improving

the quality of management activities for the development of social infrastructure is the institutionalization of social control.

Public control is the only condition for the development of local initiatives to develop a genuine democratic model of local government. Moving priorities of the local government and building an individual contractual relationship with the federal and regional structures to interact with the local community. Prevailing in our country is a huge gap between remote communities and local authorities lack real practices to determine the interactions of local authorities with the population, their imitative character. In modern conditions, the standard unilateral forms of interaction between local authorities and the public focus on the provision of formal reporting of static forms such as public hearings and reports, and managers can't meet the growing expectations of citizens. Information technologies enable getting any reporting information as soon as possible. Accordingly, the forms of participation that do not provide remote and direct interaction should have a different impact. Today public initiative focused on the realization of democratic participation standards form a higher-level dialogue form of interaction. Existing static simulation practice partnerships should be transformed into a model of implementing direct democracy, including through public scrutiny.

Stereotypes of the passivity of the Russian population are determined by the lack of real practices according to the views of the public and the restrictive conditions for conscious municipal activity. Enhancing the role of self-organization, to solve problems of social infrastructure and overcoming corrupt practices, the assimilation of democratic norms and values are not possible without institutional changes in the activities of local authorities and the formation of social order for public control.

Conditions allowing to implement social control in the municipality include information transparency of authorities, institutional structures for the articulation and aggregation of interests of citizens, real performance of control activities, involvement of experts engaged in scientific assessments and management decisions; mandatory regulatory consolidation of accounting results of public hearings (or an explanation for the inability to perform confirmed expert evaluations); educational work aimed at increasing the awareness of citizens about possible forms of participation in the system of social control; grant support for activities enterprising citizens and public organizations.

### **9. Priorities of institutional socio-cultural changes for the purpose of social infrastructure development**

Values, moral norms and the mentality of the population have an indirect influence on the development of infrastructure. Values such as respect for property rights, honesty in transactions



and enforcement of contracts form an institutional environment that is considered to a much greater extent than the law. Active citizenship positions contribute to a system of public control over the quality of the functioning infrastructure in each municipality. The establishment of an appropriate institutional environment to realize the rights of citizens ensures their participation in the processes of social control over-budget spending on construction and operation of infrastructure. The main objective of the formation of the institutional environment is the development of a social infrastructure as the creation of conditions for the direct support of these processes in terms of effectiveness of local government, the rational use of municipal property, attracting private capital, and building an optimal system of interaction between local, regional and federal authorities, but also to create conditions to indirectly mediate the development of social infrastructure in the municipalities. Interaction of social and cultural institutions has no direct impact on social infrastructure, but indirectly by determines the activities, norms and values of key factors involved in the development of social infrastructure. The main factors, in our opinion, are the officials and elected leaders of local government, the business community, enterprising citizens and their associations involved in the realization of civil initiatives aimed at protecting the public interest in the development of social infrastructure. Priorities of socio-cultural institutional changes:

1. The most important vector of institutional changes in the socio-cultural activities of the officials and elected leaders of local government is fighting corruption, which, in many respects, is a consequence of not only economic and legal problems but a reflection of the strain worldview morality. Corrupt payments constitute a significant part of transaction costs entrepreneurs invest in the construction and operation of infrastructure.
2. Given the high capital intensity and long-term outlook period, the investment risks are, in this case, so inflated that excluding the participation of business in the development of social infrastructure, the relevant requirements of the municipality. Heads of local government must be socially significant referents for the population and the business community. Their values and moral principles must be an institutional system of priorities of public interest in the activities of social actors, as a condition for the formation of the principles of social partnership in the interaction of business and public authorities. The moral culture of local government leaders is a priority institutional condition for the formation of corporate social responsibility and community engagement to address issues of social infrastructure.
3. Institutional changes, defining the nature of business participation in the development of social infrastructure, should address not only the

formation of its social responsibility as extending the boundaries of a mutually beneficial partnership, which is dictated by the need to attract private capital in the development of social infrastructure. The necessary business transformation strategy of coercion to participate in socially significant projects based on the paradigm of social responsibility strategy of mutually beneficial cooperation. The results of the expert survey revealed some contradictions between the orientation of the heads of local authorities to implement projects of PPP (Public-Private Partnership) and the lack of practices for their implementation in the municipalities of the Russian Federation. The vast majority of executives believe such projects at the most effective form of cooperation between business and government in order to modernize the social infrastructure, with only 4.2% indicating that the municipality is in the practice of implementation. The most convenient form of interaction remains the operation concept of the social responsibility of business. Almost every fifth municipality organizes regularly at no charge to transfer funds into the development of social infrastructure, in 42% of municipalities such form is practiced, but quite rare. It's no less important to overcome the ambivalence of the rules and regulations of business entities, narrowing the gap between legislation and actual operational practice of the business sector.

4. The civic activity of the population is one of the most important, but least claimed resources in real Russian practice of local government for the development of social infrastructure. Civic initiatives, collective action in addressing social problems, social cohesion and trust in the government formed a favorable institutional environment of social infrastructure, the conditions of consolidation efforts of the authorities and the population. The most important are the following features of social activity: normative (prioritizing the development of social infrastructure), organizational (collective decision of socially significant problems), and control (assessment of local authorities, ensuring transparency in financial expenditures in the construction and operation of social infrastructure).

Directed character institutional genesis involves the accounting and analysis of not only economic and legal characteristics of a society, but also mental and cultural features.

Efficient of the formation of favorable institutional conditions for the development of social infrastructure activities consistent quality is determined by the allocation of priorities of social and cultural changes. Moral guidelines, ethical, moral norms and values of social factors and mentality of the population are considered fairly stable, the rate of change is low in deterministic large-scale transformations in society, the level of consolidation of the efforts of the state, religion, education, and

media. Exclusion of corruption a high level of responsibility and priorities of the public interest in activities of government entities, honesty, and respect for contracts, efficiency and quality of entrepreneurs for the operation of relevant social infrastructure, the civil activity of the population are the priority development of the complex determinants of social infrastructure.

## 10. Limitation

The main theme of this article was the problems and the prospects of the development of social infrastructure in Russia. A specific feature of Russia is a very high level of territorial differentiation: Various regions have geographical, social and economic and cultural specifics. In the Russian Federation, there are both megacities with a high level of technological development and rural areas with low social and economic development. Considering these facts, it is not possible to extend the received conclusions to all territory of the country. Especially, it should be noted that during the research two largest megalopolises—Moscow and St. Petersburg were excluded from selection. Authors had the intention to show the most characteristic problems taking place in the international practice (restrictions of autonomy of municipalities, financial problems, and socio-cultural restrictions) and connect them with the Russian context.

Another restriction of research is the position of experts who voluntarily agreed to answer questions of the questionnaire. Perhaps, these experts showed a special view of the development of social infrastructure. In this context, it is necessary to consider the following restrictions. On the one hand, experts could be afraid to express non-standard estimates and opinions which contradict the standard ideas. On the other hand, those municipal employees who have opposition views could express readiness to answer questions of the questionnaire and would like to carry them to the general public.

So, recognizing restrictions of the received conclusions as to the limited volume of data, nevertheless, this article can present a deep understanding of problems of development of social infrastructure. The material stated in the article can be used in the activity of local governments and also for the improvement of the regional policy of other countries.

## 11. Conclusion

The condition of modernization of social infrastructure is the establishment of an appropriate institutional environment, which includes; in particular, changes in the conditions of functions of the local government institution, securing certain autonomy from public authorities, not excluding their close interaction and cooperation. Independence of local government presupposes the existence of the financial security of local budgets, overcoming high economic dependence on

intergovernmental transfers, consolidation of the population of the municipality of real rights of ownership, use and disposal of municipal property, the presence of certain boundaries of control by the public authorities.

Effective use of the municipal property is the most significant factor in the development of social infrastructure that allows reduced transaction costs to business entities whose activities are related to the collective interests of the local community. In modern Russian practice, there prevails a violation of the principles of equilibrium and integrity of limited rights of municipal property in favor of the last one. This is due, among other things, to the institutional aspects of the identity that defines the municipalization of the property complex, including the acquisition of fee-based severely limited financial and economic situation of local budgets. As a consequence, the Russian practice of conservation management of the municipal property is not an institutional norm. On the one hand, the redistribution of property between municipalities of different levels, as well as between local and regional governments and the federal government is a very common practice. This is due to the presence of such legal provisions as a closed list of municipal property, rigidly vested in municipality local issues, as well as the possibility of withdrawal of municipal property if the said property is used by the federal or regional authorities, state unitary enterprises and government agencies. On the other hand, the absence of an imminent law of conservation of municipal property contributes to the formation of stable priorities of the local government, which largely focus on short-term results in the form of sale of municipal property than its use in the long-term development of social infrastructure, as well as for future generation's residents. In addition to the system of economic institutions, no less important is the impact of the socio-cultural institutional environment for the development of social infrastructure. Relativization of moral standards in modern society produces such phenomena in the practice of municipal government as corruption, the prevalence of private interests, social passivity that induces a low level of development of social infrastructure to a much greater extent than economic factors and limited financial resources. The assignment of social and cultural institutions to factors of social infrastructure development explicated their role in the formation and legitimating of norms, patterns of role expectations, values and interaction parameters of subjects, determining the quality of the function and development of social infrastructure.

## Compliance with ethical standards

## Conflict of interest

The authors declare that they have no conflict of interest.

## References

- Aiello F, Iona A, and Leonida L (2012). Regional infrastructure and firm investment: Theory and empirical evidence for Italy. *Empirical Economics*, 42(3): 835-862.  
<https://doi.org/10.1007/s00181-010-0445-9>
- Bajar S and Rajeev M (2016). Contribution of infrastructure to output growth in India. *Emerging Economy Studies*, 2(2): 240-252.  
<https://doi.org/10.1177/2394901516661093>
- Bond J (2016). Infrastructure in Africa. *Global Journal of Emerging Market Economies*, 8(3): 309-333.  
<https://doi.org/10.1177/0974910116677788>
- Bowman A and Kearney R (2007). *Local leadership and governance, state and local government*. 7<sup>th</sup> Edition, Houghton, Boston, USA.
- Chigwata TC and de Visser J (2018). Local government in the 2013 constitution of Zimbabwe: Defining the boundaries of local autonomy. *Hague Journal on the Rule of Law*, 10(1): 165-185.  
<https://doi.org/10.1007/s40803-017-0063-0>
- Chong-Min P (2003). Quality of local government and democratic citizenship. *Social Indicators Research*, 62(1): 291-319.  
<https://doi.org/10.1023/A:1022605519674>
- Crane D (2008). California's infrastructure deficit. *Public Works Management and Policy*, 12(3): 476-478.  
<https://doi.org/10.1177/1087724X07312015>
- Dowall DE and Ried R (2009). Improving California's infrastructure services: The California infrastructure initiative. *Public Works Management and Policy*, 13(3): 184-201.  
<https://doi.org/10.1177/1087724X08329801>
- Frolova EV (2014). Social infrastructure of contemporary Russian municipal bodies: Issues and prospects for modernization. *Sociological Studies*, 12(12): 51-58.
- Frolova EV (2016). Interaction of the population and local government: Problems and new opportunities. *Sociological Studies*, 4(4): 59-64.
- Frolova EV and Rogach OGV (2017). Municipal-private partnership in education: Infrastructural aspect. *Economic and Social Changes: Facts, Trends, Forecast*, 10(1): 145-160.  
<https://doi.org/10.15838/esc.2017.1.49.8>
- Garvin MJ and Bosso D (2008). Assessing the effectiveness of infrastructure public: Private partnership programs and projects. *Public Works Management and Policy*, 13(2): 162-178.  
<https://doi.org/10.1177/1087724X08323845>
- Goodman D, French PE, and Battaglio RP (2015). Determinants of local government workforce planning. *The American Review of Public Administration*, 45(2): 135-152.  
<https://doi.org/10.1177/0275074013486179>
- Holcombe RG and Stroup MD (1996). The role of federal funding on the demand for state and local government spending. *Atlantic Economic Journal*, 24(2): 131-143.  
<https://doi.org/10.1007/BF02299003>
- Irvin RA and Stansbury J (2004). Citizen participation in decision making: Is it worth the effort? *Public Administration Review*, 64(1): 55-65.  
<https://doi.org/10.1111/j.1540-6210.2004.00346.x>
- Khongsatjaviwat D and Routray JK (2015). Local government for rural development in Thailand. *International Journal of Rural Management*, 11(1): 3-24.  
<https://doi.org/10.1177/0973005215569383>
- Liu W, Holst J, and Yu Z (2014). Thresholds of landscape change: A new tool to manage green infrastructure and social-economic development. *Landscape Ecology*, 29(4): 729-743.  
<https://doi.org/10.1007/s10980-014-0007-1>
- Matraeva LV and Vasiutina ES (2017). Sustainable Russian economic growth: Prospects and systemic challenges? *Social Policy and Sociology*, 16: 29-40.  
<https://doi.org/10.17922/2071-3665-2017-16-3-29-40>
- Mohammadi SH, Norazizan S, and Nikkiah HA (2018). Conflicting perceptions on participation between citizens and members of local government. *Quality and Quantity*, 52(4): 1761-1778.  
<https://doi.org/10.1007/s11135-017-0565-9>  
**PMid:29937584 PMCID:PMC5993841**
- Oswald M, Li Q, McNeil S, and Trimboth S (2011). Measuring infrastructure performance: Development of a national infrastructure index. *Public Works Management and Policy*, 16(4): 373-394.  
<https://doi.org/10.1177/1087724X11410071>
- Oulasvirta L and Turala M (2009). Financial autonomy and consistency of central government policy towards local governments. *International Review of Administrative Sciences*, 75(2): 311-332.  
<https://doi.org/10.1177/0020852309104178>
- Pagano MA and Perry D (2008). Financing infrastructure in the 21<sup>st</sup> century city. *Public Works Management and Policy*, 13(1): 22-38.  
<https://doi.org/10.1177/1087724X08321015>
- Ridley G (2011). National security as a corporate social responsibility: Critical infrastructure resilience. *Journal of Business Ethics*, 103(1): 111-125.  
<https://doi.org/10.1007/s10551-011-0845-6>
- Roberts N (2004). Public deliberation in an age of direct citizen participation. *The American Review of Public Administration*, 34(4): 315-353.  
<https://doi.org/10.1177/0275074004269288>
- Yang K (2006). Trust and citizen involvement decisions: Trust in citizens, trust in institutions, and propensity to trust. *Administration and Society*, 38(5): 573-595.  
<https://doi.org/10.1177/0095399706292095>
- Young C and Kaczmarek S (2000). Local government, local economic development and quality of life in Poland. *GeoJournal*, 50(2-3): 225-234.  
<https://doi.org/10.1023/A:1007197330116>
- Zimmerman R (2009). Making infrastructure competitive in an urban world. *The Annals of the American Academy of Political and Social Science*, 626(1): 226-241.  
<https://doi.org/10.1177/0002716209344842>