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**Territorial aspects of restructuring – the problems of single industry
towns and areas.**

According to the law of the Russian Federation the approximate criteria of the single industry town and area complexes are defined as follows:

- The single industry town and area complex should compile not less than 50% of the total amount of the general of all the economic subjects (excepting housing and communal sphere), located on the territory of the given municipal formation.
- Its make quantity (goods, services) in respect of the cost compiles more than 50% of the total make quantity (goods, services) of all the economic subjects, located on the territory of the given municipal formation.
- The structure of the single town and area complex may contain: the scientific organizations, higher educational establishments and training schools; the objects of the innovation infrastructure. The objects of the social infrastructure and the structures providing the activity of the municipal formation may not be comprised in the system of the single town and area.

There are 200 monoprofile towns in the Russian Federation. The law project devoted to the single town and area complexes, discussed by the State Duma on the 17th of October, 1998, was, however, rejected. What is applied by now is the Federal law “On scientific (academic) towns”.

The necessity of judicial arrangement of the certain problems connected to the type of towns in question became extremely vital during the privatization company held in the Russian Federation. The year 2002 met the new stage of the reforms, concerning the privatization of scientific research institutes and scientific industrial treaties, the military-industrial establishments in particular.

The questions of the budgetary monotowns, population’s employment, providing housing and communal services, providing the vitality of the whole municipal formations come to the forth.

One should also take into account the factor of the low mobility of Russian citizens that practically means that all the problems are often to be solved on the same territory.

The difficulties encountered by the monoprofile cities are similar to those of the depressed regions, the latter being typical for the whole of the Russian economy at present, but within the single town and area complexes all this occurs with even greater force:

- 1) on the one hand, cutting down of the single town and area complexes' production amount takes place, the main facilities are worn-out, the equipment used does not meet neither technological nor ecological requirements of the present, the deficit of the own inventory is observed.
- 2) on the other hand, the municipal formation lacks funds for the social infrastructure support and development, i.e. for providing vital activity of the population living there, which is caused by the sharp fall of single town and area complex's production amount.

(An important point here is) The standard of living decreases in furious pace and the general tendency towards social-economic degradation is observed.

The advantages of depressed regions in comparison with single town and area complexes lies in the fact that they possess a number of enterprises belonging to different branches of industry and unequal in the financial and economy respect allow to vary the means of economy restoration.

There are several levels of single town and area complexes' problem solving, one of which, namely – the state level, has been mentioned already. Its role is extremely vital for forming standard lawful basis as well as for stimulation of economic problems solving via general strategy's elaboration and adjusting control applying to the field.

The local and municipal authorities play an important role due to the fact that the problems encountered by the major part of the single town and area complexes in Russia, and particularly in its central part, coincide with the ones observed in the small – and middle-sized towns, both requiring a complex social-economic program

of crises outlet. This is to be worked out by authorities in collaboration with scientific and practical potential of the qualified specialists. Nearly all the subjects of Russian Federation do work this way, and one can speak of Nizhegorodskiy region as of a sample of purposeful activity aimed at creation and realization of complex of social-economic programs.

The kind of activity requiring collaboration of the efforts of authority, business, science, education and industry is usually preformed by means of economy councils supervised by governors, mayors or the articles of infrastructure on business and business undertaking development.

The creation of this structure provides the actual performance of the programs with the starting point lying, firstly, in the permanent educational process realized alongside with the main professional activity and, secondly, in legal, organizational, informational and in some cases financial support of all the projects.

The last three years have seen the process of business-incubators coming into being as densely developing elements of Russian infrastructure. How will business-incubators in Russia develop further on? Will they become the nuclear elements of the multiprofile economy of small and medium-size towns? The data on the topic were discussed during State Council of Russian Federation sitting devoted to small and medium-size business and business undertaking development in December, 2001. As a result the government of Russian Federation and the Department of property relations in particular was charged with considering a pilot project on business-incubators' support in 6 regions of Russia.

The solution of the single town and area complex's may also be found on the level of the enterprise itself realized due to resorting to such methods as: restructuring and deversification.

Much attention is paid by Russian association of industrialists and entrepreneurs to the development of concomitant production in addition to the profile production via the system of subcontracting including the development and adjustment of perfectly new types of production. The system progressing in Russia is

supported for the last three years by an exhibition on subcontracting taking part in St. Petersburg each fall.

It is possible to form agricultural artels involving the staff of an enterprise as a prime stock-holder aimed at activation of unemployed work force. The agricultural artels' creation may go alongside with the development of micro financing system by means of credit unions. This is extremely actual within the chernozem (black soil) zone in connection to the new soil law of Russian Federation. The enterprises of Belgorod, Voronezh and Tambov regions have started their active work in the field in 2000. For instance, an agricultural firm "Stoylenskaya Niva" created by the Starooskolskiy ore mining and processing enterprise, having started to work in Belgorod region, is stretching its influence on the neighboring territories of Russian Federation.

The compulsory condition for the work going on is the combined efforts of enterprise's governing body and municipal formation as the further lowering of production will take place without applying optimal rate policy and the enterprise will have to undergo a bankruptcy procedure.

Appendix 1.

One of the single industry town and area complexes of Tambov region is Uvarovo and the Uvarovo Chemical plant.

The plant was created in the smaller town of Tambov region with the population of 36000 people in 1966. Two departments on producing chemical fertilizers and triple superphosphate began to work and up to 1991 the staff of the plant contained 4000 employees. Simultaneously with the plant's developing (which has celebrated 35th anniversary in 2001), the vocational educational establishment, namely the Uvarovo Chemical College, annually providing the region with about 1000 specialists trained in the field of chemical industry was created.

In 2000 the Uvarovo Chemical College became the subsidiary of the Rossosh Plant of Mineral fertilizers (the head plant situated in Voronezh region).

In 2001 the staff of the plant contained 1500 members officially and 400 members in reality. Two departments, established in 1966, function successfully, producing mineral fertilizers and triple superphosphate.

Within the situation of lowering of production's outcome at the single industry town and area complex the following problems were encountered by the local authorities:

- 1) the budget deficit;
- 2) unemployment;
- 3) the problem of providing housing and communal services, doing away with energetic difficulties.

The years of 1992-1994 saw constant strikes of municipal formation's population. Within this one should also take into account the historically settled mentality of the people inhabiting Uvarovo and the region: there were the 3 county revolts guided by Ivan Bolotnikov, (Emelijan) Pugachjev and the rebellion known as "Antonovschina", which took place in 1919 as a particularly important event in Tambov region that resulted in the V.I.Lenin's resolution in 1921. According to it, Tambov region was abolished and re-established by the order of the Council of people's Commissar supervised by Stalin's authority in 1937 twice parted-down. Some areas were passed under Pensa's and Voronezh's jurisdiction; besides Lipetzk region was formed on the same basis. During the rebellion headed by Antonov, Sergey Vasilijevich Rachmaninov's Estate, which has presently obtained the status of the state museum – estate called "Ivanovka" situated not far from Uvarovo, did not avoid the violation.

The problem solving was realized by the local authorities accompanied by the municipal institutions as well as by the head branch enterprise in the following way:

- 1) The energetic problem was solved. There are several gas-mains stretching along through the whole Tambov region, which allowed to meet the total requirement of gas installation in the region for 98%. This include Uvarovo's supplying with gas that resulted in abolishing heating services problems.

- 2) The plant was sold to the Rossosh Plant of Mineral fertilizers in Voronezh region and was included in the structure of the joint-stock venture named as a subsidiary. The system of investments attraction and paying back was thought through resulting in paying off 96% of total debt amount via successful production by October, 2001.
- 3) The preserve of qualified staff was achieved due to:
 - their temporal involvement into agricultural artels (co-operative) growing white beet on the soils around Uvarovo in accord with a demand of the Uvarovo sugar refinery.
 - providing a (well-thought over) scheme worked out by regional Tambov business-incubator on supporting the necessary level of scientific and practical qualification of the staff by means of the Uvarovo Chemical College via simultaneous education in the field of economy, which meets the requirements of the labour-market, and in the practical work fields, required for smaller business entrepreneurship in the region.
- 4) Since 2001 the program of innovation activity development via combing the scientific abilities of the enterprise itself, Tambov innovation business-incubator, Tambov State Technical University, Domodedovo innovation-licensing center found in Moscow region and the Rossosh Plant of Mineral fertilizers as a head enterprise has been realized.

The problem to solve:

The week interaction between the managers of the Uvarovo enterprise and local authorities is observed in the field of working out a rate policy and in finding acceptable ways of enterprise's restructuring.