Property transformation as driver of Russia's sustainable development

Victor Barkhatov*

1Chelyabinsk State University, 129, Br.Kashirinykh str., 454001, Chelyabinsk, Russia

Abstract. A plurality of subjects of ownership characterizes the Russian economy. The transformation processes that began in 1991 continue to the present day. Until now, the question of the comparative effectiveness of various ownership forms remains open. Based on the analysis of trends in public and private property in Russia in 1992-2018, the article examines the correspondence of these processes to important systemic properties: cyclicity, cumulativeness, nonlinearity, and evolutionary character. Special attention is paid to such indicators of transformation processes as investments in fixed assets under various ownership forms. The conclusion is made about the low efficiency of the existing ownership structure in ensuring the Russian economy's sustainable development. A hypothesis is put forward about the need to further develop forms and relations of ownership based on the development of alternative forms of ownership, including shared ownership.

1 Introduction

In the development of the Russian socio-economic system, significant changes take place, the relations of appropriation and alienation are transformed. State-owned objects in the 1990s came under the state bureaucracy's control, which marked the beginning of national, regional industrial, and financial elites. The bulk of workers during this period are alienated from large property objects. As a consequence of this process, social wealth reduction, economic efficiency drop, poverty increase, and the impoverishment of the overwhelming number of workers, accompanied by losing their professional qualities.

The transformation of property in Eastern European countries in the transition from a socialist to a capitalist economy was analyzed by J.F.M. Swinnen & E. Mathijs [1]. The peculiarities of property transformation in Western Europe were studied by K.A. Eliassen & J. From, [2] and A. Cuervo-Cazurra [3]. The possibility of feedback when property rights affect transformation processes was shown by the example of European privatization by J. From & L.C. Kolberg [4].

An important area of research in the field of property transformation is the analysis of the Chinese economy. General analysis make D. Furen [4]. Features of industrial growth and efficiency of firms in the transformation context were studied by W. Wei & J. Tang [6]. The political consequences of business transformation based on property rights were analyzed by D. Wang et al. [7]. The banking sector's participation in the transformation

*Corresponding author: ieo-science@csu.ru
processes in the Chinese economy in the new normal is described in X. Yang & K. Tang [8].

The Russian specificity of property transformation is reflected in the works of D. Lane [9], N.G. Filatova [10] and V.T. Ryazanov [11]. D. Pletnev [12] emphasized the importance of keeping critical assets in state ownership on the example of the Gazprom corporation.

The purpose of the article is to study trends in the development of property in the Russian economy in its sustainable development.

2 Data and Methodology

The study is based on the use of statistical analysis methods (grouping, trend analysis), as well as general scientific methods of generalization and abstraction. The analysis also used a systematic approach (four systemic properties are analyzed - cyclicity, cumulativeness, nonlinearity, and evolutionary nature). The analysis used official Rosstat data for 1990-2018. Taking into account the specific nature of the formation of the vertical of power in Russia, the municipal form of ownership should be considered as a particular form of state ownership, since most of the actual powers, supported by appropriate financial resources, and concerning municipal organizations remain with the state in a broad sense.

3 Results

Let us examine how property trends have changed in the context of the transformation of state and private property and their relationship to Russia's national economy. The property structure from the standpoint of the ratio of private and state property testifies to the development of the main economic structure, the degree of development of capitalism, and several economic subjects as the state in a market economy. Developing property objects have reached such a threshold when a cumulative effect appears, and the process flow of the transformation of general forms of ownership is carried out due to the cumulative effect, which directly leads to a qualitative change in the property object. The period from 2000 to 2018, is associated with the transformation of property in two periods of the cycle 2008-2014 and 2015-2018. From 2000 to 2018, property, expressed through its objects, developed in a non-linear form (Fig. 1). It can be seen from the graph that from 2000 to 2005 there is a linear growth of property enterprises, and it is quite significant. During this period, the number of private enterprises increased by 3346.5 thousand to 4767.3 thousand, the percentage of growth was 42.4. The number of state-owned enterprises increased from 367.4 to 412.5 thousand; the percentage of growth was 12.2. Then (from 2005 to 2015), there is a slowdown in the increase in the enterprises' number of various ownership forms relative to the previous period. The increase during this period was 5.8 percent. From 2016 to 2018, there is a decrease in property objects from 5043.6 thousand enterprises in 2015 to 4214.7 in 2018 (a decrease of 16.4 percent). The number of private enterprises fell from 4374.8 to 3619.8. The graph clearly shows that the trends in developing the number of property objects, public and private sector enterprises are non-linear.
The increase in property in the period 2002 to 2018 occurred due to increased private property. The movement of state property also presents non-linear development, but with smaller slopes of the curve. The number of state-owned enterprises decreased from 367.4 thousand in 2000 to 288.7 in 2018. The maximum growth point was 2005; there were 412.5 thousand state-owned enterprises during this period, and then the number of state-owned enterprises decreased.

From 2000 to 2018, transformations and shifts took place in the property structure. The capitalism development was accompanied by ratio change between state and private property in favor of the latter. During this period, the capitalist structure was fully formed, new property subjects, "owners of capital," arose. The economic base has wholly changed.

From 2000 to 2005, the share of private property increased from 75 percent in 2000 to 80.5% in 2005. The share of state property decreased from 11.0 to 8.7%, respectively. From 2005 to 2015, private property share increased and in 2015 amounted to 86.8%, and state property - 6.4% (the minimum value in the period). In 2018, the share of private property was 83.9%, and state - 6.9%. A change in the proportion of ownership (an increase in private property) is a trend of ongoing changes, it characterizes a non-linear development process within the cyclical limits.

The main element of the property is fixed assets. They are the central part of wealth. Therefore, it is vital to study the dynamics of fixed assets in the Russian economy. 2. Considering the period from 1990 to 2019, we can conclude that the dynamics of fixed assets is a non-linear process associated with the cyclical development of the economy. In the privatization of state property and its transformation into private property, the growth of fixed assets of both state and private property was minimal. From 1997 to 2008, there was a uniform increase in fixed assets of state and private enterprises, but the slope of the curves changed: the slope of the curve characterizing private fixed assets was higher than the curve for fixed assets of state enterprises. Since 2000, the growth of private fixed assets has been acquiring higher rates than the growth rates of state fixed assets. The divergence of the movement of fixed assets begins in 1995 and reaches a maximum in 2019. In 2018, there is a jump in private fixed assets. Their volume reaches a maximum. During this period, we can talk about creating prerequisites for a multiplier effect in the development of private fixed assets.
Fig. 2 Fixed assets in the Russian Federation by ownership forms at the end of the year at total book value, in trillion rubles. (private property – blue box, state property – red box).

From 2014 to 2019, there was a process of updating fixed assets both at enterprises with old assets and at new enterprises. New enterprises appeared intensively, where fixed assets were adequate to new technologies. This process is not linear. It is discrete, centers appear (about the concept of "centers and periphery" see [5]), which include industrial intelligent boilers that create conditions for qualitative transformations of fixed assets. This applies to both private and public fixed assets. Figure: 3 illustrates how the share of private fixed assets increases concerning public ones. This suggests that the bulk of the wealth is in private ownership. The growth of this part of wealth is determined by property owners' behavior, to what extent they are ready to increase capital in the form of fixed assets based on new technologies and following the world economic trends. The main objects of state property belonging to state monopolies to fit into world trends are continually updating fixed assets and considering recent trends in technology development. The introduction of international sanctions and the implementation of an industrial policy of import substitution impact this process. The behavioral functions of economic entities during this period should be reduced to the build-up of private and state fixed assets, creating a multiplier effect and the transition to a new quality of the technological mode of production. The main problem is to avoid discretion in the development of fixed assets by conserving old technologies and allowing uneven aging of fixed assets.

The process of transformation and transition from one form of fixed assets to another is a non-linear phenomenon. From 1990 to 1992, state fixed assets predominate, and since 1992 the share of private fixed assets has increased. In 2018, the ratio of private fixed assets to public ones was 85/15. The actual problem of the transformation of fixed assets as a form of ownership and wealth is the creation of a multiplier effect. This trend depends on the accumulation of capital and its critical mass, making it possible to create the preconditions for the transition to a new technological order. We can trace this trend based on Figure 3.
Fig. 3. Investments in fixed assets by ownership in Russia in 200-2018.

Trends are non-linear, the public ownership curve is more uniform than the private property curve, and the slope of public property is less than that of private property. Investments in fixed assets of state property increased from 330.8 in 2000 to 2824 billion rubles. In 2018, and fixed assets of private enterprises - from 348 to 10722.5 billion rubles respectively. The increase was 854 and 3078.5, respectively. Such an increase in fixed assets of various forms of ownership creates the preconditions for the appearance of a multiplier effect.

Attention is drawn to the change in the proportion of investments in fixed assets by ownership forms, where the trend in the ratio of investments in fixed assets of state and private ownership forms is manifested. If in 2000 this ratio was almost 1 to 1, then in 2018 it is already 16 to 6. This ratio suggests that investments (the proportion of investments in fixed assets in private ownership) create the prerequisites for forming a multiplier effect and the formation of production on a qualitatively new basis.

4 Conclusion

In the transition from the socialist mode of production to the capitalist mode of developing the property at the stage of 1990-2018, the following trends emerged, and the following fundamental changes took place. The basis of the mode of production is the private form of ownership, as the basis for the national economy's development and growth. The increment in private property is non-linear and can be studied based on its cyclical nature hypothesis. At a particular stage, a multiplier effect began to form to accelerate the rate of transformation of state property into private property, which resulted in an accelerated renewal of private property, and specifically private investment. Trends in property transformation are associated with the processes of transformations occurring in the forms of state and private property. Perhaps the way out is to abandon the dichotomy of state and private property and move to the triad: state, private and shared ownership [13, 14] both in theoretical analysis and in the development of government programs. New technological capabilities of Industry 4.0 can increase horizontal interaction efficiency and ensure sustainable development of the Russian economy in the long term.
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