Resource provision construction

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Abstract. The term "resource curse" is usually used to refer to an economic situation where natural resources, which are abundant in some countries, prevent them from diversifying their economies. A country cannot change the structure of its economy by abandoning the extractive industries to the development of value-added products and services. In this article, the term "resource curse" refers to a specific type of economic outlook that is characterized by an absolutisation of the role of natural resources in creating national wealth. According to the authors, the bearers of this type of worldview account for a significant proportion of Russians in the economically active age group. The danger of such a worldview is that its bearers are not inclined to develop their abilities and improve their skills. This is hindered by the belief that there is little contribution to the national wealth (national income) of resources other than the Earth. This type of belief puts the country's economic growth in jeopardy. The indirect danger of the "resource curse" is that its bearers are usually very radical in their political decisions.

The term "resource curse" is usually used in relation to countries that have rich natural resources. These countries benefit from the abundant resources in case of favorable changes in the world market. In other sectors of the national economy, the situation is different. The most efficient resources of the national economy have flowed into the extractive industries, where remuneration rates are higher. The sectors of construction and services also benefit because wealthy miners are increasing the demand for their services [11].

As for the traditional industries of processing and mechanical engineering, they are declining. There are no sufficient resources for their development. The exchange rate is against these industries. The abundance of raw materials exports leads to an inflow of foreign currency into the national economy. The national currency is strengthening against the world ones. This means that domestic goods and services are becoming more expensive for foreign buyers. The competitiveness of domestic mechanical engineering or tourism deteriorates. Imports prevail in the national economy. All these factors force the country which has already tasted high prices for raw materials and cannot diversify the structure of its economy, develop industries that are alternative to the extractive one. It is becoming "a raw material appendage of developed countries." Since the population of the whole world abundantly consumes natural resources, someone must extract them and make a profit [5].
This article deals with the issue of “resource curse”. It stems from the conviction of people that only the abundance of natural resources can provide citizens with comfortable living conditions. This conviction becomes the basis for a certain worldview, in which the value of knowledge, skills, education, responsibility for the tasks assigned and a desire to achieve certain goals is relatively small. Ultimately, the economic behavior that prevails in society does not allow its carriers to reach a higher level of wealth. The reason for this is the same abundance of natural resources, which the country mistakenly considers its competitive advantage [10].

It is quite interesting to trace the development of a firm conviction that the national economy can provide a high level of well-being through the export of natural resources. It can be assumed that this is the traditional perception of Russians about the mechanism of the wealth creation [1]. Labor cannot be a source of wealth. A person can move to a higher level of well-being only if he owns some physical assets. Either he is reaping the rent from the financial wealth created by him or his parents in the previous period. There is nothing surprising that the model of wealth creation that exists in the minds of most Russians is like two peas in a pod similar to the “process of creating surplus value” described by Karl Marx in the first volume of Capital [7]. This book became the foundation of economic education in the USSR. In the first half of the twentieth century, the ideas described in "Capital" were transmitted to all branches of knowledge. But even in later times, the so-called "Marxism-Leninism" was the standard by which scientists (especially in the field of social sciences) had to check their scientific hypotheses.

Let us briefly describe the Marxist hypothesis of wealth distribution. Only physical assets - means of production - can become a true source of wealth. The owners of the means of production form a special social group ("class") - the bourgeoisie (capitalists). They are opposed by a significantly larger social group ("proletariat"), which does not own means of production. The only resource they possess is labor.

Instead of the concept "labor" Karl Marx used the category "labor force". Labor force is a human ability to work, a set of physical and spiritual abilities that humans use to produce a consumer value. However, the discrepancy in terms is irrelevant. Since they have no means of production, they are forced to sell their labor.

Capitalists "exploit" proletarians, i.e. they reward them for the labor provided at rates less than the return on their labor. This theory did not stand up to theoretical criticism or experimental verification. But in the USSR it received the status of religion and, therefore, was completely freed from constructive discussion. It is curious that in his fundamental work "Problems of Measuring Costs and Results in Optimal Planning", where such "bourgeois" categories as profit and profitability were rehabilitated, V.V. Novozhilov argued that his hypotheses were in line with the Marxist theory of value, profit and production cost [8].

The point is not even that Marxism, preaching the "material" origin of wealth, was the only version available. It is much worse that the entire surrounding economic world was viewed through the prism of this doctrine. As a result of this intellectual monopoly, stable stereotypes have been entrenched in the minds of Russians. They turned out to be much more durable than their creators and distributors. These stereotypes have outlived the country in which they were organic for 30 years.

In the official information space of Russia, the issues of international trade have been covered within the Leninist concept of "imperialism". V.I. Lenin supported the hypothesis, according to which capitalism entered "the last stage of its development" – "imperialism" [6].

There is a point of view according to which V.I. Lenin is the creator of the theory of imperialism. For example, this position is defended by the current leadership of the Communist Party of the Russian Federation, who consider themselves monopoly successors of the Marxism-Leninism in Russia and the countries that were once part of the USSR. In fact, the term "imperialism" was introduced into economic science by J.A. Hobson, whose book was published in 1902. The classification of imperialism "as the latest phase in the development of capitalism" was proposed by R. Hilferding in the book "Financial Capital", published in Russia in 1912. These facts were emphasized by Lenin in the preface to the book “Imperialism as the Highest Stage of Capitalism” [6]. He refers to other scientists: Lifman, Risser, Paul Tofel, etc.
One of the distinguishing features of this stage is the division of the "uncivilized" territories of the Earth between the largest countries that had reached the imperialist stage of development. Thus, the world was divided into metropolises and colonies. The economic relations between them were characterized (and not only by him) as a "robbery" of the colonies. It meant that the metropolises acquired raw materials in their colonies at prices that were significantly lower than the competitive ones, which doomed the population of the colonial countries to poverty.

The concept of "robbery", as formulated in "Imperialism", equates the involvement of colonial territories at the turn of the 19th and 20th centuries in the continuous long-term process of the international division of labor and the truly predatory raids which brought glory to the conquistadors in the 16th century or even to the crusaders in the 12th century. How else can one evaluate the following fragment: “Ownership of a colony protects the monopoly against the fight with rivals. The higher the development of capitalism, the stronger the lack of raw materials, the more intense the competition and the pursuit of raw materials throughout the world, the more desperate the struggle for the acquisition of colonies. But nevertheless times have changed, and far-sighted private property has replaced daring robbery. The concept of robbery must be proven with more compelling arguments.

The authors are forced to admit that they have no convincing statistical data to verify (falsify) this hypothesis. This task seems difficult due to the lack of a suitable criterion. Even if the price of raw materials decreased after the territory lost its sovereignty and became a colony, this is not yet indisputable proof of the “robbery” hypothesis. Of course, the price of raw materials should decrease as a result of the emergence of a "monopsonist" [9].

It is necessary to take into account the external effects arising from the "colonization" of the territory. They can manifest themselves in a significant increase in the volume of extraction of raw materials. This means that both the employment rate must increase and skills must be improved in the colony. An inexorable investment multiplier is starting to operate. The living standards must inevitably increase compared to the period when the country was not "robbed". After all, as far as we know, none of the countries that fell into the colonial dependence was a full participant in the international division of labor in the pre-colonial era.

Another thing is much more interesting. Regardless of the actual results of the colonialism at the turn of the 19th and 20th centuries, Lenin believed that the prosperity of the country is impossible without rich natural resources. This conviction was the direct cause of the First World War. The presence of colonies as a precondition for economic growth is at the heart of the theory of "living space". An attempt to translate this idea into practice caused the Second World War. However, this experience did not bury the policy of colonialism either. England and France were fighting for their overseas territories until the end of the 1950s [3].

When the colonial system finally collapsed, two circumstances gradually occurred. First, the competitive world market can cope with the function of supplying raw materials to everyone (those who agree to pay the equilibrium price) better than the colonial system. In 1916, Lenin criticized K. Kautsky and his supporters for the fact that they “try to weaken the facts of colonial plunder by pointing out that raw materials could be obtained on the free market without the expensive and dangerous colonial policy, that the supply of raw materials could be increased by improving the agricultural conditions in general. “But such directives,” Lenin writes, “turn into an apologetics for imperialism, its embellishment as they are based on the attempt to forget about the main feature of modern capitalism: monopolies. The free market is receding into the past, monopoly syndicates and trusts are cutting it down every day, and the "simple" improvement of agricultural conditions is reduced to improving the position of the masses, raising wages and reducing profits. These trusts capable of taking care of people instead of conquering colonies exist in the minds of reformists.

Almost half a century later, the assumptions of the "sweet reformists" came true, which cannot be said about Lenin’s predictions. The trend towards the expansion of the influence of monopolies, which Lenin considered to be final, turned out to be temporary. It was partly due to the technological inventions, and partly to the emergence of a new form of business - corporations. (see "How the West Got Rich" by Birdzell and Rosenberg). The competitive market provided the optimal allocation of
resources in the global economy. The market has won. The energy crisis of 1974 stands apart. The oil cartel of the OPEC member countries was able to increase oil prices by four times. If this crisis had happened 60 years earlier, it would have taken an honorable place in the gallery of monopolistic outrages collected by Lenin under the cover of Imperialism. Forceful methods characteristic of the beginning of the 20th century might be used to solve this problem. By the end of the century, the leading countries were convinced that the competitive market solved the problem of efficient and cheap supply of resources. On the contrary, the attempt to establish direct control over the resources is expensive. Voters in capitalist countries will not agree to fight for these resources, they want to live, they can fill their lives with many small joys. Moreover, the costs of raw materials will not be lower.

After the collapse of the colonial system, it became obvious that indicators such as the level of income of the population or the rate of economic growth did not correspond to the presence / absence of minerals or other natural gifts. Japan made an escape from poverty to wealth, followed by the Republic of Korea, Hong Kong, Singapore, Iceland, Ireland. It turned out that investors value the institutional framework of business (e.g., some of the social habits of citizens: respect for private property, law-abidingness, lack of xenophobia). Investors are pleased with independent courts, the absence of corruption, the developed banking system, etc. Natural resources are not obligatory.

In the 1990s, the socialist system went into oblivion after the colonial one. However, the "purity of the experiment" was even higher than thirty years earlier. Instead of the socialist bloc, about forty countries appeared. They began to implement market relations, being at comparable levels of well-being and economic development. Proceeding from the prevailing hypotheses, scientists and politicians predicted rapid prosperity for these countries. However, thirty years later, the well-being of these countries turned out to be quite impressive. Many of them have not become democracies full-fledged market economies. It turned out that the path from poverty to economic well-being is studded with many institutional traps. Scientists had to finish building a new "protective belt" around the core of the theory explaining the laws governing the transition to the market economy. As a result, science has been enriched by a multitude of works, where authors competed in a variety of assumptions about the conditions contributing to the democracy and the market economy [4].

But there are at least two ideas that unite all these books. All the authors agree that the prosperity of society can be ensured by the market economy. None of the authors makes the well-being of people dependent on the natural resources available on their territories. However, all this diversity of ideas and conclusions were ignored by most Russians. The genre of discussion disappeared from the Russian media twenty years ago. The experts were replaced by presenters who were familiar with the subject of discussion by hearsay and believed that an excess of patriotism could replace competence. In the information space available to a mass audience, there is only one official hypothesis and its many variants. Therefore, it is not surprising that the majority of Russians believe that the country is surrounded by enemies who are ready to occupy it if the national defense system becomes weak. The target of aggressors is "Russia's boundless natural resources." Sixty-year-old experience and scientific research turned out to be ineffective.

The "golden age of the Russian economy" played an outstanding role in creating the stereotype that a nation's wealth can only be achieved through natural resources. With this term we have defined a period during which Russia's economy has been growing almost continuously. This fantastic growth began almost immediately after the technical default announced by the Russian government in August 1998. It lasted until 2014, having been interrupted only once during these 15 years, in 2009, by the global liquidity crisis. The country's economic growth rate was only comparable to that of the second half of the 1950s (at the time it was still the USSR economy). In other words, Russians have not seen such an economic breakthrough for two generations. This economic upsurge seemed incredible, fabulous in contrast to two decades during which the country's economy has been continuously pacing between crisis and depression. The parameters of the Golden Age are shown in Table 1.
Table 1. Parameters of the "golden age" in the Russian economy.

| Year | GDP index (year to year) | Oil price ($/barrel) | Oil prices index (year to year) | GDP index (1995 = 1.0) |
|------|-------------------------|---------------------|--------------------------------|------------------------|
| 1995 | 0.959                   | 17.1                | 1.000                          | 1.000                  |
| 1996 | 0.964                   | 20.5                | 1.199                          | 0.964                  |
| 1997 | 1.014                   | 19.1                | 0.932                          | 0.977                  |
| 1998 | 0.947                   | 12.7                | 0.665                          | 0.926                  |
| 1999 | 1.064                   | 17.7                | 1.394                          | 0.985                  |
| 2000 | 1.100                   | 28.3                | 1.599                          | 1.083                  |
| 2001 | 1.051                   | 24.4                | 0.862                          | 1.139                  |
| 2002 | 1.047                   | 25.0                | 1.025                          | 1.192                  |
| 2003 | 1.073                   | 28.9                | 1.156                          | 1.279                  |
| 2004 | 1.072                   | 38.3                | 1.325                          | 1.371                  |
| 2005 | 1.064                   | 54.4                | 1.420                          | 1.459                  |
| 2006 | 1.082                   | 65.4                | 1.202                          | 1.579                  |
| 2007 | 1.085                   | 72.7                | 1.112                          | 1.713                  |
| 2008 | 1.052                   | 97.7                | 1.344                          | 1.802                  |
| 2009 | 0.922                   | 61.9                | 0.634                          | 1.661                  |
| 2010 | 1.045                   | 79.6                | 1.286                          | 1.736                  |
| 2011 | 1.043                   | 111.0               | 1.394                          | 1.811                  |
| 2012 | 1.040                   | 111.4               | 1.004                          | 1.883                  |
| 2013 | 1.018                   | 108.8               | 0.977                          | 1.917                  |
| 2014 | 100.7                   | 98.9                | 0.909                          | 1.931                  |
| 2015 | 0.963                   | 52.4                | 0.53                           | 1.859                  |

Analysis of the table data allows us to draw some conclusions. Firstly, in 10 years, the welfare of Russians has doubled. This economic growth has been reflected in the qualitative change in the way Russians consume. Family holidays abroad, the purchase of a car and the purchase of housing have become available to Russians. These types of expenses were unthinkable a few years before. Russians have become richer.

Secondly, the growth in Russians' prosperity went hand in hand with the fantastic rise in global prices for raw materials exported by Russia. No one made any secret of the fact that the growth in prosperity was caused by exceptionally favourable changes in trade conditions. The media were constantly discussing oil prices and the possibility of changing them one way or another. As a result, Russians were firmly convinced that natural resources can be a source of wealth. And this knowledge was not theoretical. It was "sensual" knowledge that cannot be removed from the consciousness of those who survived this era in their conscious age.

According to economic science, and as economic history shows, if society decides not to take advantage of market opportunities and replace them with a conscious allocation of resources, it will sooner or later face a decline in economic efficiency and a deficit in the state budget. From now on, the concept of a "socially responsible state" is doomed. But until then, the Government can counteract the concept of "self-reliance" with the alternative concept of "social obedience". In any case, it can finance such behaviour. The story of "pension reform" is very revealing in this respect. This is what Russian society generally calls the changes made to the country's pension legislation in the summer of 2018. The paradox is that in reality there was no reform. We could talk about reform if the Government were to place some responsibility for financing old age on pensioners themselves, as is common in developed countries. In reality, the Russian Government has taken another inevitable (although unpopular) step towards the distribution model. It did not involve the population in the common cause of financing their old age. On the contrary, it consolidated this commitment by promising to raise the nominal value of the pension in exchange for a longer period of active employment. In this way, it continues to hold in its hands resources that could be used more effectively by citizens through private initiative [2].
These, in our opinion, are the main prerequisites for the formation in the minds of many Russians of what we call the "resource curse of the second kind". The classifying sign of this type of worldview is a person's conviction that his or her individual efforts and skills will not be able to provide him or her with the same increase in wealth that a government that disposes of a rich stock of natural resources can provide.

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