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The Experience of Taking Control over the Illegal Turnover of the Sturgeon Fishes, Committed by Forms of Organized Crime, Applied Abroad

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Abstract
The presented article takes a look at the problems of resisting the illegal turnover of the sturgeon fishes, committed by forms of organized crime. At present, when the moratorium on fishing the sturgeon species in the Caspian has been adopted, poaching continues to be the only source of the illegal turnover of the products, made from the sturgeon fishes, and at the same time, it is the major threat to the sturgeon populations, and the poaching takes organized forms. The author considers the causes and circumstances that lead to the emergence of organized forms and committing illegal fishing of the sturgeon fishes in the Ural River and the part of the Caspian that belongs to Kazakhstan, and why the illegal turnover of sturgeon flesh and roe persists. Among the main causes of the illegal turnover and poaching, the author names the unemployment problems of the local population, the high demand on the products made from the sturgeon fishes abroad, the insufficient government control over the issue. The experience of implementing some organizational and law-enforcement measures has been examined, that are applied in different states, in order to prevent the poaching violations, as regards the sturgeon fishes and the illegal turnover of the sturgeon products. As the directions of improving the legal basis, introducing harsher criminal responsibility for poaching is suggested, and a set of organizational measures for putting an end to the illegal turnover of the products from the sturgeon fishes.

Keywords: the sturgeon fishes, roe, caviar, organized crime, poaching, the illegal turnover.

JEL Classification: K42, J65.

1. Introduction
The Caspian Sea attracts very intense attention, being in the advantageous geographic position, possessing significant natural reserves of hydrocarbons, and unique biological resources – first of all, we mean the world’s reserve of sturgeon fish species. The Caspian Sea and the lower reaches of Ural River are the most important fishery regions of Kazakhstan, where up to 20 % of the world’s reserves of the sturgeon fish are concentrated.

At the same time, the water bio-resources do not only play an important role in the economy of Kazakhstan, but also very much serve as one the basic sources of employment among the population.
After the disintegration of the USSR, the scientifically proven fishery regulations were no longer obeyed, the united fishery supervision bodies disintegrated, poaching became massive, especially the poaching of the sturgeon fish species (Isybekoff and Asylbekova 2015).

The exact volumes of the illegal fishing cannot be defined. However, experts state that the amount of fish of sturgeon species, caught by poachers, exceeds the established legal quotas by many times. Undoubtedly, any attempts of fighting this are to be exclusively regarded as the hunting down and punishing poachers. And at present, the Caspian states lack the laws of direct force that would regulate the turnover of the fish of sturgeon species and the products made from them.

At the same time, the problem of numerous crimes and offences in the sphere of environment protection of water bio-resources in the lower reaches of the Ural River and in the Kazakhstan part of the Caspian Sea is becoming more and more urgent every year, which is, first and foremost, determined by the inexorable reduction of the sturgeon fish populations. The startling evidence of this is brought by scientific organizations, whose data states that the catch of sturgeons in the Caspian region has decreased by 22.5 times in the last 10 years, the catch of sevruga – by 12 times, of beluga – by 8 times (Bessonov 2009). It can confidently be stated that the fish reserves of the sturgeon species in the Ural-and-Caspian area are under the threat of total extermination.

Along with that, the number of registered crimes to do with the illegal harvest of water bio-resources is inadequate to the reality that is arising, since this kind of offence has a 95-97 % level of latency (Zhevlakov 2003), and most of these crimes fall out of the sight of law-enforcement and inspection bodies.

Mostly, the difficulty of detecting, preventing and exposing these crimes is determined by the organized character of this criminal fishery, and by the involvement of corrupt officials into it. The analysis of the recent law-enforcement practice, and of the investigative and judicial activities shows that the poaching and the further sale of the illegally harvested fish and roe products are mostly committed by organized criminal gangs.

The necessity to study the criminal-law and criminology aspects of fighting the illegal harvest of aquatic animals and plants, and the illegal hunting is caused by the insufficient theoretical elaboration, by the alarming trends of growth of these crimes, by the gaps in the environmental law and the low degree of protection of the objects of animal life by criminal law. The up-to-date legislation does not give the opportunity to fight this kind of crimes effectively. The criminal law paragraphs that should enforce the responsibility for the illegal harvest of aquatic animals and plants and the illegal hunting, are criminological unreasonable, there are no distinct criteria for distinguishing the crimes in question from administrative violations. The responsibility for the qualified committing of these crimes is obviously poorly differentiated, especially for committing them as an organized group or a criminal syndicate.

The purpose of the article is to complexly study the issues of resisting the illegal turnover of the fish and roe products in the Ural and Caspian region of the Republic of Kazakhstan; revealing the causes and the conditions of the existence of poaching in this region; defining the steps for fighting this kind of criminal activity; offering initiatives for improving the Kazakhstan criminal law in part of the responsibility for the illegal harvest of the sturgeon fishes, based on the profound analysis of the foreign experience.

The methodological basis of our research was the following: the general philosophical and particularly-scientific methods of cognition, the systemic approach, the analytical, synthesizing and syntactic methods.

As the particularly-scientific methods the following were used: of formal logic, of historical evidence, of law comparisons, the specifying-sociological, systemic-structural and statistical methods.

After the disintegration of the USSR the blossom of reckless poaching stepped in rather fast, with the first stages of free-wheeling market. Now a whole alternative and shadow business operates in the niche, well-organized and employing thousands of people every day. The most numerous legion consists of namely fishers who work as poachers.

Near the coasts, the harvesting is conducted by unsophisticated individual poachers from motor-boats and small cutters. These boats go fishing illegally all the year round, with the exception of the stormy period (from December until the mid-January).
In rivers, the poaching fishing is conducted by individual poachers from boats by means of ‘self-catching’ tackle with hooks and large-cell nets, the so-called akhans and rezhaks, which are set on the ways of sturgeons’ migration. The nets are set in a star configuration, in order to enlarge the space of harvest in all directions. The ‘self-catching’ tackle with hooks is set for a long period of time, and is checked, as a rule, by night or early in the morning once a day. The roe is separated and is either given to the dealers or preserved by primitive methods in brand-labeled jars. The processed fish is frozen. As a rule, the poachers are perfectly aware of the ways by which the sturgeons migrate, and of the system of their protection. For many, this kind of fishery is their permanent ‘job’.

Every year, tens of tons of fish are impounded from offenders, as well as tens of kilometers of nets. But all the efforts of the law-enforcement teams are wasted, because, for many a citizen of the coastal regions, the sturgeon fishery, even under the threat of being shot by the frontier guard, has become the only way to earn a living. It should be clearly understood that, in spite of a wide range of powers conferred to the executives of the fish-inspection bodies, this confrontation has a weak effect, since the inspectors are rather poorly equipped technically and have low wages, on one hand, and, on the other hand, are opposed by financially powerful local organized gangs (Suleymenova 2011).

The temptation to earn money may overcome the personnel, who are directly responsible for the protection of the fishes at risk to extinction. For example, in October of 2012 the Office of Public Prosecutor in the sphere of environment protection for the Mangystau region of Kazakhstan detained a gang of poachers that consisted of the executives of the local fishery inspection body. With them, 680 kilograms of fresh sturgeon flesh and 4 kilograms of roe were discovered.

In the settlements along the coast of the Caspian, thousands of people are involved in the ‘shadow market’ operations, earning a living by an illegal occupation (Kalikulov 2011). Today, in Kazakhstan the price of black caviar exceeds 1,000 dollars a kilo.

In November 2010, the Kazakhstan law-enforcement bodies disarmed poachers from the Russian Federation, from the Republic of Dagestan. In the poachers’ boats, they discovered fish, roe and the carcass of a seal, in one of the boats the policemen also found a fighting grenade. All in all, 11 people were arrested then.

In April of the 2013, the executives of the fishery inspection over the Atyrau region had to shoot at the poachers’ boat, in order to make it stop. In May 2009, poachers from two boats, armed with automatic weapons, opened gunfire at the patrol’s cutter near the island of Maly Zhemchuzhny, in the northern part of the Caspian. One of the offenders was killed by the response fire, another was injured. Eventually, the poachers were caught, one boat managed to escape from the site of the incident. 4 sacks of nets were impounded, along with the equipment for processing the roe, 13 kilos of the sturgeon flesh and 3.5 kilos of black caviar.

The law-enforcement teams (it should be noted, that in nearly all Caspian countries, its not only the police and the frontier guard who fight the illegal harvesting of fish, but also the Navy forces) also suffer human causalities in this war against poaching. In March of 2012, the Kazakhstan frontier guard arrested a boat with poachers from the Republic of Turkmenistan. The caught sturgeons and the fishing equipment were impounded from them. However, this operation cost one of the frontier officers his life – at the moment of arrest he got pressed between the two vessels. Accidental victims also occur in the war – in August 2008, near the coast of the Atyrau region, the Kazakhstan frontier guard mistakenly shot down fishers, who were fishing quite legally, and two people died.

As the data from the Office of the Public Prosecutor for the Atyrau region shows, last year the law-enforcement bodies registered over 250 crimes to do with the illegal turnover of fish and fish products. Over 5 tons of the sturgeon fishes were impounded, and almost 200 kilos of roe.

It is impossible to assess exactly the amounts of the illegal harvest this way; experts find it possible to assume that in the Ural River the poachers illegally harvest the amount of the sturgeons that is at least equal to the quota, fixed for the legal commercial use.

The catch at sea, that is entirely illegal, is harder to estimate, although some indirect data speaks of its industrial scale.

In 2013, only in the Atyrau region, 186 tons of fish were impounded out of the illegal turnover, to include 3.7 tons of the sturgeon species and 26.5 kilos of black caviar. This hardly makes one tenth of the real amount of the illegally harvested – it is only the recorded data (Poaching 2013).

So far, it is not clear what has been growing faster – the level of the poaching or the successes in defeating this evil. However, 347 crimes were processed over the 10 months of the year 2013, while over the entire 2012 it was 248 (Zonafish.ru 2014).

A grand-scale operation ‘Bekireh-2015’ was conducted in the Atyrau region. This event is intended to prevent the harvest of valuable fishes by poachers. The operation lasted two months, from the 1st of April to the
31st of May. It has been the second year, when the operation was conducted in a special format. United headquarters have been created, to coordinate the work of sections of several ministries at once. The ‘Bekireh’ operation takes place every year. For two months in the Ural and Caspian basin, any industrial or amateur fishing is prohibited. The executives from nearly ten various bodies participate in the campaign, from the state agencies to the security structures and military units. This is all done in the effort to secure the unimpeded migration of the fish during its spawning season. This year, some changes have been introduced, that can significantly simplify the law-enforcement bodies’ job. They concern small-sized ships, capable of navigation in the open sea. They are commonly known as ‘baydass’. Poachers favor them. This powerful boat with two or three outboard engines, which is clearly not for the barbeque-on-water purposes, cannot be arrested, or better still – impounded by the inspectors. It would be against the law. Now such vessels will be forbidden. And this will deprive the poachers of their main kind of transportation. During the operation, there will be a stricter control over the export of the fish and fish products. Special block-posts have been created on the roads of the local and republican significance, at the airports and railway stations. It has also been arranged to monitor the places of illegal retail in six towns at once: in Astana, Almaty, Atyrau, Aktoba and Uralsk. The sale places are being constantly monitored. Targeted inspections are not allowed because of the moratorium, but the control has not been entirely removed. Besides, there is a public phone number (helpline) for everyone to report the illegal trade of the fish and fish products (Utegulov and Sultangaziev 2015).

The ‘Bekireh-2014’ raid (held from April, 1st to May, 31st) resulted in revealing 1120 offences of various kinds by the law-enforcement and nature protection executives. Namely, it means 987 cases of illegal fishing, 17 facts of violating the sabotage regime, 67 cases of illegal fish transportation and 20 facts of illegal fish trade. 27 tons of fish were impounded from the offenders (over 1 ton of the sturgeon species), 17,8 kilograms of black caviar, approximately 1200 items of fishing equipment and 176 items of various kinds of vessels. Within the same period two sturgeon fish – growing factories managed to catch 163 sturgeons for the sake of obtaining roe (Utegulov and Sultangaziev 2015).

The real amount of illegally caught sturgeons is beyond assessment. According to the estimations of the World Union for the Environment Protection, in general, in recent years, the amount of fish caught by poachers has exceeded the amounts that are fixed in the protocols of impoundment by approximately 11 times. The yearly volume of the shadow market of sturgeons alone is estimated to be from 1 to three billion dollars (All the poaching armies 2014).

In recent years, the illegal fishery of the sturgeon fishes at sea has become very widespread in the new Caspian states – former republics of the USSR, and first of all, in Russia. In Russia, in the Caspian, the sea fishing of the sturgeons is first of all developed in the Republic of Dagestan, where this phenomenon has achieved an unbelievable scale. In Dagestan, the coastal population is highly involved into the illegal harvesting and processing of the sturgeons.

Fish and roe business returns significant financial profit that makes up for its organization, to include the expenses on bribing executives for their cooperation. One should take into account that the products from the sturgeon fishes are traditionally in commercial demand in both the CIS and European markets (Dumont 1995).

The cherished dream of every legal and illegal trader of black caviar is to organize the delivery of his product to the Western countries. And many sellers seem to have managed this well. According to Birstein (Birstein 1996), who lives in the USA and is an expert on sturgeons, the black caviar of Russian production is absolutely common in the shops of New York. The caviar has all signs of illegal origin. The genetic analysis of the contents of the jars, purchased in the shops of New York, showed that the caviar in a jar does not belong to the species marked on the label often (in 25 % of cases). Unfortunately, it has to be concluded that such amount of caviar was exported by means of either smuggling or fake documents, which means the export was not properly controlled by the customs.

2. Discussion

Among all the territories that surround the Caspian there is only one, where the harvest and the turnover of the sturgeon fishes and their roe are under strict control by the government. Since the 20th century, nearly one third of the entire coast of the Caspian Sea is under control of Iran, and the other two thirds are shared by Russia, Azerbaijan, Kazakhstan and Turkmenistan. All of the listed above republics used to produce and export black caviar in the times of the USSR, as well as fish of the sturgeon species. Iran did not harvest sturgeons on its own for a very long time. Being a country of the Islam religion, Iran had the restriction, shared by the Islam, as well as Judaism, that fish without scales is forbidden to eat – which is the case with the sturgeons. In 1920 - s a joint
Soviet-Iran enterprise was organized that provided employment to Iranians, but the harvested sturgeon flesh and roe belonged to the Soviet owner. In 1953 a new Iranian fishery firm appeared, that still gave away to Russia one third of its income from the production of caviar and fish products. Only after the Iranian Revolution of 1979 did the situation in the country change: by a special decree of the leader of the state it was permitted to use the sturgeon as food. Black caviar turned into an object of national pride, along with carpets and oil. A monopoly appeared in Iran, on harvesting the fish.

The harvesting of black caviar is under the strict state control in Iran. In 2006 the CITES (the Convention on the International Trade of the Extinct-Endangered Species of wild flora and fauna 1973) along with the UN, set a veto on black caviar trade for not only Russia, but also for the Turkmenistan, Kazakhstan and Azerbaijan, who also share parts of the Caspian coast. Iran remained the only country that retained the right to harvest this product with the UN's permission, and, since then, caviar became an object of national pride. The main point of sturgeon fishery in the country is the port Bandar-ah-Azalea.

Every fisher in Iran, who harvests the sturgeon, has the status of an official and receives a stable wage. This measure aims at having all the sturgeon fishers on record, and also to curb the zeal of fishers to harvest as much fish as possible. The industry is supervised by special stations that control the quality of the roe and situated in all the ports where black caviar arrives.

Poachers are strictly punished in Iran. They have to pay a penalty that exceeds the price of the caught fish by three times, after which they have to stand trial. The usual punishment is several years in prison. Additionally, their vessel is impounded (Kryutchkov 2009).

And, along with the USSR – and independently of it, Iran became an equal exporter of black caviar to the world’s market. In spite the fact that Iran supplied by far lesser amounts, as compared with the Russian exports, today, Iran remains the only and the biggest world's exporter of wild sturgeons' roe.

After the disintegration of the USSR, our state lost control over the fishery industry, which led to lamentable consequences: poaching and overfishing. While in Iran the legal sanction for poaching is the death punishment, in Kazakhstan, poaching is a shadow economy, with its laws of demand and supply (Igutenkov 2014)

Serious attempts to put an end to the illegal fishery of the sturgeons and to the trade of the sturgeon flesh and roe are made in other countries. For example, in Russia, they conduct the yearly ‘Putina’ campaign, from April, 1 to May, 31, which presents a complex of special preventive and investigative operations. The main tasks are to reveal and prevent the crimes in the sphere of illegal fishery, as well as the work of illegal workshops that produce fish products, to block the routes by which the illegally caught fish and fish products are delivered and transported, to provide the unimpeded migration of the fish to the spawning habitats by removing illegal fishery equipment out of the water bodies. In order to carry out the task of special attention – such as fighting the crimes of corruption and abuse of power – the police are actively interacting with the law-enforcement agencies concerned, at the interdepartmental level.

In the Russian Federation, in order to fight poaching at the Caspian, a special operations section has been created. The frightening name of a tiny, but sharp-toothed fish of piranha was given to the new operations department, created by the federal Fishery Agency in Astrakhan. A most honorable goal has been declared: to put an end to the illegal harvesting of valuable fishes (the sturgeons in the first place) in the Volga's delta and near the coast of the Caspian Sea. The head of the Agency, Andrew Krayniy, who arrived in Astrakhan specifically for this purpose, termed the newly created department ‘fish inspection commandoes’. He has the point. The backbone of ‘Piranha’ consists of former commandoes, who have the combat experience of fighting in ‘hotpoints’.

The idea of the ‘fish inspection commandoes’ appeared a year ago, it is some kind of an analogy to the SOBR (Special Rapid Response Unit). The department consists of 20 professionals, whose duty is to hunt down poachers along the especially difficult parts of the Caspian coast, that are in Kalmykia, Dagestan, and in the Astrakhan region, where the illegal fishery takes place on the industrial scale.

Prior to ‘Piranha’, such respectable bodies resisted the poachers, as the Volga-Caspian territory headquarters of the Ros-Fishery, the frontier guard of the Russian FSS, the Astrakhan regional Office of the Public Prosecutor on the environment protection matters, and a number of others... They said, the success was hindered by the low level of cooperation between the government bodies.

‘Piranha’ was quick to act, and in literally two week's time impounded 220 forbidden to use ‘self-catching’ tackles with hooks. Being still alive, 10 sturgeons and three seals were left back into the river by the operation officers. Five poachers were arrested, from whom 60 kilos of fine-mesh fish were impounded.
10 files of materials on committing crimes were compiled on the basis of these facts, and criminal cases were started by means of them.

The operations officers’ complaint was that conducting such raids on enclosed water bodies is made more complicated by the fact that the poachers are equipped with means of radio- and cellular communication. When the first offenders were arrested, they would manage to inform their ‘colleagues’ of the raid by the fish inspection. The poachers vanished in no time, using their modern high-speed boats, or got rid of the nets.

To make ‘Piranha’s work more effective, the Ros-Fishery along with the aviation construction corporation plan on acquiring four pilotless flying machines in the course of the nearest year, for the surveillance over the criminal fishery. Perhaps, it will create some difficulty for the poachers. Although, it is commonly acknowledged that the offenders of the law are usually better equipped technically (Gulyaev 2009).

Conclusion
It appears, a complex of measures is necessary, in order to successfully terminate the illegal turnover of the products from the sturgeon fishes: social-economic, organizational, and in the sphere of criminal law. In order to disrupt the international traffic routes of delivery of the illegally obtained products from the sturgeon fishes, they are to be included in the Appendices to the SITES, which would allow for creating an effective system of international control over the sturgeon trade and for denying the access to the international market for the illegal products. It should lead to a decrease in the illegal sturgeon fishing, since the domestic market has a limited volume and capacity. As a positive measure, introducing a state monopoly on selling caviar could serve, as the example of Iran shows.

At the same time, there is an obvious under-estimation of the public danger of the ecological crimes, on the part of the law-enforcement executives, along with the shortcomings of the procedures of the investigation and inquest, the weak technical equipment of the law-enforcement bodies and the bodies of ecological control, and of the expertise institutions, which is at the same time opposed by well-organized criminal gangs, who use smoothly-operating channels of retailing the illegally harvested products, and a good cover-up in the law-enforcement bodies and other state structures, that carry out the environment protection, and, consequently, they also have an opportunity to commit other crimes from the list of the most publicly resonant, such as banditism and terrorism (Varetza 2008).

This situation is majorly influenced by the shortcomings of the norms from the paragraph 335 of the Criminal Law Code of the Republic of Kazakhstan (the issue of 2014), that state the responsibility for the illegal harvesting of fish resources.

Unfortunately, the current version of the criminal law significantly curbs the possibilities of the law-enforcement bodies in fighting organized crime, to include its trans-national form, in this matter. For instance, the illegal harvest of water animals and plants, committed as a criminal group, causes, in compliance with the part 4 of the paragraph 335 of the CLC of RK, the maximal punishment of five years in jail. Which is most often not even nearly comparable to the damage done to the environment, nor with the crimes that are committed in the conditions of super-latency, and, hence, can be widespread, and, equally, these ecological crimes are hugely profitable.

May be, the legislators should have revised the sanctions, defined by these paragraphs, and change them, in order to guarantee a stricter responsibility. To minimize the criminal manifestations in this sphere, to achieve a higher level of efficiency in fighting and preventing this kind of crimes with complex inner criminological cumulative relations, which, in turn, are determined by a number of additional ‘favorable’ factors and negatively influencing conditions, a complex law and criminological analysis of the existing situation should be available. It should involve corresponding methods of weakening the so-called criminal interrelationships of the illegal actions mentioned above. To lessen the over-profitability of poaching, in our opinion, certain economical stimuli should be introduced, that would make poaching economically unattractive, for example, the price on the sturgeon fishes could be temporarily lowered down. The role of investigative operations aimed at preventing, detecting and disrupting the fish harvesting by poachers should increase. This can be done, if the scale and financing of such special operations as ‘Putina’, ‘Bekireh’ are increased, as well the controlling bodies should be better equipped technically. Apart from the tasks of suppressing poaching and blocking the channels of illegal retail of the products from the sturgeon fishes, the law-enforcement executives, while planning such operations, should also necessarily, as it seems, tackle the challenge of revealing the corruption connections of all the participants of the illegal harvesting and turnover of the sturgeon fishes.
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Social Adaptation of Persons released from Places of Deprivation of Freedom as Prevention of Recidivism

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Abstract
The article explores the problems of social adaptation of persons, released from places of deprivation of freedom, as a multidimensional factor in preventing recidivism. The points of view of different researchers, the statistics of committing repeated offences, the relevant rules of legal regulation, the legal experience of a number of foreign countries have been studied. It has been noted that the problem of recommitting crimes is closely allied to unemployment of ex-prisoners. The problems of lack of legal basis of cooperation between the penal enforcement system and the employment service, absence of generalized information about the situation in the field of social adaptation of ex-prisoners have been also shown. In author’s opinion, the activity of local rehabilitation centers for ex-prisoners, existing in some regions of Kazakhstan, new regional projects providing different types of social assistance, must be encouraged. Summarizing the information studied, the author supports the idea of drafting a basic law on social adaptation of ex-prisoners as a main legal measure.

Keywords: recidivism, social adaptation, resocialization and best practices.

JEL Classification: K42, Z13.

1. Introduction
The problems of combating recidivism are becoming increasingly important in the current situation of criminal instability.

In the framework of the multidimensional problematics of recidivism the problem of finding effective measures for prevention of it is one of the most relevant. Identifying effective ways of combating recidivism helps not only to reduce its destructive impact on social processes in society significantly, but also on a scientific basis to form important directions of the state criminal policy, strategy and tactics of fighting crime.

Recidivism was and remains one of the most dangerous types of criminality. Its increased public danger is due to the fact that the offence in the second and subsequent times testifies to the reluctance of a person to stop his/her criminal activity, despite the criminal law measures taken with regard to him/her.

The social harm of recidivism is obvious. It does not only complicate the crime situation in the country – the fact is that the repeat offenders by their example have harmful effects on influenceable persons, especially
young people, involving them in criminal activities. The formation and dissemination of criminal subculture, contrasting itself to the society, its values and norms, also occur with the active participation of offenders (Garmash 2012).

Against the tendency to decrease in the overall number of officially registered crimes in 2012, recidivism remains one of the most acute problems facing law enforcement. Annually in Kazakhstan about 15 thousand people are released from prisons and colonies. More than a half of them commit new crimes and return to jail (In the Republic of Kazakhstan an optimal model of resocialization of ex-prisoners is being developed, 2012). It is noted that the tendency to increase in the proportion of recidivists among the persons prosecuted, is sustainable, which undoubtedly has a negative impact on the security of society (Afanasyeva 2013). The government, having held a course for the humanization of society, is already taking measures for the prevention of recidivism among ex-prisoners. However, the measures taken are clearly not enough.

Like any social phenomenon, recidivism has reasons and conditions characteristic of crime in general. However, there are certain nuances: the social environment, forming a steadfast system of antisocial attitudes in persons with previous convictions, makes them commit new crimes.

The researchers highlight a number of reasons that contribute to committing crimes by persons with previous convictions:

- first of all, the reason is the living environment and the factors that have led to the commission of a crime for the first time and continue to have an impact on a releasee after serving his/her term;
- secondly, it is insufficient preventive work of law enforcement and other authorities to prevent repeated offences;
- thirdly, the reason is difficult social adaptation of ex-convicts to the realities of today, burdened with living, housing, medical and other problems (Garmash 2012).

We, keeping the subject of this article, are interested in the third of these reasons.

What should we understand under social adaptation of ex-prisoners? This problem is not new, as well as the suggested answers to the question under discussion. The development of this phenomenon has long attracted the attention of various researchers throughout the history of the fight against crime.

2. The research methodology

Social adaptation can be considered from the perspective of psychological, sociological, political and legal approaches. A psychological approach involves the application of methods for studying an ex-prisoner’s personality. A sociological approach assumes that the process of social adaptation is provided by the conditions of the outside social environment surrounding an ex-prisoner. A political approach to social adaptation of convicts considers it as one of the directions of the state policy of humanization of the penal enforcement system. A legal approach links the understanding of social adaptation of convicted persons with applying certain legislative rules relating to various areas of substantive and procedural law (criminal, administrative, labour, etc.). Each of the mentioned approaches reveals significant aspects of social adaptation, however, in this study the focus will be on the last one – the legal approach to the analysis of social adaptation as a condition of prevention of recidivism.

3. Results

It should be noted that social adaptation includes resocialization of convicts, as its main part. And resocialization can be considered in both the broad and narrow sense.

Resocialization in the broad sense, reflects the state’s response system to criminal behaviour, being a national goal in respect of convicts, and is a purposeful process implemented through the state-legal measures aimed at the formation (establishment and operation) of a sustainable, diverse, well-functioning system of institutions engaged in the resocialization of convicted persons.

It is determined that resocialization in the narrow sense of the term is a purposeful process of restoring or acquiring social values, norms, knowledge, experience, abilities, and creating the conditions necessary and enough for the formation in convicts of behavioural models including the key elements of the institutional requirements and orders (the minimum objective) and the stability of self-positive socialization of their personalities (the maximum objective) (Sadovnikova 2011).

The success of resocialization depends on three groups of factors. The first one includes the features of a releasee’s personality (his/her world-view, traits of the character, temperament, intelligence, sense of justice, morality, morals, ethics, profession, work skills). The second group – the conditions of the outside environment surrounding a person released: availability of housing, registration; his/her family and relationship within it; work,
satisfaction with it and relationship with the employees; the tactics of police officers responsible for the supervision. The third group includes the conditions, in which a convict was, and affecting his/her behaviour in the first months of freedom: the organization of workflow, the structure of a collective of convicts, the period of stay in the correctional facility, education, the educational impact of administration, etc. (Ezhova 2011).

Today resocialization of convicted persons as a socio-legal category is required, it becomes of topical interest in the world, becoming an evaluation criterion of civilization of a country (Budatarov 2008).

Annually from the correctional facilities in Kazakhstan tens of thousands of convicts, of whom a significant number have lost touch with their families, are released; they have no means of subsistence and need housing and employment. Among those released there are many persons suffering from severe chronic diseases, pensioners, people with disabilities. The vast majority of them are in need of placement in nursing homes, hospitals and tuberculosis dispensaries (Lazareva 2008).

Having been released from places of deprivation of freedom, ex-prisoners return to the society with knowledge, acquired in custody, that is not always positive. Moreover, the consequences of serving a sentence by way of deprivation of freedom are associated with the termination of the socially useful intercourse of a convict that he/she had before the condemnation. As a rule, the persons, released from places of imprisonment, have low level of professionalism and in the current economic conditions they are not prepared to compete in the labour market, so they face great challenges in the recruitment process (Tokhova 2010).

All these problems do not only promote successful integration into the society, but also directly lead to re-committing crimes.

Therefore, in this case the government should pay attention to such persons, make them lead a law-abiding way of life and not commit new crimes.

In the period of reforming the penal enforcement system an important aspect of optimization of the system of criminal sanctions is still to create the necessary conditions for resocialization of convicted persons. Without relevant work related to this category of persons it is not possible to reduce the number of repeat offences, and this poses a serious threat to law-abiding citizens and generally to the state security (Kutukov 2008).

Thus, the penalty by way of imprisonment implies the change in the legal status of a citizen, the loss of socially useful intercourse. Therefore, the correctional institutions should promote social adaptation of an ex-convict, namely carry out a complex of preventive measures both at the time of serving his/her sentence and after.

A basis of statutory regulation of social adaptation is Chapter 27 of the PEC (the Penal Execution Code of the Republic of Kazakhstan 2014) which provides assistance to ex-offenders and control over them.

Article 166 of the PEC of the Republic of Kazakhstan establishes the obligations of the institution’s administration to assist in the employment and living conditions of convicts released:

- No later than six months before the expiration of the term of imprisonment notifying by the institution’s administration the local executive authorities and bodies of internal affairs of the city of republican status, capital, districts, cities of region significance in the place of residence, chosen by a convict, of his/her upcoming release, his/her housing, his/her capacity to work and available specialties.
- Conducting organizational and educational activities with a convict in order to prepare him/her for the release, and his/her rights and responsibilities are explained to him/her.
- Sending the disabled of the first or second group, as well as men over sixty-three years old and women over fifty-eight years old upon their written statements and deliver to the institutions into nursing homes, and other persons, who are in need for social assistance, upon their written statements and deliver to the institutions – into the centres of social adaptation by social protection agencies.

Article 167 of the PEC of the Republic of Kazakhstan establishes the procedure for providing assistance to persons released from punishment. The persons, released from serving their sentences in the form of arrest or imprisonment, are provided with free travel to their chosen place of residence or work, as well as with food or money for the route within the territory of the Republic of Kazakhstan, in case of absence of clothing – with seasonal clothes, footwear and funds to purchase them; they are provided with clothes and footwear at the expense of budgetary funds.

The provision of the specified type of care is detailed by the Rules on the provision of free travel, food or money for the route of persons, released from serving their sentences in the form of arrest or imprisonment, to the place of residence or work (the Decree of the Government of the Republic of Kazakhstan 2014).

So, an ex-convict has arrived to the place of residence, after which he/she has to solve many problems related to adaptation in society. First and foremost the problem of the existence in the truest sense of the word
(indeed, in most cases, cash is sorely lacking). And the social system of support of citizens in need should start to work in this case (Mikhailova and Suslova 2012).

It is noted that for the organization and conduct of educational work at the stage of preparation for release the interaction of the correctional facility with bodies and institutions of other departments, on which the decision of problems of social adaptation of released persons largely depends, is of considerable importance. These are, first of all, regional and municipal bodies of social protection of the population, education, health, employment services (Tataurov 2010).

In 2010, pursuant to the Decree of the President of the Republic of Kazakhstan ‘On measures to increase efficiency of law-enforcement activity and judicial system in the Republic of Kazakhstan’ (Decree 2010), the functions of organization and implementation of social adaptation and rehabilitation of persons, who have served criminal sentences, were transferred to local executive bodies.

Assisting in employment and housing, in provision of other types of social assistance to persons, released from punishment, in accordance with Article 168 of the PEC of the Republic of Kazakhstan, was entrusted to Akimat of the district, the city of region significance, the city of republican status, the capital, that assist in employment and housing, as well as in providing other types of social assistance to persons released from punishment; annually the job quotas for persons, released from institutions, are given and individuals and legal entities, that employ them, are encouraged.

In all fairness it should be noted that initiatives, addressing the social setting of persons, released from prison, are also developed at the regional level. The Regional Department of Youth Policy of Kostanay region has launched a new project ‘Implementation of complex of measures to prevent religious extremism, destructive trends among young people, including marginal, released from places of imprisonment’.

During the project, the work on social adaptation of released from places of deprivation of freedom has been organized: the consultations and conversations are held, special mini-guides, which reflect all the necessary information about the state support in the sphere of job placement, employment, medical care, have been developed.

‘The project provides a specialist unit, escort, if released from places of imprisonment need social adaptation, providing psychological aid and conducting targeted work with them,’ says acting Head of the Department of Youth Policy Timur Shukenov. ‘An informational meeting with prisoners of the institution of the Criminal Code 161/2, whom we’ve told about our work, has been held. This project ultimately aims to prevent the engagement of such persons in the activities of destructive organizations, to prevent secondary offences and the growth of social tension in the youth environment’ (the Kostanay region has launched the project, 2014).

Successful rehabilitation to normal life after being released from prison requires work skills, the availability of which depends on the engagement of a convict in labour in the period of serving his/her sentence. However, the number of unemployed convicts is very high. The reasons are the curtailment of production at the enterprises of the penal enforcement system that have become uncompetitive in the face of economic crisis, which continues at the present time, and lack of attention from authorities and local self-government to the use of industrial capacity of the institutions of Kazakhstan Penal Enforcement System in investment and other projects.

4. Discussion

Unfortunately, the existing legal framework does not offer the penal enforcement system an opportunity to fully cooperate with the employment service of Kazakhstan. The current Law of the Republic of Kazakhstan ‘About employment of the population’ imposes the responsibility for setting a job quota for persons released from places of deprivation of freedom on local executive authorities (Article 7, clause 5-5) (Law 2001).

However, the Law has not solved these problems completely.

The fact should be noted that at the present time there is a particular urgent mismatch between the level of education of individuals admitted to vocational schools at correctional institutions and the increasing demands of employers for workers’ qualifications. Increasing the pace and quality of productive labour, the steady decline in simple work, the transition of enterprises into new ways of economic activity create some difficulties, primarily for social rehabilitation and occupational adaptation of persons who have served their terms (Babayan 2013).

In addition, today there is no real and generalized information about the situation in the field of social adaptation of ex-prisoners. Lack of such information makes it difficult to determine size of financing within the respective target programs, has a negative impact on the efficiency of interaction of Kazakhstan Department of Corrections with bodies of local self-government, on the organization of supervision and control among persons who have served a criminal sentence.
In this situation, in the absence of detailed regulation of the above issues, it is necessary, in our view, to change the current legislation and legal mechanism, that allows the released persons to implement the right to employment, housing, health protection, protection of interests of the family and family relationship, enshrined in the Constitution of the Republic of Kazakhstan (the Constitution of the Republic of Kazakhstan, 1995), is required. The existing system of legal regulation and practice of employment and housing of persons, who have served their sentences, do not meet the principles of humanism and social justice. In a number of legal norms the necessity of assisting the released persons in employment and housing is specified, but these norms are included in the penal law, the main task of which is to regulate relations mainly in the execution of criminal penalties. The current legislation does not reflect many of the issues concerning the rights and obligations of released from punishment. Neither procedure for assistance to citizens in employment and housing, nor the competences of state bodies and organizations, nor the responsibilities of officials for failure to render aid to citizens, asking for help, have not been sufficiently specified.

It should be noted that the problem of recommitting crimes of ex-convicts is not only a problem of our country. In Europe the re-offending rate is also very high: on average, within three to four years after release from prison about 50% of ex-convicts commit new crimes. However, abroad the highest re-offending rate is found among those convicted of light offenses, mainly among thieves. Least of all, killers are prone to recidivism (Garmash, Anosov and Muraleva 2012).

Let’s consider examples from the international experience of the struggle with recidivism. In the U.S. a convicted person for six months before release is given the right to temporary release. He/she meets with an employment service specialist and employers and decides in advance a question of his/her employment. Then a convict goes to work right out of the correctional facility for a while. And only after he earns primary means of subsistence and withdraws housing, he/she is released (Garmash, Anosov and Muraleva 2012).

The law of most States provides that a third term for criminal offences is punishable by life imprisonment. It should be noted that this measure is quite effective – the prospect of life imprisonment prevents many people from committing new crimes.

We should mention of an alternative social organization ‘Criminon’ (‘No crime’). In accordance with the program of ‘Criminon’ a person is given an opportunity to regain self-esteem and become honest and decent. The basis of the program the work of the philosopher and humanist Ron Hubbard forms. One of the main points of the program is his idea that a person becomes a criminal only when he/she loses self-esteem (Garmash and Kosikhin 2011).

For the first time this program was used in prisons in New Zealand in 1972 and has since spread around the world (Garmash, Anosov and Muraleva 2012).

There were interesting results from the use of the program in one of the countries of Africa, where crime was a serious scourge, and the re-offending rate reached 80%. After testing, the program was officially implemented in all prisons of this country. As a result, the number of parolees was increased – it was clear that people really mended their ways. But most importantly, repeated crime decreased to 20%. It is a considerable achievement for rehabilitation programs.

In some countries (USA, Kenya, Indonesia, Israel and some others) a program of criminals’ rehabilitation is implemented in the prisons. This program is not given much importance in Russia, although it was known in the Republic of Kazakhstan in 1996. Today the absentee completion of the program by prisoners is practiced, it is also possible to complete it after release. This program is one of possible ways for ex-convicts to rehabilitate, along with many others (Garmash, Anosov and Muraleva 2012).

Today the country actually lacks special agencies and services focusing on employment and housing of persons who have served sentences in places of deprivation of freedom. And it will be a necessary thing since it is consistent with international legal instruments on the treatment of prisoners and properly affects the process of their social adaptation after serving their sentences.

**Conclusion**

The need for legal regulation of this process is due to the public interest to regulate the relations, arising out after serving punishment of convicts, by law. Taking into account the diversity of emerging social relations, their social importance the legal regulation should be carried out only with the help of the law.

Today there is no law on assistance to persons, who have served criminal penalties, in the Republic of Kazakhstan. There is a situation in the country when there is no not only a specialized system to assist persons,
who have been released from correctional institutions, but also a general system of rehabilitation and social adaptation of ex-convicts, although there are some positive examples in some regions.

The main legal act in this sphere should become the law ‘On social adaptation of persons who have served criminal sentences’.

We should note that both the practitioners and scientists have long been talking about the necessity to adopt it. The law should fill the gap in legal regulation of the process of social adaptation of persons who have served sentences. A special place in the law should be taken by the employment service, as it has the necessary information about vacancies, established relationship with businesses and organizations and has the financial capacity to provide material assistance, etc.

Moreover, the employment service should be obliged to inform administrations of correctional institutions of vacancies for this category of citizens with regard to its specific features, as well as the skills and qualifications of convicts.

It’s no secret that employers are not in a hurry to hire ex-prisoners, and not only because of their convictions, but because of their low qualifications, lack of any profession. It is, therefore, necessary to create an incentive system for employers who take to their enterprises persons, who have served their sentences, with the provision of various tax privileges and preferences, as well as to provide opportunities for ex-prisoners to learn new trades, or to top up their qualifications.

In general, the specified law should only create a framework of state standards, relevant to international ones, which, based on local opportunities and budget support, can be guided by local executive bodies.

It is necessary to create an increasing number of rehabilitation centres, which should include socio-psychological and drug treatment services, as well as services to assist in job placement and temporary accommodation in the centre, and it is necessary to determine the time of stay in the centre. The period of stay will depend on two conditions, namely, on the conduct of a person and his/her wish to start a normal life. In Kazakhstan, there are still only two centres: in Shymkent and Pavlodar. However, these centres are more like colonies, due to the strict secure requirements, the presence of bars and a large number of customers. More than 100 ex-convicts live in one centre. As a result, such centres do not perform their destination. Obviously, creating even stationary centres, the authorities are unaware of how to organize their internal work and what roles various subjects of post-penitentiary influence should perform. Thus, having received relevant obligation, the local authorities are powerless in solving the problems of people released from places of deprivation of freedom (the Authorities of Kazakhstan will follow Kirovograd experience of resocialization of convicts, 2013).

Therefore, there is a need for application of the positive foreign experience to create an effective system of social adaptation of convicts in Kazakhstan.

It is obvious that only by applying complex measures for resocialization and social adaptation of citizens, who have broken the law, one can expect a positive result, namely an opportunity not to lose oneself and become a freeman.

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Specifics of Information Risks in the Municipal Administration System of Modern Russia

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Abstract
This article deals with the problems of information support of municipal administration system in Russia. The municipal level of government is the closest to the people: here all political initiatives of citizens are implemented at the first stage. That is why the municipal level is so exposed to risks in the distribution of information. The article analyzes the specifics of information risks in the municipal administration system. The information on the ‘input’ into the political system and on the ‘output’ in the form of managerial decisions is presented. It is concluded that the qualitative assessment of incoming information affects the quality of managerial decisions that have a significant impact on the lives of citizens. Moreover, it is concluded that by using internal and external information flows, the image of the municipal government is formed, which introduces into the mass consciousness through certain media channels. At the same time, the image of the municipal government is influenced not only by municipal political events, but also by regional and nationwide, which is most notably in the period of the anti-Russian economic sanctions. The article reveals the necessity of combining the domestic experience and current conditions in this field. It is suggested to solve the issue of the possible risks in the field of municipal administration, both in theoretical and practical terms, on the basis of the research; the effective mechanisms of insuring the political system against possible shocks seem to be found there.

Keywords: political conflict, municipal authorities, political discourse, information channel, municipal administration, subjects of political relations, authorities, risks, information comfort, society.

JEL Classification: E61, E66.

1. Introduction
A well-developed and effective system of municipal administration is of paramount importance for the democratically developed countries. It is no coincidence, since the system of municipal administration is the most important institution of civil society, which may include ordinary people into the administration process (Anderson
Domestic democracy only makes the first steps towards improving the efficiency and development of this institution. This is due to the fact that during the times of the planned economy in the Soviet era, administration of the municipalities was included into the general administration system and had no independence. Only in the new Russian statehood it became possible to implement autonomy in the administration of the municipalities: not just a background was developed, but also a specific legal framework was created that allowed to do so.

In the modern development of the Russian society, the strengthened and increased attention to the system under study is required, which will not just combine all the experience of the Russian state in this area, but also efficiently meet all the modern demands. It should also be realized that it is not just about administration, we are talking about management mechanisms realized in the globalized, technological environment.

Therefore, we can confidently assert that the modern political process has moved from the field of political life into the information field (Balynskaya and Koptyakova 2015). The state of the political system in Russia today is characterized by a transfer of any information into the field of political action. This becomes obvious when considering the following example: ‘Suppose that a certain state declares its intention to send troops to a particular region, but due to the campaign unfolding in newspapers, on television and on the Internet, it is not realized. It is clear that in this case the physical bodies just stayed where they had been. It is also obvious that the authors of the materials in the media did not have access to the bodies of those with authority competence. Nevertheless, the political event occurred’ (Hardy 2010). It seems logical in this context that the information circulating in the field of political relations not only in the research literature, but also in practical ‘turnover’ is automatically called political: the political information are only those messages that are selected by people from various information for preparation and taking the necessary decisions in the government field or the execution of their functions (as well as the commission of related activities) (John et al. 2005). In this sense, information serves both as a prerequisite for actions of any political subject and their most important condition that allows people to interact effectively in the political field in order to achieve their goals (Wood 2006). However, thoughtful approach makes it clear that such a definition provides incomplete understanding of the information circulating in the political field. Moreover, one of the most important levels of the political system – municipal – as practice shows - is most exposed to information risks, many of which stem from misunderstanding of the specificity of political information (Avdoshin 2011).

2.1 Municipal administration in Russia

The municipal level of government in Russia is constantly under scrutiny, both in theoretical and practical way of learning. In theoretical terms, this problem is interesting because all problems of a national scale are hypertrophied at the municipal level: the involvement of citizens in political life, in the process of self-government, in political processes and conflicts. At this level, it is convenient to carry out the political polls, identify trends, the mood of citizens, to calculate the degree of influence of electoral technologies, to determine the reaction to the political agendas of parties, social movements and associations.

In practical terms, the stated problem is also no less interesting, since the election PR technologies are tested at the municipal level, and then can be corrected (if necessary) and transferred to the regional and all-Russian levels. The individual subjects – persons – start their way in politics at the municipal level.

2.2 Information flows in municipal administration

Information flows in municipal systems both work within the government structures and go into the environment. Each of these flows has its own risks. Environment for a municipal government system is a very mobile structure. For example, people working in the system of the government are the government themselves and initiate managerial decisions within the system. However, going beyond this system, they are objects that are subject to these managerial decisions, and are presented to us as the environment.

Thus, the first risk lies in a possible inadequate assessment of the situation in the field of municipal administration. People working in the government can be limited by corporate ethics, while the ordinary people react to the actions of the municipal government unconditionally. The term of information should be specified here, as in no other field (Abrosimova 2011).

Municipal administration is not confined to a mechanical set of acts committed by a political subject. Therefore, information relating to this field cannot be regarded as purely political. The municipal authority is intended to eliminate the legal nihilism of the population by involving citizens in the process of managerial decision-making among other things (Balynskaya 2014). And here it is important to understand that distrust to authorities stems not from the lack of action by authorities, particularly at the municipal level – since it’s the most
visible level of government. The reason lies elsewhere: the subjects of political relations assess the situation, build certain models of possible future and produce the system of information actions, including in the form of expression of certain legislative initiatives (Baldin 2013). However, the feedback does not always follow, and this leads to a lack of understanding of the political course and its quiet neglect at all levels, from municipal to federal. The reason for this can be hidden in the wrong understanding of the specifics of political information.

2.3 Specifics of political information

The purpose of this information is not to help the authority subject orientate in the existing palette of opinions (each independent political subject is independent just because it already has its own, original vision of the future) (Barton et al. 2008). The purpose of political information is different – to find a common ground with targeted objects in order to gain real ability to embody the model of the future into reality. The researchers determine the process as the following: ‘People do not write books. And yet they are the ones who make history, not the individual great leaders or other supermen’ (Ivanova 2010). All great leaders become great only when they expressed the will of the large social groups, became their symbol and banner (Ignatov 2010). Not so much ideas master ‘the masses’, as ‘the masses’ master ideas. ‘The masses’ are actively looking for the words in which they can express their own ‘administrative decisions’ (Kulikova 2008). The purpose of this information is not to help the authority subject orientate in the existing palette of opinions. The purpose of political information is different – to find a common ground with targeted objects in order to gain real ability to embody the model of the future into reality (Maslova and Kuznetsova 2012).

The problem is that the information initiated by the authorities can be attributed to the category of information flows (the aggregate of messages coming from different sources or forming at the intersection of communications initiated by communicators) (Manko 2011), whereas the competent managerial decision-making aimed at getting support from the masses requires a different type of information exchange – political discourse, which is defined as a targeted exchange of messages over a particular purpose (Mitin 2010). Inability to distinguish between the information flow initiated by the authorities on their own and comprehensive information that provides a framework for a complete communication process leads authority on the municipal level to the risk zone. This zone of political risks is characterized by all kinds of exclusion, from ignoring the separate opinions of specific politicians, failing programs of political parties and associations, to direct disobedience to the law.

2.4 Components of political system

The main purpose of political communication is not control. The purpose is to create a zone of information comfort, community of the communicator and the recipient. No dialogue can exist without this (Mishcheryakov 2011). It is graphically represented in Figure 1.

![Figure 1. Political system](image_url)
population of Russia is today can be called transitional. It involves a waiting period, during which the authorities get ‘credibility’ from citizens. Another matter is that this period, according to the authorities, could be very lengthy, and the prospects for ending it are more than vague for ordinary people, since no clear program to overcome the crisis was presented to the public, nor the solutions to the problems in future were shaped. This can’t help causing concern, which naturally translates into dissatisfaction with the authorities in general, but the authorities at the municipal level are first in the list targeted with resentment.

2.5. Regional component of information

It may also be information as response to the operation of the own municipality. It is important to realize that the development of municipalities in Russia has certain characteristics. There are municipalities that departed from a planned economy, which was common in the Soviet Union, easily and on time. They diversified their economies and started to develop in various directions. Another part of municipalities delayed the process of diversification, often due to objective reasons. Thus, we are talking about industrial areas, which are concentrated in the Ural region. There was no point to diversify the economy in monotowns, where production remained concentrated within the core enterprises, until the 2008 crisis. Only in this period the municipalities faced an urgent need to create plans for social and economic development, which would take into account the possibility of diversification. As a result, unstable situation in these municipalities began to manifest in the last 5-7 years, which has also become a cause for concern, and often the discontent of the public. This process is also seen in the analysis of the input information.

It is important to distinguish regional component in the input information, which often causes a negative reaction of population. Only recently direct elections of governors got back into the Russian political reality. It undoubtedly benefits the democracy, the development of civil society in the country. However, in parallel with this process, the process is unfolding aimed at ending the direct election of mayors, replacing them with appointed city managers. This can’t help causing tension among the public, which is already accustomed to the manifestation of civic initiatives, including through the elections. In the case of appointment of city managers in the absence of direct election of mayors, an ambiguous situation occurs, where the political system begins to protect itself from the invasion of unplanned elements. This is the normal state of a political system that tends to its dynamic equilibrium. But such processes are not perceived clearly by the public: if the public is allowed to elect the governor and isn’t allowed to elect the mayor, the citizens do not see logic in these actions. Of course, not every municipality declares the transition to a city manager, but the process is gaining momentum. This is especially true for the Ural region, while the institution of city managers has already discredited itself by the corruption scandals in many municipalities. In this case, the public discontent is often expressed not specifically, but in general negative background of publications and statements addressed to authorities. And if the government does not respond to the negative and does not enter into a dialogue with the public, discontent is brewing further.

Thus, if the discourse is replaced by the information flow and thus the first risk is realized, the threat of the second risk occurs. It is enclosed in the initiation of a political conflict. Conflict as a clash of opinions, as the presence of conflicting positions of the parties on any matter is a natural state for any dynamic system. However, the political conflict has certain characteristics that fundamentally differs it from other types of conflict: the political conflict is irreversible if it is moved to the active stage (Ryhtikova 2012).

2.6. Sources of political administration conflict

There can be many sources of conflict in the field of political administration. There is no need to bring them all in this article, it enough to mention the two basic: internal and external sources. Internal sources of political and administrative conflict are related to the information circulating within the municipal structure. It is called in different ways: closed, information for internal use, information with limited access, corporate. A hidden role of inside information can be traced in all definitions. However, there are specifics that manifest themselves in the implementation of municipal administration: internal information benefits the outer field in one way or another. Indeed, the corporate culture is formed, but this is not the only goal. Inside information in this case has to play the role of ‘the insured’ against external risks. The flow of inside information is ‘responsible’ for the production of solutions, for the direction of the political course. It is understood that the role assigned to the internal information is enormous: its quality ultimately affects the specific response of the political system to the demands of the environment, the internal information is able to some extent insure the system against the risk of instability. Therefore, the risk of getting the incomplete information has the same devastating effects as the risk of incorrectly
interpreting the information. Then why aren’t the political systems immune to mistakes and miscalculations with all the evidence of risk situations?

This raises the question about the sources of obtaining inside information. Of course, they are basically the methods of sociology, but not only them. Authorities often use the outcomes of the public opinion polls to assess their actions. However, this method is costly for many reasons. No matter what kind of cut you need to explore (internal or external information), a public opinion poll suggests either to involve an outside professional sociologist or hire such a specialist. The municipal administration does not provide for a regular position of a sociologist. As for outsourcing this job, there is no budget for such activities either, or it is formed through the long procedure of approval by the local legislative body. In this connection, as a rule, the function for the study of public opinion, both inside and in the environment, is assigned to the department of information and public relations present in any administration.

In this case, it should be understood that the specific nature of these departments is to study the public opinion not through the polls, but through monitoring of the media that circulate in the city. Such monitoring is reduced to the traditional analysis of text messages, as well as content analysis: the number of positive and negative materials about the authorities are counted.

Such an analysis is undoubtedly important. But it is insufficient for the assessment of the external flow of information for the authorities. It does not provide a complete picture, since it takes into account neither the popularity of the media, nor the coverage or the very target audience of the media. As a result, it can’t be claimed sufficiently confidently that the actions of authorities are somehow unambiguously assessed by the public.

2.7. Mental bases of information consumption

One of the causes can also be found in the mentality of the Russian people. The researchers note that in the political culture of Russians there is ‘a Byzantine-Orthodox element that affects the faith in the omnipotence of the state, the conviction that it is capable and obliged to resolve all issues of public life’, and when that does not happen, faith in the authorities is ‘automatically’ lost. Here is an interesting observation concerning the recovery from the crisis, due to the introduction of anti-Russian sanctions in the field of economy. By order of the governors in almost all municipalities, the ‘round table’ discussions were held with the authorized representatives, representatives of small and medium-sized businesses and government officials, where it was important not only to communicate with all subjects of the political and economic process, but also to develop the joint solutions to the crisis. The main hope was for small and medium-sized businesses, which in the current situation largely see open prospects for import substitution. All accounting documents published in social networks and the media have a common idea: requirements that the state must make advances to entrepreneurs and concessions in the tax burden, in terms of integrated and spot checks, etc. Does this describe the mentality of the Russian entrepreneur who, first and foremost, intends to demand preferences from the state, and only then navigate in terms of promoting business? – It is supposed so: here there is a problem of mentality.

But there is another side as well. The problem is in the quality of information that acquires the status of domestic, corporate. A municipal official, who is directly responsible for managerial decision-making, does not rely on personal experience in their actions, but rather on reports of the lower-level employees (Raizberg 2010). Bureaucracy of the modern municipal authorities is a given that should be openly spoken about. The true picture of reality is sometimes distorted greatly, and information risk born from the circulation of internal information is becoming reality at the stage of collecting information. It is needless to say that at the stage of ‘output’ from the municipal political system in form of a decision, the information will not meet the expectations of the environment.

2.8. Information expectations

At the same time, the expectations of the environment manifest unsystematically and fragmentally, yet they can be traced. As already mentioned, this can be done with the help of a public opinion poll, but municipalities do not go for it. The expectations of the environment can also be tracked by the informational activity of the population: these are opposition websites and other media (live broadcasts that allow citizens to call live). Here external risks declare themselves.

External risks are caused by the mismatch of information actions of the municipal government with expectations of the environment. The consequences of this mismatch can be both open political conflicts and latent discontent that opinion polls reveal. However, both the first and the second options are dangerous for political structures. In the case of open discontent, the whole system threatens to enter a stage of dynamic balance disorder (Filippov 2005). In the second case, the power structures are wasting ‘credibility’ issued by the
environment, the authorities are losing image. The loss of image by the authorities is one of the most powerful risks because it threatens not just with the loss of confidence on the part of the society, but in the worst case with the opposition to the conducted policies. Image is an information product. It is created on the certain basis: it is the personal characteristics of the politician and the expectations of the audience. Only if an image module coincides with the effect of expectation, the audience issues credibility. It is also important to remember that the image is not embedded in the mass consciousness by itself. Internal and external information flows to the authorities are again important here. The trajectories of promoting the image are also calculated in accordance with the expectations of the audience. It makes no sense to publish image articles in the media not popular among the public. But use of the traditional media is often fraught as well: the public can be fed up with the political information. Any political consultant can easily estimate the effect of the image introduction through one or the other media. But it usually takes place during the elections, while the authorities should promote their interests in the period between elections as well. This imposes certain responsibilities on the authorities, especially municipal: in addition to an artificially created image, the authorities also promote their daily interests.

**Conclusion**

This is a two-way flow of information interactions from the authorities. As the actual practice shows, the authorities, especially at the municipal level, are not always able to generate these flows of high quality and direct them to the desired direction – information, even if initiated by the authorities, moves spontaneously, contradictory and unpredictably, creating risks of information in the field of municipal administration.

This leads us to believe that the question of the possible risks in the field of political administration should be addressed not so much in the theoretical, but more in practical terms, the effective mechanisms of insuring the political system seem to be found there. The problem of information risks in the field of municipal administration is a new problem to the science, which requires the use of the experience generated by other sciences. This direction is undoubtedly promising, especially since the contemporary reality offers enough reasons to study it, as well as enough evidence that the current politics with informational nature requires the authorities to master techniques of predicting information risks and their effective reduction.

**References:**


Developing Affordable and Energy Efficient Housing in Russia based on Real Estate Total Cost of Ownership Management

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Abstract
Building and developing an affordable housing market is a huge challenge for Russia’s national economy. Today, the housing construction industry finds itself in a situation torn by a conflict caused by the simultaneous needs to minimize the housing construction costs in order to make housing more affordable for Russians and to increase the energy efficiency of the housing projects, which is associated with additional costs for developers. To find solutions to this contradictory situation, one needs new theoretical and practical approaches and economic tools. The global economic trend of managing goods and services on the basis of the value of goods and services over the life cycle is also manifested in the construction industry in Russia. The problem of forming a new economic thinking in the housing sector predetermines the perception of the value of housing not only as the price of purchased real estate, but as the equivalent of the total cost of ownership of real estate throughout its life cycle. This approach allows compensating the initial rise in the cost of construction resulting from the introduction of energy-efficient technologies by savings in the operational phase of the life cycle of the property. In this regard, management of the total cost of real estate ownership based on energy modeling is of high research and practical relevance.

Keywords: housing constructions, total cost of ownership, total costs, affordable housing (economy class), energy efficiency, energy modeling, real estate, management.

JEL Classification: R33, R31, E21.

1. Introduction
The priority of building economy class housing was reiterated in the adopted the government program of the Russian Federation ‘ Provision of affordable and comfortable housing and utility services.’ It involves bringing after 2016 the share of economy class housing up to 60% of the total commissioned space in residential construction.
The Russian government was instructed to ensure reduction by 2018 of the cost of 1 sq.m of residential space by 20% by increasing the amount of space commissioned in economy class.

At the same time, the energy efficiency requirements in the Russian economy are becoming more stringent. For instance, the Ministry of Regional Development of the Russian Federation enacted new energy efficiency standards for construction projects requiring an increase by 15% until 2015, by 15% after 2016, and by another 10% after 2020. Analysis shows that the construction of all types of residential buildings, including economy class projects, should be conducted with a gradual improvement of the energy efficiency standards, involving an additional increase in the cost of residential construction per square meter.

The contradictory need to reduce the cost of construction and to simultaneously increase investment in energy-efficient construction creates a problematic situation. Addressing this problem in the context of the ongoing economic crisis requires new theoretical and practical approaches and economic tools that should include the application of a methodological approach to the calculation of the cost of ownership of real estate based on the total cost over the life cycle of the real estate, as well as management of the total cost.

It should be noted that methodical approach to calculating the cost of ownership of real estate involves the conventional aspects of the global economic trend of cost management of goods and services in all areas of the national economy based on their life cycles. This approach requires the formation of a new economic thinking in the housing industry among the consumers, state and municipal authorities, and the corporate sector. The basis of the economic transformation is the perception of the notion of value of real estate not only as the local cost of acquisition, but as the cost of ownership in the form of a value equivalent of aggregated costs involved in its entire life cycle – from pre-investment feasibility study of the construction project and land acquisition to decommissioning of the property at the end of its useful life.

Individual industries of the Russian economy are already actively applying the economic tools of ownership of goods and services throughout their life cycle. For example, when buying a car, it is considered a good practice to factor in the cost of ownership, i.e. the combined costs of acquisition, maintenance, fuel, insurance over a certain period of ownership. But similar economic thinking in relation to the determination and management of the cost of ownership of residential real estate over the life cycle of their construction and operation is still in its infancy.

Studies undertaken show that foreign literature contains a sufficiently comprehensive presentation of the processes involved in determining the total cost of ownership (e.g. Fanning 2014, Bull 2013, Patil 2011). Also, studies have shown that European standards and research works are available in the field of regulation of the life cycle cost structure of construction, cost analysis and inclusion into contracting systems, such as DBFM, LCCA, LCC, PFI (ISO 15686-5: 2008(E), Boussabaine 2006, Brawn 1985, Dewulf and Blanken 2012, Hendrickson 2006, Pull and Weele 2013, Dhillon 2009, Whyte 2011). Despite their great importance and application prospects, they require adaptation to the modern Russian context.

In the Russian Federation, the only official methodology using this approach is the Method of calculation of the life cycle of a residential building with regard to the total costs value, enacted by the Board of the National Association of Designers on June 4, 2014 (The methodology for calculating the life cycle of a residential building including total costs. Russian non-governmental non-profit organization 'National association of self-regulatory membership-based organizations of contractors providing services related to preparation of project documentation'). However, this method applies to a greater extent to cost estimates for use for the purposes of the Federal Law 44 FZ of 05.04.2013 ‘On the contract system in the procurement of goods, works and services for state and municipal needs.’ While the issue of managing total cost of ownership based on multivariate energy-efficient solutions over the life cycle of real estate remains unexplored.

The problem of estimating the total cost of ownership of real estate and management aspects of the total cost was addressed in the publications of several Russian researchers, among them S.A. Baronin (Baronin, Yankov and Bizhanov 2014, Baronin, Yankov and Lunyakov 2015), A.A. Benuzh (Benuzh 2013, Benuzh 2014, Benuzh, Podshivalenko 2014), V.S. Kazeikin (Kazeikin et al. 2012, Kazeikin et al. 2014).

2. Method

After the conducted review and study of Russian and foreign research works, the authors developed an approach to calculating the cost of ownership of real estate based on total costs ($S_{tot}$). It is proposed to calculate $S_{tot}$ in active management systems of residential real estate development. Structuring of the life cycle of residential real estate in the proposed method is based on three subsystems of development: land development (DL), investment...
and construction real estate development (DH), operational development (DM). Thus, both structure and length of the life cycle will be determined by the total values of their constituent development subsystems.

In this case, the cost of real estate ownership will be as follows:

$$S_{\text{vid}} = S_{\text{DL}} + S_{\text{DH}} + S_{\text{DM}} = \sum S_{1j} \left( \frac{z_{1j}}{(1+i)^{T1}} \right) + \sum S_{2j} \left( \frac{z_{2j}}{(1+i)^{T2}} \right) + \sum S_{3j} \left( \frac{z_{3j}}{(1+i)^{T3}} \right)$$  \hspace{1cm} (2.1.)

where: \( T1, T2, T3 \) are periods of the life cycle of in the three subsystems of development; \( i \) is the discounting rate, \( z_{1j}, z_{2j}, z_{3j} \) are individual types of local costs of each system of development with varying degrees of aggregation.

For instance, acquisition or lease of land for land development purposes (DL) can have a different structure. This includes costs of investment marketing of land for housing construction; costs of making subdivisions and preparing them for sale at auction for state and municipal institutions or corporate costs related thereto, costs of organizing or taking part in the auctions; cost of state registration of the ownership (leasehold) title of the developer of the land, as well as other potential costs related to the sale (lease) of land. The time these activities take and the discount rate of these costs should also be taken into consideration.

Similar structuring of the costs can also be done in the phase of investment and construction development (DH). Here, traditional costs include costs of engineering surveys; design costs; costs of public expert examination; costs of onsite and offsite utilities; costs of connecting utilities; obtaining permit to commence the work; construction costs; repayment of construction loans (interest thereon); costs of obtaining commissioning permit; project decommissioning costs; planning and implementation costs of energy efficiency management as part of the estimated cost of construction (the active energy-efficient share of the investment). Costs of the investment and construction phase can be structured differently. That depends on the purpose and subject of analysis.

The third subsystem of the life cycle is regarded as a stage of operational management, or operational development (DM). It can also be structured in a variety of aggregate costs. For example, operating costs of utilities; costs of major repairs; maintenance costs; costs involved in the demolition and decommissioning of the development, etc. In this case, the total costs are determined by discounting the aggregate costs of the life cycle stage T3.

In the final phase, these total costs of the three phases (development subsystems) are summed up, and correction factors can be applied to ensure comparability of different energy efficient solutions in terms of environmental friendliness and greenness of projects, their degree of energy efficiency, as well as other adjustments where they are sufficiently justified. Simplified calculations are also possible, especially in the early stages of application of the method. In that case, all correction factors assume the value of 1, including the time factor for discounting.

Research has indicated the possibility of considering two methodical approaches to the estimation of \( S_{\text{vid}} \).

\( S_{\text{vid}}^1 \) - this methodical approach is designed both for developers, with the purpose of bidding and participating in the tender for life cycle contracts for the construction of economy-class housing, and for calculation for public administration purposes to prepare estimates for the baseline version of the project to be used for benchmarking bids from developers.

The methodical approach is expressed by the following formula:

$$S_{\text{vid}}^1 = \frac{S_{\text{DL}} + S_{\text{DH}} + S_{\text{DM}}}{S_{\text{6dm}}}$$  \hspace{1cm} (2.2.)

where: \( S_{\text{6dm}} \) is the total floor area of the residential building.

\( S_{\text{vid}}^2 \) - this methodical approach is designed for the buyer (owner) because the real estate in economy class for individual buyers has certain price limits at sale (RUB 30,000 per sq.m). In this case, the methodological approach uses the following formula:

$$S_{\text{vid}}^2 = \frac{S_{\text{ned}} + S_{\text{DM}}}{S_{\text{6dm}}}$$  \hspace{1cm} (2.3.)

where: \( S_{\text{ned}} \) is the cost of the entire property based on the prescribed selling price of economy class housing in the Russian Federation.
3. Results

To test the developed method, a low-rise economy-class housing project Chistye Prudy in Mokshan District, Penza Region, Russia, was chosen. Calculations for the project produced following results using the two methodological approaches to the estimation of $S_{vid}$ as shown in Figure 1.

![Figure 1. Analysis of cost distribution, Chistye Prudy project](image)

A design life cycle of 50 years was adopted, with average life to structural repair 30 years, inflation 4%, and other forecast replacement parameters. It should be noted that the value $S_{vid}$ unlike $S_{vid}$ can have a life cycle other than maximum, because property owners can have shorter ownership periods due to resale of the property. In this study, the calculation of $S_{vid}$ was adopted for the calculation of the full life cycle of property ownership of 50 years.

From the static consideration of the parameters of the cost of ownership of real estate we move on to the process of dynamic management based on energy modeling.

The basis of real estate cost of ownership management over its life cycle is the rational increase of the active energy efficient part of the investment designated as $S_{vid}$. It is proposed to carry out focused management of the increase of $S_{vid}$ on the basis of energy modeling, based on possible additional multivariate standard energy efficiency measures in housing, as applicable to the given property being examined.

To show the process of real estate cost of ownership, a list has been developed of 8 additional standard energy efficient designs (A-H) relevant to the context of Chistye Prudy investment project (Table 1).

<table>
<thead>
<tr>
<th>#</th>
<th>Standard design</th>
<th>Specific cost per 1 sq.m (RUB/sq.m)</th>
<th>Average payback period (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Additional insulation of the building envelope with polystyrene (walls, roof)</td>
<td>1020,4</td>
<td>15</td>
</tr>
<tr>
<td>B</td>
<td>Installation of apartment heat meters</td>
<td>243,1</td>
<td>4</td>
</tr>
<tr>
<td>C</td>
<td>Installation of apartment ventilation systems with heat recovery</td>
<td>1296,6</td>
<td>10</td>
</tr>
</tbody>
</table>
The above energy efficiency measures are averaged and based on expert assessment and require adjustments in the context of specific design solutions for other types of investment projects.

The next step was to estimate $S_{ned}$ taking into account the use of individual standard energy efficient designs, as well as their rational combinations. It is proposed, for real estate cost of ownership management based on indicator $S_{ned}^{act}$, to apply the following management strategies: C1 - management strategy based on individual energy efficiency measures with passive energy efficiency of type G; C2 - management strategy based on a combination of energy efficiency measures with passive energy efficiency of type (A + B + E); C3 - management strategy based on individual energy efficiency measures with active energy efficiency of type H; C4 - management strategy based on a combination of energy efficiency measures with active energy efficiency of type (C + D + H); C5 - management strategy based on a combination of activities with different energy efficiency performance of type (A + D + F + G + H).

Application of this methodological approach has allowed to identify two types of patterns. First, a plot of the value change of the property ($S_{ned}$) for types (C1-C5) with increasing $S_{ned}^{act}$. Second, a model of the cost of real estate ownership change based on indicators $S_{ned}$ for types (C1-C5) with increasing $S_{ned}^{act}$, as shown in Figure 2.

In the upper part of Figure 2 it can be seen that the additional costs of implementing management strategies of total cost of real estate ownership proportionally increase $S_{ned}$. This, in turn, moves this type of property to a different price segment of the housing market (Wo - economy class housing $\geq$ RUB 30,000/sq.m; WI - economy plus segment of the housing market (RUB 30,000/sq.m $<$ WI $<$ RUB 35,310/sq.m); WII - mid-price segment of the housing market (RUB 35,310/sq.m $<$ WII $<$ RUB 40,315/sq.m); WIII - business class segment of the housing market (RUB 40,315/sq.m $<$ WIII $<$ RUB 48,000/sq.m); WIV - elite segment of the housing market (RUB 48,000/sq.m $<$ WIV)).

In the bottom part of Figure 2, the effect of the strategies adopted on the cost of real estate ownership is shown based on indicators $S_{ned}$, compared to the baseline value obtained in the prior calculations presented in Figure 1.

<table>
<thead>
<tr>
<th>#</th>
<th>Standard design</th>
<th>Specific cost per 1 sq.m (RUB/sq.m)</th>
<th>Average payback period (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>Installation of solar systems</td>
<td>1856,7</td>
<td>10</td>
</tr>
<tr>
<td>E</td>
<td>Installation of individual apartment heating systems</td>
<td>1620,7</td>
<td>9</td>
</tr>
<tr>
<td>F</td>
<td>Using low-grade ground thermal energy in heat pump systems</td>
<td>5100,6</td>
<td>35</td>
</tr>
<tr>
<td>G</td>
<td>Installation of automated heat supply units in apartment blocks</td>
<td>720,3</td>
<td>4</td>
</tr>
<tr>
<td>H</td>
<td>Installation of wind and solar power plants</td>
<td>4074,4</td>
<td>12</td>
</tr>
</tbody>
</table>
The final task involved in the verification of the proposed method was to study the effects of increasing the index $S_{\text{cost}}^{\text{ing}}$ by the structure of property ownership. World experience shows that only 20% of the life cycle costs of residential property is composed of the cost of acquisition, while, on the average, 80% of the owner's total costs is incurred in the operational phase. The proposed cost of ownership calculation method has revealed the dynamics of the real estate ownership structure, subject to the application of the real estate cost of ownership management strategies C1-C5, as compared to the baseline scenario. The data are presented in Figure 3.

**Figure 2.** Management strategies of the cost of real estate ownership based on additional standard energy efficient designs for low-rise economy class housing

**Figure 3.** Model of change in the percentage ratio of the construction costs to the operation costs within the real estate cost of ownership structure based on application of management strategies C1-C5
An analysis of Figure 3 revealed the pattern that the increase in $S_{\text{act}}$ results in the reduction of operating costs. The maximum decrease of the operating costs and the maximum increase in $S_{\text{act}}$ can be seen in strategy C5. As part of this strategy, following distribution of costs was recorded — investment and construction phase 45%, operating phase 55%. That said, the cost of ownership in this strategy is the lowest compared to the others — RUB 95,100 per sq.m.

4. Discussion

A study of the obtained results allowed the authors to formulate proposals and practical recommendations on developing sustainable management strategies for reducing the cost of ownership of real estate on the basis of multiple energy-efficient design solutions:

1. All the proposed cost of ownership management strategies C1-C5 can be recommended for practical application, because they lead to a reduction in the cost of ownership;
2. The most preferred and more rational strategies are those of type C1 (installation of an automated heat supply unit in the apartment block), C2 (additional insulation of the building envelope with polystyrene (walls, roof) + installation of apartment heat meters + installation of individual apartment heating systems), C3 (installation of wind and solar power plants). This is due to the fact that the implementation of this type of management strategies does not lead to a significant increase in the sales price due to additional costs required to achieve a higher $S_{\text{act}}$. They move the property to the nearest to the economy class price segment of the ‘economy plus’ housing market;
3. For the more affluent categories of buyers in Russia, it is advisable to apply strategy C4 (installation of apartment ventilation systems with heat recovery + installation of a solar system + installation of a wind and solar power plant) and C5 (additional insulation of the building envelope with polystyrene (walls, roof) + installation of a solar system + using low-grade ground thermal energy in heat pump systems + installation of an automated heat supply unit in the apartment block + installation of a wind and solar power plant), which will ensure maximum possible energy efficiency.

However, it should be noted that the reduction of $S_{\text{vid}}$ can only be achieved if the payback period of the energy efficiency measures as part of the adopted management strategies is shorter than the life cycle of property ownership. The study has found no evidence of any energy efficiency measures with a payback period longer than the life cycle of 50 years adopted for the study. But this aspect has to be considered in calculations with different parameters and life cycle length.

Conclusions

Thus, the proposed method of estimating the total cost of ownership, as well as methodological and practical recommendations on cost of ownership management has demonstrated its development prospects. This methodical approach to real estate valuation is still in its infancy in the Russian economy. But it can become the basis of a new housing policy in the Russian Federation and the foundation of a new culture of energy-efficient home ownership. Authors believe that this should have a positive influence on the formation of a new type of thinking and home ownership culture, where the priority is the understanding of residential property from the perspective of the dynamics of maintenance costs within the life cycle of ownership and replacement. There is no doubt that further research in this area is needed in order to both implement the methodology in the public governance and to promote in Russia a new culture of home ownership.

References


Some Aspects of the Principle of Relativity Effects of the Contract in the Light of the Romanian New Civil Code

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Abstract
The paper addresses the issue of the principle of relativity effects of the contract, a principle effective in the legal system of several countries worldwide.
Reviewing some aspects of the principle’s origin, we outlined its quintessence, the manner in which the principle of relativity effects of the contract is reflected in the system of contract law as well as the way it is stipulated in the new Romanian Civil Code, as compared to the old Romanian Civil Code, highlighting the similarities as well as the differences between the two documents.

Keywords: contract, relativity, effects, principle, document, third parties, legal relation, new Civil Code

JEL Classification: K12, K11, K23.

1. Introduction
The foundation of the principle res inter alios acta appears to have been laid during the Roman law (Calastreng, 1939, 5; Popesco 1934, 5; Ghestin and Fontaine 1992, 6) when ‘the personalization of legal relations was driven to extreme subjectivisms’ (Vasilescu 2008, 224).

According to that period, vinculum juris was regarded as a relation between two people that could produce only relative effects, a personal connection between debtor and creditor, the debt granting the latter direct power over the physical debtor. Alongside the personalist concept and individualistic spirit, at the basis for the wording of the principle of res inter alios acta there also laid the formalism of the Roman law. Thus, in the absence of mutual consent (Gutan 2005, 361; Hanga 1978, 361), contracts could only occur if the parties were present, face to face, and certain formulas or solemn words were voiced (contracts verbis), whether certain formalities were met (contracts litteris) or the good was delivered (res contracts). Formal contracts became binding only after these formalities were carried out, the alteri nemo stipulari potest principle forbidding representation.

In the early nineteenth century, the drafters of the French Civil Code granted absolute force to consent expressed in any form (art. 1134) and in art. 1165 they regulated both the principle of consent required when a convention is concluded, and the limitation of its effects upon the authors of this consent (Calastreng 1939, 12; Vasilescu 2008, 225). The principle of res inter alios acta mirrored only the prohibition that a third party be held a debtor or creditor unless he consented.
Robert Wintgen (Wintgen 2004, 22) considered Dufour's work (Dufour 1806) as origin of the adage res inter alios acta, first mentioned here as res inter alios acta, cuiquam nec nocere nec prodesse potest, the consecrated form res inter alios acta, allis nec nocere, nec prodesse potest having been used in 1869 by Charles Demolombe in Cours de Code Napoléon (Circa 2009, 20). The current form of the principle can be awarded to Pothier: ‘[...] l'obligation qui naît de la convention étant formée par le consentement et le concours de volontés des parties, elle ne peut obliger un tiers, ni donner de droit à un tiers dont la volonté n'a pas concouru à former la convention’ (apud Calastraeng 1939, 9) and ‘[...] une convention n'a d'effet qu'à l'égard des choses qui ont fait l'objet de la convention, et seulement entre les parties contractantes’ (apud Planiol 1905 390; apud Circa 2009, 22).

2. The principle regulation

The legislator of the old Romanian Civil Code regulated the principle of relativity effects of the contract in Book III (‘On the different ways in which one acquires the property’), Title III (‘On contracts or agreements’), Chapter III (‘On the effect conventions’) Section II (‘On the effect of the Convention in respect of third persons’), art. 973. The rule of relativity of the legal relations binding effects arising from contracts, in their meaning of direct effects, was taken from the exact translation of the first sentence of art.1165 French Civil Code text, and it succinctly expresses the Latin adage res inter alios acta, neque allis Nocera neque prodesse potest.

The principle was phrased in the negative in art. 973 of the 1864 Romanian Civil Code: ‘Conventions have no effect upon others than contracting parties’. The original regulation of the principle has not undergone any change up to 2011, the reason being the force of tradition which gave legitimacy to this legal consecration fourteen decades later.

We disagree with such negative formulation in law-making, since we believe that a rule formulated in the negative cannot be interpreted, if not related to other rules. In an attempt to grant extenuating circumstances to the drafters of the 1864 Romanian Civil Code, we can interpret that as art. 973 is part of Section II ‘About the effect of the Convention on third parties’, the legislator intended to solve the issue of the contract effects towards third parties. Thus, the negative formula in the statement ‘[...] they have no effect upon others than contracting parties’ they aimed to obtain the opposite principle, according to which the contract cannot produce effects towards third parties.

A literal analysis of the new text, entitles us to consider that, with the entry into force of the new Romanian Civil Code this issue of wording has been solved as art. 1280 of the new Romanian Civil Code stipulates, in an affirmative-positive sentence (Zamșa 2012, 1341) that: ‘The contract takes effect only between parties [...]’.

As to the effects of the contract, the principle of relativity the above mentioned article reads: ‘The contract takes effect only between parties, unless the law otherwise requires.’ It should be noted that the article is actually entitled ‘Relativity effects of the contract’, it is part of Book V ‘About obligations’, Title II ‘Sources of obligations’, Chapter I ‘The Contract’, Section 6 ‘Effects of the contract’ Subsection ‘The effects towards third parties’. However, the regulation is worded in such a way that the rule that has, in reality, the main function to protect third parties from any interference of the parties of a contract within their legal area, appears as a rule with double protective effects: firstly it limits the effects of the contract only to contracting parties safeguarding them against a potential interference of third parties, and only subsidiarily, it protects third parties from being bound by obligations they did not contract, meaning the agreement is res inter alios acta, that is things agreed upon by some can neither harm nor benefit to others. Or, as things are quite opposite, we consider that the main function of the principle of relativity effects should have been put in value by a specific regulation to highlight its true purpose: to protect others from the effects of the contract concluded by its parts. Unlike the previous regulation, the new Civil Code, in the text of the article in question, acknowledges the existence of exceptions to the principle, exceptions that are stipulated exclusively by law. Thus, by supplementing the article with ‘[...] unless the law otherwise provides’, the new regulation achieves two unusual things: firstly, it opens the horizon of situations that are in line with the exceptions from the principle of relativity, and secondly, it makes the transition to the regulation of the legal status of universal successors with universal title [art. 1282 par. (1) New Civil Code]. We adhere to some opinions (Adam 2011, 79; Circa 2009, 79), and we consider it would have been preferable that the new Civil Code to stipulate in terminis that some effects occur towards third parties, under the law, because, in this way, the connection with the derogatory mechanisms such as stipulation for another, or direct action, would have been made easier.

As the analysis of the principle of relativity effects had to corroborate the text of art. 969 paragraph (1) old Civil Code: ‘Legally made agreements have force of law between contracting parties’ with art. 1270 paragraph (1)
new Civil Code: ‘The valid concluded contract has the force of law between contracting parties’), there may arise the question whether art. 973 Civil Code of 1864 was not a superfluous recurrence of the text quoted above. Apparently not, since the legal consecration of the principle survived 140 years without any change, and since it is found in the regulation of the new Civil Code in art. 1280 entitled ‘The relativity effects of the contract’.

In this regard, we must note that even if it were not legally consecrated by the old or new Civil Code, the principle of relativity could be inferred from the existence of the principle of binding force of the contract. This is because, by expressing the agreement of will of the parties, the contract is normal to generate obligatory effects only between them and not benefit or harm others who are not participants in the obligatory legal relation generated by the contract. For example, the seller of a good may require payment of the price of the good only from the buyer, and the latter is bound to pay the price only to the vendor or the person who represents him.

Article 1165 in the section ‘Effects of the Convention on third parties’ of the French Civil Code was the source of inspiration for the drafters of the new Romanian Civil Code. It stipulates that conventions shall take effect only between the contracting parties; they cannot harm a third party, and they can benefit only in the situations stipulated by art. 1121.

3. The concept of the principle

In both foreign and domestic legal doctrine, when reference is made to the principle under discussion, they use both the phrase contract relativity and relativity effects of the contract. We have arguments to use the phrase relativity effects of the contract throughout the paper, as we believe that reference to the relativity of the contract would be appropriate if relativity was a contract characteristic; but it is not. The ability to generate legal effects is a characteristic of contracts; relativity refers to the limitation of such an ability. This, alongside the new Civil Code drafters’ choice to give art. 1280 the very title ‘Relativity effects of the contract’ were our arguments when we chose to use the phrase relativity effects of the contract.

We further present some of the views of the Romanian doctrinarians on the concept of the principle of relativity effects of contract.

The principle means that the consequences of a document are limited to the parties that conclude it; this limitation must be understood in a twofold perspective: both with regard to the participating persons and the object to which the document refers. There is therefore a twofold principle of relativity of legal documents effects between the parties and with regard to the object. A document takes effect only for what was done, it does not benefit and hurt third parties (Micescu 2000, 129, 132). The fundamental principle that governs the relations of third parties towards the legal document concluded by parties states that the it only takes effect between the parties or individuals understood as parties; it has generally no effect against third parties. The document is effective neither for nor against third parties. Therefore, contracts have only a relative effect: an agreement has no effect against third parties; it is res inter alios acta (Hamangiu et al. 1996, 108; Hamangiu et al. 1998, 520).

A fundamental principle of law that dominates the matter, expects a legal document to take effects only between the parties which participated in its fulfilment. The relativity effects of legal documents is translated by the inability to benefit or harm third parties through the instrumentality of a legal document (Titulescu 2004, 97).

The relativity effects of the contract is a natural consequence of its binding force regulated by art. 1270 paragraph (1) new Civil Code, thus, a valid contract takes effect only between contracting parties, unless required by law, following that no one can become a creditor or debtor unless he consented when the contract was concluded (Pop 2012, 175).

The principle of relativity effects of the legal document is the rule according to which a document takes effect only against the author or authors, it cannot benefit or harm other people (Beleiu 2005, 208). Applicable to any legal documents, the principle in question means that a legal document cannot beget rights and obligations but in favour and, respectively, charge of the parties who conclude the document, because no one can be bound but by his will (Ungureanu 2007, 225). It continues the line of the Roman adage res inter alios acta, alis neque nocere, neque prodesse potest and materializes in two contrary aspects: contracts are opposable only to parties - the debt rights and obligations resulting from contracts devolve only to them; the capacity as a creditor or debtor may be conferred by contract only to them so that contracts are not opposable against third parties - the debt rights and obligations arising from contracts cannot be enforced upon them, they cannot acquire the capacity of a creditor or debtor under a contract they had not consented to (Motica and Lupan 2008, 97).

The principle significance lies in the fact that the binding power - contract binding effects - concerns only the contracting parties: one cannot be bound by the will of others. Also, the rights arising from the contract belong to and benefit to contracting parties that have the status of their holders (Stătescu and Bîrsan 2008, 61).
According to the principle, contracts create legal relations only between the parties who participated in their conclusion; they may decide, by their own will, only upon their possessions (Jugastru 2007, 56).

The effects of the contracts and, hence, of the obligations arising regulate and concern only the relations between contracting parties, and those who, albeit not personally attended to the contract conclusion, shall still be regarded as being represented and bound by the agreement of will, in such a way that, that document be considered as theirs, and the rights and obligations set forth or transmitted by the document be acknowledged and transmitted to them (Cantacuzino 1998, 450).

Since the legal document - in general and the conventional legal document- in particular are the outcome of one or several manifestations of will, made in order to produce legal effects, it results logically and morally - that, on one hand, such documents bind in relation to what was agreed, and on the other that, they can bind but those who created them. These two dimensions of the conventional document are complementary and they arise as such from the provisions of the law (Deleanu 2002, 15).

The most atypical Romanian doctrinal view on the principle of relativity we found, is the following.

Res inter alios acta was a too obvious rule to be true, too easy to serve as a guide in finding a way out of the conceptual labyrinth represented by a legal document. From res inter alios acta we can preserve just the idea that it applies to debts and that, the rest was completely resorbed - conceptually and technically, by the essential principle of the legal document, which is pacta sunt servanda [...] because a contract is the result of consistent wills of its parts, and the contract will not take obligatory effect against third parties. The rule res inter alios acta is only one facet of the pacta sunt servanda principle, which decrees that the binding effects of the contract are the law of the parties and the parties only that concluded the contract (Vasilescu 2003, 202; Reginini et al 2008, 554). In his latest work, the author (Vasilescu 2012, 473) has a discordant view that appears in the very title of art. 1280 New Civil Code and by which he abolishes the principle of relativity, to the benefit of contract opposability. Thus, the rule of relativity is seen merely as a special application of the principle pacta sunt servanda, its technical function being to distinguish between the parties, third parties and successors in title or assignees. The author concludes and calls subtly to give up proclaiming an alleged principle of relativity in order to not overshadow the opposability of the contract analysis. All this, however, in antithesis to another opinion as recent and competent, according to which the opposability of the contract to third parties, which is synonymous with its relativity effects, is clearly different from the opposability towards third parties of the legal situation arising from the contract (Pop et al 2012, 192).

Modern foreign doctrine gives sundry interpretations to the principle.

The principle of art. 1165 French Civil Code applies to all obligations: the Civil Code drafters took into account only the conventions and conventional obligations. But the principle they have established applies to contractual obligations, too. All obligations, regardless of their source, bind only the creditor and debtor designated by contract or law; it does not touch third parties (Mazeaud et al 1998, 868). The principle of binding relation relativity under consideration in a contract applies to all obligations, regardless of their source: all obligations manifest between the creditor and debtor, without direct implication of third parties (Pineau et al 2001, 521). The principle states that the parties to a contract can only bind themselves, without being able to foresee direct effects on third parties patrimony (Bigliazzi et al 2000, 809).

The principle of relativity limits the binding effect of the contract to parties and those who are assimilated. It simply means that only parties may become creditors or debtors by the effect of the contract, namely active and passive subjects of its mandatory effects. Instead it is not an obstacle to the opposability of the contract and contractual situations related to it. This allows the parties towards third parties or third parties towards parties to rely on the legal situation created by the contract (Ghestin et al 2001, 723).

After reviewing the above definitions some observations are to be made, because, if the initial rendering of the principle begins with the formulation that a contract is effective only between parties, being unable to benefit third parties or harm them, its subsequent clarification brings some important differences in nuance.

As to the content of the principle, most authors describe it by reference to its inability to generate rights or obligations in favour of, respectively charge of other persons than its parts. Thus an opinion states that ‘basically conventions have binding effect only between the contracting parties; they can neither beget an obligation for a third party, nor confer any right’ (Weill 1938, 146).

While some authors (Popescu and Anca 1968, 113; Vasilescu 2003, 193) (according to them, given the relativity rule, third parties would not be able to exercise their rights and could hardly be compelled to fulfill the obligations arising from the contract.) focus less on the identification of the holders of rights and obligations arising from contracts and more on legal contractual relations, others (Hamangiu et al. 1996, 108) remain
tributary to a broad theory, that the contract not only is unable to generate rights or obligations in the patrimony or the person of third parties, but can neither harm or benefit a third party in any other form.

Regarding the scope of the principle, the differences of opinion are as follows: if the principle was sometimes placed in exclusive relation to contracts, in other circumstances it was considered applicable to unilateral legal documents (Boroi and Angelesc 2011, 205) or even extra-contractual legal relations (Circa 2009, 74-75); if in most cases its scope was limited to contracts generating debt rights, sometimes it was extended to constituent or transitive of real rights conventions (Goutal 1981, 2); if, basically, relativity was regarded only in terms of limiting the contract effects to its parties in some views that perspective doubled, it being joined by that of limiting the contract effects to its object (Thus Pothier show that ‘an agreement is effective only in respect to things that formed its subject and only between the contracting parties.’ Similar opinions are also supported by Deleanu (2002, 15), Micescu (2000, 129), Goutal (1981, 34)).

These doctrinal differences and contradictions on the principle of relativity effects are those that have made its conceptual usefulness to be denied even its existence challenged. They also underpin the opinion of one of the authors who stated that ‘the rule res inter alios acta does, in fact, nothing but to cumulate a series of doctrinaire tensions and issues without offering a solution to justify the appellative of rule or principle. The issues thus brought into discussion are too complex and heterogeneous as to be subsumed under a single title, and the proposed solutions only serve to dissipate the res inter alias acta in a beam of ever new interrogations, which suggests the idea that the rule under analysis does not exist in itself.’ (Vasilesc 2008, 197).

4. The foundation of the principle

Contracts and generally legal documents cannot generate rights and obligations but in favour of, and respectively, charge of the parties that conclude it, because no one can be bound but by his will. The principle of relativity is reflected primarily as a rule limiting the effect of the contract to contracting parties and, just alternatively, it shows that these effects cannot harm third parties, meaning the contract is res inter alios acta. Actually, the main function of the principle of relativity is to primarily protect third persons from the binding effects of a contract, effects that occur only towards the parties which concluded the contract.

With reference to the principle foundation, we find that, over the evolution of positive law, there was no consensus, but on the contrary, there have been numerous and intense doctrinaire controversies. (Deleanu 2002, 15; Vasilesc 2008, 197; Ghestin et al 2001, 985-1289).

Most theorists claim that the principle of relativity lies, alongside the contractual freedom and the contract binding force, in the natural logic of autonomy of will in its pure construction (Pop 2009, 561). Under this category also falls most of the Romanian doctrine which, with a certain amount of conservatism, portrays the principle of relativity as an outcome, a consequence of the principle of autonomy of will (For an overview of the Romanian and French doctrine that deduces the relativity principle of legal documents from the autonomy of will principle, considering it as a legal consequence, see (Vasilesc 2008, 35; Deleanu 2002, 24; Ghestin and Fontaine 1998, 6-8, 74 text ant note 37).

The individualist trend that impregnated the thinking of the eighteenth century and had as premise and purpose a certain type of liberalism, namely total liberalism, led to the foundation at a juridical level of civil law, specifically of the principle of autonomy of will, whose outstanding representatives were J.J. Rousseau and I. Kant (Kant 1972, 118-130). The views of the two led to the foundation and systematization of the social contract, which essentially is translated through the idea that men are born free but that at some point by means of a covenant, a free will agreement, they agree to abandon some of their rights, of their freedom, to community, in order to benefit from social life (Burdeau 1984, 133; Dănișor 2006, 85). Basically, the entire social edifice is based, and focuses on the individual and its independent will. Therefore, in the light of social contract theory we have to do with two types of will: on one hand, the general will, which consists of the limitations imposed to particular wills in order to achieve a relative social coexistence, on the other hand, the individual will, whose autonomy includes any manifestation of free will in every field of human life, limited only by imperative prescriptions of law. The relation between the two types of will appears as a rule-exception report, individual will being the rule, and general will the exception, so that the state is ‘bound to maintain this relationship and to ensure the coexistence of the two wills’ (Albu, 1993, 29).

As founders of the social contract, Rousseau and Kant issued therefore, the autonomy of will theory that, politically, promoted the political liberalism, economically, the economic liberalism, legally, the contractual freedom.

Starting from the idea of freedom, the autonomy of will theory relies on three concepts.
The first is the concept of freedom to conclude contracts or not, the contract being the main source of obligation, the other sources, offenses, quasi offenses, and quasi contracts having an unimportant role.

The second concept consists in the contract freedom of content, the objective balance of rights and obligations of the parties counting very little. The mere fact that a contract has been accepted by some means that it corresponds to its interests. These concepts are regulated by the legislator of the new Civil Code in art 1169 whose very title is ‘Freedom of contract’: ‘ Parties are free to conclude any contracts and determine their content […]’.

The third concept refers to the contract form freedom, meaning that, if there is agreement between the parties, the form in which these are expressed matters very little. The new Civil Code consecrated thereby the principle of mutual consent according to which, in order to beget, modify or extinguish obligatory relations the mere agreement of the parties is enough. Naturally, there are some exceptions from this rule such as contracts to be concluded in solemn form, required by law.

Both the concept and the exceptions find their regulation in the new Civil Code art. 1178 ‘Freedom of form’ (‘The contract is concluded by the mere agreement of the parties, unless the law requires a certain formality for its valid conclusion’) respectively in paragraph (3) of art. 1174 (‘The contract is solemn when its validity is subject to the fulfilment of certain formalities stipulated by law’).

Contractual freedom should not be thought of as absolute freedom, deducted from the autonomous will of man ‘but as an actual freedom, deducted from the Universal Declaration of Human Rights, Constitution, the Civil Code and other organic laws’ (Albu 1993, 29-37).

Contractual freedom is thus ‘a freedom limited by the laws of public order and social rules of behaviour relating to public order, that is rules and regulations superior to contract, since they are part of the legal order of society’ (Albu 1993, 29-37).

Some cases of restriction of contract freedom are stipulated in some legal provisions:

- ‘One cannot derogate, by agreement or particular provisions from laws that interest public order and morals’ (art. 5 of the Civil Code. 1864);
- ‘One cannot derogate, by agreement or unilateral legal documents, from the laws that interest public order or morals’ [Art. 11 New Civil Code];
- ‘The obligation without cause or based on a false or unlawful cause, cannot have any effect’ (art. 966 of the Civil Code. 1864);
- ‘The cause is unlawful when it is prohibited by law, when it is contrary to morality and public order’ (art. 968 of the Civil Code. 1864);
- ‘The cause is illicit when it is contrary to law and order’ [Art. 1236, paragraph (2) New Civil Code];
- ‘The cause is unlawful when the agreement is only a means to evade the application of an imperative legal rule’ (art. 1237 New Civil Code);
- ‘The lack of the cause entails contract cancellation […]’ [Art. 1238 par. (1) New Civil Code].

The freedom to conclude contracts is acknowledged to everyone, but it is limited in the sense that only ‘legally made agreements have force of law between the contracting parties’, according to art. 969 Civil Code of 1864. The limitation is stipulated by the new Civil Code, too, through the provision in art. 1270 paragraph (1) ‘A concluded valid contract has the force of law between the contracting parties.’ The quasi absolute character of the principle of relative effects of contract made it to be perceived as a logical corollary of the theory of autonomy of will, considered the core of contract law. Individual will is the only source of legal obligations. The legal document being essentially freewill, is mandatory only for persons who freely consented (Vasilescu in Reghîni 2008, 554; Ungureanu 2007, 220; Beleiu 2005, 208; Cosma 1969, 380; Pop 1998, 97; Lupan and Sabău-Pop 2006, 247; Chelaru 2007, 168; Dogaru and ercel 2007,162). The contract becomes effective only towards those who, through their expression of will, concluded, modified or extinguished it. Thus, it was claimed that any contract ‘draws its force from the subscribers will and it is ordinary for it to produce binding effects only in relation to the said […] because they consented to effects, without being able to affect third parties, who by definition, did not. The relativity of binding nature is in harmony with the individualistic doctrine of autonomy of will’ (Marty and Raynaud 1998, 271).

From the same perspective the contract is metaphorically viewed as ‘a sphere, an enclosed, protected world, impervious to outside or internal influences’ a world that ‘does not concern its relations with third parties, marginalized since they fall outside the contractual sphere’ (Marty and Raynaud 1998, 364). Both the principle pacta sunt servanda and res inter alios acta base on the theory of autonomy of will. The individual is free by his human nature and can be forced only by his own will, as soon as it is expressed; he is bound by a contract because he wanted so. It is to be remembered that the contract effect arises from freewill, independently of law,
whose sole role is to ensure respect for individual will. From the fact that on the principle of autonomy of will they built the foundation and the binding force of the contract, as a consequence, the following results: the principle of mutual consent - governs the type of contract, which means that the mere manifestation of will of the parties is, basically, necessary and sufficient for the contract to be valid; the principle of contracts irrevocability - according to which contracts ‘[...] shall be amended or terminated only by mutual consent [...]’ [Art. 1270 paragraph (2) new Civil Code], that is, what will bounds, will shall undo or modify; the principle of relativity effects of the contract - only those who express their will are held bound by contract.

Some theorists tried to prove that the principle of relativity effects is founded on the theory of autonomy of will, so much criticized and challenged. Thus, the supporters of contractual solidarism theory assert that the relativity effects of the contract should be explored without considering the theory of autonomy of will (Courdier-Cuisinier 2006, 278; Ghestin et al 2001, 716). In support of the assertion that a contract cannot be seen as ‘une bulle’ or ‘a cloned world’, they (Courdier-Cuisinier 2006, 278; Ghestin et al. 2001, 716) pleaded the existence of collective labour contract, the assignment of the contract, the acknowledgement of the validity of the stipulation for another principle, the opposability of the contract to third parties and so on.

Alongside the other principles that make up the skeleton of the general theory of the contract and support its legal status, the principle of relativity effects, should be approached from other perspectives, it should be renewed and reviewed in an optimistic view, giving up both the individualist viewpoint as well as the pessimism determined by the rebound and the decline of autonomy of will theory. Currently, the contract is and must be regarded and analyzed within its legal sphere, to which it belongs, being perceived as a legal entity which has a certain autonomy in relation to the contracting parties. This does not mean that a contract, with all its effects consisting of rights and obligations arising, represents nothing for third parties. The conclusion of the contract, the contract itself with all its effects, are social realities that cannot be ignored or violated by people who did not take part in its conclusion. Even if the contract represents a reality for third parties, too, solidarity between the contracting parties, constituent and essential for the contract, does not include third parties, but exclusively governs the relations between parties. Hence, the principle of relativity effects of the contract only affect the solidarity between the parties. Therefore, obligatory effects of the contract are binding only on those between which there exists contractual bonds of solidarity, these being undoubtedly the contracting parties (Pop 2009, 562).

5. Between the relativity effects of the contract and enforceability of the contract to third parties

The discussion so far, helps us hereinafter, to be able to distinguish between the relativity effects of the contract and enforceability of the contract to third parties, determining us, at the same time, to assert that the enforceability of the contract is the first and most important criterion for limiting the relativity effects of the contract.

Relativity and enforceability are two concepts which, once understood, allow us to determine towards whom, how and within what limits the contract produces its effects.

The relativity effects of the contract refers to the fact that some of its effects will be produced and will be mandatory only to certain people. As a rule, the relativity effects of the contract is only limited to its direct or internal effects, which consist in the obligatory relation aroused, amended or extinguished between the contracting parties, regardless of whether they are primary or secondary. It follows that only the contracting parties may become debtors and, in principle, creditors following a particular contract, where they have this primary or, where appropriate, secondary capacity.

Contract opposability is a legal concept that expresses a principle governing the contract effects on third parties who cannot become debtors and, as a rule, creditors following the contract obligatory effects. Opposability displays and explains the external or indirect effects of the contract. The contract, viewed as a social reality, as a social fact, is enforceable against anyone, even to those who did not participate in its conclusion. In other words, its existence cannot be ignored by anyone, and at least some of its consequences cannot be avoided. Third parties must demonstrate a respectful passivity, that it to acknowledge the existence of the contract, the effects that it generates and to refrain from violating or infringing them as an absolute and necessary requirement of legal order (Vasilescu 2003, 88, 192-203, 271-273, 277-278).

This is the enforceability of the contract, which is not in contradiction with the principle of relativity effects of the contract (Stătescu and Bîrsan 2008, 62).

The distinction we make is also important in the following respects:
• within the relation between parties, the contract is considered as a legal document representing the expressions of will of the contracting parties;
• when it comes to the enforceability against third parties, from their point of view, the contract is no longer taken into account in its capacity as legal document, but it appears as a simple legal fact.

This distinction has the following legal consequences.

First, in terms of civil liability, in the event that a party fails to perform its obligations under the contract, he will be held liable. But, if a third party infringes a right which belongs to a party in a contract or if a third person obstructs a contracting party to fulfil a contractual obligation, the responsibility of that third party will be an extr-contractual liability, on the grounds of unlawful act causing harm (art. 1357 et seq. new Civil Code).

Secondly, in terms of rules of evidence, evidence of the contract between the parties is to be made by rules regarding proof of legal documents. Since, however, from the viewpoint of a third party, the contract appears as a mere legal fact, the third party shall be entitled to use any means of evidence - including witness testimony - to prove the existence, to combat the existence or to partly invalidate. This is because, the proof of the legal fact is free, the restrictions on the admissibility of evidence regarding only legal documents.

Resuming the discussion about the fundamentals of relativity, the doctrinaire view is almost unanimous that the principle of relativity effects of the contract is a very important application of the binding force principle, being absorbed by it. This allows the principle of opposability of the contract value to be highlighted (Vasilescu 2003, 327).

There is an indissoluble relationship between relativity and opposability because both principles have the effect of granting the contractual compulsoriness and effectiveness, but on different levels: firstly, between the contracting parties, and secondly against third parties. The application areas are therefore different: relativity applies to the contracting parties relations while opposability is applicable to the relation with third parties (Flour 2002, 326-330).

The supporters of this way of regarding things consider that the contractual solidarity can also serve the difficult operation of determining the contracting and third parties, given the contractual interest underlying the relationship of solidarity between the parties (Courdier-Cuisinier 2006, 284). Thus, in determining the contracting parties, the subjective criterion of the will to bind legally must be accompanied by the criterion of interest, as an objective element of the contractual relationship (Pop 2007, 110-112).

It was argued that the theory of autonomy of will in contractual matters promoted a certain kind of contractual freedom, total, absolute, freedom, this kind of wild freedom having, through its excesses, adverse consequences for the human society in the economic and social fields. All these required a reconsideration of the concept and a fall in obscurity of the theory in question, dictated by the need for a state dirigisme to restore the contractual balance generally disturbed, not with the purpose in view of replacing contractual freedom, but as a supplement to provide minimum protection to all members of society (Turcu and Pop 1997, 15).

We share the view that the present theory of autonomy of will is outdated, since the contractual will is subject to constraints and limitations, such as: public order, morals, good faith, contractual dirigisme, contractual solidarity etc. For a proper substantiation of the principle of relativity effects, in addition to contractual will, there should also be considered these new concepts and realities of the civil circuit.

Despite the decline (the decline of autonomy of will suffered under the influence of legal positivism, led to its classification as an ‘archaic’ principle and certain aloofness towards its suitability or sufficiency in rooting the principle of relativity effects of the contract. In this respect see B. Teyssey, Les groupes de contrat, Ed. Librairie générale de droit et de jurisprudence, Paris, 1975, apud R. Wintgen, Étude critique de la notion d’opposabilité. Les effets du contrat à l’égard des tiers en droit français et allemand, Ed. Librairie générale de droit et de jurisprudence, Paris, 2004, p. 40) and erosion of autonomy of will theory, the principle of relativity effects remained, but its absolute character has been affected. Being concluded with the agreement of wills, it is natural that the contract be mandatory only for people who have consented to its conclusion, or subsequently, during its existence. However, since the binding force of the contract is based both on contractual solidarity and the juridical value the law gives the agreement of will of the parties, there are situations when the legislator or courts decide the category of persons committed by the contract concluded, in order to satisfy a particular imperative.

Even if now, as we highlighted, the theory of autonomy of will seems to be outdated by contemporary realities, its importance remains significant especially because economically it resulted in economic liberalism (laissez faire, laissez passer) which, in its turn, imposes its complement on legal level, the contractual freedom (laissez faire, laissez contracter) (Albu, 1993, 31). Accordingly, we believe that the role of the will to conclude contracts cannot be ignored, so we rally to the idea that ‘freedom of action remains the axiom of the contractual relationship. An autonomy, not an absolute, discretionary one, but rather an attenuated, rationalized, pragmatic
one. Otherwise, without one's own will, the subjective support of the contract would be cancelled and, with it, the contract itself would become an extravagance of the law’ (Deleanu 2002, 24).

Conclusions

The concept of autonomy of will, which underlies the principle of relativity effects of the contract, restricts the category of persons who may be affected by the effects of contract only on its parties.

Any extension of the contract effects beyond the scope of contracting parties may be made as an exception whose reason must then be substantiated. So, if one wants to extend the effects of the contract beyond the circle of contracting parties, then he must seek new legal foundations. New legal grounds on which to relay the principle of relativity effects of the contract are suggested by the French doctrine that denies it traditional foundation: commutative justice, legal security, intellectual utility and judicial independence.

Suppression of the principle of relativity effects of the contract is intolerable and inadmissible, as this would do nothing but to attempt to individual freedom by establishing a contractual Babylonia. In order to render its importance complete, we assert that the principle regulated by art. 973 old Civil Code, respectively art. 1280 new Civil Code makes its full contribution to preserving the contractual safety circuit, through a hybrid protection: on one hand, it protects third parties preventing them from being bound by obligations that have not contacted, and on the other hand, it protects the very parties of an interference of third parties within their contractual sphere.

References


The Problem of Combating Organized Crime in the Penal System of Republic of Kazakhstan and other Countries

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Abstract
In this paper the author studies the problems of organized crime and its manifestations in correctional facilities of the penal system. Today, there are no concrete ways and methods to combat organized crime and its manifestations in the correctional system. Organized crime groups in correctional facilities are combated only by operational staff of those facilities. Meantime, the results of operational staff’s work are not efficient enough. As distinct from other criminal groups, organized crime groups in correctional facilities of the penal system have their features in the criminal world, specific skills in their own criminal groups, own notions of criminal organizations and culture, own laws and individual criminal skills of each group member. Crime growth in the correctional system fell on the peak of organized crime combating in the USSR in 1930’s when crime gangs, strengthening due to collectivization and famine, began getting into more organized groups. The basic uniting force in the criminal world was the trend to non-political antagonism and contumacy, while code-bound thieves in law became its elite, calling themselves the keepers of criminal tradition of the tsarist Russia.

In the course of writing this paper the author made comparative analysis of scientific achievements in combating organized crime in the penal systems of the CIS and foreign countries. While working on this paper the author visited correctional facilities of a number of Kazakhstan regions, spoke with convicted persons following members of organized crime groups, found out the opinions of correctional facilities’ staff from various departments on that matter and analyzed them. As a result of the works carried out, the author came to the following conclusions: the problem of organized crime combating and liquidation of its manifestations in the penal system of Kazakhstan Republic still remains open. The problem of organized crime combating in Kazakhstan Republic’ penal system is similar to that in the penal systems of all former Soviet Union states. Their similarity is accounted for the established punishment system under the codes of thieves in law, organized crime groups inside the penal system. It may be surely stated that only as a result of concrete combating organized crime in correctional facilities of the penal system and full liquidation of any manifestation of codes of thieves in law, other problems of the penal system may be solved. For instance, matters of rehabilitation of convicted persons, decrease of relapse into crime, easement of the conditions of convicted persons’ social adaptation, equality of rights of convicted persons, etc. may be solved.

Keywords: Organized crime, criminal groups, non-cooperating convicted persons, administration staff, correctional facilities, criminal world, criminal shared fund, thieves in law, codes, criminal bosses, prison enforcer.

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1. Introduction

In any developed country of the world there are facilities for imprisonment and correctional education of convicted persons, and all those countries have the sole common problem. That concerns members of criminal groups in any correctional facility and their bosses standing against the correctional system and order during imprisonment. Organized crime is now a serious threat for state politics and economy as well as the community. Currently, governing authorities and scientists of many countries are searching for efficient solutions of that problem. Organized crime in the penal system differs from organized crime in community and politics. There are many organized crime groups in public and they are engaged in many crimes inside the community. But they are not all following the customs and traditions of the criminal world. Meantime, organized crime in correctional facilities comprises professional criminals being members of criminal groups and organizations including people which follow the criminal world’s traditions.

In correctional facilities of any country many features of organized crime are manifested. One of the reasons why organized crime groups are formed in correctional facilities is the customs and traditions of the criminal world, customs and traditions of national criminal world, codes of thieves in law and decreasing belief in a better life while being in jail. Members and bosses of an organized crime group may be closely related to other organized crime groups outside prisons. They follow their unwritten codes of their criminal world and do not recognize state laws and order. As a result, such acts bring a lot of damage to the order in state correctional facilities. In many developed countries, due to organized crime development, any other measures except for keeping in jail, do not bring any positive result, instead of correctional education of convicted persons.


Today scientists from many countries are looking for efficient ways to fight organized crime in the penal system. As resulted by many researches, a lot of difficulties occurs in the course of prevention measures on fighting organized crime in correctional facilities. If we see the history of research, the reason may be that unwritten codes of organized crime groups in correctional facilities are developing continuously and are not at the initial stage. On that problem, the President of Kazakhstan Republic, Leader of the nation N.A. Nazarbayev in his concept ‘Development of penal policy of Kazakhstan Republic in 2007-2015’ offered to create the strategy for combating organized crime in correctional facilities of the penal system and final liquidation of criminal subculture (Draft Order of Kazakhstan Republic President, 18). The reason why the Head of the state assigned 8 years for the implementation of that strategy is the fact that it is required to use a comprehensive methodology ensuring fighting criminal subculture deep-rooted in the penal system for a century. The complexity of that phenomenon acknowledges the importance of the topic.

2. Methodology

The theoretical basis of the research was the works of Kazakhstan’s and Russian criminologists on criminal regulations and criminological aspects of organized crime combating in the penal system.

Empirical and practical basis of the research are the statistic data on surveys and talks with convicted persons in correctional facilities of Kazakhstan Republic’s penal system as on the period since June 01 till September 30, 2014.

The author conducted surveys and personal talks with convicted persons of 7 correctional facilities of Kazakhstan Republic’s penal system, including meetings with convicted persons willfully refusing to follow the internal order of correctional facilities, persons reconvicted under Article 428 of the Criminal Code of Kazakhstan Republic ‘Insubordination to legal demands of correctional facility’s administration’ and convicted persons who turned reforming. Opinions of heads and staff of those correctional facilities closely communicating with convicted persons were also obtained.
As a result of studying the specifics of organized crime combating in correctional facilities of the penal system of the Russian Federation, Uzbekistan, Kyrgyzstan, Tajikistan, China and the USA, a preventive methodology called ‘Special team’ may be created, which may assist the criminal subculture prevention of organized crime in correctional facilities.

3. Results

After the research some problems may be separated out, in particular, the tradition widespread in correctional facilities of the penal system is the unwritten code (thieves’ code). That criminal tradition is followed by all criminals of the former Soviet Union and those customs and traditions are affecting other countries. Those manifestations are still effective. In many cases the bosses of criminal groups in correctional facilities do not wish much to follow those traditions but they have to, to keep their power in correctional facilities. Each convicted individual following those traditions is deemed a person negatively affecting the penal system (Kostyuk 2000, 73).

Organized crime’s criminal subculture in correctional facilities of the penal system lies in compliance with unwritten codes and strict following criminal community’s laws while in jail. Upon the results of talks with convicted persons in correctional facilities of the penal system, if we base upon customs and traditions of the criminal community, the convicted persons joining the criminal community at some time experience psychological changes. Thus, the convicted persons joining the criminal community must show their abilities, sometimes in the form of expressing cruelty to others. Each convicted person joining an organized crime group must strictly follow the codes and order of the criminal world. Those disputing the criminal codes and order are often seriously punished. In a correctional facility, prisoners treat the words of a person respected in the criminal world as the law. Therefore, new prisoners are worried not by their felonies, but by safe living in a correctional facility during service of sentence.

Each prisoner in correctional facilities since staying in pretrial detention center begins to collect the information on the correctional facility, getting ready for future imprisonment term. He is much worried which party rules the correctional facility and who to obey. Parties first of all mean the administrations of correctional facilities and convicted citizens from organized crime groups, living in compliance with the criminal community rules.

If rules of thieves in law are considered, today they are divided into two notions. The first one is old, according to which the criminal world must not interfere in politics and contacts with law enforcement authorities. The second notion was established in the current situation: the criminal world thinks that for their benefit, all opportunities will do, and gets into politics, cooperates with law enforcement authorities.

Still, the notions of the old criminal world have been kept in correctional facilities. However, it became too difficult today to distinguish between old and new notions. During talks with prisoners who previously were leaders and members of organized crime groups in correctional facilities of Department of penal system of South-Kazakhstan region, arranged in July 15-25, 2014 it was found that old and new notions of the criminal world still exist in correctional facilities. In the beginning, most prisoners refused to answer our questions. They opined that giving interviews, i.e., becoming TV-stars, is prohibited for them under the existing notions. But some more experienced prisoners shared their views on their unwritten codes. All interviewed prisoners used to live under criminal customs and traditions and were leaders and members of organized crime groups. However, they, although late, realized their mistakes and started reforming.

According to the information obtained from those prisoners and staff of administrations of correctional facilities it may be stated that unwritten codes of today’s thieves in law may bring serious damage to the penal system. As per the notions of today’s criminal world, as the criminal community closely contacts with political authorities, criminal groups in correctional facilities closely contact with those facilities’ staff. The staff of correctional facilities during their service commits acts of crime for lucrative purposes or sometimes after intimidation (Criminal Code of Kazakhstan Republic 2014).

Today in correctional facilities of Kazakhstan Republic there are criminal groups and their leaders following criminal codes. They cause great damage to the public and country's economy. Much attention was paid here by the President of Kazakhstan Republic, Leader of the nation N.A. Nazarbayev in his Order ‘On concept of development of penal policy of Kazakhstan Republic in 2007-2015’. In that concept, the President gave the competent authorities the instruction to improve the ways of combating customs and traditions of the criminal world in correctional facilities. It is well known that in correctional facilities the customs and traditions of the criminal world do exist, but many in the community do not see which damage is caused by them.

All prisoners following customs and traditions of the criminal world are in some or other way related to organized crime groups. That’s because those organized crime groups and communities are ardent followers
of thieves’ customs and traditions. According to criminal codes, correctional facilities are schools of the criminal world. That is still true. That is evidenced by many movies and documentary films all over the world. Views of life of prisoners in juvenile and correctional facilities are exposed to changes. If many people do not look for the ways to correct their mistakes, other people, not realizing the true values, make more mistakes and fall under the influence of organized crime groups.

Currently the damage caused by organized crime in correctional facilities is not less than the damage caused by other organized crime outside of prisons. As per G. Yensebayeva, Kazakhstan’s organized crime groups are closely linked with those of the Russian Federation. They have almost identical codes and interests (Yensebayeva 2011, 7). Due to rapid technological development, law enforcement bodies are falling behind in finding new efficient ways to fight crime. Staying in correctional facilities, organized crime groups commit new crimes using technical facilities, and thanks to technologies they remain unpunished for those crimes. Surely, the following questions are asked: which technical facilities are available in prison, can such things be not prohibited for use? Of course, prisoners may not contact the outside world using communications and other prohibited means but prisoners may easily avoid that. In many correctional facilities everyday captures of prohibited things are common. Prisoners may contact their relatives upon administration’s permission via payphone. But they often use not payphones but mobile phones for criminal purposes and remain unpunished for their acts.

Knowing that they will escape punishment for crimes, prisoners improve their crime skills. Many prisoners benefiting from untrammelled crimes are often making mistakes and move away from the correctional way. One of their crimes is fraud via mobile, known to most people, when people are cheated being told that they won some expensive appliances. Prisoners do not wish to stop here, organized crime groups in correctional facilities get connected with their fellows outside prison, and together make calls via mobile to relatives of more or less well-situated people saying that their family members are in danger, thus blackmailing money. Such crimes, as they are committed in correctional facilities are hard to clear.

Organized crime groups in correctional facilities do not restrict themselves to only mobile phone fraud, they commit themselves to a lot of crime types. Organized crime groups established in correctional facilities have their leaders which are easy to find. This is why they, as distinct from the life in correctional facilities of western countries, follow the thieves’ code traditions, effective in correctional facilities of Kazakhstan Republic and other former Soviet Union countries. In correctional facilities, there may be only one ‘prison enforcer’ out of prisoners. Enforcer commands all prisoners and propagates the basics of key unwritten thieves’ codes.

Enforcer has a few deputies, so called confidants. The first confidant is appointed out of prisoners and must watch the order in the central building (‘central’ – big house) or in the cell where he lives. The second confidant is the keeper of the shared fund. Prison’s enforcer has various assistants (watchmen), barrack or group watchman who commands prisoners in his barrack, lighthouse watchman who brings any prohibited things, cells watchman who rules the order in high security and individual cells, handicraft watchman who supervises prisoners making hand-made things, needs watchman who supervises delivery of things in need, and they are all directly subordinate to the enforcer. All these people are committing various crimes after organizing a criminal group (Valiano 2001, 128).

All deputies of the enforcer are watching collection of funds for shared needs (criminal shared fund) and demand observation of thieves’ codes from prisoners. Each newcomer in a correctional facility starting from quarantine period has the choice of following criminal codes in correctional facilities and observing country’s laws while in prison. Surely, heads of correctional facilities, training departments, operational departments, psychologists carry out a lot of prevention work. Yet that work is unfortunately not worth its efforts. This is because the prisoners who made correct decisions are called ‘reds’ in correctional facilities and isolated from other prisoners. Prisoners contact administrations of correctional facilities only for their lucrative purposes, keeping disgust and negative attitude to them. Therefore, prisoners try to escape talking with administration staff and make own decisions. In many cases correct decisions are made by older newcomers while young prisoners do not realize the sense of their lives and choose the wrong way, falling under the influence of code-bound prisoners.

Those who choose the wrong way, beginning since the first days in jail, are provided by code-bound prisoners with cigarettes, tea and other necessary staff, are told about romantic lives of thieves, getting ready to new life in compliance with unwritten code. Code-bound prisoners demand from newcomers to oppose administration staff, not to let them in buildings, houses and cells when gambling or doing any other prohibited actions, to bring prohibited items, money, alcohol, mobile phones, drugs from outside and sometimes to beat or kill those prisoners who oppose criminal codes. Members of organized crime groups in correctional facilities...
at first do not move any large demands to newcomers, ask to run some little errands and give sufficient gifts like mobile phones, cigarettes, tea, drugs, etc. Later their demands will grow and prisoners will lose the chance to refuse. They are started to be dominated for being rewarded for insignificant assistance and now should obey the criminal code. Of course, young people may not know about the mistakes they are making beforehand as they did not listen to administration staff.

There are very many crimes committed by organized crime groups in correctional facilities, very many. Prisoners are getting only disciplinary punishments for some criminal actions. This is why the penal system staff does not open criminal cases as such crimes are committed every day and the penal system has to be limited only to disciplinary punishments. For instance, organization and conducting of gambling may, under Article 307 of Criminal Code of Kazakhstan Republic (‘Organization of and engagement in illegal gambling business’), be punished by up to seven years of imprisonment (Criminal Code of Kazakhstan Republic 2014, 165).

Organization of illegal gambling business is a crime in many other countries. However, that kind of crime is committed in the penal system every day while criminal cases are opened very rarely. During talks with prisoners, to the question ‘Why are you not afraid to gamble, you may be convicted of criminal offence?’ they would reply that it is daily routine and no one can bring liable for that and if they are found by administration staff, they will take money and will put initiators to punitive isolation wards and that's all (Criminal Code of Kazakhstan Republic 2014).

At first sight it seems that gambling is rather harmless but prisoners themselves do not realize that other very severe crimes lie behind that crime. For instance, as informed by BNews.kz, on January 30, 2014 in Interdistrict court for criminal cases of Bostandyk district, Almaty city a trial was held of transnational criminal group members who were organizing gambling in correctional facilities. That information was announced to the correspondent of BNews.kz by a judge of the said court Yertargyn Sadvakasov.

The vast majority of prisoners are from the western Kazakhstan cities. 17 out of 19 convicted persons as on the moment of criminal proceedings were serving sentences in correctional facilities for grievous and extremely grievous crimes (robbery with violence, murder, blackmail, etc.). The criminals were organizing gambling in correctional facilities. During gambling sessions, drugs and alcohol were taken. It was a mandatory condition for such games. ‘Enforcers were mainly from Atyrau, Aktobe, Shymkent, Aktau and Aktyubinsk region, from seven facilities in general’, – Yertargyn Sadvakasov said.

According to him, the money gained by gambling were sent to support criminal group’s activity. Besides that, the leaders of that transnational group organized meetings with people from outside by bribing jail staff. Those prisoners were added from 2 to 16 years to their deprivation terms. For instance, a member of that group Norbekov was to leave jail in 16 days’ time, but he was sentenced to 6 more years. Zholdsabayev was on the outside and was sentenced to 16 years. During the trial the group was defended by 21 professional advocates and 6 defendants being their relatives. ‘All the evidential basis was constructed on special operational-investigative means (SOIM) – wiretaps, SMS monitoring’, – the judge said. Also the judge mentioned that the money was sent to orphan asylums but the stake of it was very low. Also, a gym and a mosque were built in the facility but only group’s members could use them. ‘The leaders of that group were Kuzaidarov who was ‘enforcing’ the system, Zholdsabayev – enforcer of the outside and two his assistants – Sadykhanov and Suchkov’, – the judge said (Materials of Bostandyk district court 2014).

A similar case was in Shykment city, South-Kazakhstan region, where a prisoner organized gambling business in ICh 167/3 facility. A criminal businessman (23) from Kyzylorda region was illegally earning money with his accomplices since September 2013 till May 2014. On October 11, 2014 Al-Farabiyks district court of Shymkent city sanctioned arrest of accused person A. Zhumayev for illegal organization of gambling business in correctional facilities among prisoners. Al-Farabiyks court informed that part of the money gained was sent abroad for funding transnational group’s needs. Now Zhumayev is in pretrial detention facility. It is known that he was sentenced for 6 years and was serving his sentence for physical maiming (Materials of Al-Farabiyks district court).

Correctional facilities are called the school of criminal environment for a good reason. It may be acknowledged by the practice when masters of the criminal world train other prisoners in correctional facilities thus misleading them. Organized crime groups ruling correctional facilities under codes of the criminal world are making everyday troubles in facilities. In compliance with the law, all prisoners have equal rights despite any national and social specifics.

Meantime, many correctional facilities have to keep the criminal code-bound prisoners separately. Surely, that measure is aimed at ensuring safety of prisoners but such measures by correctional facilities
administrations evidence that the criminal world has influence on correctional facilities and for newcomers those measures are of negative affect in choosing the correct way.

Organized crime groups ruling correctional facilities under criminal codes divide prisoners into a few significant ranks:

- Authorities of criminal world (enforcers);
- Various assistants of prison's enforcer in correctional facilities;
- Men and workmen;
- Guys.

Prisoners of low ranks:

- Former staff of law enforcement bodies (reds);
- Assistants of administration's staff (reds or goats);
- Abused and humiliated.

In correctional facilities there are authorities from the criminal world (enforcers) and they are respected by all prisoners and prison's enforcer as it is deemed that their authority in the criminal world is supported by thieves in law. Prison's enforcer is close to authorities and asks their advice when required.

Various assistants of prison’s enforcer (watchmen of barrack, pretrial detention facility, etc.) rule the prisoners in correctional facilities and ensure achievement of criminal world’s objectives.

Most work for organized crime group in correctional facilities is done by men and workmen. As per criminal codes, men propagate the criminal codes, demand their observation from other prisoners and recruit new members for organized crime groups, while workmen are convicted citizens working in the industrial facility and part of their earnings is assigned to criminal shared fund.

Guys are said the most complex instrument of organized crime groups in correctional facilities, as young people do not understand the value of their lives and proudly execute all messages of organized crime groups. Most grievous and extremely grievous crimes in correctional facilities are committed by guys. Many guys are sentenced for robbery with violence, robbery and murder.

Currently, there are a lot of prisoners in correctional facilities being former staff of law enforcement bodies (reds). Although they are a step higher compared to abused and humiliated, the prisoners’ attitude to them is rather negative as for each criminal any person in uniform is the worst enemy. Therefore the fact of even some tolerance to former uniformed staff may be called a good thing.

Assistants of prison administrations (reds) are often those who were in other group. 90% of them were among those who chose another way while only 10% came over to administration’s side since the very beginning of imprisonment. All of them came over to administration’s side due to non-observance of criminal code requirements or by other reasons. Among those prisoners there are various ranks of the jail hierarchy, like in previous life. Sometimes there are former assistants of prison's enforcer and even enforcers.

Abused and humiliated prisoners are on the lowest rank in correctional facilities. Among them, former authorities may be met. Abused are those who made mistakes and faults not forgettable by the organized criminal world. Humiliated are those who were raped for faults to organized criminal community and homosexual individuals which have the lowest rank in the criminal hierarchy.

According to the criminal code, all prisoners of the above ranks except for administration’s assistants (reds), abused and humiliated have higher opportunities to move up within the hierarchy.

Meantime, lower rank prisoners will keep their lowest rank even upon getting out of jail. They will have to tell all members of organized crime world outside and organized crime groups in jail that they have the lowest rank. If such fact is concealed, organized crime world punishes hard, even murders occurred (Maksimovsky 1992, 52-55).

Criminal world living according to criminal codes in every state of the former Soviet Union is still having influence on other western countries. Beginning with 1980’s, codes of thieves in law are continuously developing and changing. Many of their codes are changed at underworld conventions and begin to exert influence. For instance, a thief in law Armen Kazaryan, nicknamed Pzo, organized in the USA a criminal group of 73 members and in 2010 he caused damage to that country total USD 35 million worth. 73 members of Kazaryan’s organized crime group were arrested together with him and accused of fraud in guaranteed payments in medical care system. Surprised by the method of that crime’s organization, the district attorney said that any mafia may envy that crime (Armen Kazaryan is a thief in law).

The code-bound criminal world in each country’s correctional facilities obeys two kinds of laws:
### Thieves’ code

| Loyalty to thieves’ codes and their promotion. |
| No contacts with law enforcement bodies and not permitting anyone to do so. |
| Fairness to each other. |
| Recruiting new people to the criminal world. No attendance to political education. |
| Control of situation in correctional facilities pretrial detention facilities. |
| Mandatory gambling. |

### Prison code

| Contributing to criminal share fund. |
| Never raise hand against a thief in law. |
| Respect to older. |
| Respect to parents (especially, mother). |
| No mercy to gossipry. |
| No lifting-up things from other people except for good excuse cases. |
| No unreasonable accuse of anyone without evidence. |
| No insults to anyone. |
| If any conflicts exist between prisoners which had occurred outside before imprisonment, they should be settled outside. In correctional facilities no one can revenge. |
| No swear words/phrases. |
| Support those living in the same barrack (family). |

In connection with the basic codes above, there are some additions:

| No contacts with any administrative organizations. |
| No replies to investigation bodies and court. |
| Never confess of a crime. |
| No personal things or savings. |
| Getting in prison often. |
| Never take any weapon in hands. |
| No work in any condition whatsoever. |
| Control order in correctional facilities, settle disputes, not allowing scandals and quarrels. |
| Providing punitive confinement and cells with necessary things (‘heating’, arranging delivery). |
| Contributing to criminal shared fund. |
| Respect to parents (especially, mother). |
| No joining any organizations/sections, not being ‘red’. |
| No theft from fellows (not being a rat). |

Some provisions of the prison code are observed by all prisoners. As per prison code, many prisoners quit with their family liabilities and relationships. For instance, as told by prisoners of correctional facilities ICh 167/3 of criminal penal system Department in South-Kazakhstan region, a man who had raped a prisoner’s sister was imprisoned in the same facility with him, but the brother, bound by criminal laws, did not get to revenge in prison (Godunov 2008, 72-73).

Organized crime in correctional facilities commits grievous and extremely grievous crimes but yet no criminal group consisting of persons sentenced for crimes committed by organized crime group in correctional
facilities has been punished criminally. In the criminal regulation history, one of the most effective crime prevention measures has always been strict punishment for a crime. Therefore, our law enforcement bodies should pay serious attention to organized crime groups in correctional facilities and take them to court under Article 262 'Establishment and leadership of organized group, criminal organization as well as membership in them' of the new Criminal Code of Kazakhstan Republic (Criminal Code of Kazakhstan Republic 2014, 131).

In correctional facilities of foreign countries, this problem is still not solved. Customs and traditions of the criminal world often differ due to geographical location, national specifics and features. For instance, codes and customs/traditions of the criminal world in correctional facilities of the South and North America do vary. In their correctional facilities there are a few organized crime groups (gangs). They are divided into South-Mexicans, North-Mexicans, Afro-Americans and whites. Those groups differ in the codes of their criminal environment and continuously fight each other. That circumstance is considered differently by the US government, as distinct from other countries. So that gangs in correctional facilities would not enter into national contradictions, they are placed in compliance with ethnic background and are dressed in various clothes. Namely, South- and North-Mexicans are dressed in red and white, Afro-Americans and whites are dressed in blue and yellow respectively. The US methods of combating organized crime groups subdivided into nations and races are different from those in other countries. Through the fault of organized crime in correctional facilities, each year a few staff members and prisoners suffer. Organized crime groups separated by the ethnic background test newcomers with other ethnic background with the intention to use for own purposes (Documentary movie 2012).

As opined by Carlo DeVito, the author of ‘Encyclopedia of international organized crime’, ‘the most powerful groups belong to the Asian and Russian criminal world. Those criminals now try to get their power in our nation’s cities. Chinese have triads, Japanese have the infamous Yakuza. Russians have own mafia with own culture’ (DeVito 2005, 14).

Prisoners leaving jail without correction no doubt become promoters of criminal life and a true threat of recidivism. It is important to admit that such unsolved problem does exist, and a strategy is needed to be built for open fighting with that.

Organized crime department of the UN thinks that one of the most effective methods for organized crime combating the availability of full information on the structure of organized crime groups and traditions they follow. They think that having information is the first step on the way to winning, while the second step is that community should assist in disclosure of organized crime manifestations (Criminal Justice Handbook 2010, 21).

4. Discussion

As stated above, the issues on the influence of organized crime in the penal system were discussed in works of many scientists and special authorities, and in connection therewith in the contemporary correctional law science there are various opinions of authors on the said matter. We will commence reviewing them.

As opined by S.B. Larin, organized crime groups’ domination in criminal ideology, violence of by law-opposed prisoners to other prisoners, abrupt and open contradiction with correctional facilities staff destabilize the situation, adversely affecting the operation of correctional facilities (Larin 2014, 140).

The official web page of Department of Justice of the United States displays the opinion that prison gangs, organized criminal groups, were established in the penal system and were present in all correctional facilities of the United States. Prison gangs without self-dependent criminals may continue their activities outside the penal system. As a rule, a prison gang consists of a group which establishes well-developed hierarchy and controls the behavior of prisoners by the criminal code. Prison gangs differ in organization and structure from well-structured gangs like Arian brotherhood and Nuestra and those gangs called after their leaders like Mexican La Eme. Prison gangs are as a rule less than street gangs like Outlaw Motorcycle (OMGs) and they are structured by racial or ethnic background. Nationally, prison gangs threaten to shake the penal system. Prison gangs, as a rule, are a more powerful force against the correctional and penal systems (Department of Justice of the United States).

As opined by John Podmore, one of the sources for criminal subculture development in jail is the corruption in the penal system, and the first step in fighting that corruption is admitting the problem and not treating it as a catastrophe but as the basic admission of system’s vulnerability having the desire to manage it efficiently and professionally (Podmore 2015).

As opined by E.S. Kachurova, criminal traditions contribute to committing crimes with violence in facilities – these are historically developed, repeated and kept models and stereotypes of consciousness, relationships, behavior and activity of prisoners based on their aggregate criminal experience, practice and subculture transferred to the next generation of criminals. Having arisen as the consequence of crime, they are crime’s
eternal companion. The environment of correctional facilities forms the criminal ideology and basic elements of this environment’s subculture (Kachurova 2011, 7).

As opined by I.V. Godunov, growing crimes among prisoners is the feeling of impunity. If public restrictions do not cause due punishment, a criminal is provoked to commit other violations. If a child puts a finger in electric socket and is shocked by electricity he/she will not get there for the second time, according to psychological law (Godunov 2008, 62).

M. Abisatov opines that for efficient combating organized crime it is needed to strictly determine: where, in which sphere are the interests and basic income sources of organized crime groups, so that law enforcement bodies could work out a set of measures to break the financial basis of organized crime. To deprive criminals from their financial power is the same as bleeding them, while mafia cannot be destroyed without breaking its financial basis (Abisatov 2006, 177).

So, the science and practice prove again that the issue of organized crime combating on correctional facilities is rather serious. Organized crime groups in correctional facilities not only affect the penal system but also spread their influence over our normal community. If we do not pay serious attention to organized crime in the penal system, as to one of public threats, we will still fall behind in combating that negative phenomenon in the penal system. We would like to stress that a non-corrected prisoner is a future recidivist and a threat to the young people, as over 90% of organized crime, in jail and outside, accounts for youngsters.

Conclusion

For the solution of the said problems, the penal system is doing a lot of prevention measures. However, organized crime groups are still causing damage. The President N.A. Nazarbayev in his Order ‘On concept of development of penal policy in Kazakhstan Republic in 2007-2015’ paid a lot of attention to combating customs/traditions and codes of the criminal world in correctional facilities. Therefore we, together with heads of correctional facilities of penal system departments in South-Kazakhstan and Kyzylorda regions, as a result of experience exchange for the purposes of organized crime prevention and damage caused by customs and traditions of the criminal world, are offering the following suggestions.

First, to decrease the number of crimes committed by organized crime groups in correctional facilities, the criminals who commit crimes should be timely found and criminally punished. If a prisoner understands that he will be punished for his acts the number of crimes will drop. As prisoners opine, if they feel that punishment will take place, they will first of all think whether to perform such actions or not. For solving registered crimes, the penal system needs to improve relations with local police authorities for soonest crime disclosure, because local police has to solve crimes without delay, as it will be hard to work in correctional facilities later. Before 2011, the penal system of Kazakhstan Republic was under the supervision of Ministry of Justice, and joint cooperation of the penal system and police was hard to arrange. But on July 26, 2011 by Order of the President of Kazakhstan Republic, Leader of the nation N.A. Nazarbayev the penal system was assigned from Ministry of Justice to Ministry of Internal Affairs, but that problem has not been fully solved yet.

Second, customs and traditions of the criminal world adversely affect the penal system. The main obligation of correctional facilities is correction of prisoners and rehabilitation into fully decent citizens. Most prisoners hardly can rehabilitate into community after leaving jail. One of the reasons is incomplete correction of former prisoners affected by customs and traditions of the criminal world. Therefore, a preventive measure may be as follows: creation of separate special teams comprising former members of criminal groups who began their reformation and correction. New prisoners should be staying with those teams for 2 months after quarantine. That may give positive results in rehabilitation of new prisoners who will be efficiently advised by correctional facilities administrations. For newcomers, communications with former criminal group members who at last recognized their mistakes will be of good use.

When we explained that methodology to staff and prisoners of correctional facilities we heard that it may have positive effect on the penal system and bring forth goo results. In that connection, special attention should be paid here. Preventive measures (special team) do not require financing. In each correctional facility there are prisoners with a lot of criminal experience who began rehabilitation and can join those special teams. As opined by prisoners, that method will have positive effect for the newcomers in choosing the correct way. Even if it helps thirty percent only, it will be a victory over organized crime in the penal system, as joining organized crime groups begins with prisoners’ choice.
References


Criminal Law Countermeasures to Terrorist Activities in the Russian Federation and Abroad

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Abstract
Terrorism is characterized by a wide variety of manifestations, that confronts the criminal law science and the legislator with difficult issues of clear definition of the criteria for the designation of one or other criminal activity as a terrorist one. Different countries fight this truly social evil in different ways. In this article the feasibility of criminal responsibility differentiation within main directions of the anti-terrorism efforts is discussed.

The legislation on combatting terrorist activities in Russia, in the European Union and in the United States is analyzed, the authors study the global experience, identify the approaches to the establishment of the effective countermeasures to terrorist activities and other regulations, requiring the adjustment of the existing anti-terrorist legislation in terms of the elimination of a number of contained internal contradictions and gaps.

In the presence of the obvious need for a balanced approach to the introduction of the new criminal offenses in the criminal law, while capable, in case of misjudgment, to result in excessive casuistry and artificial competition of regulations, it should to be noted in the conclusion, that it is very important for the criminal regulations to be stable, clear to use, grounded doctrinally and be socially and economically efficient. At the same time, the present situation requires a constant renewal, improvement and adjustment of the existing anti-terrorist legislation in the context of elimination of the present inconsistencies and gaps, in order to respond promptly to the challenges of the terrorist groups, and to protect people from terrorism.

Keywords: terrorism, combatting the terrorism, development of the legislation, comparison

JEL Classification: K41, K42.

1. Introduction

Nowadays the legislation of the Russian Federation is developing dynamically in twofold direction – in making the responsibility for the crimes, endanger public security harsher and, at the same time, in personalization of the
said responsibility in respect of the persons drawn into committing crimes for various reasons. The terrorism is the threat to international peace and security, limiting the development of good-neighborly relations between the states, it endangers the preservation of the territorial integrity of the states, their political, economic and social stability, as well as involves trampling of the fundamental rights and freedoms of man and citizen, including the right to life. As practice shows, the terrorist crimes are usually committed in the period of relative calm in the so-called preventive activities of various government agencies and civil society. Combating the terrorism depends on the financial and economic sectors of the society, the situation in the country and international relations, and demands the unity in solving the issues of the political, economic, social and cultural spheres.

The study of new legislative initiatives on combating the terrorism indicates that the legislators are as far from solving this problem, as they were in the course of development of the legislation on combating the terrorism. The modern legislative activity in the sphere of criminal policy in the Russian Federation is characterized by the extreme inconsistency and divergence.

2. Methods

To understand what are the ‘weak points’ in the anti-terrorism legislation of the Russian Federation and other countries, it is necessary to take a quick look at the analysis of such acts, and their development, as well as at the measures taken by states to combat this iniquity.

2.1. Development of the legislation in the Russian Federation

Terrorism and related acts have received a special criminalization in the criminal law of most countries in the world. The criminal laws, effective in various countries, contain the whole system of rules, governing the liability for the crimes of a terrorist nature. At the same time, criminal legislation sometimes significantly differs in different countries, but it is constantly being improved, which is primarily due to a need to harshen the measures on combating the terrorism in terms of its expansion (Volevodz 2014).

2.2. The Decrees of the President of the Russian Federation

The ever-changing and complex nature of the social relations determines the demand to improve the criminal law (Gamidov 2014). Nowadays there is no uniform legal basis for combatting the terrorism. Sometimes it seems that the Russian Federation shows the desire to standardize the legislation on combatting the terrorism. The experience of the foreign countries on the procedure for informing of the public on the terrorist threats has been taken over by the Russian Federation. The Presidential Decree of 14.06.2012 No. 851 On the procedure for the establishment of the terrorist threat levels, providing the adoption of the additional measures to ensure the security of the individual, society and state entered into force in June 2012, allowing the distribution of the necessary volumes of measures, aimed at combatting terrorism (Legislation Bulletin of the Russian Federation 2012).

Under the new procedure, the levels of terrorist threat in certain parts of the territory of the Russian Federation can be distinguished by colour code as follows: ‘blue’ – the higher level, ‘yellow’ – the high level, ‘red’ – the most critical level of danger. The main objective of these innovations is the systematic and integrated use of politics, outreach, socio-economic, legal and special counter terrorism resources, the effectiveness of procedures for minimization and elimination of the terrorism consequences, the proportionality of the anti-terrorist measures, the extent of the terrorist threat, as well as the improvement of the information awareness level of the civil population on the possible danger. Undoubtedly, the social processes determine the content of the criminal law, its dynamics and prospects of development in whole and in respect of its individual institutions. Providing that, the content of the criminal law should be determined and modified in accordance with the processes taking place in the society (Mal'tsev 2001).

The procedure for determining the levels of terrorist threat, introduced by the new Presidential Decree, is not the know-how of the domestic legislators, and is nothing but the long-used method of allocation of the priorities in the practice of foreign countries in times of amplification of the terrorist activity, for example, in France and in the United States, where it was introduced after the attacks of September 11, 2001 in response to numerous complaints from the citizens on the fact that the state has not provided any clarification on such risk level at any given moment. It took six months to develop the said procedure. It has been introduced and has been published regularly since March 2002.

Several years passed from the publication of the Decree and now its effectiveness in terms of improvement of the anti-terrorist measures and ability to prevent, detect and suppress the terrorist activity is
doubtful.

2.3. Explanations of the Supreme Court of the Russian Federation

In order to ensure the unity of jurisprudence and to eliminate the differences in the interpretation of the norms of the anti-terrorist legislation, The Plenum of the Supreme Court of the Russian Federation considered the law-enforcement practice and adopted the Resolution of 09.02.2012 No. 1 ‘On some issues of judicial practice in criminal cases involving crimes of a terrorist nature’ (The Bulletin of the Supreme Court of the Russian Federation, 2012), addressing the problems of the application of the articles of the Criminal Code on terrorism, namely, the qualification of crimes as the terrorist acts, the definition of the main signs of the terrorist activity, need to be attended to by the Courts in the course of rendering the decision on the guilt of the accused in the commission of a terrorist act. The Resolution was published after the Resolution of the Plenum of the Supreme Court of the Russian Federation of 28.06.2011 No. 11 ‘On judicial practice in criminal cases involving the crimes of an extremist nature’ (Rossiyskaya Gazeta 2011), revealing the similar problems on the application of the articles of the Criminal Code on the qualification of the extremist activities.

2.4. The Code in the code

In the context of the unabated terrorist threat in Russia, provided the total reduction in the number of the crimes reported, the number of terrorism-related crimes in 2014 increased by 70.5% (http://genproc.gov.ru/stat/data/604301/), and 752 crimes of a terrorist nature (+ 39.8%) and 741 extremist crimes (+ 33.0%) (https://mvd.ru/folder/101762/item/6167280/) were registered only in January-June of 2015, the legislator continued to expand the list of crimes ‘of a terrorist nature.’ A natural result of this was the further development of the kind of Anti-terrorism Code within the Criminal Code of the Russian Federation by supplementing the Chapter 24 by three more casual articles on liability: Art. 205.3 ‘Completion of a training for implementation of a terrorist activity’, Article 205.4 Organization of a terrorist community and participation in it and Article 205.5 ‘Organization of a terrorist community and participation in the activities of such organization’. The latter two Articles are essentially the textual ‘duplicates’ of the relevant rules on liability for the extremist activity. The most simple and, at the same time, the most significant thing possible to do in the absence of actual results – is to compose one more prohibition (Rostokinskiy and Tolpekin 2014). These laws have not formed a legal practice yet, but in May, 2014 the punishment for the above mentioned criminal activity became many times harsher without any consistency either with the rules of the Criminal Code on terrorist activities, nor with the criminal law theory of punishment, depending on the structure of a criminal activity.

Today, the Article 205.1 of the Criminal Code ‘Abetting the terrorist activities’ is no less debatable, with its objective part, including the commission of such activities as inducement, enrollment or other involvement of a person in the commission of at least one of the crimes under the Articles 205, 206, 208, 211, 277, 278, 279 and 360 of the Criminal Code. In fact, some of these activities are covered by the concepts of instigation and abetment (Chapters 4 and 5, Article 33 of the Criminal Code). It is impossible to avoid paying attention to a grammatical imperfection of this provision: ‘inducement’, ‘enrollment’ of whom and where to? This provision still includes the term ‘terrorism’, excluded from the criminal law lexicon. But the most debated matter is the inclusion of the Part 3 ‘Aiding and abetting the commission of a crime under Article 205 of this Code’ in the Article 205.1 of the Criminal Code. This is a quite excessive provision, since the concept of ‘aiding and abetting’ is disclosed in the Part 5, Article 33 of the Criminal Code. The inclusion of the Note 1.1 into the Note to the Article 205.1 of the Criminal Code, reproducing word by word the concept of aiding and abetting, given in the Part 4, Article 33 of the Criminal Code is excessive (Gladkikh 2014). At the same time, the abetting is punishable by imprisonment for up to twenty years, which is the maximum for this Article and exceeds by 5 years the maximum punishment for the completed act of terrorism (Part 1, Article 205 of the Criminal Code) and is equal to the maximum punishment for the aggravated act of terrorism (Part 2, Article 205 of the Criminal Code). This discords the principle of justice, stating that the punishment and other measures of criminal law, applicable to a person, committed a crime, should be appropriate to the nature and the degree of social danger of the crime, as well as the circumstances of its commission and the identity of the accused (Article 1, Article 6 of the Criminal Code). Within a specific example, without denying the public danger of the abetting in the commission of the terrorist crimes and the importance of combatting them, the actual perpetrators, the organizers of the terrorist attacks cannot be put on the same level with the accomplices, who, notwithstanding their abetting, played the underpart.
2.5. Combatting the terrorism in Europe

In all European countries, a unified methodology for combating the terrorism and prevention of the proliferation of the extremism is developed, the uniform criminal law rules are adopted, the uniform liability for these crimes is established. The goal of the unification is also to exclude the possibility for the potential terrorist to avoid the punishment in Europe or in any other country in the world.

Mr. Gilles de Kerckov, the EU counterterrorism coordinator, presented to the Council of the European Union of 17.01.2011 in Brussels the Plan on combating the terrorism, indicating the need for the criminal law harmonization. The prevention of the proliferation of the terrorism and extremism ideology in the youth medium, the security of transport, the protection of the state infrastructure facilities of critical importance were noted as the main areas of activity in this regard. Special attention was paid to a conduct of various studies on the security improvement and prevention of the acts of terrorism, promotion of the exchange of the information on combating terrorism and extremism among countries.

During the informal summit of the European Union of 13.2.2015, the heads of states and governments of 28 countries adopted a Resolution on the combating terrorism in Europe and in the world after the terrorist attack against the Paris weekly Charlie Hebdo and the mass protests of the EU citizens in defense of the freedom of expression. In order to provide the security of the citizens the leaders agreed to use more effectively and to improve the mechanisms for detection and neutralization of the terrorists, in particular, the 'foreign fighters', that is the EU citizens, fighting on the side of the radical Islamists. They called for the European Parliament to adopt urgently the law on ID registration of passengers, accompanied by the necessary measures in personal data protection. Among the measures being taken is the full use of the Schengen agreement legal framework to improve the control at the external borders of the EU, its provisional recovery in some cases at the internal borders, the exchange of the information between the law enforcement authorities of the Union, the fight against the illegal firearm trade.

The EU authorities are greatly concerned particularly with the participation of the EU citizens in the hostilities on the side of the terrorist groups. On October 16, 2014 the Senate of France (the Upper House of the Parliament) adopted the draft law on combatting terrorism, prohibiting the potential participants of the acts of terrorism to leave the territory of the Fifth Republic. According to this document the prohibition on departure from the country for citizens of France may be imposed, in case of serious reason to believe that anyone is going abroad to take part in the terrorist activities, war crimes, crimes against humanity or in the hostilities on the side of the terrorist groups, and provided that (a person) may endanger the public safety on returning to the territory of France.

In this case, the prohibition shall be effective for six months, with a possible extension of up to two years. The passport and the identity card of the person fell under the new law, will be withdrawn (MIA Rossiya Segodnya, n.d.).

2.6. The Russian Federation and the EU

It should be mentioned separately, that on 29 January, 2014 the joint statement of the Russian Federation and the European Union was made, noted that the terrorism, in spite of the advances of the recent years in dealing with this challenge, remains one of the most serious and constantly evolving global threats to peace and security. In the context of growing globalization and increasing use of the advanced technology, the terrorism is developing rapidly, proliferating to new regions of the world, expanding the range of activities of its supporters. The Russian Federation and the EU declared that the cooperation and interaction will be continued to strengthen in the context of the Financial Action to combat money laundering (FATF) Group and the format of the Committee of Experts on the Evaluation of Anti Money Laundering and Financing of Terrorism (MONEYVAL) in order to enhance the joint efforts on cutting off the channels of financing of the terrorism and laundering of the criminal proceeds. The Parties shall encourage on the international level the adoption of the more vigorous efforts in order to complete tracking of the flow of funds derived from illicit trafficking, including the offshore jurisdictions (EU – Russia Joint Statement on combatting terrorism, 2014).

2.7. The development of the anti-terrorism legislation in the United States

The US budget for the year of 2015 includes the acts, allowing the US law enforcement authorities to arrest the suspected of terrorist relations (both foreigners and the US citizens) without a court decision and interrogate them without a lawyer present. Thus, not only the forms and methods, used by the US law enforcement agencies in combating the identified or wanted terrorists are harshened, but also the forms and methods against the persons
only suspected of having any relations with terrorists.

The role of the United States in respect of the identification and tracking the activities of the terrorist organizations on the Internet should be mentioned separately.

For the first time the United States recognized the importance of identifying and tracking the activities of the terrorist organizations on the Internet resources after the tragic events happened in the United States on September 11, 2001. Within 6 weeks after the attack, the Act on Combatting Terrorism, 2001 ‘On uniting and strengthening of America by providing adequate facilities, required to prevent and obstruct the terrorism’ (USA Patriot Act), aimed at regulating the activities of the security services on identification of the terrorist groups by tracking their activities, including the online resources, was issued. The Act allowed the law enforcement agencies to conduct the search for the terrorist suspects by monitoring the Internet with the help of the online monitoring system ‘Carnivore’, developed and used by FBI, tracking the web-pages of the terrorist organizations, checking the e-mail of the individuals, suspected of involvement in terrorist activities. At the same time, in case of emergency the Act allowed to conduct the search for the suspects only with the sanction of the prosecutor’s office without any order issued by a court (Solopchenko 2014).

In addition, the Act is aimed to combat terrorism in case of use of the international financial networks by the terrorists to finance their activities. Under this Law, the banking institutions of the United States can no longer directly provide the foreign bank holdings with the correspondent accounts. The Act also requires the banks to take measures to prevent the use of the correspondent accounts for the provision of the indirect banking services to such bank holdings. In addition, the banking institutions shall be obliged to keep a record of the owners of the foreign banks, provided with the correspondent accounts and the foreign bank agents for the delivery of subpoenas.

The Article 212 (revising the Article 2703 of the Title 18, of the United States Code ‘Mandatory provision of the messages or user documentation’) establishes the obligation of the network providers to provide the operational and investigative authorities with the information on the user of its services without a court order on seizure, in case FBI claims that such information is required for the authorized investigation of the international terrorism.

The Article 216 of the Code ‘Modification of powers relating to the use of devices, identifying the subscribers during the outgoing or incoming messages’ authorizes a judge to issue the orders for the use of the phone numbers determinants, not only within the territorial jurisdiction of the court, as under the previous version of the Article 3123 of the Title 18, of the United States Code, but anywhere in the United States.

The Article 213 of the Law ‘The authority to delay the notification on the execution of a search or seizure warrant’ significantly expanded the range of conditions under which the federal law enforcement officials have the right to conduct the unspoken search of the premises during the investigation of crimes.

Immediately upon the adoption of the said Act in the United States and in other countries, regulations began to be issued, regulating the activity of the special services on detection and prevention the web-site activities of the terrorist organizations.

3. International experience

The international community, being aware of the danger of terrorism and wishing to develop the productive preventive measures, adopted a number of documents, including the United Nations Conventions (such as the International Convention against the Taking of Hostages (The fight against terrorism concerns everyone 2003), the International Convention on the Suppression of the Bomb Terrorism (Bulletin of the international agreements 2001), the International Convention on the Suppression of the Financing of Terrorism (Bulletin of the international agreements 2003)), the Shanghai Convention on Combatting Terrorism, Separatism and Extremism (Moskovskiy zhurnal mezhdunarodnogo prava 2003), The European Council Convention on the Prevention of Terrorism (Bulletin of the international agreements 2009), and others.

At the same time, none of the existing international agreements of the universal or regional nature contains the concept of the ‘international terrorism’. All of them operate the definitions of the specific types of the acts of terrorism (the taking of hostages, etc.), terrorism or terrorist crimes. There is no such concept in the international agreement, containing in the title this term – the Convention of the Organization ‘Islamic Conference on Combatting International Terrorism’, according to which:

- Terrorism means any act of violence or the threat of such an act, whatever its motives or intentions, which is carried out for the implementation of the individual or collective criminal plan with the aim to intimidate the people, or threat to inflict any harm to them, or create a danger for their lives, honor, freedom, security or
rights, or create a threat to the environment or any facility or any public or private property, or take possession of them or capture of them, or endanger a separate type of national resources or international facilities, or create a threat to the stability, territorial integrity, political unity or sovereignty of the independent states;

- Terrorist crime means any crime that was committed, initiated or participated in order to achieve a terrorist goal, on the territory of any of the State Parties or against its citizens, assets or interests or foreign facilities and citizens residing on its territory, invoking a punishment under its domestic legislation; as well as the crimes under the Anti-terrorism Conventions of the United Nations, with the exception of those excluded on the basis of the law of the State Parties or States, have not ratified them (Convention of the Organization ‘Islamic Conference on Combating International Terrorism’ 2000).

4. Findings

In our opinion, in the Russian Federation the adjustment of the existing anti-terrorism legislation is required in terms of the elimination of a number of internal contradictions and gaps present at the level of legislation and regulations, as well as at the level of sublegislative and other regulatory legal acts. As a part of this adjustment, based on the experience, proven in a number of foreign countries, it is required to make changes not in terms of expanding of the list of crimes of ‘terrorist nature’, artificially isolating them from all other organized criminal activities on the basis of any ‘ideology’ or the special ‘destabilization of the security of the society and the state’, or immersiveness of the terrorists to some kind of ‘a global caliphate’, but through focusing of the efforts on the application of the existing laws. The different points of view regarding this issue were expressed in the criminal law literature. A.V. Naumov, speaking about the shortcomings in the current Criminal Code of the Russian Federation, stated that: they could be divided into two groups. The first group includes the shortcomings, related to the social conditioning of the criminal law and expresses either the existence of certain gaps in the criminal-legal regulation, or (more often) in the excessive criminalization of the act in question, declared today the crimes. He includes in the second group the deficiencies, related to the defects of the Criminal Law methods (Naumov 2009).

In recent years in Europe the desire to unify the legislation, harmonization of the laws and regulations aimed at combatting terrorism can also be traced.

The actions of the USA wending the way of harshening the methods applicable to the potential terrorists, excite the trenchant criticism in the international community. It is worth noting that the USA lawmakers do not seek to unify the anti-terrorism laws.

In fact, the existing international agreements contain the variety of definitions relating to the so-called domestic terrorism. The developed definitions are used by the State Parties in purpose to criminalize the terrorism within the national criminal legislation as the ordinary crimes, referred, usually, by their generic object, to the crimes against public security and public order, which are the integral part of the domestic law and order (Scherba 2010).

In our opinion, in the last 10 years, the concept was developed, defining the terrorist activity as the ensemble of acts, prohibited by the criminal law, committed for the purpose of intimidation by the life-threatening violence and coercion of the authorities and communities and including:

1) the activities, related to the acts of terrorism (organization, planning, preparation and implementation);
2) the incitement to any manifestations of terrorism;
3) the organization of any criminal groups and participation in them in purpose to commit the acts of terrorism;
4) the panderly actions, leading to the recruitment, arming, training and the use of the terrorists;
5) the funding and other assistance to terrorism (Yemelyantsev 2009).

Conclusions

The ongoing revision of the legal acts and other additional interpretive non-normative acts on the matters of combatting terrorism and extremism, are proving that, despite the many years of experience in combatting these phenomena, the terrorist threat continues to be relevant and is recognized by the international community.

In Europe the desire for harmonization of the legislation and the search for the measures to optimize the detection, prevention and suppression of the acts of terrorism is noted. The EU leaders seek to ensure a consistent use of the legal acts and the conceptual apparatus to combat terrorism and to prevent the participation of the EU citizens in the hostilities on the side of the terrorist groups.

In the USA the comprehensive harshening of the legislation in terms of the prosecution of the persons
suspected of involvement in the acts of terrorism is noted. The special role of the United States can be noted in the development of the legislation on identifying and tracking the activities of the terrorist organizations on the Internet resources.

In the Russian Federation the lawmakers continued to expand the list of crimes ‘of a terrorist nature.’ A natural result of this was the further development of a kind of ‘anti-terrorism code’ within the Special Part of the Criminal Code.

The criminal law – is the most acute and severe form of the state respond to the socially dangerous acts and it would be undesired to see the provisions of the Criminal Law changed, depending on short-term considerations and short-term political expediency in order to prevent crisis of the law enforcement practice in cases of acts of terrorism.

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Media Holding Company as a System: 
Genesis, State and Prospects of Development

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Abstract
The work is aimed at revealing historical prerequisites and main trends of development of media holding companies as an objects system and as a method of media process organization. Various concepts and functioning schemes of media corporations have been analyzed and structural elements of media holding companies have been studied. Experience of leading international and Russian media concerns have also been analyzed. Dynamics of media complexes development is characterized by rapid expansion i.e. uptake of less powerful companies with more powerful and taking under control new territories. It has caused significant system errors. For example, great number of titles is concentrated in a few publishing houses, relatively small group of monopolists is extremely influential in production and distribution of media products. This group in fact dictates its rules for media market. The situation in Russia is even worse due to Federal Antimonopoly Service languid attempts, extremely high level of corruption and sophisticated system of lobbying of interests of a very small group of people close to the powers. The monopolization was made in the situation of catastrophically low level of media operation freedom, underdeveloped civil society, impoverishment of population and growing level of manipulation of the audience for the interests of an oligarchy clan.

Keywords: media holding company, media, system, media monopolization.

JEL Classification: K21, M14, A12.
1. Introduction

Media holding company is an extremely complicated system object. Well known analyst V.G. Korionov worked out scheme of development of largest American holding companies and pointed out three factors of this process. «The first factor is that merges are like uncontrolled avalanche. The second – the biggest companies dominate in this process. These are merges of giants in super-giants... Third factor is that monopolistic units appear and they are called conglomerates». (Korionov 1974).

According to modern principles, classic rationality may do to adapt to objects organized as flat system. Non-classic type of rationality supports adapting to complicated auto-regulated systems, post non-classic type complicated self-developing systems. That means that qualitative type of applicable rationality in identification process depends on characteristics of an object of adaptation. According to V.S. Stepin «this type of system objects are characterized by such development when one type of self-regulation turns into the other type. Hierarchy of layer type organization of elements is typical for self-developing systems that create new layers in the process of development. Each new level causes feedback effect on the previous ones and reconstructs them and as a result the system gets new integrity. With appearing of new levels of organization the system is being differentiated, new relatively independent sub-systems are being formed in it. At the same time control unit is also reconstructing, new order parameters are appearing, new types of direct and feedback effects are appearing. <…> New understanding of the objects as interaction processes is being developed in self-regulating systems. Interpretation of complicated systems as processes of constant exchange of substance, energy and information with the external environment when a system is reproducing as a sort of invariant in varying interactions, is necessary but not yet sufficient. Growth of the system complexity in the course of development related to development of new organization layers acts as replacement of one invariant with the other, as process of transfer from one type of self-regulation to the other» (Stepin 2009).

In spite of some differences in legal area, media holding company is corporation «when it is marked that the members of this union are individuals. It is typical for the most of corporations, officially registered unions, companies and so on» (Sorokin 2006). Structure of media holding company requires several components, namely: managing company, network of subsidiaries, numerous infrastructural units so it may be rightfully considered system formation with extremely multifaceted functional nature. At the same time two prevailing substantive directions may be separated in activity of media holding company: object and material and intellectual and creative.

Leading players on federal, inter-regional and regional levels have been already established. They produce various projects under their brands. They have similar features and differences. Today researchers are interested in different types of capitalization of domestic media market, different types of concentration, organization forms and assets allocation as well as the principles of operation of managing structures. Specialists analyze economic data of big Russian media companies, sources of funding, principles of business plans development and methods of positioning in information market.

2. Method

Media holding company should be studied mainly from inductive metaphysics position that is considering data of different sciences – from the theory of management including project management to linguistics that analyses texts produced by publishing houses that are the part of media complexes.

As media holding company being a system formation it presupposes the existence of managing company and subsidiaries with sophisticated correlation scheme between them. So it is necessary to select adequate methodological tools. It should be analytics based first of all on discursive i.e. rational form of thinking, although elements of intuitive form sometimes are applicable.

Determining industrial and ideological (including numerous factors of spiritual and cognitive character) identity of media holding company allows interpreting it as an economy subject with special product - media product and with the definition of its existence in historical and philosophical context, in the process of integration with general social system with spectrum of relevant economic, political, ethical and moral imperatives. Analysis of the history of activity of media holding companies was used in the research as well as the analysis by the following criteria: structure, media assets, development strategies, distribution territory, owners. Special ways of positioning of corporations in media market have been revealed due to media monitoring.
3. Results

3.1. Dynamics of media corporation development: rapid expansion

Today corporate system has been maturing mainly in the second half of the XX century. The period of the most active gaining potential was in the 60-80s. Significant facility of objective-material and ideological and creative production has been developing in media holding company. Besides producing media products, social, economic, political, ethic concepts are being formed, myths are being created and relations with other structures are being built.

So, dynamics of corporations’ development including media corporations was to uptake of less powerful companies by more powerful as well as conquering new territories. Many media holding companies from the West in 1990s undertook rapid expansion to countries of former «socialist camp». For example, German corporation bought almost all influential mass-media in Bulgaria. One could not agree more that the following is true: «Big firms in situation of uncompetitive late capitalism can achieve their aims by using accumulated capital, their obvious superiority in volumes, professional lobbies and client schemes of effect. Media concerns may also exert political pressure directly via their journalistic products». (Hachmeister and Rager 2000)

Media holding companies from Western countries entered also the African market absolutely free. Although there are national mass-media in Africa and almost all of them have the mass character «several publishing houses with prevailing European and American capital remain the most influential till now» (Pantserev 2010). On the one hand, it is good due to the high level of professional culture and substantial experience of Western corporations’ professionals, and on the other hand, there are some negative effects. In 1970s competent international expert committee studied activity of the largest transnational global monopolies and came to the conclusion that they caused substantial damage in global scope. The following negative effects were revealed: subversive activities and interference in internal affairs of the other states, support of racist regimes, limitations of ownership rights of stated on natural resources and hampering nationalization efforts, discriminative and oriented on high level of exploitation activity in creditor nations (Fundulis, Heininger and Judanow 1978).

Today it is obvious that media holding company system as the method of organization of media process dominates in the world. It is objectivity and instead of fighting with monopolization of mass-media it is better to try to humanize their activity even a little. It is a complicated task but it is necessary to solve it and a complex of efforts is required to achieve the positive result. In the essence of this measure there is understanding of media holding company nature as a complicated structure integrated in the system of social relations, changing of attitude to it as solely an instrument of gaining super-profits by private persons.

In 1990s deep fundamental modifications went on in system and structural areas of Russian mass-media. The most important was a rapid process of monopolization with all relevant drawback and deformations of development typical both for domestic and global level. System of legal regulation that was very unstable that time, imperfect mechanism of using forms and methods of solving property disputes affected this process. Mass-media became an object of market relations with all relevant consequences unreasonably fast without necessary preparative work and study of basic social and political, economic and humanitarian factors the effect of which was not objectively identified. There was no prognostic analysis, state bodies did not interfere in the process and sometimes were involved in realization of the very dubious projects.

It couldn't but led to significant system errors. Great number of titles is concentrated with relatively few publishing houses; relatively small group of monopolists is extremely influential in production and distribution of media products. This group practically controls media market. In Russia situation was worsened due to weak efforts of Federal Antimonopoly Service, extremely high level of corruption and sophisticated system of lobbying of interests of very small group of people close to the authorities. The monopolization took place in the situation of catastrophically low level of media operation freedom, underdeveloped civil society, impoverishment of population and growing level of manipulation of audience for the interests of clan oligarchy.

3.2. Regional level media holding company: The Baltic Media Group

Almost all more or less influential mass-media have been monopolized and included in the system with rigid value hierarchy that not only has a certain place and status in social and political structure but fulfills certain tasks advantageous for relatively small group. It is naive to think that their position is always unselfish and is relevant to aims and targets of society. On the contrary is more likely: social, political, economic aims and urge for unchallenged ruling of this group forms their attitude to the audience. This attitude is in principle pragmatically concrete, defined and determined selfishly. As a result, a complex of manipulative actions developed oriented on
the audience – from making a fool of it and dehumanize it especially by various means: from primitive TV-shows to more or less objective informing it in relatively serious titles.

Media holding groups may be divided into regional and nation-wide groups. Regional media holding companies are relatively numerous. Among them there are companies that play noticeable role in social and political life not only of a region but the country as a whole. In particular The Baltic Media Group acts as expansionist in northwest region of Russian Federation. It has significantly increased its assets last years. Media holding group was founded in 2004. In several years newspapers Smena, Nevskoye Vremya, Vecherniy Peterburg, the Baltic Information Agency and TV channel STO were included in The Baltic Media Group. Weekly newspaper Vecherneye Vremya has been also published and distributed for free. Catalogue of the exhibition of media products provided a specific presentation of this newspaper: «Vecherneye Vremya is the only evening newspaper in Saint-Petersburg. It is the only newspaper in which advertising is accepted even in the day of issue. It provides advertising for any budget – from modular to line-based. It places colorful advertising in each issue. It has socially active audience. It has addressed distribution program» (All exhibition catalogues 2015). Perhaps absurdity of the very fact of the issue of evening weekly became obvious to holding company managers and in 2008 it was stopped with the following comment: «According to experts, there will be no noticeable changes in the media-market due to stop of Vecherneye Vremya. It will be just one free newspaper less» (From the next week..., 2008). Relatively soon in 2007 holding company bought 51% of Radio Zenith assets from football club «Zenith», keeping on consolidating of media assets.

The Baltic Media Group does not pretend on having national status although it has wide and intensive contacts in all-Russian level and it remains the media holding company of the regional level. At the same time it is not only deeply integrated in Russian media system but gets serious support from the state bodies. But one may speak about undoubtedly strong influence of media monopolies on social and political processes in the country only in connection with activity of large national corporations that got relatively finalized structural forms and methods of functioning.

3.3 National Media Group: TV content production

Closed Corporation National Media Group keeps unquestionably leading position in the country, with headquarters in Moscow, but originating from Saint-Petersburg. The corporation was founded in February, 2008, by merging assets of big companies assigned for mass-media – JSC AB Russia and Surgutneftegaz, insurance group Sogaz and private assets of A.A. Mordashov. Three years later Luxemburg media holding company RTL Group of GermanBertelsmann became shareholder of National MediaGroup. It is a large producer of TV content and in turn controls 32 TV channels and 32 radio channels in 11 countries. Actually National MediaGroup became the realization of Petersburg billionaire Yu.V. Kovalchuk’s decision «to join his media assets in holding company», as the Moscow journalist Elena Rykovtseva wrote (Rykovtseva 2012). Kovalchuk added TRC Peterburg and REN TV that he already owned to it. Bank Russia has the control packet of shares and it is controlled by Kovalchuk.

Also, Kovalchuk eminently controls the public company Gasprom-Media Holding that is one of the largest Russian media holding company through the Bank Russia and insurance group Sogaz that includes the company Lider managing the control packet of shares of Gasfond. We should mark that Kovalchuk who is considered to be a friend of the President of Russia, to some extent influences many areas of media business. Actually there are only a few companies in media market that does not depend on the # 1 media-magnate and his empire.

3.4. RBC media holding company

RusBusinessConsulting (RBC) is a leading Russian media holding company including a group of companies that function in mass-media and internet services area. It also has assets in traditional and internet media. RBC owns more than 25 internet resources including business portal RBC.RU (20.2 mil. visits a month). RBC is the largest Russian stock exchange media company with 10-percent growth of consolidated revenue in 2013.

RBC sees its mission in presenting Russian-speaking audience the comprehensive view of news and business information via key media platforms as well as providing communication means and additional services in the internet and mobile platforms. RBC has the largest portal of news and business information www.rbc.ru. Top lines are collections of political, economic and financial news, analytics materials, comments and forecasts, top articles, operative data in all segments of financial market, broadcasts of press-conferences and interview with leading Russian political persons and businessmen. Greater part of information with deep analysis is broadcasted in live mode that allows showing quickly any changes in leading trade and exchange floors.
The news come from state bodies, leading Russian and global financial institutions, exchanges, banks, issuer of security market, foreign information agencies, investment companies. RIA RBC has reporters in Russia and CIS countries: more than 250 reporters and more than 60 analysts in all market segments. Besides producing 24 hours lines agency carries out marketing researches, organizes business conferences and awards.

3.4.1. RBC media holding company rebranding

In 2014 media holding company RBC started rebranding process. It has renewed its business sites, changed content in printed titles and TV channel. In September the company launched new design of portal RBC.RU, in October business newspaper RBCDAILY has been marked as RBC and at the same time RBC magazine was restarted.

The founders explained the change of the conception by the following: «In the situation of the agile rhythm of life and enormous information flow our task is to provide our audience with maximum amount of useful information in a unit of time. To provide finalized product starting from publication of an item of news to analytic text and video interview on the top considering all possible standpoints. And we erased the borders between RBC platforms and decided rather to consider each platform a brand make it a channel and join all the channels in one brand. It allows concentrating on the value and build unified communication and also join our readers and audience of TV channel together and propose the effective instruments of interaction of our audience with our advertiser» (Druzhinin 2014). The founders changed management team and concentrated their efforts on the development of hosting business that allowed increasing income by 31% in current year.

At the same time as an area of intellectual property RBC is a risk area. Hearing goes on with newspaper Vedomosti that accused media holding company of illegal use of materials of the newspaper: articles of Vedomosti’s authors were founded in analytics section of RBC without links on the source. If it is proved the reputation of the company may have negative effect and cause serious financial damage. One more risk is related to the dependence of media sector from general situation in economy and business especially if media is oriented on business. So any decrease of business activity may have negative effect on the growth rate of RBC (Shein and Kravchenko 2006). The other drawback is the limited audience that is focused on business information unlike general TV. The increase of general profile products share in the structure of the company allows widening the audience of RBC and making it more reliable by development of more profitable products. RBC organizes competitions and forums that are not only an important component of information business but a base for additional cash flow considering high profit rate in this segment for past years. The company plans to develop business TV in cooperation with CNN and CNBC and keeping growth rate of this business in the level not less than 30% a year. To achieve these goals the company plans new IPO (Shein and Kravchenko 2006).

«RBC is intended to further develop information technologies by widen the range of products and services, increasing client base in the situation of the growth of demand on quality software. RBC increases the share of turnkey software products for clients from different sectors developed both on its own resource base and in cooperation with leading Western software developers» (Shein and Kravchenko 2006). This business line very likely will provide significant revenue growth in the future. Besides RBC plans to increase its IT market share by the purchase of the other Russian companies specializing in this area.

At the same time RBC started optimization campaign to streamline costs and increase the efficiency of structures of the holding company. Besides media — TV channel, newspaper, magazine and internet portal RBC has assets in entertainment segment and telecom business. Holding company is ready to spin off non-specialized assets (Report 2013, 17). So the company management provides leading position of RBC in all segments. Now management owns 61% of shares of the company.

3.4.2. RBC: business title in media holding company structure

Daily business Internet newspaper RBC Daily is a media project for business audience. It is the leader of Internet projects covering business topics. Online newspaper RBC Daily specializes on analysis of situation in various branches of Russian economy and leading Russian companies based on real and first hand information. Newspaper keeps medium position in business titles rating. RBC Daily functions in tough competitive environment and keeps the course on radical change of editorial policy and realization of the new strategy of distribution of the newspaper in the capital and in the regions, the strategy is aimed at widening and qualitative change of the audience coverage.

The newest period of development of business title RBC is related to large-scale financial crisis. Commercial success of the newspaper is caused mainly by the level of achievement of production and economic
targets of the company. Quality improvement of the business edition started in 2009-2010. Requirements to published information became tougher, the process of differentiation, specialization and professionalization of the business edition became more intensive, technical paradigm has changed, new forms of production and distribution of the title were realized. RBC proposes several options of information delivery to users: distribution covers materials of the newspaper RBC daily, sections Top news and RBC NEWS and analytics of portal Quote.rbc.ru. Materials are being distributed once a day. Distribution over the Web and paid PDF version of the title are being offered. Special supplements RBC Weekend, Partner News were founded. RBC issues additional information products – booklets, for example, Marketing research of rear and rear-earth metal market in 2014, Labour Market, Retail Market, Mixed Fodder for Pigs Market, Russian Market of Digital Technology Internet Trading, Bakery and Confectioner Business Plan, Russian Market of Book Internet Trade in 2014.

Changes gave the results. According TNS Russia data, AIR index of RBC Daily (audience of one issue) had been lowering from May 2010 till April 2012, but in March-July the newspaper reach the previous level. AIR of the title in Moscow is now 85.7 thousand people and 10.5 thousand – in Saint-Petersburg. The newspaper organized numerous business seminars and conferences (Report 2013, 16). Problems and topics and thematic priorities of the newspaper may be observed via the work of daily columns Politics, Society, Economy, In the World, Industry, Consumer Market, Finances, Telecom/Media, Your Business, Autonews, Sport.

The newspaper specializes in analysis of situation in different sectors of Russian economy and in leading Russian companies based on real and first hand information. The newspaper is the place where experts may discuss topical issues. Representatives of various areas – science, manufacturing, education, politics act as an experts. The task of the newspaper is to engage readers in discussion and thus create active thinking audience. Series Scenario-2020 was started in 2015 where experts draw the ways of Russia development in the coming years. Indices, quotations, forecasts, issuers keep important place in informing the audience, surveys of Levada Center are also being regularly printed in the newspaper. These surveys cover different aspects of the attitude of Russians to economy and finances. Vast information about development of small and middle-size business is contained in the section Your Business.

The following topics are considered high priority for RBC (About the newspaper 2015):
- Maturing of Russian business (business conflicts and the way of solving those, competition, incorrect business practice);
- Today place of Russian business in global system and its perspectives in the future;
- The most profitable directions of Russian business development in Russia and abroad;
- Various sectors of economy trends;
- Business-state interaction, search for the most effective and mutually acceptable ways;
- Improvement of competitiveness of Russian business.

In the situation of crisis the newspaper tries to help people to become more experienced consumers, make decisions on purchases on more rational base. In the section Consumer Market authors analyze standards of status consumption that will be more European-like: not expensive car but place of living and education of children will be indicators of high social status. Greatest part of texts in section Politics are texts covering political topics related to resonant events. Visualized section Life Style as a Pleasure for gourmet and fashion-conscious people was started not long ago.

3.5 Publishing house Kommersant's development strategies under the condition of convergence processes

3.5.1. Publishing house structure

CJSC Kommersant Publishing House is one of relatively independent and influential media structures. Daily newspaper Kommersant is the main asset of the holding company. It keeps good reputation for many years and it is a serious analytical title. New history of the newspaper started when A.B. Usmanov became the new owner of the publishing house. Change of the owner caused a certain anxiety because «the new owner loyal to the Kremlin Alisher Usmanov will be unlikely to play unclear game of the independence with journalists who are always displeased by authorities» (Buribayev 2006). Immediately after the purchase A. Usmanov defined the new strategy of the holding company – the course on joining various multimedia resources because «the newspaper in today media business cannot exist by oneself» (Lyauv and Dolgosheeva 2006).

At that period the billionaire negotiated the purchase of 50% of sport TV channel 7TV (Fedorinova, Yarosh, Dolgosheeva and Rozhkova 2006) not limiting himself only the media business. In 2006 he purchased shares of Australian company MountGibson (Rozhkova and Fedorinova 2006). Just several months later he
invested $800 million in Sberbank shares (Panov and Fedorinova 2007). In such a way A.B. Usmanov enter the list of leaders of media business along with O.V. Deripaska (OVA-Press), V.O. Potanin (Prof-Media), V.F. Vekselberg (Renova-Media) and other magnates (What is under control of whom, 2007).

The publishing house issues the following business media now: daily newspaper Kommersant and its thematic supplements (BusinessGuide, Review, Guide, Auto, Dom (Home), Bank, Neft I Gas (Oil and Gas), Style, Telcom, Oblyavlenia o Nesostoyatelnosti I Otmenie Doverennosti (Bankruptcy Declarations and Declarations of Revocation of a Power of Attorney), magazines Vlast (Authority), Dengi (Money), Ogonyok (Small Fire) since 2009, Weekend, SekretFirmy (Trade Secret), magazine on shopping Katalog (Catalogue), Autopilot, site kommersant.ru that is both an independent news portal and electronic version of printed editions of Kommersant, radio station Kommersant FM (launched in 2010), web-portal Kommersant Kartoteka (Card File of Kommersant).

Until recently the following resources were included in the assets of media holding company: newspaper Citizen K (stopped in June 2012 because of economic reasons), Internet resource Gazeta.ru (sold to Russian-American Internet company SUP in 2008), music and information radio station in FM range Newtone FM (stopped in 2009), edition Nauka (Science) (stopped in late 2011), magazine Molotok (Hummer) (stopped in 2008 because of the lack of urgency of information), TV channel Commersant-TV (stopped).

3.5.2. Development plan in a post-crisis period

First years of media holding company work were marked with the boost of a new project. For example, besides mentioned media, publishing house started the Book Project: issuing journalistic books, business literature, book of collected materials of the Kommersant newspaper, magazines Sekret Firmy (Trade Secret), Dengi (Money), Vlast (Authority), Autopilot, Weekend; was announced a joined project of Kommersant-dengi and Mail.Ru Portal. One of the members of the experiment was e-booking agency for DJs MyDj.ru. The publishing house promptly reacts on changing demand of the audience and situation in media market. In the period of population of so called lux – editions oriented on the most solvent part of the society the publishing house launched monthly glossy magazine of shopping guide Kommersant Katalog (launched in 2006). In 2007 portfolio of publishing house Kommersant was added with business magazine Sekret Firmy.

Economic crisis had dramatically changed the holding company development strategy. In the scope of streamlining of media business publishing house was forced to stop several projects that led to reporters firing. For example, Citizen K was closed. Although materials of this magazine were in demand, its perspectives to become profitable were poor. As CEO of the publishing house Kommersant P. Filenkov said «Russian advertising market initially did not take seriously quarter edition and to overcome this trend and the reputation of «poor project» we would have to invest several more million dollars in it» (Raibman 2012). TV channel Kommersant-TV on NTV-Plus platform was launched in 2011 but 6 months later it was stopped because of commercial inefficiency. Holding company underwent a number of internal transformations. A number of serious personal changes were announced recently, group of special correspondents has also changed. In 2010 publishing house Kommersant decided to refine costs of publishing by means of transfer to franchise in non-strategic regions. It transferred right to publish most part of its regional issues to local partners that provide economy about $1 million a year.

The following strategies may be marked among the effective development strategies in the post-crisis period: widen cross-media formats and content monetization. Convergence processes affected functioning information portal of publishing house in general and in the range of services that became new revenue sources. In 2012 media holding company offered new free service – supplement Kommersant for Windows Phone. It provides anytime access to news and photos of the day, allows reading almost all new issues of almost all editions of publishing house Kommersant in readable form and provides full-fledged search for archived articles (Report 2013, 35). Platforms Windows Mobile, Android and iOS for iPhone or iPodTouch were successfully tested earlier. Kommersant today is perhaps the only media holding company which projects are being distributed in Newsstand kiosks.

In 2014 Kommersant site was redesign in adaptive design technology. Now site selects presentation options for each device automatically and organizes the content in one, two or three column. As a result of adaptive approach to outlay amount of downloaded data is almost twice lower that led to noticeable reduction of pages download. Registered users of Kommersant have the access to the issues from the personal accounts. After registration users may sign for printed titles and their electronic versions from personal account page. Scratch cards for one, three or six months are innovative form of subscription. Scratch cards should be activated before starting to use issues Vlast, Dengi, Ogonyok, packages Kommersant+ and Kommersant+Basic. It is the
way publishing house promptly reacts on changes in media functioning, technology progress, audience requests that allows it to keep leading positions in the market.

3.6. Sanoma media company

The landscape is not full without considering the role of foreign companies in Russian media market. One of the most active is Finnish company Sanoma. Results of its activity cannot but impress. This media company was founded in 1998 as a result of merge of Helsinki Media concern and the biggest information Finnish concern Sanoma that owned the most influential newspaper of the North Europe Helsingin Sanomat, evening newspaper Ilta-Sanomat, business newspaper Talous Sanomat, printing facility, perhaps the greatest in Finland, and many other things. New concern is the second in North Europe after Swedish media holding company Bonnier Business Press (Hiltunen, 1998). Finnish media concern undertook relatively expansionist policy. One of the biggest its purchases was the purchase of magazine publishing alliance CIG of Holland concern VNU in 2001. It is the fifth publishing house in Europe specializing on publishing magazines. This contract brought Sanoma 250 editions published in Holland, Czech Republic, Belgium, Slovakia, Hungary, Rumania and the Great Britain (Hiltunen 1998).

Soon Finnish media holding company entered Russian market — in 2005 it purchased 100% shares of the biggest publishing house of Russia Independent Media from Holland shareholders. Independent Media published newspapers Vedomosti (The Journal), in Rublevka, Moscow Times, and glossy magazines Domashni Ochag (Home Fire), Cosmopolitan, Harper’s Bazaar, Men’s Health, FHM, Yes!. According to CEO of the publishing house Independent Media D. Sauer, the media holding company was selected by Sanoma because «the structure of the company is highly decentralized and top managers do not dictate to lower managers how to make business» but the main reason was that they «offered a fair price». Contract price was 142 million euro (General Director 2005). We can notice a high rate of a new concert enters media market. In 2014 Sanoma spun off its Internet business and joined assets in separate unit — Sanoma Digital. New business is focused on the development of digital resources in Finland and the Netherlands to provide cross-media solution for advertisers and customers.

4. Discussion

One may say that the process of monopolization of mass-media in Russia is stabilized and got shape but it has not yet finished. Unpredictable transformations first of all due to the fact that media system has developed mainly spontaneously without capitalizing spiritual, humanitarian, cultural and professional traditions. It is based on the basis that does not bear the load that leads to unflattering consequences. Among them is degradation of some media or its disappearance. Excessive concentration of national media in capital and the lack of high quality printed newspapers in traditional meaning equal to global elite newspapers is also the result of these problems.

Analysis of media concentration processes allows evaluating alignment of forces in media market, revealing specifics of information policy of this or that media. For example, consolidation of large number of titles in several publishing houses leads to monopolization of media landscape, high level of influence of media holding companies in production and distribution of media products, to these publishing houses dictate in the market. In Russia the situation was worsened due to the high level of corruption and lobbying of interests of the groups close to the state authorities. Origination and development of media holding companies goes on according to the interests of clan oligarchy. As a result the level of audience manipulation grows. Works of S. Nikonov that touches allied topics may be considered close in theme (Nikonov 2013).

Media holding company should be also analyzed separately as a subject of forming the culture of reading as well as principles and reasons of interaction of different media corporations. For example, four largest Russian media holding companies — VGTRK, Perviy Kanal (1st Channel), Gasprom-Media Holding and National Media Group in 2014 tried to develop joined advertising operator under the brand Vi. Shareholders explained joined project by urgent necessity to form multimedia trading space that accounted for the interests of the whole industry. Seller was to conduct direct sales of advertising in all 18 channels of these holding companies. But in 2015 media holding companies rejected this idea.

We consider perspective further analysis of the process of media concentration, experience of media holding companies. In particular, the work of individual media in condition of media holding functioning and in the process of small editions is being absorbed by media corporations. Analysis of operation efficiency of the largest media empires is necessary to be made with weighted evaluation of their activity and applied development strategies.
Conclusions

Our research allows making conclusion that media holding company system dominates now in the words as the method of organization of media process. Media holding companies belong to the small group of people who actually control all media business and have a great influence on it. The fact that top-management of media holding companies are oligarchs, media magnates who has a certain social, political, economic aims causes their attitude to the audience. It is pragmatic consumer attitude to people. We can make a conclusion that as a result a complex of manipulative actions has developed oriented on the audience – from making a fool of it and dehumanization it especially by means of primitive TV-shows to more or less objective informing it in relatively serious editions. It is important that attitude to media holding company has changed to an opinion that it is an instrument of achievement of private persons motives. Media holding company is a complicated system integrated into the system of social relations.

Large Western and European corporations conquer media space of foreign countries with high speed that has positive and negative consequences. For example, Western media holding companies freely entered African market. Positive consequences of this expansion were the high level of professional culture and deep experience of representatives of Western corporations. Negative consequences are activities and interference into internal affairs of other countries, discriminative and oriented on the high level of exploitation activity in countries-creditors.

One may speak about the serious influence of Russian media monopolies in social and political processes in the country only in connection to activity of big nation-wide corporations. We selected media holding companies of regional and national scope. The first ones are many. The greatest is The Baltic Media Group that acts as expansionist in North-West of Russian Federation and plays noticeable role not only in social and political life of the region but even the whole country.

As analysis of media holding companies work experience shows the economic crisis caused radical changes in the strategies of their development. For example, publishing house Kommersant stopped a number of projects, cut work places, made personnel replacements, tries to streamline its activity to increase efficiency of structures that forms the holding company. Rebranding, change of conception and growth of general products of mass-media in the structure of portfolio of RBC allows it to be successful and more reliable in the situation of changes of business climate and business environment in general.

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India’s Inclusion in the Customs Union: Understanding the Challenges in the Framework of New Delhi’s Policy towards Central Asia

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Abstract

This paper suggests that India’s recent attempt to join the Custom Union would support closer ties with Central Asia. Since the collapse of the USSR, India has been developing steadily and rapidly and has expanded its geopolitical interests in the Central Asian region. It is seeking for new routes of oil and gas delivery. In 2013, Indian authorities proposed to join Free Trade Zone with Russia, Kazakhstan and Belarus. The author considers this proposal as a part of India’s general policy towards Central Asia. This paper deals initially with the issue of India’s membership in the Custom union, and then focuses on the gains for Union members. This study utilizes a comparative method and statistical analysis for supporting arguments. The author argues that the Custom Union could be the basis for closer cooperation between India and Russia as well as between India and Central Asia. As more Central Asian states join this Union, Indian commercial links with the region will grow even further.

Key words: India, Central Asia, Russia, New Great Game, Customs Union, Connect Central Asia Policy

JEL Classification: O52, O53, F53.

1. Introduction

After the collapse of the Soviet Union five newly independent Central Asian states (Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan, and Turkmenistan) emerged in the international arena. Within a short time, these states were officially recognized by many countries all over the world. They became members of such international organizations as UN, OSCE and some regional organizations such as the Organization of Economic Cooperation
Nowadays Central Asia is taking a new role in international relations. Andre Gunder Frank argues that Central Asia is central to any attempt at systematic or system analysis of the history of the world (Frank 1992). Geopolitical and economic importance of this region determined intensification of the major powers’ desire to establish control over the region. In the second part of the 1990s and at the beginning of the millennium, China began activating bilateral and multilateral relations with Central Asian republics, while Russia reestablished its position and sphere of interest in the region. By the early 1990s, such regional powers as Turkey, Iran and Pakistan were also in the fray in the Central Asian arena. After 9/11 in 2001, the US became more active in Central Asia by expanding its policy towards the region, which has been termed by several scholars as the beginning of the ‘New Great Game’.

Like in the 19th century, today the New Great Game idea applies to the regional affairs with renewed vigor and with obvious differences. According to Kazantsev, firstly, there are more players in this Great Game. Secondly, the Central Asian countries have become independent occupying or imposing their own will and treaties, as was the case in the 19th century. Therefore, the Central Asian states have the ability to maneuver between multiple global powers (Kazantsev 2009, 66).

India is one of the recent players in this new Great Game. In the early 1990s, India established diplomatic relations with all countries of the region. However, it was slow to expand its economic, political and military contacts. This delayed behavior is explained by the following factors: First, in the 1990s, India initiated a series of economic reforms and programs in the country and so it was not able to expand trade and investment policies with the new states. Second, Indian economic and diplomatic resources were directed to the development of relations with the countries of Southeast and East Asia. Third, limitation of transportation and communications was due to political and geographical barriers.

In the contemporary geopolitical environment, Indian foreign policy is more balanced and multi-vector. Dolzhikova emphasizes on four priority directions for India’s regional cooperation with members of the South Asian Association for Regional Cooperation (SAARC), China, members of the Association of Southeast Asian Nations (ASEAN) and the Central Asian countries (Dolzhikova 2006, 39). For Dolzhikova, the Central Asian region takes the 4th place in terms of priority for India. The main approach here is to maintain a regular dialogue, inspired by the strategic partnership especially on the issues of regional development, trade and economic cooperation and counter-terrorism and extremism. Therefore, it is arguable that modern Indian policy toward Central Asia is at an active institutionalization stage. And it is important to answer how India should strategize its arrival on the Central Asian stage, despite being a latecomer to the New Great Game and at a geographically and financially disadvantageous position (Foshko 2012).

2. Methods
The research is drawn from the existing academic articles, books and media sources. Beyond its policy dimension, this research utilizes primary and secondary sources to provide an analytical discussion of the nature, role, and scope of Indian-Central Asia cooperation. Also we have used comparative method and statistical analysis of Indian presence in the region alongside with other states.

3. Results & discussion
In 2013, Indian officials proposed to join Customs Union with Russia, Kazakhstan and Belarus. By establishing a meaningful presence in Central Asia through this Union, India will be better positioned for the future diversification of its energy imports. Taking into account the size of Indian market and prospects of its development as a whole it is crucial for the Union members to consider India’s intention. Regional cooperation between India and Central Asia can become an important factor in the maintenance of peace and security in the region, which are necessary for stable economic growth and development. It is in this background that the paper tries to understand the challenges lies in India’s inclusion in the Customs Union.

3.1. India and Central Asia: An Overview
India and the Central Asian republics are not contiguous and not even neighboring countries, though Central Asia figures significantly in India’s extended neighborhood. They share common historical legacy of the economic, cultural and civilizational relations. A milestone in the development of contacts was the spread of Buddhism from India to Central Asia and thence to China. In particular, north Indian culture bears close similarities with that of
Central Asian States. Many branches of Silk Route emerged connecting China and India with Europe from the oases of Bukhara and Samarkand whether it was trade or people to people contact.

Post-independence India’s relations with Central Asia were shaped by Delhi’s closeness to Moscow. The Soviet Union used to be India’s major trading partner. After 1953, when the first trade agreement took place, seven long-term agreements were signed between the two countries up until collapse of the USSR. Based on annual plans this bilateral trade was conducted through a specific system of trade and payment, called the Rupee Trade System. The important point of this system comprised payments in non-convertible currencies (Gulshan 2011, 130). On August 9, 1971 a Treaty of Peace, Friendship and Cooperation was signed between Indian and Soviet leaders. The gist of the treaty was that both India and Soviet Union would respect each other’s policy, and work for peace in the world. The two countries agreed to hold periodic consultations, and not to enter into any alliance against each other (Khanna 2011, 294). After the disintegration of USSR, the treaty became infructuous.

The nature and character of the then Indo-Soviet trade, economic and political relations largely determined relations with Central Asia. The collapse of the Soviet Union prompted a shift in India’s foreign policy in the 1990s away from ideological alliances and towards a more pragmatic approach. Central Asia is now referred to as India’s ‘near abroad’ and India began to develop bilateral relations with the five new Central Asian republics (Campbell 2013, 1).

On 26 December 1991, India formally accorded diplomatic recognition to all Central Asian states. Since the former Soviet Republics became sovereign and independent states, there have been regular exchanges of visits between India and these countries at various levels. Remarkably, since Independence all India’s Prime Ministers from Jawaharlal Nehru to Man Mohan Singh visited Central Asian republics. In turn, leaders of the newly independent states like Kazakh President Nursultan Nazarbayev and Uzbek President Islam Karimov made India the destination for their first official trips abroad.

There is an understanding that, long history of contacts between India and Central Asia should be translated into vibrant and mutually beneficial interactions, especially for the economic partnership, on the basis of its respective strength. This should cover not only trade in goods and services but also bilateral and multilateral investment, scientific research collaboration, joint commercialization of new technologies and in many other areas (Khan 2013, 3).

3.2. India’s Policy towards Central Asia

Central Asia is explicitly cited as one part of this ‘horizon.’ This policy, called the ‘Gujral Doctrine’ after Foreign Minister and then Prime Minister I.K. Gujral, maintained that India, as the dominant regional power, should unilaterally grant its neighbours concessions in trade and economics without expecting strict reciprocity (Blank 2003, 140). Gujral noted in 1997 that much of India’s foreign policy revolves around economic and infrastructural needs. He outlined a vision of regional economic development including Central Asia which he called ‘our near abroad.’ Gujral emphasized investment in infrastructure: railroads, roads, power generation, telecommunications, ports and airports, informatics, cross-border investments, energy exchanges, up to and including ‘Trans-Asian pipelines,’ strengthened regional organizations, tariff reductions and freer trade, and meeting ‘an exponential surge in energy demand’ through the cooperative development of all forms of energy (Blank 2003, 140).

In the present times, India is seeking to evolve a similar and strong relationship with each of the Central Asian countries. There are a lot of common grounds for building and strengthening this relationship. Secularism and democracy are two features that are shared by the Central Asian countries and India. Moreover, Central Asia has a positive and extremely friendly disposition towards India.

From the Indian perspective Central Asian countries are considered as major regional, trade, investment, political and security partners. The analysis of official documents of India and international organizations is evidence of pervasive existence of India’s geopolitical and strategic economic interests in Central Asia. These interests have found practical reflections in the foreign policy of India that were implemented by means of economic diplomacy.

Mavlanov argues that Indian diplomacy towards Central Asia is primarily focused on trade and investment due to the following reason: rich natural resource endowment in all countries of Central Asia makes the region willy-nilly engaged in geopolitics, acting both as its object and subject (Mavlanov 2013, 165). Also, he defines the main Indian attributes in the following manner: 1) India is actively involved in the discussion of issues, affecting the global political and economic world order; 2) India’s participation in regional economic and security issues has visibly increased; 3) the growing economic, scientific and technological powers especially in the fields of information technology, pharmaceuticals, biotechnology, etc. makes India the country to be of strategic
importance; 4) India is a promising market for exports and investments (Mavlanov 2013, 167). So, taking into account all these perspectives, one could say that mutual strategic interests define the new trend of institutionalization of regional economic ties in India with Central Asian countries.

India’s economic relations with countries of Central Asia are growing year-by-year. By developing trade and economic cooperation India is trying to gain a foothold in those niches where it is traditionally strong, i.e., information technology, software, pharmaceuticals and medical equipment, textiles, tea. India’s trade with Central Asian countries increased to US $746.3 million by the end of 2013 from an insignificant US $97.28 million in 2001-2002. Among all the Central Asian countries it is Kazakhstan with which India’s economic and trade relations are at higher end as the bilateral trade figure occupies more than half of the total trade (See Table 1).

Table 1. Indian trade turnover with Central Asian countries 2001-2013 (million dollars)

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</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>53.09</td>
<td>290.70</td>
<td>291.44</td>
<td>310.59</td>
<td>436.25</td>
<td>426.22</td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>23.80</td>
<td>116.27</td>
<td>84.00</td>
<td>81.05</td>
<td>126.43</td>
<td>156.75</td>
<td></td>
</tr>
<tr>
<td>Tajikistan</td>
<td>2.56</td>
<td>34.17</td>
<td>32.57</td>
<td>41.33</td>
<td>30.13</td>
<td>48.01</td>
<td></td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>11.53</td>
<td>23.95</td>
<td>27.48</td>
<td>26.98</td>
<td>31.44</td>
<td>37.07</td>
<td></td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>6.30</td>
<td>53.50</td>
<td>46.15</td>
<td>35.89</td>
<td>63.41</td>
<td>78.25</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>97.28</td>
<td>518.59</td>
<td>481.64</td>
<td>495.84</td>
<td>687.66</td>
<td>746.3</td>
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</tbody>
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Source: Compiled from data obtained from Department of commerce of the Ministry of commerce and the industry of India URL: http://www.commerce.nic.in/ Dated: 05.02.2014

This table is a fine example of expansion of Indian economic interests. Indian presence in Central Asia regardless of the degree of involvement is important from the perspective of a new vision of India's role among policy makers and scholars. This new vision is based on Indian need towards Central Asia beyond its traditional area of influence in Southeast Asia, South Asia and the Indian Ocean (Asanbayev 2013).

3.3. India’s Efforts to Join Customs Union

Despite positive trends in recent years, there is an urgent need for India to take its economic relations with the Central Asian states to a new level. Indian scholar Patnaik argues that India needs to look at the Eurasian region as a whole and not get enamored by the ‘Greater Central Asia’ idea. As Eurasian integration recently taking momentum, India should be prepared with arrangements to play a larger economic role in the Eurasian region (Patnaik 2013, 83).

In June 2012, Indian government launched a new ‘Connect Central Asia’ policy. This signaled that India would seek to build stronger political relations and strengthen strategic and security cooperation with Central Asian states. Among the main objectives of this new course is stepping up multilateral engagement with SCO, Custom Union and Eurasian Economic Community (Troitckiy 2003, 107). The Custom Union of Russia, Kazakhstan and Belarus could open up a unique opportunity for India. With its booming trade turnover with Russia, India can also use Russia as a gateway to Central Asia (See table 2). In 2013, Indian leaders advanced the initiative to join Free Trade Zone with Russia, Kazakhstan and Belarus. On 26 February 2014, Russia and India announced the setting up of a Joint Study Group for a Comprehensive Economic Cooperation Agreement (CECA) with member-countries of the Customs Union. New Delhi has requested Moscow to steer the process for CECA within the Eurasian Economic Commission. Both sides also reviewed the progress of identified ‘priority projects’. These projects include: establishment of joint projects for manufacturing light helicopters Ka-226T, establishment of joint stock Indo- Russian enterprises for manufacturing light helicopters Ka-226T, JSC United Aircraft Corporation preparation of participation in tender for Indian program to develop civil aircraft’ (The BRICs post 2014).
Table 2. Indian trade turnover with Custom Union members 2008-2013 (million dollars)

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Russia</td>
<td>5,424.62</td>
<td>4,547.49</td>
<td>5,289.45</td>
<td>6,542.58</td>
<td>6,527.25</td>
<td></td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>290.70</td>
<td>291.44</td>
<td>310.59</td>
<td>436.25</td>
<td>426.22</td>
<td></td>
</tr>
<tr>
<td>Belarus</td>
<td>316.13</td>
<td>470.00</td>
<td>240.82</td>
<td>299.89</td>
<td>269.81</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled by the author from data obtained from Department of commerce of the Ministry of commerce and the industry of India URL: [http://www.commerce.nic.in/](http://www.commerce.nic.in/) Dated: 05.02.2014

In fact, India has special economic and political relations with each member of the Customs Union. Union members themselves describe these relations as strategic and privileged. On the one hand, these ties are based on a rich historical legacy between these countries, while on the other hand, they reflect an understanding of long-term prospects. India, Russia, Belarus and Kazakhstan also have common positions in the international arena. All this creates a favorable backdrop for multilateral cooperation within the Custom Union.

Russian experts proposed to examine the current state of the Indian economy and its economy’s prospects to assess the aftermath of Indian membership in the Custom Union. Following this proposal, it is important to take a comparative approach to assess the Customs Union as others join including Kyrgyzstan, Armenia and Tajikistan.

IMF statistics clearly shows that India really leads other Custom Union members in terms of indicators like the proportion of GDP based on purchasing power parity to the global economy and the pace of the economy’s growth. By comparison, among the current members of the Customs Union, growth in the share of the world GDP during 1992-2012 has been seen only in Kazakhstan and Belarus. Unfortunately, Russia’s share of the world GDP dropped from 4.2 to 2.99 percent during the same periods as shown in the Table 3 (Kizima 2013).

Table 3. Russia GDP

<table>
<thead>
<tr>
<th>country</th>
<th>1992</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>3.06</td>
<td>5.67</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>0.27</td>
<td>0.28</td>
</tr>
<tr>
<td>Belarus</td>
<td>0.16</td>
<td>0.18</td>
</tr>
<tr>
<td>Russia</td>
<td>4.2</td>
<td>2.99</td>
</tr>
</tbody>
</table>

Of the potential new member states that may join the Union, only Armenia has shown some growth (Table 4).

Table 4. Armenia GDP

<table>
<thead>
<tr>
<th>country</th>
<th>1992</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>0.015</td>
<td>0.023</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>0.025</td>
<td>0.016</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>0.024</td>
<td>0.021</td>
</tr>
</tbody>
</table>
This basic data demonstrates convincingly that India will not be a passive participant in a possible free trade area. However, it will be able to make a serious contribution to the development of the Customs Union. India possesses an economy one and a half times larger than that of the member countries. It also shows faster economic growth.

India has also managed to achieve significant level of investments. Based on 2012 data, Indian investments climbed from 23.75 percent in 1992 to 35.5 percent of the total economy. These figures are higher than investment level in any of the other Customs Union member or membership candidate. As Table 5 shows, Belarus comes closest to India, with 33.7 percent according to 2012 figures. Kyrgyzstan occupies second place with 26.7 percent investments of the GDP; Russia is the third with 24.9 percent; Kazakhstan is the fourth with 23.6 percent; Armenia is the fifth with 22.5 percent; and Tajikistan is the sixth with 16.7 percent (Kizima 2013).

Table 5. Growth of investments 2012

<table>
<thead>
<tr>
<th>country</th>
<th>Growth of investments 2012 (in percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>35.5</td>
</tr>
<tr>
<td>Belarus</td>
<td>33.7</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>26.7</td>
</tr>
<tr>
<td>Russia</td>
<td>24.9</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>23.6</td>
</tr>
<tr>
<td>Armenia</td>
<td>22.5</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>16.7</td>
</tr>
</tbody>
</table>

From the Indian perspective, Russia has certainly several advantages, which ultimately balance out Central Asia’s trade relations with rest of the world. Yet India could use Russia for joint trade and switch trade with Central Asian states. To achieve a consensus between India and the Custom Union members, Dash suggests an active involvement of interested private entrepreneurs and businessmen willing to invest in prospective areas of Central Asian business. It is a complex task in view of the excessive government control on business activities in these countries (Dash 2013).

3.4. Challenges of India’s Inclusion in the Customs Union

Today, as it is obvious, many countries face a number of challenges to achieve high economic performance. History shows that two colonial powers of Britain and Tsarist Russia tried to isolate their colonial possessions in order to establish an exclusive monopoly over their markets in India and Central Asian region respectively (Kaushik 1985, 78). Unlike colonial period, the contemporary regimes of the post-cold war world face challenges to set their own economy right rather than involving themselves in economic dominance agenda. In such a scenario, economic engagement through bilateral and multilateral cooperation has become crucial to each and every country of the world. India too is not an exception which has been facing a number of challenges to engage itself economically with the outside world. Following scenario briefly highlights the challenges, especially for India’s inclusion in the Custom Union:

1. From the Indian perspective there are two main challenges for Indian economic engagement with the Eurasian region: underdeveloped market and lack of access (Patnaik 2013, 83). The first one is caused by the collapse of the Soviet Union and as a consequence the destruction of the large single market with which India used to trade. The second challenge is due to problems with Pakistan and troubles in Afghanistan, which create problems for geographical access to the Eurasian region.

2. India is a net importer, with its imports consistently exceeding its exports. At the same time, India’s key exports heavily overlap with those of the Customs Union. The overlapping takes place in metals, mining and oil refining. Given that Russia, Kazakhstan, and Belarus have their own competitive manufacturing industries, a free trade agreement is unlikely to be seen as a big threat. India is perhaps more interested in avoiding export duties on potential supplies of oil and natural gas from Russia: Fuel and energy account for 35 percent of Indian imports (Senina and Kuzmin 2013). If a free trade agreement is signed or India joins the Customs Union, Russian goods
would be exempt of duties in India, thus receiving an obvious competitive advantage. The challenge here is to make clear which industries would work absolutely unencumbered and which would require a transition period. So, this new economic cooperation should not result in a crisis for Russian, Kazakh, or Belarusian companies.

3. It is, however, clear that India and the Custom Union states are seeking to expand trade. While they have a good diplomatic relationship, economic ties between them are dwarfed by their rapid development of trade with China. If such a Custom Union with Indian membership is created, the industrial sector of the countries may embark on a prolonged crisis due to overwhelming competition with Chinese manufacturing, which is excessively efficient and more modern.

4. Probably, first time there will be problems with the export of goods. In India’s case, one can expect more or less strong competition only in the textile and mining industries, pharmaceuticals and information technology. In these cases, it is possible to agree on quotas for supplying Indian goods and services; such quotas will minimize the risks for manufacturers in the Customs Union. The Customs Union countries will hold the obvious advantage in other industries.

5. Some challenges in the integration will inevitably arise due to differences in the commercial laws. However, all challenges are not overwhelming, and the Commission already has been established by the members to begin work to minimize them. Also, there are two steps for India to access the member states. The first step is to overcome the problem of accessibility through two routes: North-South Transport Corridor Project and the Chahbahar Port project, as a gateway to Central Asia, bypassing Pakistan (Patnaik 2013, 83). With these two key transportation links, India has positioned itself well to take advantage of the Eurasian integration process. The next important step that India has initiated is to work out a Comprehensive Economic Partnership Agreement (CEPA), an omnibus free trade agreement with the Custom Union. For India, according to Sandeep Dikshit, tailoring the CEPA to fit in with Russia’s Custom Union with Kazakhstan and Belarus will help enlarge the market for Indian entrepreneurs (Dikshit 2011).

Conclusion

Today the uniqueness of Central Asia in terms of historical and cultural unity of states of the region alongside their close geographic proximity remains as fundamental principles of development and extension of the regional cooperation. The Eurasian integration process is likely to make this region very attractive for trade and investment.

All countries of Central Asia matters for India due to their geographical proximity and geopolitical importance, their potential for natural and mineral resources, and because they are a solid market for business, trade and commerce. India’s background is favorable and positive due to the fact that it has established special economic and political ties with each of the Customs Union members, and also because the positions of all four states in the international arena are very close. All this creates a favorable background for multilateral cooperation within the Custom Union.

The advantages of establishing an FTA with India are noticeably greater than the challenges. These advantages include direct ones for Russia as well, which has already entered into close cooperation with India. India can also use Russia as a gateway to Central Asia.

India can offer to the Custom Union members a promising market for exports and investments. In this regard, India’s economic, scientific and technological advances in the fields of information technology, pharmaceuticals, biotechnology, and machinery are very important. India, thus, would be an active member in the Custom Union. Also, it would be able to make a serious contribution to the development of this economic Union.

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The Issues of the Professional Crime Prevention in the Republic of Kazakhstan

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Abstract:
The presented article deals with the features of the professional crime prevention in the Republic of Kazakhstan. The author carries out an analysis of developing the phenomenon, which has been built up since the Russian Empire and then the USSR, therefore, the conditions, features and measures to prevent the professional crime are very similar in the CIS countries. At the same time, the author indicates some specifics, which is expressed in the professional manner of certain criminal activities due to the traditional way of life of the Kazakhstan’s population. The examples of the foreign experience in fighting against the professional crime have been studied. A complex of the special and general social measures to prevent the professional crime has been suggested, the mechanism has been thoroughly investigated, as well as the examples of the actions by the authorities and the society for the social integration of ex-offenders as an important factor in preventing the professional crime have been given.

Key Words: professional crime, criminal specialization, recidivism, preventive measures, social integration

JEL Classification: K42, K41.

1. Introduction
Since gaining independence in 1991, Kazakhstan had gone through the considerable difficulties associated with the shift to the market economy, which caused the ambiguous changes in the society, in particular, the production output were reduced, unemployment rose sharply, impoverishing a considerable part of the society occurred. It should be noted, that due to maintaining the relative political stability Kazakhstan managed to avoid such rampant crime, which was observed, for example, in neighbouring Russia, Kyrgyzstan and some other CIS countries. At the same time, at the present stage of developing the Republic of Kazakhstan maintaining the crime situation in the country could be seen, due to the occurrence of such processes, as the economic instability, incompleteness of the economic reforms, escalating social tension in the society, the lack of ideology, as well as progressive decline in moral values, establishing the subculture of poverty, which inevitably ensures the increase in crime throughout the last twenty-odd years. Besides these factors, the state of the total crime is also closely related to such phenomenon, as the professional criminality, whose carriers, the professional criminals have turned the commitment of crimes into a stable type of the specialized activity. In the criminological literature the scientific consensus on that the professional crime itself determines the relative stability of the criminal behaviour and is a backbone element of the crime in general, forming a professional core of the criminal underworld, which
nowadays starts domestically effecting even the redistribution of the national income and internationally fuelling human trafficking, all kinds of extremism, has been rightly consolidated. The new types of the professional crime related to the personal crimes, in particular, assassination (hired killing), property stripping through such types of extortion, as racket and raiding, as well as the fraud using computer programs (hacking), social fraud and some others are being established.

It is well known, that examining the state of any given type of the crime is a prerequisite for the development and implementation of the proposals for improving the criminal legislation, as well as the practice of applying the criminal law, special investigative and preventive measures on fighting against a certain type of the crime. Examining the state of the professional crime allows determining the crimes' nature and extent of the risk to the public, which are committed by the professional criminals, the causes of its commitment, finding out, what new forms the criminal activity of the professional criminals has taken in the today's society for the purpose of the proactive countermeasures by the law enforcement agencies.

Despite a certain amount of the past researches of the professional crime, to date some decline in interest in this issue could be seen (Tirskikh 2008). This primarily manifests itself in deficiency in the researches of the issues of fighting against the professional crime both in Kazakhstan and the other CIS countries. For example, over the last years there have been only a few thesis researches of the subject (Beranaliyev 2012). Thus, it could be stated, that the professional crime still belongs to one of the least studied types of crime.

The methodological essentials of the study were a dialectical view of the professional crime as a social phenomenon. In the presented study the historical method, analysis, synthesis, deduction, induction and formalization, which allowed determining the risk to the public of the professional crime, its deep historical and social roots were used. The description of quantitative and qualitative indicators of the criminal activity of the persons previously committed crimes was given using the statistical methods. Using the comparative law method allowed illustrating the examples of fighting against the professional crime in the foreign countries.

2. Results

The property crimes, which could be described as the general mercenary crimes, are historically typical for the professional criminals. Over the years, Kazakhstan had been a part of the Russian Empire, then the Union of Soviet Socialist Republics, and shared the common legislation and trends in developing the crime as a social phenomenon with Russia. The professional crime was developed at the beginning of the XIX century in the context of the incipient crisis of the Russian serfdom and feudal system, at the same time, the mercenary and violent mercenary crimes with relatively primitive ways of its commitment prevailed in its structure. The further professionalization of the crime contributed to the development of the capitalist relations in Russia at the turn of the XIX-XX centuries. The main impetus to the criminal behaviour has been gradually acquiring the maximum and regular criminal income. At the same, the place of confinement became the so called ‘universities’ for getting the criminal profession and establishing the criminal underworld in general, within which the differentiation by the type of the illegal activity constantly occurred (Gurov 1990).

The transition period from capitalism to socialism in Russia was characterized by a sharp rise in crime. While being aware of the professional crime threat, the Soviet state announced the need for establishing an order in the country. The traditional professional crime started changing itself qualitatively from the inside in order to be sustainable. In the criminal underworld the new leaders, the so called ‘criminal lords’, which had the unquestioned authority and immunity over the criminal environment, establishing their surrounding from the thieves, occurred. Due to the huge work of the law enforcement agencies, putting the fundamentals of the criminal and criminal procedure legislation of the USSR and the Union republics into execution, most of the ‘criminal lords’ were isolated, there was a collapse and structural changes in the ‘thieves’ communities’ both out of prison, and in the places of confinement by the early 60s. However, the professional crime could not be completely eliminated, the causes and conditions of this phenomenon were not studied, the criminal statistics was not kept, the issue of the professional crime was one of the underinvestigated issues of the Soviet criminology for a long time.

The process of reviving the traditions of the offenders' criminal skills started in the USSR in the 70s of the XX century and, after the several stages of development reached the peak of its prosperity in the Commonwealth countries by the early XXI century. The prerequisites for this process were the growing mercenary nature of the committed crimes, while the organized criminal groups had evolved from the pre-war predatory gangs and bands to the criminal communities, including the hierarchical associations. At the same time, the trend towards the establishment of the illegal ties with the law enforcement agencies and other public institutions was lined out. After the 90s such trends in the professional crime, as ransom kidnapping, contract killing, as well as human,
drug and weapon trafficking were established in all the Commonwealth countries. The new types of fraud associated with the manufacture and sale of the counterfeit securities, credit cards and other payment documents, hacking the computer programs, etc. were developed. Trading in prostitution revived and extortion evolved to such dangerous forms, as racket and raiding. Thus, the professional mercenary crime has not only weakened, but on the contrary, strengthened, structurally developed and carries out an active criminal activity in the post-Soviet territory. It follows, that the qualitative changes in the nature of the criminal activity of the professional criminal underworld is followed by the significant increase in its risk to the public. The situation is exacerbated by the growing financial capacity of the professional criminal communities, their ties with the organized and economic crime, the possible entrance to the transnational criminal syndicates (Dyshev 2005).

Nowadays 90% of the general crimes, in which the elements of the professional criminality become apparent, are traditionally considered to be the five crimes - theft, robbery, assault, extortion and fraud, and as for Kazakhstan cattle rustling, which has been still urgent today, could be entered in this criminal structure.

The special preventive measures allow fighting effectively against the criminal activities of a certain professional specialization. A complex of measures suggested for fighting against the highly specialized criminal activity - cattle rustling, which is traditional for Kazakhstan, could be given as an example.

Cattle rustling is a trouble, which should be fought systematically against, as it is not just thieves and criminal receivers, but the numerous rural OCGs, which criminal activities are often covered up by the corrupt law enforcement officials. It is that wide spread and low detection of such crimes is accounted for (Sorokoumova 2014).

Cattle rustling has become a very rampant crime of a very low detection rate. This greatly affects the development of the livestock industry, and cattle breeders incur significant losses. Nowadays it is necessary to make the amendments and additions to the RK Criminal Code, as follows: adding it by the ‘Cattle Rustling’ article and attributing the crimes under this article to the ‘Extremely Grievous Crimes’ article. As well as stiffening the penalties for cattle rustling including forfeiture of the offender’s property to the state.

By applying and tightening the ‘Cattle Rustling’ article of the RK Criminal Code one could achieve the reduction of the crime rates in this sector and, consequently, the development of the livestock industry in the republic.

While severely punishing cattle-stealers for the committed crime, one could increase the regional budget by forfeiting their property.

It is also necessary to protect the people, who want to be shepherds. Today, the shepherd’s job is considered to be dangerous and unprofitable. This situation has not come about the fact, that the agricultural organizations were inhibited from carrying arms to guard livestock, what makes a shepherd unable to protect himself or cattle against predators and criminals. This prohibition should be lifted.

In the fight against cattle rustling one should undoubtedly involve both the state authorities and the public. The new legislative acts and the response measures are required.

Another rampant type of the professional criminal activity is the professional fraud, a number of its types has been growing year by year. Along with the traditional methods, the new ones associated with the development of the economy and the social sector occurs and spread in Kazakhstan. Some of them could infringe on the property rights of the citizens not now, but for a long term, and pose a serious threat to the economic security of the state. For example, the social fraud, which for some countries of the developed system of the social support for the population, that could certainly include today’s Kazakhstan, constitutes a significant problem nowadays. One should take into account the experience of the foreign countries, where the rather effective preventive measures, which have allowed halting the growth of the fraud crimes and significantly reducing their number, are developed in order to fight against them. Let's consider it in the case of Sweden. Prior to 2007 there had been a significant increase in the fraud crimes associated with the illegal getting of benefits from the Social Insurance Office. The lasting, repeated nature of these crimes undoubtedly indicated their professional nature.

The fraud against the Sweden’s Social Insurance Office (the administrative body, under which jurisdiction all types of the insurance and payment of various allowances, being a part of the state social insurance system, are) reached a relatively high level. The emergence of the social fraud required the adequate legislator’s response to the serious economic and legal threat. It has caused the adoption of the Law on the crimes in the field of the allowance payments, which came into effect on August 1, 2007 (hereinafter - the Law of 2007), according to which the person presenting false information or the person allows making inaccurate changes to the stated information, shall be liable for the crime related to the payment of the social benefits without the legitimate grounds. The intentional commitment of the same actions by a person, which resulted in the improper
acquisition of the large amounts of the social benefits or its repeated commitment is regarded as the qualifying element of this grave crime (Mikhaylovskaya 2013).

In accordance with the Law of 2007, gross negligence (carelessness or negligence) in stating the information that result in the unjustified overstatement of the social benefits, is recognized punishable. In this case, the responsibility is not imposed on the persons made the mistake in the stated information due to the ignorance of the application handling procedure, as well as the persons made the mistakes due to existing physical disabilities (the disabled people). The subject of the crime is all the social benefits, paid both by the Sweden's Social Insurance Office and other public authorities authorized to provide the social financial assistance.

The adopted Law of 2007, which had stiffened the penalties for committing the social fraud, was an effective measure of the criminal law prevention of this fraud type for a certain period only. Its number dropped from 8552 cases of the social fraud in 2007 to 4679 ones in 2011. However, the preventive effect of stiffening the criminal penalties should not be overestimated. The Law of 2007 had effectively influenced the dynamics in respect to the fraud committed against the Sweden's Social Insurance Office only.

3. Discussion

It is widely believed, that the prevention of the professional crime should be carried out in the following areas:

- the impact on the causes and conditions, that contribute to the commitment of crimes by the professional criminals;
- the preventive effect on the immediate social surrounding (microenvironment), which has a negative impact on such persons;
- a direct impact on the persons previously convicted to imprisonment and inclined to commit crimes;
- an impact on the group of antisocial behaviour.

It is generally accepted to subdivide the crime prevention measures into the special and general social ones.

The special measures of fighting against the professional crime are the preventive social and legal measures to ensure the incurrence of the criminal liability, and the measures of correction and rehabilitation of the criminals in order to prevent the professional criminal activity (Kryukova 2014).

One of the special measures is to define and to implement various preventive measures, which have an impact on the crime rate in a certain way. These are called the preventive measures and were widely spread even in Tsarist Russia.

The extensive interaction with the public is very important. It includes the involvement of the vigilante group members and other representatives of the public organizations in the activity on the prevention and suppression of crimes, on the one hand. On the other hand, these measures include the recruitment of informers from the criminal elements (or the entities related to them) in order to identify and prevent the imminent crimes.

At the same time, the special measures (including the ones, which are special investigative in nature) intended to prevent the prepared crimes are required.

The experience shows that good results are obtained by the special measures (including the ones, which are special investigative in nature), intended to suppression of the ongoing criminal activities of the professional criminals. (Kryukova 2014).

The youth and family policy of the state should be drawn up amongst the important measures of the general social prevention of the professional crime. This is due to the well-known fact, that the youth crime, particularly the juvenile crime is a reserve for the professional crime. Weakening the family institution and reducing its economic potential, as well as the replacement of the spiritual, family values by the material ones compulsively propagated by the mass media, have exacerbated the issues, that contribute to the deterioration of the physical and moral health of the minors and the young people, the spread of the behavioural patterns among them, which are associated with a risk and could lead to the formation of a criminal personality. Nevertheless, there are still no state targeted programs on the urgent issues of the youth and the family, which should be a complex of the state guarantees in the fields of training, employment, leisure activities, which create the environment for the conflict resolution in the field of the social and occupational, as well as family status of the young people and their material situation. In addition, in its education policy Kazakhstan should apparently learn how to combine the western competency approach in training with the eastern approach, using the local traditions of upbringing and education, the ethics of the ethnic groups inhabiting the country. Because the traditional ethics of the Kazakhstan's people has the common integration features, such as the moral value of the tribal ties, a awareness of responsibility for their children, the continuous connection of generations, the supervision over the
social behaviour in the community, tolerance, naturality, etc., one should boost, develop and strengthen the moral values, and introduce moral principles into the policy, economy, social life. This will to a certain extent allow reining in the ‘wild capitalism’ imposed on the country and putting the significant obstacles to the further rise in crime, especially the professional one.

The measures of the criminological prevention of the professional crime should be primarily intended to reducing its social base through the use of the economic, social, legal and institutional mechanisms. In the economic sector the state should implement the policy of the strict supervision over the financial transactions in order to eliminate the threat of a possible accumulation of the economic power in the hands of the professional criminals, as well as to suppress the ‘shadow’ economic activity as to the turnover of the subjects, which are of the increased danger, such as the arms, drugs, etc. which is often carried out by the criminal business structures (Taybakov 2003).

In the social sector the effective measure to reduce the social base for the professional crime is to ensure the normal socialization of the younger generation (Kogan 1983). The emphasis should be put on preventing the emergence and extension of the negative social environments for the minors and the young people, or the shift of their focus towards the positive course. For the purposes of early prevention developing various alternative forms of treating the minors at risk seems to be necessary. These include, for example, the organization of the special labour, sport, paramilitary camps where the positive social environment could be created. The members of the youth groups should be involved in, for example, participation in the vigilante groups by paying a certain amount of the work in order to reorient these groups (Solodovnikov 2003).

In addition, one should seek the reduction of the contacts with the criminal environment, including the minors, who have committed the crime for the first time. The imprisonment, especially for the minors, should be used in case of emergency, the probation along with the rehabilitation programs, as well as the so-called indirect sanctions, which include the probation with intensive supervision, the house arrest with electronic monitoring, corrective drill camps should be widely spread.

It should be noted, that the prevention of the professional crime is characterized by the common measures to fight against recidivism. The stable type of the criminal pursuits is characterized by the systematic commitment of the similar crimes. This reflects the relationship between recidivism and the professional crime. At the same time, recidivism is always peculiar to the professional crime (Schneider 2006).

Recidivism is a significant part of the professional crime and one of the greatest challenges for the law enforcement agencies, especially for the penal system. It is held, that the offenders' criminal skills are to a large extent formed at the places of confinement (Shigina 2006).

At the same time, it is stated, that the formation of the professional skills is based on the two determination lines - the presence of special recidivism or the criminal experience. The first of them, pointing to the close relationship between serving at the places of confinement and obtaining the criminal specialization suggests, that recidivism and the professional crime are to a large extent interrelated in nature, i.e. have common epistemological roots. In the second case, the criminal experience, and especially its duration, show great skills, acquired in mastering a certain criminal specialization. The fact, that it is acquired not at the places of confinement, but in the other marginal environment by conveying the certain knowledge suggests, that the genesis of the professional crime has its own features, different from the recidivism ones. Therefore, it is concluded, that the professional criminal activity in its certain part only is associated with recidivism, i.e. not every professional criminal is definitely a recidivist, and vice versa (Berentaliev 2012).

Recidivism has been and remains one of the most dangerous types of crime. Its increased risk to the public is due to the fact, that committing a crime for the second time or more indicates a persistent effort of a person to continue his criminal activity, despite the criminal law measures taken against him. Nowadays a certain part of the recurrent crimes have become more dangerous and professional. The malicious, extremely dangerous, ‘habitual’ criminals significantly complicate the crime situation, while committing a considerable part of the grave crimes. The social injury of recidivism makes itself evident in the fact, that the recidivist criminals adversely affect the emotionally unstable people by their example, particularly amongst the young people, the minors, engaging them in the professional criminal activity (Dancheva 2007).

On prevention of recidivism one could say in a broad and narrow sense. In a broad sense, almost the whole work on the fight against the crime carried out in our country should be attributed to the measures of preventing recidivism. The complete and timely detection and solution of crimes, high-quality criminal investigation, the educational influence on the accused person and setting a fair punishment to the defendant are of the great importance for the prevention of recidivism.
In a narrow sense, preventing recidivism is to detect and to eliminate the causes and conditions, that contribute to the commitment of crimes by the persons, who have served their sentence of imprisonment or subjected to the punishment, which are not related to imprisonment or administrative sanctions due to the crimes they have committed, having an individual and educational impact on such persons (Nakipov 2011).

The prevention purposes are achieved by such legal institutions, as the respite of the sentence of imprisonment, replacing the penal punishment by the measures of administrative sanctions, probation. Presumably, as the practice of sentencing will be improved, by strictly differentiated approach to sentencing, i.e. by the combination of the stringent measures against the extremely dangerous criminals with the punishments, which are not related to imprisonment against the persons, who could be reclaimed without isolation from the society, and the system of bodies and institutions executing these punishments will be strengthened, gain the experience, and the efficiency of these institutions will grow even more.

Alaukhanov, E.O. and Zaripov, Z.S. note, that one of the main trends in preventing recidivism is the use of imprisonment only, when it is impossible to do without it (Alaukhanov 2008).

Another major trend in preventing recidivism is the creation of the transitional links from imprisonment to the normal life. This requires maximum efforts in order to facilitate and to accelerate the process of adapting the person released from punishment to the conditions, which are relatively new for him.

The issue of the effect of applying the punishment on preventing recidivism is multifaceted. The organization of the punishment execution and the social integration of the persons released from the correctional facilities are essentially important.

The key measures of providing discharged prisoners with the assistance are provided by the current criminal and penal legislation.

The framework for the regulatory control of the social integration is the Article # 27 of the Penal Code (Penal Code of the Republic of Kazakhstan 2014), which provides the assistance to the convicted persons and the supervision over them.

The Article # 166 of the RK Penal Code establishes the obligations of the institution administration to assist the released prisoners in their employment and everyday life:

- Notification of his impending release, ownership of property, ability to work and obtained professions by the institution administration to the local executive bodies and the internal affairs agencies of the city of republican status, the capital, the districts and the cities of regional status at the place of residence chosen by the convicted person no later than six months before the expiration of the deprivation terms.
- Holding the organizational and educational activities together with the convicted person in order to prepare him for the release, explaining his rights and obligations.
- Referral of the disabled people of the first or second degrees, as well as the men over sixty-three years old and the women over fifty-eight years upon their written application and at the instance of the institution to the nursing homes by the social protection agencies, and the other persons required the social assistance, upon their written application and at the instance of the institution - to the centres of social integration.

The Article # 167 of the RK Penal Code establishes the procedure of assisting the persons released from the punishment. Providing the persons released from the punishment of an arrest, imprisonment, with a free return passage to the chosen place of their residence or work, as well as food or money in the transit within the territory of the Republic of Kazakhstan, in case of lack of clothing - with the required seasonal clothing, footwear and money for acquiring them, they are provided with clothing and shoes using the budget funds.

Provision of this type of assistance is detailed by the Regulations of Providing a Free Return Passage, Food or Money in the Transit of the Persons Released from the Punishment of an Arrest or Imprisonment, to the Place of Their Residence or Work (Resolution of the Government of the Republic of Kazakhstan 2014).

In 2010, subject to the RK Presidential Decree ‘On the Measures to Improve the Efficiency of the Law Enforcement Activity and the Judicial System in the Republic of Kazakhstan’ (Decree 2010), the functions of organizing and implementing the social integration and rehabilitation of the persons, who have served their criminal sentences, are placed under the supervision of the local executive bodies.

Under the Article # 168 of the RK Penal Code rendering the assistance in employment and everyday life, providing the other types of the social assistance to the persons released from the punishment is imposed on the local administration, the city of regional status, the city of republican status, the capital, which assist in employment and everyday life, as well as the provision of other social assistance to the persons released from the punishment; annually find the labour quotas for the persons released from the institutions, as well as encourage the individuals and legal entities for their employment. However, the aforesaid legal acts do not
address most of the issues of preventing recidivism and the professional crime. In this case, one should primarily prepare the legal framework of the planned innovations in the penal system of the republic. The main legal act in this field should be the law ‘On the Social Integration of the Persons, Who Have Served Their Criminal Sentences’.

Note, that the need for its adoption has been long pointed out by both the practitioners and scientists. It should fill the gap in the legal regulation of the social integration of the persons who have served their sentence. A special place in the law should be allotted to the employment service, as it has the necessary information on the open vacancies, strong links with companies and organizations, has the capacity to provide the financial assistance, etc.

Moreover, the duty to inform the correctional administration about the open vacancies for this population group in particular subject to its specific features, as well as the skills and qualifications of the convicted persons should be imposed on the employment service. It is common knowledge, that the employers avoid hiring the ex-offenders, moreover, not only because of their criminal record, but also because of their unskilled level and the lack of any practice. Therefore, it is necessary to create an incentive system for the employers, who hire the persons, who have served their sentence on their enterprises, providing them with various tax benefits and preferences, and giving ex-offenders the possibility to get a new specialty or to improve their skills.

In general, this Act shall create only the national framework standards, conforming to the international ones and which the local executive bodies could be guided by subject to the local capacities and budget.

It is necessary to establish as many rehabilitation centres, as possible, which should involve the social and psychological, as well as drug treatment services, and the services to assist in employment and temporary accommodation at the centre, moreover, it is necessary to determine the residence time at this centre. The stay period will depend on the two conditions, namely, the behaviour of a person and his desire to start a normal life. Nowadays in Kazakhstan there are only two of them - in Shymkent and Pavlodar. However, these centres more resemble the prison camps because of the strict security requirements, the presence of bars and many clients. In one centre there are more than 100 ex-convicts. As a result, these centres do not serve their purpose. It is obvious, that even establishing the inpatient centres the authorities have no awareness of how to organize its operation and what role should be played by various subjects of the after-care effect. Thus, assuming the corresponding duty, the local authorities have turned to be powerless in solving the problems of the people who have released from the places of confinement (the Kazakhstan’s authorities will draw on the Kirovograd experience in resocialization of the convicted persons 2013).

The countermeasures against the professional crime in the field of information could be also considered as the general social measure. The reliable coverage of the criminal issues and its prevention will allow doing a lot to change the conditions that contribute to the crime commitment using the mass media. For example, the programs on informing the public about the frauds, various kinds of the property and property right extortion, as well as the criminal liability for committing such crimes, the purposes of the punishment, the real life of the convicted persons, who are at the penal institutions, should be highlighted.

**Conclusion**

All these preventive measures should be applied in complex. The complex implementation of these measures should result in the fact that the specific conditions, which contribute to the professional crime, and this type of crime could exist only because of the general conditions and the causes of the crime.

The importance of implementing these measures is certain, and their efficiency depends on the coherence and regularity of taking the entire set of measures by not only the law enforcement but also other public agencies, public organizations and institutions.

It should be recognized, that a sign of the professional crime significantly increases the risk to the public of the criminal behaviour. The professional crime should act as a typical and relatively common, but not inherent in the majority of the certain crimes. This sign should be associated with the criminal behaviour, or at the same time with the criminal behaviour and the personality of guilty. In this regard, it is necessary to improve the criminal law.

Introducing the concept of the ‘professional criminal’ to the General Part of the RK Criminal Code (RK Criminal Code 2014) will specify the criminal liability of guilty. It will definitely improve the quality of criminal sentencing. The concept of the ‘professional criminal’ should be included in the Art. 12 of the RK Criminal Code, which was previously titled the ‘Repeated Crimes’. Its disposition could be defined as follows: ‘The professional criminal is a person, who has repeatedly committed the mercenary crimes of the same or homogeneous elements using the special knowledge and skills, in order to draw the primary or secondary source of income’.
References:

[11] Resolution # 1255 of the Government of the Republic of Kazakhstan Dated 28th November 2014 ‘On Approval of the Natural Nutritional Standards, the Financial and Welfare Support for the Suspected, Accused and Convicted Persons and the Children from the Orphanages of the Penal System Institutions, as well as the Uniform Samples of the Convicted Persons, the Regulations of Providing a Free Return Passage, Food or Money in the Transit of the Persons Released from the Punishment of an Arrest or Imprisonment, to the Place of Their Residence or Work’. retrieved from www.online.zakon.kz/Document/?doc_id=31640035#sub_id=100/.
Model Constructs of Optimal Allocation of Financial Resources between the Types of Medical Care in Public Health Sector in a Region

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Abstracts
Within socially oriented market economy health care system is of exceptional importance on account of its social focus. The quality of health care delivery and hence population’s health depend on the way it is organized. Utilizing some economic-mathematic modeling techniques, coefficients of priority of different types of health care delivery have been developed (preference coefficients c₁, c₂, … cₙ) which enable to facilitate the optimal funding allocation.

Key words: demography development, model constructs, financial resources, types of medical care, coefficients of preference, optimal allocation of resources in the health care system.

JEL Classification: I11, I18.

1. Introduction
The overall demographic development in Russia is similar to European tendencies. At the same time, there are considerable differences in such indices as life expectancy and death rate. In case such tendencies persist, they may be the cause of profound socio-economic consequences in the long run.

The following tendencies are specific for demographic development in Russia:
1. Birth rate has not been sufficient for population increase for as long as 40 years.
2. Mortality rate of males of employment age is equal to that 100 years ago.
3. Since 1992 the deaths have outnumbered the births: the loss made 12 million people and has been partly compensated by 5.5 million migrants (Starodubov, Zelkovich and Isakova 1996, 10-14; Frolov 2008, 56).
4. These tendencies for a low birth rate and high death rate may result in shrinking of population to 125-135 million people by the start of 2025 and to 100 million people by 2050 (Rosstat 2014, 35-55; Bashkortostan stat 2014).
The efficiency of healthcare system is one of the main factors contributing to a better standard of living of the population.

5. Health care systems in highly developed countries are highly efficient, high life expectancy being its integral indication. A sufficiently high level of health system attained in the USSR has been lost due to unconsidered reforms. The creation of a health system following the example of western countries could require, besides the increasing of the living standard, considerable funding, which is not to be performed in a short run. However, liberal policy in economy as well as independence granted to regions allow to control the creation of an efficient health system at the expense of intra-regional sources of financing (Gizatullin and Rizvanova 2011, 839-879; Solodilova 2007, 28-35).

2. Materials and methods

Health care system within socially oriented market economy is of great significance due to its specificity. The level of its organization determines the quality of delivered health care, hence, life quality of population, and finally successful development of economy.

In the conditions of social-economic reorganization which is, on the one hand, defined by objective tendencies of economic development while, on the other hand, by the level of historically formed social relations in the society, the main contradictions in today’s system of health protection and public health care explaining the relevance of the article may be explained as follows:

1. The absence of a systematic approach to the organization of health protection in the Russian Federation since the task of population's health protection is mostly fulfilled by the efforts of health care organs and institutions. At the same time the system of health care appeared disintegrated, with the tendency to the splitting of an integrated system of public health care according to the main sources of financing - via the system of obligatory medical insurance (OMI), state and municipal budgets;
2. As a rule in the work of OMI sectors, public health service authorities and municipal organs there does not seem to exist a united way to the problem solving in the sphere of health protection. This is expressed in a weak coordination of financial policy, in the absence of serious attempts to coordinate the plans of health care delivery, and the development of a net of treatment and prevention institutions (TPI) with practicable plans and volumes of financing of the branch;
3. In the conditions of a switch over to market economy the efficiency of TPI management has dropped;
4. The most important cause of inefficiency of the system of health care is the loss of instruments of management of financial resources as a result of decentralization of the system of management and financing in the system of health care - a natural consequence of division of power between the centre and the subjects of the Russian Federation;
5. The imbalance in the state guaranteed free health care delivery to the population and its financial provision as well as unsatisfactory coordination in the work of different subjects of the system of public health care financing.

The aim of the article is to improve financing in the system of health care in the region and to build an optimization model of financing of medical aid in the sphere of health care.

The aim is supposed to be achieved through the solution of the following interrelated tasks:

- detecting and systematizing the interests and positions of the subjects of the RF health care financing system relative to their reforming as well as the solution of the aims and tasks of reforms in health care system;
- regarding Bashkortostan’s (RB) health care financing as factors of life quality and socio-demographic safety of the region;
- analyzing the state of population health in the world practice and identifying problems the development of RF an RB health care system.
- working out and building ‘Model constructions of optimal distribution of financial resources between the kinds of medical service in the region’s health care’ and detecting coefficients of priority of delivered kinds of medical aid (coefficients of priority);
- making experimental calculations of optimal distribution of financial resources among—the kinds of medical service in the region’s health care system and raising the efficiency of finances allocation on delivery of different kinds of medical aid within the program of state guarantees for the provision of free medical help to the population of RB;
The object of the article is man’s health as one of the factors of life quality and socio-demographic safety in the frame of the examined RF subject of Bashkortostan. The subject matter of the article is a number of questions of managing, financing and reforming of health care system, financial provision of state guarantees of free medical aid delivery to the population.

Theoretically and methodologically the article is based on the works and projects of Russian and foreign authors in the field of complex analysis of the state of public health care and optimization of its financing and reforming, normative-legal acts of federal and republican organs of legislative and executive power regulating foundations of regional health care.

The main methods of research are as follows: method of comparative analysis, statistical analysis (correlation-regressive), method of economic-mathematic modeling, calculated-analytical method, method of numerical solution of set tasks, ordinary table and graphical techniques of statistical data visualization. Excel and SPSS programs were used to treat initial information. (Rizvanova 2006, 3-6).

At present the program of the state warranted free medical care services includes the following four groups:
1. emergency care (number of calls);
2. ambulatory care (visits);
3. hospital care (bed-days);
4. day time hospital care (days).

The types of delivered medical care are given by the number of individuals per 100 thousand or 1 million persons on a country scale, per 1000 persons on a regional scale. As a rule, state established standards on statistics should be followed (Poliakov, Petukhov and Andreeva 1995, 22-40).

Let \( y = (y_1, y_2, ..., y_n) \) be a vector whose components describe the level of types of health care delivery defined per 1000 persons. The levels may be calculated in the state established units. Then, let \( y^0 = (y^0_1, y^0_2, ..., y^0_n) \) be the achieved level of health care delivery while \( \bar{y} = (\bar{y}_1, \bar{y}_2, ..., \bar{y}_n) \) be a desirable level (this can be defined on the indices of analysis in the developed countries). However, we shall consider the \( \bar{y} \) to be scientifically valid. The task of providing the necessary level of health care delivery types during the given period of planning can be formulated as reaching the vector \((\bar{y} - y^0)\) length minimum, that is.

But due to limited resources, financial ones above all, it can hardly be expected that the desired level \( \bar{y} \) is to be achieved over the period considered, so more probably the desired level \( y \) will be of some intermediate value between \( y^0 \) and \( \bar{y} \), that is

\[
y(\rho) = y^0 + (\bar{y} - y^0)\rho, \quad 0 \leq \rho \leq 1,
\]

where \( \rho \) can be regarded as the index of getting the level of health care delivery types to the scientifically valid \( \bar{y} \). However, such a law of reaching the norms \((\bar{y})\) of health care delivery types suggests proportionality of changes in all types of health care which cannot meet the needs of the region’s population. The fact is one of the services implies a sharp increase at the beginning of planning while another one at the end of the period.

With this in mind, a method can be developed so that to proceed from \( y^0 \) to \( \bar{y} \) not by a direct line but by a ‘curved’ line, thus realizing a non-uniform change in the delivery of a health care type, then

\[
y_i(\rho) = y^0_i + (\bar{y}_i - y^0_i)\phi_i(\rho), \quad 0 \leq \rho \leq 1
\]

or

\[
y(\rho) = y^0 + \|\bar{y} - y^0\|\phi(\rho),
\]

where \( \phi(\rho) = [\phi_1(\rho), \phi_2(\rho), ..., \phi_n(\rho)] \).

Now arises a question of fitting the functions \( \phi_i(\rho) \), unevenly moving from \( y^0 \) to \( \bar{y} \) with account of priority of services delivery. Figure 1 is the plot of the \( \phi_i(\rho) \) function.
Let us introduce the coefficients of discrepancy between delivered and desired health care types through $\kappa_i = \overline{y}_i - y^0_i$, $i = 1, 2, \ldots, n$. Then $y_i(\rho) = y_i^0 + \kappa_i \varphi_i(\rho)$, $i = 1, 2, \ldots, n$, with $0 \leq \rho \leq 1$.

The $\varphi_i(\rho)$ function must have some properties meeting our demands. Firstly, $\varphi_i(0) = 0$, $\varphi_i(1) = 1$, hence $y_i(0) = y_i^0$, $y_i(1) = \overline{y}_i$. Secondly, the $\varphi_i(\rho)$ function for preferable types of health care must be convex upwards (fig. 6, a), for less preferable ones – convex downwards (fig. 6, b). Exactly such properties has the exponential $\varphi_i(\rho) = \rho^{C_i}$. Thus we have $y_i(\rho) = y_i^0 + \kappa_i \rho^{C_i}$, $0 \leq \rho \leq 1$. Note some properties of $y_i(\rho)$ and their economic interpretation.

If $\kappa_i > 0$, then the level of delivered types of health care does not reach the desired level, then

1) with $c_i = 1$, $y_i(\rho) = y_i^0 + \kappa_i \rho$, i.e. we have steady growth of the index of achievement level (figure 1, a);

2) with $c_i > 1$, $y_i(\rho)$ is convex downwards, that is a slow growth of $i$ index is provided at the beginning of the period (figure 1, b);

3) with $0 < c_i < 1$, $y_i(\rho)$ is convex upwards, there is a fast growth of $i$ index at the beginning of the period (figure 1, c).

1. How to define $c_i$ numerically? First we shall note the ratio between the two indices $i$ and $j$. We have $y_j(\rho) = y_j^0 + \kappa_j \rho^{C_j}$, $y_j(\rho) = y_j^0 + \kappa_j \rho^{C_j}$, where $\kappa_j > 0$, $\kappa_j > 0$, $0 < c_i < 1$, $0 < c_i < 1$, that is both indices must be improved at the beginning of the period. Let $\kappa_i > \kappa_j$, that is we have a sufficiently big discrepancy between the desired and reached values of the index and the index value must be improved at a higher rate than $j$. So $y_j(\rho) > y_j(\rho)$ inequality must be solved, with $[y_j(\rho)] = \kappa_j C_i \rho^{C_i}$, $[y_j(\rho)] = \kappa_j C_i \rho^{C_i}$ (these are values of first derivative), this implies $\kappa_j C_i \rho^{C_i} > \kappa_j C_i \rho^{C_i}$. Elementary manipulations result in $\kappa_j C_i \rho^{C_i} > \kappa_j C_i \rho^{C_i}$, to solve it we must have $\rho^{C_i} > \rho^{C_i}$. As $0 \leq \rho \leq 1$, then $0 \leq \rho \leq 1$, that is for a selected index this factor is lower. Hence the conclusion, if selection factors of delivered health care are set with decreasing preference $i_1, i_2, \ldots, i_m$, then $c_i \leq c_i \leq \ldots, \leq c_n$. Another conclusion follows: if $c_i$ coefficients are multiplied by one and the same positive number, then priority ratio is not violated. The conclusion points out the possibility of $c_i$ coefficients normalization (Gizatullin 1988, 21-29; Kucherenko, Denisov and Finchenko 1995, 120-122).
3. Results

Calculation of coefficients of preference

To do it, $\rho$ parameter must be fixed (required accessibility parameter) from $\rho \in (0;1)$ interval, so that

$$y_i(\rho) > y_i^0 \text{ and } 0 < \bar{\rho} < 1 \text{ for all } i = 1, 2, \ldots n.$$ 

Let us calculate the preference coefficient $c_i$ from the formula

$$c_i = \left( \frac{\ln y_i(\bar{\rho}) - y_i^0}{k_i} \right) : \ln \bar{\rho} \text{(this calculation can be derived from the derivation of the previous point).}$$

Inequality $y_i(\rho) > y_i^0$ can be provided continuously as $y_i(\bar{\rho})$ can be randomly taken from $\left[ y_i^0, \bar{y}_i \right]$, $\bar{\rho}$ must be the same for all health services.

Now let us state the above optimization model: allocation of funds into priority based types of health care delivery; it is evident that $\rho$ parameter maximum value under restricted resources suggests itself. We shall begin the description of restricting conditions from defining the norms of expenditure per a selected health type calculated for one thousand persons in the region. Let $q_i$ denote the resource necessary for achieving the planned amount $\bar{y}_i$ at the end of the planned period. Then

$$q_1 y_1(\rho) + q_2 y_2(\rho) + \ldots + q_n y_n(\rho) \leq Q,$$

where $Q$ is maximum fund figure allocated for improving all health services (the same is true for a fixed number of people).

Rearrange the main restriction, substituting $y(\rho)$ via preference coefficients:

$$\sum_{i=1}^{n} q_i y_i(\rho) = \sum_{i=1}^{n} q_i (y_i^0 + \kappa_i \rho C_i) \leq Q.$$

The model formulation is this: find maximum value $\rho$ in the conditions–

$$\left\{ \begin{array}{l}
\sum_{i=1}^{n} q_i (y_i^0 + \kappa_i \rho C_i) \leq Q, \\
0 \leq \rho < 1 \\
C_i = \left( \frac{\ln y_i(\bar{\rho}) - y_i^0}{k_i} \right) : \ln \bar{\rho} \end{array} \right.$$

(1)

Model (1) can be considered the basic one, easily modified depending on the information structure (Gizatullin and Rizvanova 2005, 37-56).

The technique of the problem numeric solution (1)

Model (1) belongs to the class of non-linear programming problems. Non-linearity is reflected in one restriction (the so-called budgetary restriction). The most suitable method to solve it is the computer calculation by splitting the interval $\rho \in (0,1)$ to accessible segments with the steps $\Delta \rho = 0.1$, that is $\rho = 0.1; 0.2; 0.3, \ldots; 0.9; 0.95; 0.99$.

The problem (1) solution via the traditional Lagrange method of multipliers is difficult due to the restriction

$$0 \leq \rho < 1 \text{ and specific conditions of budgetary restriction.}$$

The attempt leads to the admissible border set $\bar{\rho} = 1$, $\lambda_1 - \text{any, } \lambda_2 = 1 - \sum_{i=1}^{n} q_i \kappa_i C_i \lambda_1$ demonstrates that function extremum $F(\rho, \lambda_1, \lambda_2)$ is achieved at the border of inadmissible set with $\bar{\rho} = 1$. However, this solution is unsuitable for us, as the solution $\rho = 1$ loses the produced properties $q(\rho)$, $0 \leq \rho < 1$ among them (!).

The condition $0 \leq \rho < 1$ introduces openness of multiple solutions, and $\bar{\rho} = 1$ – is a boundary condition, whose obtaining means that allocated resources are sufficient for achieving desired indices. Hence, the Lagrange method does not allow for restrictions with strict inequalities (such as $0 \leq \rho < 1$).

The solution of problem (1) via computational mathematics

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a) First, let us calculate coefficients of preference \( c_i \), reduced to determining parameter \( \tilde{\rho} \in (0;1) \). As for solving \( c_i \) coefficients condition \( y_i(\tilde{\rho}) > y_i^0 \) must be met, we find \( \max y_i = y_i^0 \) and solve inequality with respect to \( c_i \) : \( y_i(\rho) > y_i^0 \) or \( y_i + \kappa_i \rho C_i > y_i^0 \) or \( \rho C_i > \frac{y_i^0 - y_i}{\kappa_i} \) for all \( i \neq i_0, i \in 1, n \). As it can be admitted that \( c_i = 1 \) (see method of finding \( c_i \)), then \( \kappa_i y_i(\tilde{\rho}) > y_i^0 \) or \( \kappa_i y_i(\tilde{\rho}) > y_i^0 \), or \( \kappa_i y_i(\tilde{\rho}) > y_i^0 + \rho \), or \( \kappa_i y_i(\tilde{\rho}) > y_i^0 - \epsilon \), for all \( i \neq i_0, i \in 1, n \), where \( \epsilon > 0 \) (infinitesimal), and with \( i = i_0 \) the unknown number meeting a requirement for solving inequality \( y_i(\tilde{\rho}) > y_i^0 \), provided for by

\[
\tilde{\rho} = \frac{(y_i^0 + \epsilon) - y_i^0}{\kappa_i} = \frac{\epsilon}{\kappa_i}.
\]

Hence, coefficients of preference are found from the formula

\[
c_i = \left( \ln \frac{y_i(\tilde{\rho}) - y_i^0}{\kappa_i} \right) : \ln \tilde{\rho}, \; \text{for } y_i(\tilde{\rho}) = y_i^0 + \left( \frac{\kappa_i y_i(\tilde{\rho})}{\kappa_i} - y_i^0 \right), \; \tilde{\rho}, i \in 1, n
\]

(3.1)

Now we can proceed to solve problem (1) by the methods of calculational mathematics. Let us split interval \([0,1)\) to \( m \) equal segments, or stating it otherwise, state different levels of achieving desired health services:

\[
\rho_1 < \rho_2 < \ldots < \rho_m < 1, \; \text{here } \rho_j > 0.
\]

In a more common for programming form

\[
\rho_{j+1} = \rho_j + \Delta, \quad j = 0,1, \ldots, m-1, \; \Delta = p_{j+1} - p_j.
\]

(3.2)

The basic calculation formula is as follows:

\[
\sum_{i=1}^{n} a_i (y_i^0 + \kappa_i \rho C_i) \leq \underline{Q}, \; \underline{Q} \leq Q \leq \overline{Q},
\]

where \( \underline{Q}, \overline{Q} \) – are the lower and upper limits of the range of allocated resources. The required initial information concentrates in the coefficients: \( a_i, y_i^0, \underline{Q}, \overline{Q}, \kappa_i, \). The stride parameter can vary in the process of calculation. The process should start from \( \Delta = 0,1 \), which is convenient for proceeding to percent ratios (Rizvanova 2008, 92-101).

4. Discussion

Social Rules and Social norms for medical agents.

We know that each person chooses the form of free medical care (emergency care, ambulatory care, hospital care, day time hospital care) for the action of medical agents. The behavior in medical groups follows social rules. Such rules serve a dual function. On the one hand, they make decisions less complex, i.e., easier for individual medical agents because there exist rules that medical agents can orient their decision on. In fact such rules are necessary for individuals because of the vast amounts of data available to them in every moment, from which they have to filter information that has to be analyzed in order to take a decision. If you have a rule to guide you, that process is much easier to go through. In fact, as the sheer amounts of the free medical care services are
substantially beyond individuals’ capacity to chose, we need to have model constructs (Figure 1) that support us and facilitate the taking of decisions for us.

Social rules also help to form expectations about other medical agents. Therefore, such social rules have to be common knowledge in the medical groups in which they apply. They help to reduce complexity and uncertainty surrounding the possible choices of other medical agents. This is a crucial function in situations that are characterized by a direct interdependence of medical agents, in which one’s results immediately depend not only on one’s own but also on the others’ behaviors. Our expectations regarding others’ behavior thus matter for our own choice of behavior in such situations, and the formation of expectations must eventually be facilitated by a common knowledge of rules governing social situations (Foster 2005, 890; Ostrom 2000. p.152).

Conclusions
From the results the following can be concluded:

1. Due to ill-considered social and economic reforms including health system reforms, the demographic situation became worse. As a result of general crisis in the society the rate of deaths exceeded the rate of births (negative natality).

   According to average forecasting figures suggesting stabilization of births and deaths the population of Russia will decrease to lose 10441 thousand people, or 7.2%. In Bashkortostan the forecasted loss is 87 thousand people or 2.1%; the urban population making 42 thousand (1.6%), the rural population - 45 thousand people (3,2%).

   In the Russian Federation life expectancy is forecasted to rise from 65,3 to 68,2 years in 2015; in Bashkortostan the figures are from 66,8 to 68,8 years, correspondingly. However, these figures are notably lower than in the developed countries. Compare to 77 years in Great Britain and Germany, 78-79 years in France and Canada, 79-80 years in Japan.

2. The health system created in the Soviet Union with ensured accessible medical care was destroyed whereas no new system suitable for market relations was created. Today’s health system should take into account the experience of the health system functioning in the former USSR (Rizvanova 2005, 54-56).

3. It is time to develop minimum standards for the health care delivery on the basis of generalized standards of the developed countries or the scientific generalization of delivered services indices with allowance for specific social and economic conditions in modern Russia. In such a case it is the formation of vector \( \bar{y} = (y_1, y_2, ..., y_n) \) components, a mathematical model construct.

4. Due to limited financial resources allocated from various sources (state, ensurance and private funds) it is necessary to develop the priority coefficients of delivered health care (coefficients of preference \( c_1, c_2, ..., c_n \)) which enable to facilitate defining optimal ways of financing in the health system (Rizvanova 2006, 22-23).

References


Contemporary State and Prospects of using Innovational Technologies for Detection and Investigation of Crimes in the Republic of Kazakhstan

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Abstract
The present article reviews innovational technologies that are used for the detection and investigation of crimes. It also defines prospects of further implementation of the contemporary scientific achievements in the activity of law enforcement authorities. One of the basic tasks of the law enforcement authorities of Kazakhstan is the increase in crime solving rate. The use of innovational technologies put into service by law enforcement authorities could considerably simplify solving this task. However, the potential that high technologies undoubtedly have is not sufficiently used in the area of crime prevention. It shows that in spite of some provision of law enforcement authorities of the Republic of Kazakhstan with advanced technologies, the reality dictates the necessity to develop proper ones and to implement innovational foreign means and technologies that allow to efficiently detect and investigate crimes in a qualitative manner. It considers basic areas of using high technologies in the law enforcement activity. It gives examples of applying innovational technologies in the western counties that allow law enforcement authorities to achieve qualitatively new levels in detection and investigation of crimes. It emphasizes the importance of educational factor in the implementation of innovational technologies. It stipulates the necessity to create a modern capable inter-institutional model of law enforcement institutions that works on the basis of the unity of education, scientific researches and practice.

Key words. Innovational technologies, automated systems, investigation.

JEL Classification: O33, K41, K42.

1. Introduction
The growth of criminality stipulated by negative consequences of the collapse of the previous Soviet system of economic and social and political relations required ultimate mobilization of the state and social efforts at the beginning of the 1990s in Kazakhstan. Now we can assuredly say that under the conditions of political stability in the mid-1990s, the state managed to achieve noticeable stabilization of crimes.

Basic efforts were focused on the most important directions of the struggle with criminality, taking purposeful and large scale operative and preventive measures with the maximum use of the existing efforts and means.
The provided data show that the tendency of change of the total number of crimes as compared to the indicators of the 1990s stabilized and had a tendency to further decrease by 2010.

Positive social and economic development and adequate policy of criminal law can be considered as basic causes that influence the decrease in the level of criminality in Kazakhstan.

The basic results of the police of Kazakhstan were evaluated according to two indicators: the decrease in the level of criminality and the increase in the percentage of detection.

It is absolutely obvious that the strive for exaggerating indicators, decreasing the level of criminality at any costs and increasing the crime solving rate led to the widespread hiding of crimes from recording.

That is why since January 2010, complying with the orders of the state Head, the General Prosecutor together with the Ministry of Internal Affairs has been pursuing a line related to complete and objective registration of all applications and notices about crimes.

Inspections established crimes that had been hidden from recording in various ways (unreasoned decision about the refusal from initiating a criminal case, decommissioning in the nomenclature case, etc.). As a whole, this work allowed to provide the completeness of recording crimes.

Undoubtedly, it would lead to statistic growth of the number of registered crimes. On the other hand, it would inevitably cause a decrease in the indicator of their investigation.

At the current stage the society must perceive it as a consequence of the changed policy in the area of crimes registration, moving away from the notorious ‘percentage’ of investigation, but not as an actual upsurge of criminality in the country.

Now the increase in the detection of crimes and their efficient investigation is one of the basic priorities of the activity of the Ministry of Internal Affairs of the Republic of Kazakhstan. The implementation of innovational technologies is one of rather efficient mechanisms of successful realization of the increase in detection and quality of investigations.

In the 21st century the tempos of development and application of informational technologies in various areas of the person’s activity grow sharply. The needs changed under the influence of the society development require the application and implementation of novelties contributing to the increase in the efficiency of human labor. Due to this, the use of innovations – those that possess a high efficiency of novelties created through a creative process and intellectual activity of a person on the basis of discoveries, inventions and rationalization of new objects and the ones that differ from the previous – is a required component of economic development. Over the recent years our country has started intensively implementing and applying perspective informational technologies in the social activity. Such technologies penetrate into all spheres of social and economic life (Problems of Applying Informational Technologies in Detection and Investigation of Crimes, 2010).

However, at the present time the potential of achievements in the area of high technologies is not fully used in the area of detection and investigation of crimes. There are serious difficulties related to the lack of the required investigators’ and agents’ experience and skills of applying the newest information technologies for achieving the goals of investigation.

The researches devoted to the use of innovational scientific and technological means in the judicial and investigative practice demonstratively witnesses about insufficient effectiveness of their application. As a rule, objective non-availability of the due use of the newest achievements of scientific and technological progress by investigators is related to the severe shortage of time. It is stipulated both by the number of the cases that are pending and the plurality and complexity of the tasks solved during the investigation. The goal of this research is to evaluate the current state and to define the perspectives of using innovational technologies in the detection and investigation of crimes.

The methodology of the research is based on the dialectic method of cognition that reflects the connection of theory and practice and general scientific methods of deduction, induction, synthesis, description, generalization, explanation that are related to it. Applying them, the author managed to define the prospects of using informational technologies in an inter-related, comprehensive and objective manner.
2. Results

Tasks related to optimization of criminalistics activity, improvement of its technological performance and social efficiency explicitly require further comprehensive researches on the analysis of new forms and searches for perspective areas of applying science-driven and innovational technologies.

It is doubtless that computer technologies are the most perspective ones to be used while detecting and investigating crimes.

At the present time computer equipment can be efficiently applied almost in all types of works performed in the process of crimes investigation. The use of informatics data on the basis of means of computer technology allows to speed up the implementation of scientific knowledge mediated in criminalistics scientific researches, and in the practice of detection and investigation of crimes. Positive influence of the use of informatics data in operational and investigative and forensic practice is achieved, first of all, due to the rationalization of labor operations; secondly, due to the improvement of methodological provision of the activity; and thirdly, due to the optimization of processes of making difficult multi-criteria decisions with the use of systems based on the knowledge.

Computer technologies are more and more spread in the investigation. According to researchers, the process of ‘mathematization’ and cybernetization of criminalistics as a whole and in the investigation in particular takes place in three directions.

The first one is general-theoretic direction. It includes the development of essential explanation of the possibility to use mathematic methods in those areas of criminalistics and forensics where the use of these methods will allow to receive the most efficient results.

The second area of the process under consideration is the use of the mentioned methods for the development of problems of the criminalistics identification and their practical applications, problems of criminalistics expert examination, and, as a result, problems of the forensics.

The third area is the application of these methods for solving problems of criminalistics tactics and methodology (Problems of Applying Innovational Technologies 2010).

Conditionally, it is traditional to divide the whole variety of computer software complexes and systems applied by the law enforcement authorities into six types:

- Inquiry and communications systems,
- Automated workplaces and management systems,
- Expert and consulting systems,
- Calculation and analytical systems,
- Computer courseware,
- Image processing computer systems (Yakovenko 2005).

Herewith, the thought that computers of new generation must fulfill four basic functions appears to be correct:

1) To solve tasks and problems in the situation of incomplete knowledge,
2) To collect, store and use various knowledge,
3) To use natural languages (text, voice), image, graphics, i.e. multimedia means in the users' interface,
4) To transform the task in the efficiently operating computer program (Fedorovich 2000).

In our opinion, the basic directions of implementing electronic computing machines in the investigation include computerizing forensics, organization and methodology of crimes investigation, and automating criminalistics reporting.

The first attempts to implement electronic computing machines in the legal activity were made, first of all, in the area of automating criminalistics, particularly, dactyloscopic reports.

Specific difficulties arose while checking investigation records and dactylo-files that are kept by criminalistics subdivisions of internal affairs authorities, handprints retrieved from places of unsolved crimes, and dactyl-cards of daces that are of operative interest. As the number of crimes grew, the array of investigation records and dactyl-files increased. It happened to be impossible to check them efficiently. That's why the problem of equipping criminalistics subdivisions of internal affairs authorities with automated dactyloscopic identification systems became urgent. The attempts to automate this type of activity have already been made (‘Track’, ‘Track-2’, ‘Dot’, and ‘Dactoexpert’). However, they have not showed positive results. They continued traditional checking on a visual basis with the aid of a dactyloscopic magnifier. The existing foreign systems (for example, ‘PRITRACK’, ‘MORPHO’, etc.) were highly assessed, but they were not adapted to the Russian specificity. A higher level of revealed tracks and dactocards was required (Zeldes and Levi 1996).
It is necessary to mention that various computer systems currently functioning in the USA use the principles that were formed at the beginning of the 1950s by the Russian criminologist L. Edzhubov. However, American developers have never mention it (Edzhubov 1989).

Active works on developing ADIS (automated dactyloscopic identification systems) started in 1989. They studied the opportunity to automate the fingerprints recognition with the aid of personal computers, developed algorithms, programs of image filtration and compression, automated indexing of fingerprints and palms, and researched methods of identifying prints images. In 1992 the Russian ADIS were created. On the basis of Almaty Operative and Criminalistics Unit (OCU) of the Department of Internal Affairs, ‘PAPILON’ ADIS was installed and successfully functions. It aims to automate operative and inquiry, and operative and investigation dactyloscopic records of OCU (Tileubergenov 2013).

The application of ADIS allows to solve a number of tasks and provides:

- Decrease in labor inputs and increase in the efficiency of detection and investigation of crimes due to more accurate and timely information provided to operative services,
- Possibility to identify a personality of both living individuals and unrevealed corpses according to several fingerprints, and a small fragment of only one fingerprint,
- Automated checking of dactyloscopic information according to the ADIS database during dactyloscopic filing and fulfilling operative inquiries,
- Speed-up of developing dactyloscopic information during filing and decrease in time for answering inquiries,
- Increase in the efficiency of dactyloscopic filing,
- Increase in the quality of the received dactyloscopic information due to the implementation of optoelectronic devices of inkless fingerprinting – ‘alive scanners’,
- Possibility to combine files in the unified automated system, and
- Implementation of interregional interrelation of automated dactyloscopic records.

The system provides automated identification of the personality (Tileubergenov 2013).

So, in the organization of using computer equipment, it is possible to single out the following issues: defining the area of use, basic objects and methods of using electronic computing machines within every area (expertizing, criminalistics records, etc.), rational use of the existing equipment in various law enforcement structures (investigations office, criminal investigation department, etc.), active interrelation in the person-machine system.

One of the areas of automating investigations is computerization and mathematization of forensics. The first obligatory condition for applying cybernetic devices in forensics is mathematical modelling of objects, and developing the algorithm of its cognition process.

The essence of modeling includes cogitative and material construction of models, imitation of specific processes and phenomena for the received knowledge to be the basis for estimating another object or phenomena under study (Ratinov 1967).

Defining the investigation strategy and tactics, the expert often is based on the opportunity to construct various types of ideal material models of the objects under study. Among the latter ones, physical, space, graphic, sign, and other ones that reproduce both external features (characteristics) of the original and internal ones that reflect their composition and structure take an important place in the structure of expert cognition.

In the reality researches in the area of modelling features of the objects under the expert study contain the prospects of creating programmed expert methodologies that provide, to a definite degree, the transfer of all the most difficult and labor-intensive operations while solving expert tasks to the area of computer processing for the purposes of automated research, analysis, estimation, and fixing the information the expert is interested in (Shakirov 2002).

Forensics is being rapidly developed. Scientific and technical progress has a strong and many-sided impact on the forensics institute. It is expressed in the facts that over the recent years the material basis of expert subdivisions has considerably improved, and they perform work on implementing new and developing the current technical, software and technological equipment for solving judicial and expert tasks. The processes related to
investigating and defining characteristics of both the ses the necessity to generalize and compress them, and automate the searches for the required
ors can make omissions during increases, as an important area of implementing computer technologies in the expert activity. It is solve issues related to bomb expertise, information retrieval systems on explosive substances that it can be regarded as one of the expertise stage. Such AISS include
unexperienced investigators, must address scientific recommendations. However, their searches and use are comprehensive and especially difficult investigations. That is why even they, not to mention young and automated.

One of the conditions of intensifying the process of expert investigation and increasing its efficiency includes timely and full provision of the expert with the reference data. That is why informational provision of expert investigations is an important area of implementing computer technologies in the expert activity. It is understood as the creation of databases and automated information retrieval systems (AISS) for specific objects of the expert investigation that mainly function on the PC basis and use the ability of the computer to accumulate, process and output large arrays of information in accordance with inquiries (Rossinskaya 1990).

Information searches in such systems aim to classify the object of the investigation (for example, defining the time of the headlight glass, materials of documents, etc.), It is made on the basis of the provisions of the theory of identification with the use of classifying methods of defining the group belonging. The specificity of such search is the fact that it can be regarded as one of the expertise stage. Such AISS include ‘Mark’ AISS (information about hundreds of samples of paint materials, ‘Shoes’ AISS (data about the manufactured show soles), ‘Ammunition’ AISS (information about types of manufactured ammunition), ‘Fiber’ (characteristics of textile fiber), ‘Metals’ (information about metals and alloys) (Tileubergenov 2013).

The disadvantages of the above AISS include the cases when the system outputs a lot of objects that can include the initial one, or when the system fails to find the object that is included in the database.

At the present time automated systems used in the process of developing specific types of opinions are being improved.

In order to solve issues related to bomb expertise, information retrieval systems on explosive substances of civil and military purposes (above 100 items), gunpowder, pyrotechnic compositions, industrial blasting means, and ammunition have been developed. Such systems allow to quickly define the composition, model or group of explosive substances according to one or several indicators received as a result of physical and chemical analysis. They provide the expert with the opportunity to define the whole list of characteristics of both the explosive substance and its components, type (model) of the blasting means or ammunition (Bychkova 1999).

The development of automated databases containing social and biological characteristics of the person is a promising area of using innovation technologies. Signs taken comprehensively allow to determine data that are important for the investigation (gender, height, age, professional skills, etc.). Besides, the group of the person’s characteristics can be defined according to traces of blood, saliva, sweat and grease deposits, sperm, etc. It allows to model the appearance, functional characteristics, and other features. Herewith, such data have already been recorded by the Interpol (Demina 2001). Along with expert activity, organization and methodology of crimes investigation is also computerized and automated.

Over the recent years the workforce of investigative forces has been constantly changing. Not all investigators have sufficient bases of knowledge. Even experienced investigators can make omissions during comprehensive and especially difficult investigations. That is why even they, not to mention young and unexperienced investigators, must address scientific recommendations. However, their searches and use are difficult. It causes the necessity to generalize and compress them, and automate the searches for the required
part of the specific recommendation, etc. For this purpose, the information must be encoded, and a computer program must be developed.

The theoretic basis of the development of investigation programs is the provision about the fact that the elements of the ultimate fact: time, place, situation, terms and conditions of committing the crime and other, although being individual, can be classified according to their types.

At the present time methods containing statistical analysis of investigative situations covering the above elements have been created and are applied.

If it is possible to classify elements of ultimate facts according to their types, investigative situations can be also classified according to their types, and there is an opportunity to input data of typical facts in the computer.

Consequently, there is an opportunity to form an array of data for typical programs of investigation. Such program must include criminalistics (developed by the criminalist) that contains elements of the investigation structure, and cybernetic (developed by the programmer on the basis of the criminalistics one) parts.

Organization and methodology of crimes investigation are automated in two ways: communication provision and solving logistical and search tasks. At the present time the first direction prevails.

Communication systems allow the investigator to quickly and at any time get the information related to the investigated case and investigation process.

Systems that perform logical operations where some functions are fulfilled by the machine instead of the investigator have been recently created. For the present systems are based on research and practice recommendations, it is reasonable to continue developing systems on the organization and methodology of crimes investigations that also include the experience of investigating a specific category of crimes. For example, it includes generalization for further encoding of data related to murders, robberies and assaults cases. The development of such system would have a serious positive meaning for experts who ‘would receive practical stipulation for making decisions as experience of a similar crime’ (Selivanov 1987).

However, the development of such system faces definite difficulties in codifying the required information. Obviously, in the nearest future this system will be developed.

At the present state in the area of organization and methodology of crimes investigation, law enforcement authorities use the following systems:

1. ‘Maniac’ system is meant for informational provision of investigating series of sex murders,
2. ‘Block’ system was created to increase the efficiency of investigating economic crimes,
3. ‘Octopus’ system helps to establish criminals’ contacts,
4. ‘Typical versions on murders cases’, ‘Stealage of weapon from storage depots’ system (it contains criminalistics characteristics),
5. ‘Identification’ system computerizes the search for individuals put on the wanted list, missing persons and unidentified corpses,
6. ‘Safe’ system contains data about elements of the ultimate fact on stealing funds from vaults (Tileubergenov 2013).

Preparation and self-preparation of investigators is an important component of the investigation organization. For this purpose, computer systems on investigators’ training and further training, for example, ‘Murder’, ‘Racket’, ‘Assaults investigation’, ‘Criminalistics technique’, ‘Forensic photography’, etc. were developed.

Speaking about contemporary informational technologies, it is necessary to define one of the most popular technologies – multimedia – in spite of the fact that there is no unified definition that explains this notion. The literature offers various definitions. They are often contradictive. The most successful definition can be acknowledged to be the one formulated by M. Kidmeyer. He thinks that it is the dialogue software whose management achieves the interrelation of visual and audio effects at the computer screen (Kidmeyer 1994)

At the present time multimedia as an innovational technology finds a broader use in modeling various processes, also while detecting and investigating crimes.

So, for example, the Russian Federation has been continuously using the MSR-TV multifunctional digital complex that registers and operatively analyzes documentary images, transfers them via various connection channels, and keeps the database of multimedia documents (photo maps, audio records, verbal description, maps (dactyloomap)) in order to describe the inspection of objects, etc. Using such software, it is possible to create universal cards of detainees (fingerprints, picture, handwriting, voice sample, etc.) (Aminev 2001).
3. Discussion

The State Program of Further Modernization of the Law Enforcement System of the Republic of Kazakhstan for 2014-2020 defines that the further improvement of the current informational and analytical systems of the law enforcement authorities, taking into account the implementation of contemporary innovational methods including new databases and informational systems that comply with the requirements of the reality, is an important aspect in the law enforcement system.

For these purposes, on the basis of the Committee of Legal Statistics and special reports of the General Prosecutor Office, a software product will be developed. It will contain data files from the databases of the state bodies and other organizations, establishments regardless of the ownership forms with the provision of access to law enforcement authorities. It will guarantee the increase in the efficiency of investigation with the use of informational and analytical systems by 15% in 2016, and by 30% in 2020.

The center of processing data of the law enforcement authorities will be established. The institutional network of data transfer and telephony, integrated data bank and Situational Center of the Ministry of Internal Affairs will be modernized. Automated informational systems (including those for the migration policy), centers of operational administrations of the country towns and regional centers will be developed. Herewith, the share of employees suing informational files in the operational and employment activity will be 50% in 2016, and 90% in 2020. The level of informational and communicational equipping of the law enforcement authorities will be 75% in 2020 (State Program 2013).

Under the modernization of informational and telecommunication system of the Agency for Economic and Corruption-Related Crimes of the Republic of Kazakhstan, the analytical system aiming at early prevention and suppression of economic and corruption-related crimes will be further developed.

The database of sham companies and criminal record of individuals who are involved in this type of crimes will be created. It will be integrated with the systems of Justice and Financers Ministries.

In relation to efficient detection and investigation of crimes, it is much more comfortable to deal with the unified informational space, but not with heterogeneous, territorially disengaged SDM (systems of databases management), since it allows to collect all the data required for the analysis in the central database, clear them of mistakes, convert them into the unified formats, and present them in the user-friendly mode. We think that the decrease in the price of information storage devices was important, too. It allowed the users to store initial data from transaction systems with a high level of detailization and for long time intervals (the volumes of modern automated informational systems already include hundreds of gigabytes) (Shteinberg 1998).

Informational interrelation with foreign and international organizations in the area of law enforcement activity and migration policy will be further developed.

The implementation of contemporary informational technologies aims to create conditions that allow to make optimal management decisions, to increase the transparency, efficiency and performance of the performed work within the shortest period of time.

Joint development of automated informational, organizational and dactyloscopic systems is undoubtedly a more promising direction for the implementation in the activity of law enforcement authorities on crimes investigation. However, it is necessary to pay attention to other types of innovations applied in the activity of police in various countries. We will give several examples of using scientific inventions related to the crime prevention that would be necessary in the Republic of Kazakhstan, too.

So, in the USA specialists of the DARPA defense scientific agency want to apply the methodology of the breast cancer diagnostics for searching for explosive devices. Recently DARPA has launched the MEDS program that aims to develop the contact-free methods related to detecting explosives in opaque media with high content of water, for example muddy puddle, meat, animal carcasses and inside a human body. It is assumed to search for bombs with the aid of ultra-wide band scanners (UWB). These scanners have already demonstrated excellent results while diagnosing breast cancer. UWB technology is scanning at short range with the aid of a very wide radio-frequency spectrum (Kholopov 2013).

When a person tells a lie, he experiences ‘Pinocchio’s effect’. It means that the temperature of his nose, and muscles of the internal eye corner increase. In addition, the face temperature increases if we tensely think or feel anxiety. These are just some conclusions of the novelty research made at the Department of Experimental Psychology of the Granada University that searches for new ways to apply thermography.

Thermography is a method based on measuring the body temperature. It is used in many areas including industry, medicine, etc. Thermographic cameras have a vast scope of application. For example, they allow to define respiratory diseases of the cattle or raccoons’ rabies. Thermography is used to detect defects of casting at...
iron and steel enterprises. It was developed during the Second World War to detect the enemy with the aid of night-vision devices. The University of Granada, in particular scientists Emilio Homes Milan and Elvira Salazar Lopez are pioneers in the application of thermography in the area of psychology. The results they have recently received are innovational as a matter of fact. Besides, they are simply interesting. Thermography also allows to solve comprehensive tasks, for example, while participating in the interrogation lie causes changes of the face temperature. Temperature around the nose and in the eyes corners is regulated by the brain element called the insular lobe (insula). It is activated only when we experience real feelings (so called ‘qualias’). The more there are active and real emotions, the lower the temperature is. A lie increases the temperature.

A thermograph is a marker of somatic subjective and mental states. It allows to vividly see what a person feels or thinks (ScienceDaily 2012).

The USA has recently used the innovational technology that allows to visualize finger marks on the pool.

Doctor John Bond, a senior teacher of the Forensic Medicine Department, together with Liza Smith, a teacher of the Department of Criminology, made a theoretic basis for their invention in 2008-2009, when it entered the list of the 50 best inventions according to Time Magazine and was called ‘the invention that would change the world’ by BBC Focus. Now, after almost four years, the innovational technology has finally turned into a practical device. The first samples have already rolled off the production line (Bond 2009). Doctor Bond collaboratively with the University of Lester have found the method that helps to see fingerprints on the metal, in particular, on a pistol even if they have been cleaned. Criminalistics has already been using fingerprints for above 100 years. However, earlier, prior to the researches of Doctor Bond and his colleagues, it was easy to clean fingerprints and make it practically impossible to receive a distinct image. The new method allows to use the rust mark left by the sweat of person’s hand after reacting with those metals reached by the criminal. Researchers overlay the metal with a specific powder and power it with 280 V. Thus they make the powder stick to the corroded parts of the metal. The metal undergoes a reaction of corrosion remained from fingerprints. An image of cristae cuts becomes vivid.

It is similar to the image that appears in the solution on the film. There is one more striking detail. Having researched the mechanisms of physical and chemical reactions of this criminalistics method, the researchers came to the conclusion that the fingertips might be left not only on the glass shell but also on the bullet that shot out of the barrel.

The innovation was patented by the USA police authorities that received the right to produce, advertise and sell cartridges for electrostatic reconstruction and analysis (CERA) of fingerprints around the world.

Conclusion

To a large extent the efficiency of the contemporary forensics is defined by priority directions of using innovations and scientific technologies. However, their implementation greatly depends on the adequate evaluation of forensic novelties by practicing criminalists, experts, investigators, and their readiness to perceive the new. That’s why the problem of involving highly qualified personnel, i.e. specialists that possess an appropriate level of expertise and experience of working with computer equipment still remains an actual task. Only professionals who have experience and relevant technical educational level must manage such difficult special equipment, including computers.

Scientific and educational activity in law enforcement authorities is developed under the conditions of out-of-date methodological basis, structure and content that are not sufficient for the final goal – the increase in the efficiency of the procuratorial supervision.

The contemporary state of scientific researches shows non-coverage of all varieties of law enforcement practice, non-presentation of the researches that are carried out, the lack of intellectual, personnel, material and technical potential, etc. Today all law enforcement authorities have academic and educational organizations that study and forecast criminological situation, develop counteractions to negative tendencies, scientifically provide solutions for legal, organizational, technical, informational, operational-tactical and other problems of law enforcement authorities, and train qualified personnel, including those related to the institutional science.

In spite of a considerable number of the processed and prepared scientific documents, they hardly contribute to the improvement of operational and employment activity of law enforcement authorities. The topicality and content of the researches lag behind the rapidly changing operative environment. They are no sufficiently focused on real needs of the practice and educational process. The applied character of the conducted researches is objectively limited by the boundaries that are stipulated by the specificity of institutional tasks. No interrelation of the science and practical activity is provided. Often the topicality of researches is not
focused on solving the current tasks of the law enforcement practice. It shows an inappropriate level of the coordination of the activity of academic institutions, higher education institutions, law enforcement authorities, and the existing creative potential.

The current tasks of crime prevention are more and more beyond the narrowly institutional problem. There is a need in the unified, coherent approach and coordination of efforts in the creation of modern, acting inter-institutional model of the law enforcement institutions that are united by an idea of the unity of education, scientific researches and practice.

The basics of forming a new model of the development of law enforcement authorities must become a scientifically stipulated policy in this area, including: the improvement of the quality of joint scientific researches aiming at a specific scientific result highly sought in the practice, and the improvement of the system of professional inter-institutional training, as well as an increase in the qualification of personnel for the law enforcement system.

References


Monotowns in Russia and in other Countries: Similiarities and Differences

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Abstract
The situation in mill towns or monotowns (calque from Russian monogorod) in modern economy is particular sharp that cause the necessity to research modern Russian mill towns and to reveal social problems of the towns of such type. The author analyses main characteristics of city-forming enterprise because its effective operation determines all dimensions of life and social welfare of monoprofile town. Comparison with company towns of the USA, including Pullman and Menlo Park was chosen by the author as effective method of diagnostics of Russian mill town state. Author reviews G. Pullman's conception of company town that has been laid in the foundation of modern company towns of the new generation. Comparison allows revealing the range of problems and advantages and disadvantages of this phenomenon. Main characteristics of living in Ural mill town and Facebook company town are being compared. Influence of monotown specifics are analyzed together with the history of foundation that have strong effect on everybody in these towns and have high potential of further development. Possible ways of relieving tension in such towns are proposed.

Keywords: monoprofile town, company town, company town conception, city-forming enterprise.

JEL Classification: Z13, M21.

1. Introduction
Industrialization of Ural had been developing in a different way as in Europe and the USA. Like in the other countries plants' settlements were not developed spontaneously. Forming of population of plants' settlements was conducted according to the idea and under the control of the owners of plants and even with their direct participation. But historically the character of life of Ural people working in the plants was focused on state priorities. Interests of the state and reinforcing of treasury had created a special mentality of Ural people that is the mentality of state people. Life of a contemporary Ural monotown is also characterized by high level of social stress city-forming enterprises, successful operation of which determines all the aspects of life and social welfare of population are not having their best times. Successful operation of city-forming enterprises is not the main source of town’s budget but a social stability guarantee, as financial problems of such an enterprise are gradually becoming socio-economic problems of the town. Is that law overall at this stage of monotowns development in the world or is it only Russian – that’s the research task put forward by the author.
2. Methodology

The methodological basis of this research is formed by general scientific methods of socio-cultural processes research: analysis of scientific literature (ideas of classical social thinkers, works by national and foreign researchers on urban sociology) and synthesis of available knowledge on the problem in question, categorization of generalized materials' content.

Comparison method was put into the basis of this research. In social sciences it serves as an indirect experiment. When... creating facts does not depend on us and we can compare only the facts arising independently, that method is indirectly experimental or comparative (Durkheim 1982). Meantime, as opined by Henry Ture, it should not be missed that social sciences deal with vague, badly integrated and changing systems (both elements and relations are changing). That acts as the main problem of applying that method in sociology. Hence, history as a way of description follows, but history is not a theory and generalization matter arises right here (Durkheim 1982). In general, comparison method application surely contributes to the progress of sociologic knowledge, including due to discussions in that area (Rezaev and Tregubova 2012).

3. Results

3.1. Historical and theoretical foray into the issue

The author has analyzed the characteristics of monoprofile basing on scientific literature that may be divided into several groups. One part of works contains analysis of theoretical approaches to study of social and cultural and economic characteristics of a town. These are the works by N.P. Anciferov, F. Brodel, M. Weber, V.L. Glazychev, E.N. Zaborova, L.A. Zelenov, L.V. Korel' E.N. Percik, S.V. Pirogov, Je.V. Sajko, and others. G.Ju. Vetrov, I.A. Koh, G.M. Lappo, V.Ja. Ljubovnij, A.A. Peredjerj, B.S. Horev works are complex analysis and evaluation of economic and social state of Russian monoprofile towns and their development trends. Review of the works on the problems of monoprofile fulfilled by the author has shown that this area is not fully covered due to its multifold character.

The history of industrialization of Russia is the history of founding and development of monoprofile towns. Monoprofile town's geography is vast. They are located almost over the whole territory of Russia. According to statistics, 460 of 1097 towns of Russian Federation are monoprofile and not less than 1200 (64.4%) of 1864 urban settlements are monoprofile. More than M16 people live in these settlements that is 24% of population of the country. The greatest number of monoprofile towns is located in Ural Federal region (more than 61% of all towns with 33% of population of the region living in them).

Main characteristic of each monoprofile is mutual penetrating of city-forming enterprise (plant) and all the dimensions of town living including the life of individual. In the course of development of the city managerial structure is being developed. The function of municipal authority in this structure are in great extent or fully taken by a plant. In Ural this process has been developing since XVIII century when a plant (further city-forming enterprise) had been founded before the settlement. That means that function had preceded subject of action.

There is no strict definition of the term ‘city-forming enterprise’ now. Existing legislation contains different provisions that secure the idea of city-forming enterprises. Statute of the Government of Russian Federation No 1001 dated August, 29, 1994 defines city-forming enterprise as an enterprise with not less than 30% of all population working at the enterprises of the town working at or with social and utility objects that serve not less than 30% of the population of a settlement on the balance. Enterprise is considered city-forming and a settlement – monoprofile when at least one of these indicators exists (Macnoa 2009).

Development strategy of city-forming enterprise is being defined not only considering performance and economic indicators (labour productivity, basic funds, income, profit and others) but also social and humanitarian factors like social provisioning, intergenerational continuity, etc.). All these factors were called in 1948 in Japan ‘human factor’. Human character of today society does not presuppose considering the problem ‘city – city-forming enterprise’ as merely the problem of production and technology. While in pre-Soviet period interaction was considered in the dimension of production and economic indicators, in Soviet period city-forming enterprise supports all the sides of living of its' workers.

Working dynasties were highly thought of, dwelling had been provided, targeted education of children of workers that were in high demand and career-guidance of teenagers had been carried out. Enterprises organized vacations of their workers and had been taking under patronage infant schools and schools. Of cause one of the aims of all these actions was career-guidance. City-forming enterprise defined the specifics of a family in monoprofile and a family in turn had brought up a personality basing on the values of industrial and plant culture.
that became a part of a family culture. All the elements that characterize living and behavior of a person in a family were the elements of a single system ‘individual – city – city enterprise’. It should be noted that specific type of a town – monoprofile town had formed a special type of factory-and-works culture (‘industrial ghetto’ as A. Panarin (2003) called it). The best representatives of this type of culture were aspired for quality education and worthy status (such possibilities were easily provided by Soviet system). At the same time factory-and-works culture had been constantly reproducing great number of individuals whose asocial propensity was restrained by state authorities. Current features of a monoton is active drain of population and unemployment growth, in particular, in industry. The cities suffering those processes are called shrinking cities (Oswalt 2006).

3.2. City-forming enterprise as the basis for existence and main problem of contemporary Russian monoton

It may be stated that in modern economical situation these is one main indicator of city-forming status of an enterprise that is mutual penetrating of problems of a town and an enterprise in other words identification of a town and city-forming enterprise. In the situation of maturing of Russian economy city-forming enterprise in town structure has a special social responsibility. City-forming industrial enterprises should not only support employment but create material and substantial potential for functioning of all components of town’s infrastructure. At the same time monotowns with city-forming enterprises of metallurgy and mechanical engineering industries appeared to be most vulnerable in today Russian economy. Economy of these industries constrict because they are the most reluctant to adopt IT and advanced knowledge-intensive technologies.

Analysis of data on city-forming enterprises of monoton is of Ural region made by the author allows concluding that the most pressing today are the following problems: the gap between technologies used in city-forming enterprises and requirements of modern production methods; low productivity; physical and moral depreciation of productive capacities. ‘Up-to-date modernization, renewal of productive capacities have not been fulfilled, advanced technologies have not been deployed, managerial system and organizational system have not been reorganized considering changing tasks. As a result cost price of production of city-forming enterprises is high, consumption characteristics are low, production is noncompetitive in price that in turn does not provide the lowest profitability level necessary for extended business reproduction’ (Kryukova and Arsenova 2010).

It may be stated that growing competition and world market conjuncture hamper development of city-forming enterprises in modern Russia. High cost price of production and consequently its low competitiveness in the market are caused by production costs related both with out-of-date production technologies and enterprises location far from end markets. It causes high costs of transportation, environmental support technologies, high costs of electric power supply, etc. In post-Soviet period basic funds have not been modernized that caused such situation. However, as stated by M. Steiner, it does not explain the reason for inability of an industrial area to get adapted to the changing external environment (Steiner 1985). F. Todtling and M. Tripple specify the following reasons slowing down that adaptation: innovational activity exists but is often narrow-specialized and oriented rather at improvement of the existing technology (process innovation) than at creating a brand new quality product (product innovation); developed and specialized systems of generation and distribution of knowledge (education and scientific research) are aimed at the development of traditional spheres of industry and face deficiency of modern specializations; technology transfer is oriented at large companies; medium and small enterprises do not virtually take part in it (Hassink and Shi 2005). The consequence of economic stagnation in such areas is the loss of social stability. For Ural monoton is it is of relevance as their concentration in the region is rather high.

3.3. Employee’s position in corporate city and factory city of XIX century

The author has compared today state of monoton in Russia (on an example of Ural monoton) and abroad. We chose conceptions of company towns that were most successfully realized in the world practice – the conception of G. Pullman and conception of Facebook corporation developed on the base of Pullman's idea.

Conception of company town realized Pullman (USA) is not new. The town Essen in Germany had the same type. All the population of this town had been working in Krupps’ enterprises. Anyway this monoton may be considered unique. Philosophy of G. Pullman presupposed that the most effective workers were happy workers. Everything in the town 6000 workers with families lived in was the property of the Pullman's company. The first family arrived here on the 1st of January, 1881. Dwelling in Pullman was slightly more expensive than in other parts of the city but it was more comfortable and layouts of apartments were more diverse. Sheltered toilets
and water supply were unprecedented advantage comparing with the quality of dwelling in average working districts). Trees and shrubs were planted in the town and there was suburban park – something new for working people. Development of the town cost its owners 8000000 dollars. National strike in 1894 (that had started in Pullman) and death of G. Pullman in 1897 were the beginning of process that resulted in joining it with Chicago and lost of its importance and independence («The Town of Pullman» 2009).

It may be stated that the idea of care about the workers, idea of company town is the strategy that had been formed in the period of industrial revolution. It is based on the principle of focusing not only on profit but on satisfying of workers’ needs (Albergotti 2013). G. Pullman had genuine interest in his workers. He believed that ‘improvement of life conditions of workers and their families is the base for creating wider possibilities for attracting and retaining of workers’ (Carroll 2008).

Work on Ural plants in conditions of lack of personal freedom and required constant physical overstraining, severe labour conditions had affected live views of people locked in this space. Psychological state of an Ural worker in XIX and XX century was characterized by being doom, despair, perception of forced choice of their fate. Priest Afrikan Bogomolov described conditions of living of workers and their families in Ural town-plant Nadezhdinsk at the beginning of XX century in church chronicle. ‘Family life is breaking down, family relations are demoralized. The reason of this is merely local phenomenon – shortage of dwellings. As there are no plants’ houses for dwellings for workers each working family has no individual premise. 2-3 families having nothing in common live in each barrack room. It is difficult to create the easiest way to break down family with somebody alien to it so close. Intimate side of life loses the covering of pudency or even moral’ (Satybaldina 2012). It is obvious that the idea of care about the workers has no priority in ideology of Ural plant owners or sometimes was merely ignored.

3.4. Advantages and disadvantages of corporate city of XXI century

G. Pullman idea of company town but on completely new level seemed attractive for company Facebook with headquarters in Menlo Park (California, USA). Today worker unlike the worker of the period of industrial revolution chooses the company that is capable of satisfying his personal and professional demands. Of course, main effect of care about the workers realized as benefits and privileges is control and development of the workers’ behaviour. ‘Genuine interest of Facebook to conditions of living of its employees may be considered as a form of paternalism and social capitalism. As a result companies create social benefits and privileges hoping to get loyal and effective worker. But paternalism does not lead to forming of a worker in his working place but may lead to control of workers’ way of living outside work. Private life of a person in company town in 21 century may be restrained’ (Albergotti 2013). There is an apprehension that people in such settlements will sign contracts that ties them to a town until the end of their life. Even now employees of big global concerns are provided with interest-free loans for buying apartments build by this company. Employees are obliged to work until redemption. At the same time one should keep in mind the quality of apartments and its closeness to work place, comfort of work and living of employee in company town. ‘Some workers do not want to go home. They will have this possibility soon... Available housing will be in pedestrian accessibility of office buildings that will have everything from sport-bars and pets for daily care’. Facebook’s spokeswoman told that retaining workers is not the main driver in improvement of living conditions. ‘We believe that people work for Facebook because their efforts are useful and they believe in our mission’, she said. The company develops the environment that reflects the atmosphere of corporate campus were workers are supposed to interact and exchange ideas. All city infrastructure is filled with ideology of rationalism, comfort and aesthetics. During breaks and on their way home workers rest in parks. There are gaming days. At night people see movies on giant stadium with opened screen of TV that is mounted on open square in the middle of the town. According to employees’ responses all services are aimed relieving of strain that promote more creative thinking (Johnson 2013)

4. Discussion

Analysis of today Russian and foreign monotowns’ state leads to unambiguous conclusion that the situation in Russian cities is not that successful. According to analytics of ‘Argumenty i Fakty’ (Arguments and facts) weekly monotowns’ rescue plans (not monotowns but at least people living there) have crashed. The Ministry of Labour of RF proposed to pay travelling expenses for moving in other places that may lead to fading of production and monotowns becoming empty. ‘It is really hard to imagine that the workers of remote towns and settlements of Sverdlovsk region who had been working in the same place for decades would dare moving. What is going on now in monotowns of Sverdlovsk region is an echo of general economic crisis? Unprofitable business becomes
disadvantageous for owners of production facilities and being businessmen they acts in extremely plain way – sell or closing out. At the same time people suffer and pain always remain beyond pragmatic decision’ (Rehfeld 2005b).

Economic crisis poses serious threat to development of industrial monotowns in Russia. Monotowns with city-forming enterprises of industries that pass through the deepest crisis appeared to be most vulnerable in today Russian economy. These are not high tech industry like industry Facebook works in. These are monotowns with city-forming enterprises of metallurgy and mechanical engineering industries where destabilization of situation is most likely.

Relevant modernization of basic funds of Ural city-forming enterprises is impossible without state support that means that special attention should be paid to modernization of production facilities. Besides the government should not only set development direction in this or that monotent but control fulfillment of federal, regional and other programs on support of efficiency of city-forming enterprises operation. It is obvious now that a number of programs have not led to any results and some monotowns in Middle Ural again appeared on the verge of survival. For example execution of budget funding for priority national project ‘Available and comfort dwelling for citizens of Russia’ was only 4.7%. It is especially vivid in comparison with company towns that create their ideology of a ‘town for people’ starting from solving living problem. In foreign practice there exists various experience of uporting of monotowns which can be used in Russia. It is necessary to take into consideration original managerial specialization of town, the level on which main events of social support were organized, end result of support of monotent, mechanisms and tools that were used in the support (Satybaldina 2013). Main part of this support can be either from local authorities' side or from higher bodies' born side (Wannop 2004).

Conclusion

Conclusions and summaries of this research may become the basis of practical measures, for instance, in the course of development of comprehensive social development programs in Ural industrial monotowns; in development of offers on improvement of the concept on social policy of city-forming enterprises; in development of offers on improvement of the concept on social policy of monotowns. The global experience (Germany in particular) shows that monotowns are suitable for development of hi-tech enterprises developing new materials, treatment facilities, collection, sorting, processing and treatment and disposal of wastes. That creates demand on business services, software development, transportation services which allows a city to overcome economic crisis and release social strain (Shabunina 2013).

As stated by D.A. Lobodanova, it is important not to reduce the strategy of such cities’ development to the choice of a new program for modernization of industrial facilities. A firm condition of success is the cognition that an old industrial city is different from a modern one by another approach to decision making, cooperation with population..., solution of operational tasks and search of new economic niches – all above aspects should be accounted for in the course of development of managerial decisions. That is principally new ideology (Lobodanova 2014).

References


Actual Problems of Youth Entrepreneurship at the Modern Stage

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Abstract
At the modern stage of development of market economy in Russia, the problems of youth entrepreneurship development have become more urgent. Youth, who has creative way of thinking and is inclined to running their own businesses as well as to innovation and risk, and who has the highest standard of knowledge of the Internet technologies, is a part of the society. Drawing of youth into business environment promotes to solving the employment problem in the labor market. Statistical data, given in the article, demonstrate youth concentration in wholesale and retail trade, repairs of motor transport vehicles, motorbikes, household appliances and items of personal use. The authors have considered the legislative acts, which regulate youth entrepreneurship and the infrastructure of youth entrepreneurship support in the republic of Bashkortostan. The main characteristics of a modern young entrepreneur, including professional, intellectual, organizing, leader, communicative, cultural, ethical and physical ones, have been examined. A number of measures, directed at the solution of problems of youth entrepreneurship development, have been suggested.

Keywords: youth entrepreneurship, forms of state support, infrastructure of support, a young entrepreneur, the main characteristics of a young entrepreneur
JEL Classification: L26, A12.

1. Introduction

Modern tendencies of development of small and middle entrepreneurship dictate new requirements to the entrepreneur's personality and are characterized by active inclusion of youth into business environment. Young people are that part of the society, which has creative way of thinking; they are inclined to running their own businesses, innovations and risks; they have a good command of Internet technologies. Drawing of the youth into entrepreneurial environment promotes to the solution of the employment problem in the labor market.

The actualization of the process of social adaptation of youth and its involvement into creative activity allows to assert that the mechanism of supporting and developing of youth entrepreneurship is an important element of solving the problems of social and economic development of Russia.

The urgency of the problem of developing youth entrepreneurship is realized in many regions of the Russian Federation, including the republic of Bashkortostan (Akhiyarova 2008).

In this connection there is a need of research of the main tendencies and prospects of development of youth entrepreneurship in the republic of Bashkortostan.

2. Method

In the scientific article general scientific methods of research such as analysis and synthesis of statistical data and the method of comparative analysis have been used. Theoretical and empirical materials are generalized with the help of graphic and table methods. The information data of the article are based on legislative and regulatory acts of the Russian Federation as well as of the republic of Bashkortostan, foreign and Russian scientists' works, monographs and publications in periodical press.

The statistical data have been taken from annual statistical reports and reference books of the Federal Department of State Statistics of the Russian Federation and the subjects of the Russian Federation, analytical surveys on the state of entrepreneurship and business environment and information resources of the Internet.

3. Results

3.1 Youth

Youth is a social and demographic group, which is singled out on the basis of the aggregate of age characteristics, peculiarities of social position and social and psychological characteristics which are stipulated by them (Vavilov 2008, Vavilov 2007).

Youth is the most active part of the society, which reacts quickly to any changes in life and which apprehends efficiently its useful sides. While differentiating the age boundaries of the social and demographic group «youth», the absence of unified methodology can be observed. This fact does not allow to compare statistical data directly. In the regional and federal programs the following age groups of young people are defined: from 14 to 30; from 15 to 29; from 15 to 35. In the international practice of sociological research three age groups are defined: 15–24, 25–29, 30–34.

At present more than one million of young citizens at the age of from 14 to 30 years old (26% of all the population of the republic) live in the republic of Bashkortostan. The program «Development of youth policy in the republic of Bashkortostan for 2012 - 2017» stipulates increase of the share of young entrepreneurs up to 41% in the total population of the republic, who are involved into business activity (The republican long-term target program «The development of youth policy in the republic of Bashkortostan for 2012-2017»).
3.2 Youth entrepreneurship according to the types of economic activity.

According to the data of the Territorial body of the Federal service of state statistics in the republic of Bashkortostan, youth entrepreneurship is developing actively and in 2014 was allocated in the following way according to the types of economic activity (Figure 1) (Drucker 1985):

3.3 Legislative acts in the sphere of entrepreneurship.

With the object of creating favorable conditions for youth entrepreneurship development in the Russian Federation, legislative acts on the federal and regional levels are elaborated; the subjects of the infrastructure of entrepreneurship support are created.

The main legislative acts, regulating youth entrepreneurship in the Russian Federation and in the republic of Bashkortostan are presented in the form of a table 1 (Small business in Bashkortostan: data portal of small and middle entrepreneurship (2014, July 14), from http://www.mbbash.ru).

Table 1. Legislative Acts in the Sphere of youth Entrepreneurship

<table>
<thead>
<tr>
<th>Federal</th>
<th>Regional</th>
</tr>
</thead>
</table>
3.4. The infrastructure of support of youth entrepreneurship

The infrastructure of support of youth entrepreneurship is the aggregate of the state, non-state, public, educational and commercial organizations, which carry out regulation of the activity of businesses, which provide educational, consulting and other services, needed for business development and which provide to environment and conditions for producing goods and services (Petrosyan 2012).

The analysis of the Russian practice of organizing the infrastructure of youth entrepreneurship support shows that on the whole the system of supporting entrepreneurship has many structures and disordered system of regulating. In this connection there is no way to develop a unified policy in the sphere of supporting this very youth entrepreneurship.

On the federal level there are at least ten ministries and departments which are in this or that extent involved in the problems of developing entrepreneurial activity. «The Russian youth» realizes state policy on supporting youth entrepreneurship. On the federal level such projects as School of youth entrepreneurship, Youth educational forum «Seliger» and Youth innovative convention have been realized. The aim of this policy is «to prepare a whole generation of young entrepreneurs».

3.5. The objects of infrastructure

Different public entrepreneurial organizations, which directly or indirectly represent and lobby entrepreneurs’ interests or provide to joining the efforts in order to solve their own problems are in the broad sense referred to be the objects of infrastructure. Associations, unions, amalgamations, leagues and other institutions are registered and operate in practically every region of the Russian Federation.

3.6. The subjects of infrastructure of supporting youth entrepreneurship in the republic of Bashkortostan

Nowadays the subjects of infrastructure of youth entrepreneurship support in the republic of Bashkortostan are defined as the following (Table 2):

Table 2. Infrastructure of youth Entrepreneurship Support in the Republic of Bashkortostan

<table>
<thead>
<tr>
<th>The bodies of executive power of a subject of the Russian Federation</th>
<th>The Government of the republic of Bashkortostan; The ministry of industry and innovative policy of the republic of Bashkortostan; The Ministry of economic development of the republic of Bashkortostan; The Ministry of finance of the republic of Bashkortostan; The Ministry of youth policy of the republic of Bashkortostan; State committee of the republic of Bashkortostan on entrepreneurship and tourism; State committee of the republic of Bashkortostan on trade and protection of consumers’ rights; The department of the Federal anti-monopoly service in the republic of Bashkortostan.</th>
</tr>
</thead>
<tbody>
<tr>
<td>State municipal fund of entrepreneurship support</td>
<td>The fund of development and support of small entrepreneurship in the republic of Bashkortostan; Ufa municipal fund of small entrepreneurship development and support.</td>
</tr>
</tbody>
</table>
3.7. The main forms of state support of youth entrepreneurship

The main forms of state support of youth entrepreneurship of the cited above subjects are:

- Financial support, the aim of which is to provide access of the subjects of youth entrepreneurship to the financial resources and their efficient use;
- Property support, the aim of this direction is allocation of state-owned premises in leasing to the subjects of youth entrepreneurship;
- Educational support, the aim of which is increasing of qualification level of the subjects of youth entrepreneurship;
- Consulting and information support, which includes organizing the infrastructure and providing information, consulting and methodological support in various issues to the subjects of youth entrepreneurship;

In 2014 the volume of means of state support to small and middle entrepreneurship was 187.6 mln rubles. On the conditions of co-financing 637.7 mln rubles were drawn from the federal budget (The official site of the Territorial body of the Federal service of state statistics in the Republic of Bashkortostan).

In spite the realized work, practice shows that existence of gaps, contradictions and inaccuracies in the legislatives acts concerning youth entrepreneurship leads to the decrease of its efficient functioning and development.

4. Discussion

4.1. The terminology of entrepreneurship

The analysis of the main aspects of forming the conceptual apparatus, which exposes the economic essence of entrepreneurship, let us to make the following conclusion: entrepreneurship is associated with innovations, initiative and presupposes full economic responsibility. One of the outstanding economists and philosophers Peter Drucker characterizes the importance of entrepreneurship and entrepreneurs in the following way: «...Among all great modern economists only Joseph Schumpeter considered seriously an entrepreneur and his influence on economy. Every economist knows that «entrepreneurship is important». But, for economists entrepreneurship is something like «metaeconomic» event, something, unconditionally, influencing economy without being, in fact, its part. (…). In other words, economists do not have explanations neither of the fact why entrepreneurship arose and started to develop so fast, (…), nor the fact why it develops better in some countries and cultures and does not develop in others» (Vavilov 2007).

4.2. Terminology of youth entrepreneurship

The analysis of the scientists' works testifies variety of approaches to the definition of the essence of youth entrepreneurship.

So, Petrosyan S.G. defines youth entrepreneurship as «realization of entrepreneurial activity by the subjects of youth entrepreneurship – a peculiar social group, which is characterized by a set of specific characteristics (flexibility, adaptiveness, readiness to innovations), directed in the first place at youth's self-realization and social adaptiveness as well as at the provision of youth with working places and adequate salaries» (Petrosyan 2012).

Karpunina M.A. defines that youth entrepreneurship in its essence is a vital prospect of modern youth. Special importance of youth entrepreneurship is in the fact that it is a peculiar «resource of modernization and increase of competitiveness» not only for small business but the Russian economy on the whole as well (Karpunin et al. 2014).
Trusova L.A. considers that youth entrepreneurship is an entrepreneurial activity, realized by people, whose age does not exceed 30 years old, who state registration as an entrepreneur, as well as Russian commercial organizations, the founders (participants) of which are people whose age does not exceed 30 years old, and the personnel of which includes not less than 75% of staff who are citizens of Russia and younger than 30 years old.

The analysis of a number of research of domestic scientists (Bogdanova 2014, Golubev 2010, Degtyarev et al. 2008, Karpunin et al. 2014, Mezentseva 2009, Petrova 2009, Shaihutdinova 2011, Vlasov 2011) concerning youth entrepreneurship testifies that there is no common opinion in interpreting the precise and well-defined definition of «youth entrepreneurship», «a young entrepreneur» as well as concerning age qualification and a young entrepreneur's personal characteristics. In some sources young entrepreneurs are defined as people at the age of younger than 35 years old, in others – younger than 25 or 30 years old.

4.3. The main characteristics of modern youth entrepreneurship

Nowadays the data of the «Public opinion» fund testify that young people at the age of from 18 to 30 years old make up 30% of all the Russian entrepreneurs.

In order to become a successful entrepreneur, a young man, starting from the school age, should learn and realize a full set of entrepreneurial competences, which will be necessary for him in his future work.

Summarizing the terminology studied and using the authors’ reference of a young entrepreneur (Malikov 2006) let us define the main characteristics of a young entrepreneur (Table 3).

Table 3. The main characteristics of a modern young entrepreneur

<table>
<thead>
<tr>
<th>Age/ Physical</th>
<th>Professional and qualification</th>
<th>Intellectual</th>
</tr>
</thead>
<tbody>
<tr>
<td>14-35</td>
<td>- general level,</td>
<td>- ability to learn new knowledge and skills,</td>
</tr>
<tr>
<td></td>
<td>- professional education,</td>
<td>- developed logical thinking,</td>
</tr>
<tr>
<td></td>
<td>- level of education and</td>
<td>- originality of thinking,</td>
</tr>
<tr>
<td></td>
<td>entrepreneurial experience</td>
<td>- perspicacity,</td>
</tr>
<tr>
<td></td>
<td>outside the sphere of</td>
<td>- creativity,</td>
</tr>
<tr>
<td></td>
<td>entrepreneurial activity.</td>
<td>- intuition,</td>
</tr>
<tr>
<td></td>
<td>- physical health,</td>
<td>- to handle the culture of speech and behavior;</td>
</tr>
<tr>
<td></td>
<td>– mental health,</td>
<td>- politeness,</td>
</tr>
<tr>
<td></td>
<td>– emotional health.</td>
<td>- firmness;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- moral will and motivation,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- not humiliate other people’s merits,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- not benefit from other people’s failures.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Communicative</th>
<th>Organizational, leader</th>
<th>Cultural and ethical (value orientation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>– adaptivity,</td>
<td>- psychological quick wits,</td>
<td>- to handle the culture of speech and behavior;</td>
</tr>
<tr>
<td>– activity,</td>
<td>- psychological tact,</td>
<td>- politeness,</td>
</tr>
<tr>
<td>– mobility,</td>
<td>- skill of a leader and a manager to distribute the tasks taking into consideration people’s individual peculiarities,</td>
<td>- firmness;</td>
</tr>
<tr>
<td>– ability to make and maintain contacts with other people,</td>
<td>- social vitality,</td>
<td>- moral will and motivation,</td>
</tr>
<tr>
<td>– ability to regulate his/her state during the process of communication,</td>
<td>- exactingness,</td>
<td>- not humiliate other people’s merits,</td>
</tr>
<tr>
<td>– ability to state his/her thoughts during the process of communication,</td>
<td>- boldness,</td>
<td>- not benefit from other people’s failures.</td>
</tr>
<tr>
<td>– ability to timely ascertainment and overcoming the factors, which prevent from efficiency of communication,</td>
<td>- constancy,</td>
<td></td>
</tr>
<tr>
<td>– grasp of non-verbal and verbal means of communication,</td>
<td>- flexibility,</td>
<td></td>
</tr>
<tr>
<td>– ability to settle conflicts,</td>
<td>- categoricalness,</td>
<td></td>
</tr>
<tr>
<td>– ability to foresee the course of communication.</td>
<td>- criticality,</td>
<td></td>
</tr>
</tbody>
</table>
The above described young entrepreneur’s characteristics average and idealize his/her portrait. Also the data of the table show that an entrepreneur, first of all, should have organizing and leader qualities of character. In fact, an entrepreneur’s age qualification is too wide – from 14 to 35 years old. Young entrepreneurs at the age of 14 cannot have professional knowledge, experience and a number of characteristics described in the table. At the same time entrepreneurs at the age of from 24 to 35 represent the most stable category, which has necessary professional skills and accumulated experience.

4.4. Actual problems of youth entrepreneurship

Nowadays a young entrepreneur faces the following actual problems:
- unpreparedness of young people to a new, unusual activity;
- lack of professional, economic and legal knowledge;
- absence of an efficient system of business education;
- imperfection of the legal base;
- limited access to credits and material resources;
- high taxes;
- corruption;
- economic instability;
- staffing problems and other.

Conclusion

In order to solve the problems arisen, the following measures are needed:
- to improve the legislative base of youth entrepreneurship development. In this context the necessity of issuing a normative act, which will regulate and characterize youth entrepreneurship as a separate subject of entrepreneurial activity;
- to widen the programs of development of youth entrepreneurship in all the subjects of the Russian Federation (business education in higher professional education establishments);
- to define prior directions of youth business development (1);
- to develop the system of business education among youth;
- to create funds for financial support of young entrepreneurs;
- to pursue a policy, directed at attracting foreign and domestic investors;
- to form new kinds of social services, first of all, information, the first customers of which the administrations of cities and districts may be;
- to provide preferential credits;
- to develop the system of state orders and purchases in order to support stability of small business;
- to assist youth business in purchasing production areas;
- to open accounts in commercial banks and to serve firms with small turnover and large breaks in revenue free of charge;
- to develop universal information net of youth information and consultative offices under libraries, the aim of which is in systematic search of partners for young entrepreneurs in the interregional and inter-republican markets;
to improve the activity of non-governmental organizations concerning the support of youth business.

References


The Concept of Privacy and Protection of its Inviolability in the Criminal Policy of the Kazakhstan Republic

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Suggested Citation:

Abstract
The presented article deals with the issues related to the implementation of the criminal policy of the Kazakhstan Republic concerning the privacy of a person. Ensuring the right of privacy of criminal law means provides a solution to such issues as the definition of the private life of a person, a legal restriction or interference in the private (personal) life of man, the criminalization of illegal collection or dissemination of information about the private life of a person and sentence guilty of the correct qualification of the offense. The author studies the concept of privacy, the history of its development, its theoretical rationale, the legislation of the Kazakhstan Republic, which regulates its protection, the opinions of researchers on the imperfection of legal norms. The author draws the conclusion of insufficient legislative development of the concept of privacy required for improving the structure of the Art. 147 of the Criminal Code of the Kazakhstan Republic, recognizes the disbalance between the right to privacy of an individual and the information interests of the society, suggests the solutions to these problems. The absence of a specific law on the protection of privacy, according to the author, cannot effectively protect the right of every person to respect for his private life.

Keywords: privacy, criminal policy, criminal liability, fundamental rights.

JEL Classification: K41, K42.

1. Introduction
Human rights are a universal category, which is the opportunity to enjoy the elementary and essential niceties, as well as the conditions of the safe and free life of a person in the society based on the human nature itself. Enshrining the foundations of the legal status of a person in the Constitution of the Republic of Kazakhstan reflects a fundamentally new concept of the human rights, the relations between a person and the state, as compared with the one embodied in the Union and Kazakhstan constitutions of the Soviet period. A new approach to a person as a subject of the legal status has taken as a basis for the modern concept of human rights. On the constitutional level the ‘human rights’ category has been recognized for the first time. The contemporary constitutional legislation holds the view of recognizing the fundamental rights and freedoms of a person, which are innate and considered to be the absolute and inalienable ones, as well as determine the content and implementation of laws and other regulations (the Constitution of the Republic of Kazakhstan). The
right to privacy could be undoubtedly called the one of the fundamental rights, which characterizes the current person's status in the democratic society, his status relating to other people and the state.

The invasion categories hold key positions in the moral and law philosophy in the social system of moral values and legal goods due to refocusing of the society in the system of evaluating the human factor in the social and economic, political and legal fields of the social life. Today the main trend in developing the culture and ethics of the society is determined by changing the attitude to a person, rethinking the concept of humanism in its moral values of freedom, dignity and honour not only as a philosophical concept, but as a practical basis for reforming the social and legal structure of the society. Privacy of a person, his positive self-esteem and developed self-consciousness are the key factors of moral consciousness and self-consciousness of the society as a whole.

It covers various aspects of the human activity, which are closely related to the implementation of the fundamental human rights, the maintenance of his human dignity.

In Kazakhstan, as in other countries the rights and freedoms of a person and a citizen are recognized and guaranteed according to the conventional principles and norms of the international law, in the human rights in particular. However, some experts believe, that the criminal policy of the state aimed at ensuring privacy, conflicts with some public interests. It is argued, that the structure of the Article 147 of the RK Criminal Code is imperfect, its disposition defines unclearly and insufficiently an object of the offence, the act, the role of a special subject - the mass media officer is not taken into account, the Article sanction is unreasonably tough. According to the experts, these shortcomings allow arbitrarily and unreasonably applying the criminal law, restricting the public right to information, prosecuting journalists. Therefore, the aim of the presented article is the analysis of developing the concept of privacy, the legal provision of its criminal law protection, the study of the experts' opinions on its compliance with the conventional standards of the human rights enforcement and fair criminal proceedings.

2. Research Methods

The presented study is based on the dialectical method of perceiving the reality, as well as the set of the general and specific scientific perception methods. In these studies there is usually the need for studying the process of developing this concept in different periods of history, thus, the use of the historical method is rather justified. It seems rather worthwhile to study the legal regulation practice of different countries, the use of the comparative law method is accounted for it. In our opinion, the concept of privacy is a multifaceted and system one, thus, the method of system approach has been used in this work. The logical method was used to draw the conclusions, the legal modelling method and the technical method were used to substantiate the proposals for improving the legal norms.

3. Results

As to the historical evolution of the legislation on protection of privacy, Kadnikov B.N. noted, that the right to privacy is of great importance in the system of the citizens' constitutional rights and freedoms and its protection by the norms of the criminal law is reasonable and required (Kadnikov 2011).

Despite this, many legal aspects of the privacy protection have been underinvestigated. As Pikurov N.I. rightfully notes, that: 'The most complex issue is to determine an object of the criminal law protection, or rather the limits of privacy' (Pikurov 2003). The complex legal situation is that 'the need for privacy is beyond the law, but the latter expresses, enshrines this need and provides its filling' (Petrukhin 1989). In the domestic legislation a lot of fundamental concepts, such as 'private life', 'privacy', 'personal and family secret' remain uncertain. However, it is stated, that the same situation is also typical for the international law documents (Karpovich 2006).

In general, 'privacy' as a legal category covers all those activity fields, which are not occupational and/ or public ('Romanovsky 1997).

One should concur in conclusion of the Russian professor Krasikov A.N., that 'private life of a person is most of his entire life' (Krasikov 1996). In this case, the belief, that the application of the norm to a particular situation should be determined by the judicial bodies, 'as the limits of the private life could not be precisely formalized' is the most acceptable one (Leibo et al. 2000).

The right to privacy includes a prohibition on collecting, storing, using and disseminating the information on the private life of a person without his consent; the right to control information on oneself; the right to protect honour and reputation; the right to protect one's personal data; the right to secrecy of communication; the right to inviolability of home; patient confidentiality, the secrecy of adoption, the secrecy of confession and other types of professional secrecy (Akhmetova and Bazarova 2014).
Kazakh researchers Akhmetova A.R. and Bazarova G.S. suggest to consider the right to privacy in three aspects: Firstly, as the individual's right to his own life, the actions against himself, what is closely related to one's personality, and, therefore, protection against the interference by all the subjects of law; secondly, as the autonomous right, which contemplates the inadmissibility of interference in a private life by the state, organizations, legal entities and individuals; thirdly, as the right associated with the other rights - the right to inviolability of family, home and correspondence. These rights could be considered both as the elements related to the right to privacy and the autonomous rights. The right to privacy does not belong to the so-called conventional natural rights formulated in the XVIII century. For example, in the US Constitution it does not explicitly expressed, although the guarantees established by the particular amendments to the Constitution and the Bill of Rights as a whole, protected at least some aspects of privacy against the unauthorized intrusion. Several decades ago the US Supreme Court recognized the right to privacy as a fundamental constitutional right by interpreting the provisions of the Constitution. The theoretical rationale of this right, not as one of the fundamental and constitutional rights, but as the personal non-property right protected by means of the civil right, i.e. by providing a person with an opportunity to file a suit against an offender in the court and to achieve the prohibition on such offence or compensation for moral or emotional harm - such rationale appeared in the legal literature of different countries just at the same time at the turn of the XIX and XX centuries (Akhmetova and Bazarova 2014).

The American legal science identifies the right to privacy: ‘Some American lawyers define privacy as a human right to control 'his life space' and 'his personality', implying the right to be free from unreasonable arrests, detentions, searches and seizures of property, documents, etc.; the right to control information on oneself; the right of individuals, groups or associations to make decisions themselves on how, to what extent and what information on them could be given to others; the right to live in such a way, that public authorities and outside parties shall not unreasonably interfere in the personal affairs’. In 1890, the judge Samuel Warren and the Boston lawyer Louis Brandeis introduced this term, and understood it as the ‘right to be left alone» (Warren and Brandeis 1890).

The American lawyer and the author of the fundamental work ‘Privacy and Freedom’ Alan Westin suggests four forms of privacy:

- personal autonomy is seclusion, autonomy, a state, in which a person gets rid of the observation by others, and is left alone with his thoughts;
- emotional release is restraint, distance, i.e. the existence of a psychological barrier between the individual and the people around him, the possibility to suspend communication with others;
- self-evaluation is anonymity, a state, when a person being in a public place, tends to escape recognition, and decides himself to what extent he should disclose the facts about himself (Alan F. Westin);
- limited and protected communication is intimacy, closed communication, which involves voluntary maintenance of contact with a narrow group of people.

Thus, a state, in which an individual restricts the other people's access to his thoughts and observation of himself, could be attributed to the inner part of the private life. The Westin's important discovery is that it could by possible only, when you are alone - it is impossible to inhibit the other people from observing yourself, if you're among them.

Recognition of the person's inherent and inalienable right to privacy is not enough. It is necessary to ensure and to protect it in case of undue interference in the privacy of a person.

In the context of the International Covenant on Civil and Political Rights, the Republic of Kazakhstan has assumed the obligations of protecting the right to privacy.

The right to privacy is one of the fundamental human rights, which is guaranteed by the Constitution of the Republic of Kazakhstan and the international agreements, which Kazakhstan has ratified, including the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights.

The Article 18 of the Constitution of the Republic of Kazakhstan embodies the detailed guarantees of the right to privacy:

1. Everyone has the right to privacy, personal and family secret, the protection of his honour and dignity.
2. Everyone has the right to secrecy of bank deposits, correspondence, phone calls, postal, telegraph and other communications. The restrictions of this right are acceptable only in the cases and in the procedure expressly provided by law.
3. State authorities, public associations, officials and the mass media shall provide every citizen with the opportunity to look through the documents, decisions and sources of information concerning his rights and interests.

Enforcement of the right to privacy of a person by the criminal law measures involves such issues as: defining the concept of privacy of a person, the legal restriction (interference) of privacy of a person, imposing the criminal liability for illegal collection or dissemination of the data on the private life of a person, proper determination of the crime and sentencing of the accused in such a crime (Divayeva 2004).

The relevant provisions could be found in the sectoral legislation of the Kazakhstan Republic.

Privacy, personal and family secret are protected by the Constitution, the laws of the Republic of Kazakhstan and primarily, the norms of the criminal law. The private life is a field of the human activity, which relates to an individual, belongs to him and is valued by him. Therefore, in general, it is not subject to the control by the state and the society. It is the field of the personal and non-business relations and concerns.

Personal and family secret is a part of privacy, as well as the area of the delicate and intimate aspects of personal life. Therefore, the disclosure of certain data on it is recognized to be immoral. In particular, personal secret could consist of the data on health, family life, secrecy of adoption, etc. The legislation could not interfere in this area, it is intended to protect it from any unlawful interference (Sapargaliyev 2004).

The Art. 147-149 of the RK Criminal Code establish the criminal liability for invasion of privacy, unlawful violation of secrecy of correspondence, phone calls, postal, telegraph or other communications, disclosure of patient confidentiality, violation of inviolability of home respectively.

Some legal rules, which set forth the protection of personal and family secret, are based on the provisions of the Constitution of the Republic of Kazakhstan. In particular, the articles of the criminal procedure legislation stipulate, that during the criminal proceedings collecting, using and disseminating the data on the private life, as well as the personal data, which the person considers necessary to keep in secret for the purposes, which are not specified by the objectives of the procedural activity, are not permitted. In the course of criminal proceedings the measures to protect the obtained data, which constitute one's personal secret are taken. Such data of inquiry and preliminary investigation could not be disclosed, and the court trial is closed in these cases.

According to the Art. 16 of the Criminal Procedure Code of the Republic of Kazakhstan, the private lives of citizens, as well as personal and family secrets are protected by law. Everyone has the right to secrecy of bank deposits, correspondence, phone calls, postal, telegraph and other communications.

During the criminal procedure the restrictions of these rights are acceptable only in the cases and in the procedure expressly provided by law. The grounds and procedure of seizure of correspondence, interception of messages, conversation monitoring and recording, other methods of acquiring and evaluating the data on a person are set forth in the Ch. 30 (Art. 231-248) of the RK Code of Criminal Procedure.

Thus, the concepts of privacy pervade a lot of rules and institutions of the criminal policy. It has been enshrined in the norms, which determine the purposes and tasks of the criminal regulation and provide the liability for committing certain criminal offences against various niceties of a person, including one's honour and dignity, the use of punishment for its commission.

4. Discussion

At the same time, it is believed, that any restrictions shall meet the requirements of a tripartite test, which is enshrined in the P. 3 Art. 19 of the International Covenant on Civil and Political Rights (Kuzhukeyeva 2011). It involves ‘firstly, state interference shall be provided by law; secondly, the restriction imposed by law shall achieve or pursue a purpose found legal according to the international law and, thirdly, the restriction shall be necessary for protecting or pursuing this legitimate purpose’.


Thus, in the RK Criminal Code of 1997 the liability for invasion of privacy had been already stipulated (Article 142 of the RK Criminal Code ‘On Invasion of Privacy’). Up to 6 months in jail was provided for the maximum punishment for this offence. The Law of RK ‘On Introducing Amendments and Additions to Legislative Acts on Protection of the Citizen's Rights and Privacy’ stiffened this liability. The penalties for an act involving the abuse of power, or performed in public, or using the mass media have been increased, a new punishment, the imprisonment of up to five years and forfeiture of property, has been implemented.
According to the Law of 07.12.2009 in the structure of the objective aspect of this act such characteristic of the body as disseminating the data, which constitutes one's personal or family secret, as well as imminence of harming the rights and legitimate interests of the offended person has been ruled out in the version of this norm. Besides, the penalty for committing this act has been increased.

Such tightening of liability had to initiate a violent response of the public. To the extent of the risk to the public it was actually set equal to such crimes, which infringe on the essential human right - his life. According to the punishment type invasion of privacy was classified as a medium-gravity crime by a legislator and brought into line with such crimes, as, for example, killing a child by his mother (Article 97 of the RK Criminal Code of 1997) - up to 4 years in jail, HIV/AIDS infection of another person by a person, who knew about this disease in him (Part 2 Art. 116 of the RK Criminal Code of 1997) - up to 5 years in jail (Kuzhukeyeva 2011).

Meanwhile, the statistics represented in the Parliament by the Vice-Minister of Justice Beketayev on applying this Article was very modest and did not justify tightening the liability for this act. It is as follows: 'According to the Article 142 of the Criminal Code there were no crimes in 2006, there was one crime in 2007, and there were four ones in 2008'. (Kuzhukeyeva 2011).

The comment on, that tightening the liability in order to protect the right to privacy shall be accompanied by strengthening the norms guaranteeing the public right to acquiring the information of social significance, seems to be fair. It is necessary, that the rights of one person shall be protected without compromising the rights of the other members of the society.

In fact, the examined legal innovation shifted the crime components from the category of materially defined crime to formally defined one, what in practice means extending the criminal repression in this field and lowering the standard of proving the guilt of those held criminally liable. The crime components have been remained almost unchanged in the current RK Criminal Code.

At the same time the current RK Criminal Code does not embody a detailed description of a wrongful act, limited to a rather obscure wording of 'illegal collection of the data on the private life of a person, which constitute his personal or family secret without his consent'.

In addition, there are justified concerns, that in the context of not always perfect law enforcement practice of the criminal procedure, sometimes associated with the breaches of the international principles of fair court proceedings, the possibility of a broad interpretation of the examined norm and overfrequent application of this article to the public at large are not ruled out. Thus, for example, according to a literal interpretation of the proposed version of P. 1 Art. 147 of the RK Criminal Code, in theory the possibility to hold the neighbours criminally liable for the joint discussion of the living circumstances of the people living with them in the same section of block of flats, hostel or shared apartment shall not be ruled out.

In this case, it should be noted, that nowadays the objective aspect of this act in the P. 3 Art. 147 of the RK Criminal Code is described in more detail, than those in the RK Criminal Code of 1997, it provides the liability for the acts, which have obviously invaded the right to privacy with direct intent and for the purposes, which conflict with the interests of both a citizen and the society.

Extending the criminal repression against the mass media agents, on the one hand, guaranteeing to some extent the right to privacy, on the other hand, severely restrict the public right to access to the information and the freedom of speech - one of the cornerstones of the modern democracy. In this case, there is obviously a conflict between the public interests and the interests of individuals. There is the need for the further search for some balance, upon which it will not be necessary to put the security of many others at much greater threat without serious grounds for it in order to protect the private life of one person.

Note, that in the international law there is no decisive recipe for settling this conflict, it is stated, that in the western legal literature, even the issue of the privacy concept is debatable. (Polivanova 2008). However, the overall analysis of the specialized literature on the subject makes it possible to draw some conclusions, the essence of which is that senior civil servants, politicians, on whose actions and decisions the welfare of ordinary citizens depends, could be the focus of the public interest and in this case should be aware of the possibility of the increasing attention to them by the institutions, which provide the information needs of the society. The ordinary people have the right to expect from these people not only the impeccable service to people, but also enforcement of the basic principles of morality and respect to the universal ethical values (Kaanafin 2010).

'Public figures should accept a larger amount of interference in their privacy, than in those of ordinary people. This is mostly true for the people, whose professional success directly depends on the public opinion, especially when they encourage the mass media interest in their personal life.’ (Mendel 2008). It is particularly important to provide the mass media with the possibility to cover the subjects, which are undoubtedly important for the citizens, for example, the expenditure of the public funds, observation of laws, human rights and the
inviolability of the democratic institutions: ‘... The publication of the facts of the private life is acceptable, if it is in the public interests. The publication of materials with a social orientation, for example, which are aimed at exposing crimes should enjoy the unconditional support (Mendel 2008).

Conclusion

While developing the norms of the criminal law one should take into account, that the criminalization of collecting the data on the private life without a clear and precise definition of the objective aspect of the crime components could result in the unjustified extension of the criminal repression and lead to the restriction of the freedom of speech and the public access to socially significant information.

In this case, we believe it necessary to clarify the disposition of the P. 1 Art. 147 of the RK Criminal Code. The description of the objective aspect of the crime, in particular, the actions of the guilty should be also more detailed and rule out a broad interpretation.

Imposition of the same tough criminal liability for violation of privacy in the current RK Criminal Code, as in the P. 2 and 3 Art. 142 of the RK Criminal Code of 1997 are considered to be rather reasonable. The legislators' understanding of the the new criminal law as the complete protection of this right should be provided by rather tough measures of the criminal law protection could be seen.

Nevertheless, we believe, that it is necessary to clarify the disposition of the P. 1 Art. 147 of the RK Criminal Code proposed by the legislator, while adding it by more detailed description of the actions of the guilty and certain socially dangerous consequences, the occurrence of which should be liable to criminal penalties. The norm structure should exclude a broad interpretation. Let's get down again to the foreign experience. For example, in the US there is a special federal law of 1974 on the protection of privacy of a person (The Federal Privacy Act). Perhaps, the adoption of such a law in the Kazakhstan Republic would contribute to more effective protection of the right to privacy of every person. Such fundamental law shall contain the legal definitions of privacy, personal and family secrets, some other concepts, which could be used in constructing the disposition of the Art. 147 of the RK Criminal Code.

References


Formation of the Market Tools of the Investment Activities in the Subjects of the Russian Federation

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Abstract
The article analyzes the formation of the tools of investment activity in the subjects of the Russian Federation. The introduction of market methods into the economic mechanism of the post-socialist Russia has necessitated the formation of the appropriate mechanism to attract investments and perform investment activities. In the subjects of the Russian Federation this process was characterized by a gradual rethinking of approaches towards the creation of investment tools and its dynamic development. On the basis of the analysis of the Russian legislation and law-making activities in the subjects of the Russian Federation the peculiarities of the tools of investment policy creation since 1991 and till the present time are being revealed in the article. Four periods have been identified, which differ significantly from each other both in understanding the goals and tasks of the used instruments to stimulate investment, and the level of complexity of the investment mechanism.

Keywords: forms and methods of attracting investments in post-socialist economies, investment tools of the investment policy in the developing countries, peculiarities of investment tools formation in the Russian regions, investment activity in the subjects of the RF

JEL Classification: G11, G18.

1. Introduction
Over the past two decades the Russian regions form their own investment mechanisms to ensure the attraction of investments into the regional economy. Some regions have staked on wringing out federal funds. Investment strategy of other regions was focused on the usage of the own budget revenues for investment purposes. However, the implementation of this strategy was hampered on account of ongoing review of expenditure responsibilities’ distribution between the levels of the Russian Federation budget system by the federal center. It also constantly reviewed fixing of the increasing amount of social expenditure by territorial budgets.

Stimulation and attraction of the private investment capital is considered to be the most productive and efficient approach of the regions. Implementation of such strategy involves the creation of thoughtful regional investment legislation prescribing the mechanisms and instruments of investment activity on the level of the Russian Federation subject.
In recent years, the Russian scientific literature appeared a number of works that explore methodological approaches to the formation of investment mechanisms at the level of subjects of the Russian Federation and carried out their comparative analysis. Special scientific and practical interest are works in which we develop new approaches to the formation of instruments of investment policy at the territorial level, applicable in practice, the realization of their economic policy (Bard 2000, Royzman et al. 2001, Samygin 2012) and performed a comparative analysis (Royzman 2000, Bard et al. 2003).

2. Method

The use of methods of theoretical research (deduction and induction, analysis and synthesis, comparison and generalization) allowed to highlight in the post-Soviet period of formation and implementation of investment four periods, which are significantly different from each other according to the following criteria:

- understanding the goals and objectives of the investment policy;
- apply instruments to stimulate investments;
- level of elaboration and complexity of the investment mechanism.

In the development of approaches to the development of investment mechanisms at the level of subjects of the Russian Federation there are two obvious trends. First, gradually formed understanding of the goals and objectives of the investment policy at the territorial level. There is an awareness of the need for participation of regional authorities in solving problems to attract investors and work with them. Secondly, to become a permanent tendency to search at the territorial level of new instruments to stimulate investment activity.

Use the grouping method allowed to classify applicable in the constituent territories of the Russian Federation investment tools along functional lines. All the tools were divided into two groups. The first group includes tools for creating economic advantages for the investor over other business entities. The second group is represented by the instruments for the protection of investors ’ interests. A method of ranking investment tools has enabled the identification of traditional and new tools, the use of which in the practice of regional authorities in Russia has only just begun.

3. Results

3.1. Periodization of the development of the investment tools in subjects of the Russian Federation

Admittedly, from 1991 to the present time the approaches towards the formation of regional investment instruments have been significantly changed. Several stages are to be defined in the development of investment tools and correspondingly the right-field investment activities in the Russian regions. The results of research on the development of approaches to the regulation of investment activity is presented in table 1.

<table>
<thead>
<tr>
<th>Period</th>
<th>Brief characteristics of the approaches to the investment tools formation in the Russian Federation</th>
<th>Stage name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-1999</td>
<td>Tools of investment activity are being actively formed mainly in the system of taxation jural relations aimed at investment flows. Lack of real investment into the Russian economy and its regions despite the investment legislature formation determines the formation of a whole group of domestic offshore</td>
<td>Naive liberal</td>
</tr>
<tr>
<td>1999-2005</td>
<td>A new investment paradigm is being formed, i.e. investing in real assets. New legislation and instruments are being created that stimulate investments made in the form of capital investment. Foundations for public-private partnership in the investment sphere with the inclusion of budgetary legal relations are being laid.</td>
<td>Constructive and pragmatic</td>
</tr>
<tr>
<td>2005- 2012</td>
<td>Investment legislation is evolving in the direction of the search for new tools to encourage and support investment. Innovative mechanisms of investment activity are being formed. Public investments are being substantially increased</td>
<td>Innovation and search</td>
</tr>
</tbody>
</table>
3.2. Characterization of the periods of development of investment tools

The first stage is characterized by the formation of investment legislation aimed at stimulating investment flows into the Russian Federation as a whole as well as its regions. At the same time hopes to attract investments were associated with the creation of a market mechanism, which, as it was supposed, would independently provide the functioning of the investment sphere. In such a case the role of the state is to be minimized. The first document that ensured the regulation of investment activity on the territory of the Russian Federation was the Law of the Russian Soviet Federative Socialist Republic (RSFSR) № 1488-1 of 1991-07-26 «On Investment Activity in the RSFSR». Thereafter, the legal regulation of investment activity has been terminated on the federal level for many years. However, the main provisions of the mentioned law were not substantially worked out. Furthermore, its framework character alongside with new opportunities for investment activities determined initiatory shaping of the legal framework for performing investment activities. This new legal framework was initiated and lobbed through by the Russian Federation subjects (Basov 2002). A number of the RF subjects have benefited from the imperfection of the law from 1991 to 1999 by forming special economic regimes on their territories which have become not so much of a tool for attracting investments into the regional economy but as a factor of making the Russian economy offshore.

The favorable economic zone entitled as the eco-economic region ‘Altai’ became one of the first such formations. It got the right for existence in 1991 when the Council of Ministers of the RSFSR enacted the decree № 595 of 1991-11-08 ‘On urgent measures for the development of the eco-economic zone ‘The Altai Mountains’ that approved the provisions on the eco-economic zone ‘The Altai Mountains’. After being renamed into the eco-economic region ‘Altai’ it had become an internal offshore zone despite the fact that the mentioned provisions determined the legal and economic basis of economic activity and regulated the relations in the field of protection and use of natural resources in the eco-economic zone ‘The Altai Mountains’, located within the administrative boundaries of the Gorno-Altai Soviet Socialist Republic and being an integral part of the territory of the Russian Soviet Federative Socialist Republic from 1995. Driving force behind this transformation was the successful experience of the other offshore zone ‘Ingushetia’. The zone of economic benefit ‘Ingushetia’ had become the first territory of the Russian Federation that openly installed the mode of internal offshore zone on its territory and had been functioning from 1994 to 1997 in the country. It was established in 1994 in accordance with the RF Government Decree № 740 of 1994-07-19 ‘On the favorable economic zone on the territory of the Republic of Ingushetia’. Subsequently, similar formations were formed in the Republic of Kalmykia, Altai region, Smolensk region, Evenkeya, the city of Uglich. The heyday of the specified internal offshore zones was within the period of 1996-2000 years.

A new Federal Law № 39-FZ of 1999-02-25 ‘On Investment Activity in the Russian Federation in the form of capital investment’ which appeared in 1999 significantly modified the parameters of the investment activity. The adoption of this law marked the onset of the second stage of investment vehicles’ development and was caused by a paradigm shift of investment activity and its tools in the Russian Federation. The Subjects of the Russian Federation applied a constructive approach to the formation of investment instruments, aiming at attracting real investment flows into the economy.

According to the Ministry of Economy of Russia 69 regions of the Russian Federation within the framework of their competence adopted legal acts aimed at promoting investment and creating zones of the most favored tax incentives, credit support provision for construction, land allocation, development of leasing activities, and so etc. in 1999-2000. In total, 80 relevant legal acts, including 50 laws were adopted in the subjects of the Russian Federation (Gus'kov et al. 2001). In parallel, a number of subjects of the Russian Federation developed legislation aimed at enhancing the inflow of foreign investment. The analysis of these acts shows that the investment policy of regions was developing, primarily, due to the systematic improvement of federal legal regulations within the competence of the regional authorities.

However, it should be noted that the possibility of regional authorities to regulate investment activity on their territory under their jurisdiction were not limitless (Folom'ev and Revazov 1999).
First, the constitutional principle of unity of economic space, free movement of goods, services and financial resources, as well as the assignment of the Russian Federation Constitution to establish the legal framework of the single market, financial regulation, civil law to the exclusive jurisdiction of the Russian Federation imposed severe restrictions on the ability of public authorities in the Russian regions to regulate economic processes. For example, the authorities of the Russian Federation subjects cannot conduct independent regulation of the stock market, activities of joint stock companies, labor relations, etc. till present time.

Second, certain parameters of national economic development determined at the federal level, including the investment sphere, have become real landmarks of socio-economic policy formation of the Russian Federation subjects. In relation to the investment area there was such a document as ‘Major trends of socio-economic development of the Russian Federation in the long-term perspective.’ Investment policy in the mentioned document was considered in the context of such tasks as economy modernization, business climate improvement, alteration of inefficient economic structure. Specifying the content of the investment policy, the above mentioned document formulated three main areas of state activity in the investment area such as:

- the creation of a favorable investment climate;
- public investment;
- government support for private investment.

Analyzing the formation of investment legislation in this period it is necessary to note the following facts. The inverse relationship between the region ratings on potential and risk and the degree of favorable legal conditions for investment has been found out. It comes to the ranking of the investment climate conducted by the 'Expert' journal. In other words, the regions with the lowest potentials and high risks had a more favorable legislative field as a whole (Danilov 2000). This regularity is quite understandable: the authorities of regions with poor natural resources or other exclusive opportunities sought to compensate for the lack of regional attractiveness as an investment sphere by means of the legislation development. Not accidentally the regions with relatively poor natural resources pioneered regional investment legislation. Such regions are Leningrad oblast, Novgorod oblast, Nizhny Novgorod oblast, Ryazan oblast, the city of St. Petersburg, and in modern conditions Kaluga oblast.

Some regions significantly increased the investment attractiveness of the region due to better legislative field. The Novgorod region may serve as an example. This region was not the leader of economic development. However, at the turn of the century it was among the first places in the country in terms of foreign investments per capita. Moreover, according to the World Bank experts this region was among the six regions of Russia with the most favorable investment climate (Rjazanova and Beljakov 2001).

After the year 2005 a new period of regional investment legislation development had started. This period was associated with investment tools’ upgrade, search of new forms and mechanisms for attracting investments, review of the state role in the investment activity. In our opinion, the increased attention to the investment legislation in this period shows that legal factors of functioning and development of the economy are becoming ever more important in the country’s market economy. Total entrepreneurial and investment attractiveness of regions is being increasingly formed not only on the basis of the presence or absence of natural resources and administrative stability of the region, but also on the developed legislation, certainty of legal field, transparency of administrative procedures. Regional investment legislation has been perceived as a fundamental element of regional investment policy. As a rule, the organized structure of regulation and support of investment activity in the region as well as the system of economic mechanisms to encourage investment are being formed on its basis.

3.3. Directions of development of investment tools

The conducted analysis of the regional investment legislation being formed at that period demonstrates that the activity of the Russian Federation subjects concerning the regulation of investment activities had been carried out in several directions.

The first direction is linked with the creation of special legislature sections that establish a special mode of operation of private economic activity in some sectors of economy and have a significant impact on the economic processes and life of the regional population (these sectors, as a rule, are the most competitive sectors of the regional economy, banking and insurance).
Second, the regulating effect of the RF subjects was carried out through the creation of specially organizational structures designed to ensure the implementation of investment programs at the regional level. The goal and functions of the mentioned regional government were defined by the chosen basis of a particular investment strategy, the analysis of which had been conducted earlier.

The third direction of activity of the Russian Federation regions for regulating and supporting investment activity became regional financing (direct - through direct budget financing, or indirect - through a system of preferential taxation, lending, provision of state guarantees, etc.) of separate spheres of economic activity or enterprises and production facilities as well as priority objects for the economic development of the region or its social sphere.

The mentioned triad being a legal framework, organizational support, financial and economic regulation has become an integral part of the regional regulation of investment sphere in Russia.

The analysis of the regional investment legislation demonstrates that in this period measures of investment activity regulation and support are reflected in three directions:

- the system of guarantees;
- the system of information and consulting support to investors;
- the system of tools for financial and economic support to investors (Shvakov 2006).

At the same time serious changes and additions are going on in the system of legislature at the federal level. Federal Law № 116-FZ of 2005-07-22 ‘On Special Economic Zones in the Russian Federation’ has been adopted. In accordance with this law along with its subsequent amendments and additions special economic zones of four types are to be created:

- industrial and manufacturing zones or industrial special economic zones;
- techno-innovative zones or innovative special economic zones;
- port zones;
- tourism and recreation zones or tourism special economic zones.

At present 27 special economic zones have been established, including:

- 6 industrial and manufacturing zones, focused on the creation of enterprises on production of automobiles and auto components, construction materials, chemical and petrochemical products, home appliances and commercial equipment;
- 5 techno-innovative zones, oriented on the development of nano- and biotechnologies; medical and information technologies, electronics and communications, precision and analytical instrument engineering, nuclear physics;
- 13 tourism and recreation zones, 5 of which are located on the territory of Primorsky region, Irkutsk oblast, Altai region, The Republic of Altai, the Republic of Buryatia, and other zones are united into the North-Caucasian tourism cluster;
- 3 port zones, oriented on manufacture, maintenance and refurbishing of ships, transshipment, seafood processing, development of stock trading, as well as the development of logistics centers (The effectiveness of measures of state support aimed at the creation and functioning of special economic zones 2013).

Industrial and manufacturing zones are settled on the territory of Elabuzh district of the Republic of Tatarstan (special economic zone «Alabuga») and Gryazinsk district of Lipetsk oblast (special economic zone Lipetski), in Samar oblast (special economic zone «Tolyatti») and the city of Verhnyaja Salda of Sverdlovsk oblast (special economic zone «Titan valley»). Five techno-innovative zones are located on the territory of Tatarstan, the city of Tomsk, the city of Saint Petersburg, the city of Moscow (Zelenograd) and the city of Dubni (Moscow oblast). Seven tourism and recreation zones are located on the territory of Irkutsk oblast, Altai region, The Republic of Altai, the Republic of Buryatia, Kaliningrad oblast, Stavropol region, Primorsk region. Six newly formed special economic zones are situated in the North-Caucasian federal district. Port zones are situated in close vicinity of main global transit corridors. Port zones are created in the Soviet harbour on the Far East, Ulyanov oblast (the airport of the city of Ulyanovsk) and in the city of Murmansk (Industrial and manufacturing special economic zone «Murmansk»). Their location allows getting an access to a fast growing market of highly demanding port logistics services both in the Far East and the central part of Russia.

3.4. Classification and ranking tools investment policy of subjects of the Russian Federation

The mechanism for attracting and performing investment activities has become the result of realization of the mentioned stages of investment tools formation. This mechanism is in correspondence with the market economy
conditions. Table 2 demonstrates the results of the conducted analysis of major parameters of regional investment legislation of economic investment incentives.

**Table 2.** Major Tools of Economic Investment Incentives of Regional Investment Legislation of the Russian Federation

<table>
<thead>
<tr>
<th>Parameters of regional investment legislature</th>
<th>Total number of the subjects of the Russian Federation</th>
<th>Rank rules</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tools in the creation of investors’ economic advantages over other business entities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax remissions</td>
<td>73</td>
<td>1</td>
</tr>
<tr>
<td>Provision of investment resources at the expense of regional budgets</td>
<td>64</td>
<td>2</td>
</tr>
<tr>
<td>Recompense of the interest rate on bank loans</td>
<td>58</td>
<td>3</td>
</tr>
<tr>
<td>Investment tax loan</td>
<td>51</td>
<td>4</td>
</tr>
<tr>
<td>Preferential terms of land use and other objects of natural resources as well as benefits to renting property owned by the subject of the Russian Federation</td>
<td>32</td>
<td>5</td>
</tr>
<tr>
<td>Subsidies and subventions at the expense of regional budget</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Defining priority sectors and areas of investment activity in the region</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>Assistance in business infrastructure creation</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Follow-on of investment projects</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Subsidizing lease payments</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Providing assistance in lease of land and other facilities</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Financing costs for the preparation and implementation of investment projects</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Subsidizing the coupon yield on bonds issued by enterprise for investment purposes</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Payment at reduced tariffs of natural monopolies’ services</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Compensation of insurance premiums for investment insurance</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>Reimbursement for creating engineering infrastructure of the investment project</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>Priority allocation of investment territories in the region</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td><strong>Tools to protect the interests of investors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment guarantees at the expense of territorial budgets</td>
<td>67</td>
<td>1</td>
</tr>
<tr>
<td>Compensation for damages resulting from public authorities’ actions</td>
<td>17</td>
<td>2</td>
</tr>
<tr>
<td>Guarantee through regional mortgage fund</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>Guarantees by the property of the Russian Federation subject</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>Return of investment</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Currently these tools are being finalized. Actively investigates the problem of creating mechanisms for attracting investments in certain sectors of the economy: industry, transport, agriculture, etc. (Ostrovskii 2012,
Lepeshkina and Martens 2013), including through the use of new instruments (leasing, industrial parks, etc) (Rogovskii and Trofimov 2002, Smol’janinova 2013).

However, administrative barriers remained a significant obstacle to perform the investment activity (Fisher 2004). Investment administration carried out from the moment of the investor's arrival in the region to the point of achieving the project's payback terms, i.e. to the end of the project, had until recently remained not the form of investment support but its brake (Sedash and Biryukov 2013). In 2010, Russia ranked the 143rd position out of 183 countries in terms of investment activity (Malshukova 2011).

4. Discussion

In 2012, the Russian President Vladimir Putin declared the need to adopt measures aimed at improving Russia's position in the Doing Business ranking. According to the defined directions the country must rise up to the 50th place in 2015 and the 20th place in 2018.

Therefore, the current stage of investment tools development is connected with the creation of a highly efficient system of investment administration. This work is carried out by the Agency for Strategic Initiatives (ASI), which has been established by the Russian Federation Government decree № 1393-p. of 2011-08-11. To form an efficient system of investment administration in the subjects of the Russian Federation has become one of the tasks of the Agency for Strategic Initiatives. The actions that have been carried out to arrange investment process in the subjects of the Russian Federation by ASI are to be deservedly admitted. Provisions for the development and implementation of investment activity in the regions of the Russian Federation proposed by the Agency for Strategic Initiatives have become the basis for the adoption of regional investment strategies and investment policy formation. One of the results of this process was the change in the rating of the Russian Federation under the terms of investment activity (Bondarenko and Knyazeva 2014). In the annual Doing Business ranking, which estimates the climate for business environment in 189 countries, Russia turned out on the 92d place by jumping 20 positions forward at once by the end of 2012.

Simultaneously, new instruments to promote investment activities in the Russian Federation regions are being searched. Currently, the adoption of the law on the territories of advanced development is being prepared for adoption in the Russian Federation. Currently Russia is steadily moving towards the creation of highly efficient investment mechanism in its subjects that combines:

- motivation tools for investors to invest in production facilities of the region;
- tools to inform investors about the state of the investment environment in the region;
- tools for the development of regional investment potential;
- tools to support investment project until its full implementation, i.e. payback achievement.

Conclusion

Summarizing the analysis of investment tools formation in the RF subjects, in our opinion, it should be noted the following significant circumstances of this process.

First, open up opportunities for attracting foreign investment (and, of course, the need for them) have become an important impetus for the establishment of investment legislation (both at the federal and regional levels). Close and not quite habitual attention of foreign investors to Russian legal issues, their demands for the maximum possible regulation of economic relations at the legislative level caused many Russian regions to begin active work on the preparation of legislation initially targeting at western partners, and subsequently, at domestic investors.

Second, the development of investment mechanisms in the Russian Federation regions went forward through their systematic improvement: from primitive forms aimed at attracting minimum funding by means of redeployment between the subjects of the Russian Federation (domestic offshore) to creating territories with special economic mechanism to attract real investment resources for specific investment projects.

However in this study do not reflect the issues of perspective development of instruments of investment activity at the level of subjects of the Russian Federation. It is obvious that regional investment policy will be improved in the future. Therefore, a promising direction of future research should recognize the development of new investment policy instruments and their use in the Russian Federation.

References


Applying the Principle of Methodological Pluralism in the study of Socio-Economic Development

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Abstract
Changes in the nature and type of world social development are evaluated from different perspectives. The principle of methodological pluralism involves the use of different approaches. He is concretized in the form of an integrative approach. Socio-economic development is viewed as a multi-pronged interconnected process. One of the defining vectors of development is the direct subject-subject interaction between economic agents. This interaction is manifested in all the other basic characteristics of a developing economy and gives them a special quality. Another development is the vector orientation of production to create economic benefits to meet the needs of the highest order. Following vector of development is the increase in the economy and in society such specific services, such as information. Vector of development is a dialectical process of concentration and centralization of production and capital. Important vector of development is the specification of property rights on the basis of various quality changes. New forms, subjects, objects (including intangible assets) occur continuously. An important vector of the current world economic development is to strengthen innovation orientation. Vector of economic development is the increasing interdependence of economic actors, not only in the scale of the national economy, but also on a global scale. Developments in either direction causes quantitative and qualitative changes in other fields, in turn, receives a similar action. Multivectorness development increases. Vectors of development are interrelated, are in the system must be consistent with use.

Keywords: socio-economic development, vector, integrative approach.

JEL Classification: O11, A12, Z12.
1. Introduction

In the writings of experts noted that in the second half of the twentieth century in the nature and type of world social development there was a change. These shifts are evaluated from different perspectives. The first position is that there is a transition of the international community to the global human civilization (civilization services) (Toynbee 1991). Supporters of the other position argue that in countries with developed economies postindustrial society becomes (service, information) (Bell 1999), (Toffler 2002). Supporters another position expressed assumptions about the development of a mixed society. So, Paul Samuelson wrote: ‘... Our economic system is a’ mixed ‘system of free enterprise and economic control which is carried out by both the public and private institutions’ (Samuelson 1992). L. Nikiforov notes: ‘... economic and social progress in the world is not the movement towards capitalism, and to the public postcapitalist devices of mixed type’ (Nikiforov 2004).

The first position is based on the civilizational approach, the second - on the stadial theory of development, and the third - in the modern version of the theory of formative development. There are other approaches to the development of society. They are based explicitly or implicitly on the following assumptions: 1) the basic human value of this freedom; 2) All people are equal; 3) modern civilization created and developed an ‘economic man’; 4) must be social change; 5) changes in society are progressive. The special position formulates G. Popov. He justifies the possibility of transition to alternative civilization with characteristics: 1) intelligence, 2) conversion of the development of intelligence in the primary need, 3) recognition of the inequality of men and 4) tolerance, loyalty, tolerance, 5) the organization and regulation (Popov 2013).

2. Methods

Different approaches to the same object of study reinforce and clarify the characteristics of the object being studied. In our opinion, in order to achieve results in the current studies should follow the principle of methodological pluralism, which is to recognize, on the one hand, the limited and one-sidedness of any methodology, on the other hand, the usefulness of alternatives. Paul Feyerabend argues: ‘All methodological requirements have their limits, and the only’ rule ‘that persists is the rule of everything is permitted’ (Feyerabend 1986). The possibility of synthesis of theories to explain the socio-economic development is allowed by many researchers (Flaschel 2009, Woodford 2010).

The principle of methodological pluralism involves the use of different approaches and can be fleshed out in the form of an integrative approach. Integrative character of a systemic approach when it organically includes a process, functional, situational, target, reflexive (Smimov 2014) and other methodological approaches.

3. The main part

Economy of post-industrial society, and society as a whole, represent a multi-dimensional space of direct and indirect relations between the subjects. It was based on the interaction of people with each other most of the economic wealth created in the form of immaterial goods (services). Services are designed to satisfy the direct production and personal needs, including the needs of higher-order needs of development. Another part of the economic benefits generated in the form of goods, material goods. The share of wealth is reduced with a simultaneous increase their availability and quality. This economy grows out of the economy of the industrial society, in which on the basis of human interaction with nature transformed economic benefits are mainly in the form of material objects.

It is important to note that the creation of a new economic system does not result in the elimination of the previously created the industrial base, but on the contrary, makes it stronger, initiates positive quantitative and qualitative changes.

In the twenty-first century economic development, in our view, should be considered as a multilateral interconnected process. Developments in either direction causes quantitative and qualitative changes in other fields, in turn, receives a similar effect.

One of the defining vectors of development is the direct subject-subject interaction between economic agents. This interaction is manifested in all the other basic characteristics of a developing economy and gives them a special quality.

Another development is the vector orientation of production to create economic benefits to meet the needs of the highest order.

Following vector of development - this dominance in the economy of production and consumption of intangible goods (services) designed for business and personal needs. Provision of services is the most complete and final form of interaction between economic actors. In this process, the production of the good is equal to its...
consumption and the achievement of the expected consumer benefits. This ensures the identity of the beneficial effects of use of production factors and the beneficial effects produced by an economic good (the importance of this identity is shown by V. Smirnov (Smirnov 1980).

These economic processes explicitly carried out in developed countries. In the structure of the economy of the United States the dominant elements in the last decade are the services and the production of intangible forms of wealth - education, research and development. Changes in the structure of the economy of developed countries in the last quarter of the twentieth century (World Development Report 2003) led to the fact that the share of industry and agriculture has declined significantly, while the share of the services sector has increased significantly. There was also a change in the structure of employment.

Economy with such a structure is defined as the service economy (service economy). But it should be noted that to a certain extent, this is due to the fact that industrial production is transferred from developed countries with high per capita income in the less developed countries with cheap labor.

Another vector of development is the increase in the economy and in society such specific services, such as information. Information has become a leading economic resource, a factor of production, an element of intellectual capital, a special commodity. Information is transformed into the ultimate resource not only economic, but also political, social and cultural development.

In the world of the information revolution is unfolding. One of its manifestations is the transformation of information technology in the most dynamic component of the economy. For example, in the United States, the main industry of this complex have passed the stage of rapid growth in 1971-1972. Subsequently they have experienced several changes of major platforms, but maintained high growth rates. In the second half of the 90-ies in the country is provided by the annual increase in the production of computers and communication equipment by 9% in the software industry - 17% (Innovative Economy 2004). The essence of the information revolution is that information technologies are changing not only the physical environment of human habitation, but are directly related to the conversion rights and development of the international community. All this makes it possible to identify the new economy as a knowledge-based economy.

Vector of development is a dialectical process of concentration and centralization of production and capital, supplemented by processes of decentralization, deconcentration and fragmentation of production and capital. Create a network structure, in which all participants are connected with each other many and varied connections.

Network form a new socio-economic structure of society. The progress and results of the economic, political, social and cultural processes are largely determined by the logic of the network (Castells 1998). To succeed in today's economic development logic of the network must be studied and applied more effectively. M. Sheresheva writes: ‘The term network ‘is widely used in the social sciences and attracts the attention of many researchers who are trying to explain the reasons for the growth of network structures from different perspectives. To networks ... show interest in economics and sociology, management theory and social psychology’ (Sheresheva 2010). Accordingly, the economy of a developing society can be defined as the network economy.

In the new economy there are competing with each other and at the same time complementary sectors and lifestyle management. It combines market-based methods and ways of working with the mechanisms of state regulation of the economy. Diverse forms of ownership, entrepreneurship, competition and social dynamism are the driving forces of development.

The authors study the problem of efficiency in the twenty-first century is the United States economy as a mixed economy in which coexist the private, public, civil, family and individual-state system (The problem of efficiency in the XXI century: the United States economy. Moscow, Science, 2006). A. Rubinstein in the characterization of a mixed economy distinguishes three versions of a market economy, pointed out the mistakes of the market and the admissibility of state intervention (the complementarity of market and state) (Rubinstein 2010). State in such economy transitioning to new economic functions. They consist in the organization of indicative planning, forecasting and programming in the use of public productive resources in the provision of social and other basic services, the expansion of public-private partnership, as well as to ensure equitable international cooperation in the creation of supranational regulatory mechanisms to minimize adverse effects on the country's participation in the globalization process. All these features characterize the new economy as a mixed economy.

Another vector of development and an integral feature of the emerging economy is the complication of the system of property relations on the structure and organization, deepening the specification of property rights. Specification of property rights can resolve the contradictions constantly, but it creates a rather complex problem of matching the behavior of various economic agents. The solution of these problems leads to an increase in the
efficiency of economic activity. At the same time, the incompleteness of the specification, ‘blurring’ of ownership complicates the resolution of contradictions. As a result of ‘dilution’ of property rights economic activity aimed at meeting future needs, including business, becomes impossible.

Processes specification of property rights receive additional positive impulses in terms of subject-subject interaction, service orientation of the economy, information of all processes, networking, co-existence of competing with each other and at the same time complementary sectors, organizational forms of management, the combination of market principles and methods of activities mechanisms of state regulation of the economy.

Important vector of development is the specification of property rights on the basis of various quality changes. New forms, subjects, objects (including intangible assets) occur continuously. The new economy can be defined as an economy with the specified property rights.

The emergence and development of new features of the economy is based on the dominance of the service sector, information, specification of property rights, the symbiosis of the market and the state, as well as on the progress of the capitalist economic system. J. Schumpeter writes: ‘It is important to understand that when we talk about capitalism, we are dealing with an evolutionary process. Capitalism ... by its very nature is a form or method of economic change, it is never and cannot be a stationary state’ (Schumpeter 1995).

Vector development and an important characteristic of the new economy is that arising in recent decades economic system undergoes quantitative and qualitative changes of industrial capitalism is transformed into a post-industrial capitalism. L. Blyakhman defines the following basic features of post-industrial capitalism: a new technological order, changes in the structure of economic growth factors, changes in the nature of capital, the new nature of the competition and the new model of the company, the new structure of the economy and jobs, the new role of the state, the specific culture (Blyakhman 2011).

In terms of scientific discussion should clarify two points.

Firstly, post-industrial capitalism cannot be based only on the new sixth technological order. It develops a specific time based on the dominant of the fifth order, and has lost its dominant position, but there is a fourth order.

Secondly, is self-contradictory statement of change in the nature of capital without changing its essence. It would be correct to note the changes in the content of the capital, the emergence of new forms, changes in the structure, resulting in a free enterprise economy is transformed into the economy of intellectual entrepreneurship.

Reported significant signs of post-industrial capitalism appear in the course of changing the content of economic activity, its intellectualization, gain subject-subject interaction. At the same time, in our opinion, it is necessary to take into account the fact that industrial capitalism continues to occupy a niche in the socio-economic structure of developed countries. Thus, the study of new possibilities of the society and the economy should be carried out without ignoring existing functions and features of capitalism, and the study of them in the changing technological, economic and social conditions. But the countries implementing the pursuit strategy development should aim at achieving a post-industrial capitalism.

An important vector of the current world economic development is to strengthen innovation orientation. In the last decades of the twentieth century and early twenty-first century, the use of innovation has positioned itself as the most important factor of economic and social development. As a result, in the developed countries for several decades dominated by the innovative type of economic growth and generated innovative economy (knowledge economy). Rest of the world also flow along this path. A. Porokhovsky writes: ‘Innovation is a defining factor in ensuring the growth and competitiveness of the person, the company and the country as a whole. In developed countries the innovative development formed an innovative economy, which is now a knowledge economy. In such an economy, mental work becomes dominant, and the human and intellectual capital constitute the lion's share in the national wealth ’(Porokhovsky 2010).

Vector of economic development is the increasing interdependence of economic actors, not only in the scale of the national economy, but also on a global scale. Interdependence reaches a level at which any significant actions of economic agents in the shortest possible time (in real time) affect the interests and positions of all the others and at the same time have an impact on the processes and phenomena in other areas of public life of mankind. Such a state of the global economy (and the world community as a whole) is defined as globalization.

It should be noted that the modern understanding of globalization from the original understanding. T. Levitt, one of the first to use the term ‘globalization’ in 1983, defines globalization as a purely market phenomenon, as the integration of the markets of certain products manufactured by the world's dominant multinational companies (Levitt 1983). Foreign and domestic experts have deepened understanding of globalization. M. Castells defines globalization as a new capitalist economy, the main characteristics of which are
knowledge, information and information technology as a major source of productivity growth and competitiveness, and which is organized mainly through the network management structure, production and distribution (Castells 2000). G. Soros believes that the globalized economy is a 'global capitalist system', which is characterized by 'not only the free movement of goods and services, but, more importantly, the free movement of ideas and capital' (Open Society Information-analytical bulletin. 2 1998). Y. Shishkov shows that under the conditions of globalization, national and supra-national economic relations are reversed, world economic relations acquire a leading role, and relations in the country must adapt to the realities of the global economy (Shishkov 2001). V.I. Kushlin notes: ‘The globalization of the economy, by definition, means increased interdependence of economic agents around the world to such an extent that the actions of one of them affect the interests of all others, when conditions in some areas have an impact on the processes taking place in other areas. It also provides impact on the nature and trends in systems management and governance in various countries around the world, and, consequently, the program transformation of economic systems’ (Kushlin 2004). The annual report of the International Monetary Fund (IMF) in 1997, defines globalization as ‘the growing economic interdependence of countries in the world as a result of the increasing volume and variety of cross-border transactions in goods and services, global capital flows, as well as due to the rapid and wide dissemination of modern technologies’ (World Economic Outlook. Globalization: Opportunities and Challenges. Washington, May (1997)).

As a result of globalization as ‘the growing economic interdependence of the world’ is a qualitative leap in the development of the world economy, it becomes truly united.

Vector of development is the transformation of the world economy from a set of interacting national economies megaekonomiku unity that provides special contours of self-regulation: ‘Unity megaekonomics provide ten basic contours of self-regulation, they operate on a global basis in the fields of ideology, formal and informal institutions, trade, financial and investment markets, labor markets, innovation, environment and transnational economy’ (Movsesian and Ognivtsev 2001). The above-mentioned self-regulatory circuits should, in our view, be added to the contours of self-regulation in the area of trade in services, including, in the exchange of intellectual property.

Accordingly, the new economy can be defined as a globalizing economy. It should be noted that globalization strengthens all other characteristics of the economy of this society.

There are other significant changes in the economic system of society in the transition to a new state: the strengthening of the uneven development of countries, regions and territories; intellectualization of the economy (increasing importance of intellectual property rights, enhancing the role of intellectual capital); conversion of interest and rents in the main forms of income; consolidation of the determining role of financial factors of the external factors of economic development; increase the manageable the economy, the growing role of managers; virtualization of the economy, which is accompanied by a virtual economic benefits, facilities, money, capital, currency, corporations and banks.

There are changes in the content of basic economic concepts (product, labor, capital, wealth, needs, well-being, money forms of social interaction, human model) (Kornejchuk 2006). In our opinion, these shifts and changes cannot be considered separately, depending on one or more processes. These changes are closely related, so should be studied in the complex. In addition, they should not be represented as a linear dependency, since the acquisition of new content is not always accompanied by the complete elimination of the elements of the old content. Occur more complex processes that allow co-exist and interact with old and new elements.

A new state of society and a change in its basic economic characteristics of the researchers suggest judged on various criteria (to take into account changes in technology, economics, labor, spatial structure, consumer behavior, creativity. Some authors try to evaluate the economic changes only one criterion. In our view, such an attempt cannot be considered productive. Firstly, qualitative changes follow a quantitative and involve a critical mass of the latter uniform economic development in each direction cannot be achieved due to limited resources. That is why the new economy are allocated periods of dominance of individual features (service, information, network, mixed, innovation, globalizing economy). Secondly, in the twenty-first century, the formation of the new economy is a broad front and requires the use of complex criteria. From this perspective, the proposed list of criteria is insufficient. It should be complemented so as to be able to fully appreciate all of the transformation processes.

**Conclusion**

Progress in economic development is becoming more diverse. In the world there is a transition to a subject-subject interaction, to the creation of mainly intangible objects that allow the user to have a beneficial effect
directly in production. The vectors of this development are interrelated, require a systematic review, negotiation and usage. They should be fully taken into account in the management of economic structures based on an integrated approach within the methodological pluralism.

References


Initial Category of Labor in the System of Economic Relations

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Abstract
The problem of the role and place of initial relationship in the structure of social and economic systems is solved, and the forms of its implementation in economic systems of the market type are shown. Labor relations are represented as a structure forming factor of social and economic systems. The subject matter of labor relations is characterized as a system of social and economic relations that occur in the process of production between employees and owners of means of production in relation to their connection with the means of production, labor motives and incentives, social division of labor and cooperation, and forms of allocation of labor results (social product). The methodology of researching the structure of economic systems through the prism of major and initial relationship developed by the authors allows to allot the blocks that form the system of labor relations taking into account their objects and subjects. The offered methodology allows to describe the system of labor relations of any economic system.
Key words: initial category, economic system, labor relations, structure forming criteria, labor theory of value, methodology of research.

JEL Classification: J21, J80.

1. Introduction
The inconsistency and alternativeness of the contemporary stage of the development of the world economy and global society as a whole, exclusive complexity of transformation process and perspectives of the evolution of the Russian society predetermine the urgency of political and economic aspect of theoretic researches of economy characteristics on the substantial level, growth of the interest to methodology, and theory of economic cognition (Eletskiy 2000).

It is necessary to start stating economic categories and laws of any social and economic system with the initial category (initial relationship). The acknowledgement of the initial category follows from the acknowledgment of the method of production and social and economic formation as systems that develop from specific ‘initial elements’, ‘economic cells’ that encode the whole variety of the system relations. If it goes about economic relations, it is natural to ask about their correlation with each other. It is explained by the fact that any dialectic system assumes not only coordination but also subordination of relations.

2. Methodology
The goal of this research is to define the subject matter of labor relations and their role in the structure of social and economic systems. The object of the research is labor, labor activity. The subject of the research is a system of labor relations (social and economic side of relations between employees and capital owners) in the structure of social and economic systems and their evolution.

Theoretic basis of the research included fundamental provisions of the contemporary economic theory, and works of national and foreign researchers studying problems of labor relations. Informational basis of the research included laws, statutes and regulations of the Russian Federation in the area of labor, personal workings of authors, and online materials.

System reflection of economic relations requires, on the one hand, deepening of the process of abstracting, internal partition of the relations system to extremely simple and abstract forms. On the other hand, it is required to reproduce this system by ascending from abstract to specific, and from simple to complex.

The problem of initial relationship is directly related to the issue about the method of ascending from abstract to specific that includes genetic differences of structural levels of economic relations and reflects their transformations and historical perspectives in the process of development of social and economic systems. The above method is the most prominent form of system, logistic method in the economic research. Its application enables to establish the interrelation between categories, display the real world of economy as a product of self-development, understand it historically, and synthesize its notions and laws in a harmonic subordinated system (Suslov 1983).

The most important meaning of ascending from abstract to specific lies in the fact that the process of forming theoretic systems reveals the deepest essence of economic reality. The thought moves from deeper sense to less deep one, from the essence to a phenomenon. K. Marx was the first economist who showed the importance of this method for political and economic research and widely used it in its works: he started his research in Capital with the initial category – goods. We will mark that cognition is not completed by ascending from abstract to mentally specific and contains two ‘ascents’: from sensuously specific to abstract, and from abstract to mentally specific. Thus, these methods are not only interrelated but also equivalent (Marx and Engels 1893).

Abstract and essential approach is required for discovering fundamental, long-term tendencies of the development of social and economic systems. It assumes the operation on task-oriented production as a necessary condition and abstracts from its specific mechanism and ways of performance.

Acknowledging the priority of abstract and essential analysis, it is necessary to understand that with the approximation of economic theory with business practice, its objects must include not only common regularities of development but also specific mechanisms of organizing and functioning of economic activity subjects. So, the method of ascending from abstract to specific enables to explain the form of its manifestation from the essence that co-opts the whole richness of the most developed state of this object.
3. Results

In this work the authors have achieved the following scientific results:

1. The problem of the role and place of initial relationship in the structure of social and economic systems is solved, and the forms of its implementation in economic systems of the market type are shown. The work defines initial relationship as relations between people regarding the implementation of their capacity for work. Its most essential characteristic is the method of connecting the employee with means of production.

2. Labor relations are represented as a structure forming factor of social and economic systems.

3. The subject matter of labor relations is characterized as a system of social and economic relations that occurs during production between employees and owners of means of production in relation to their connection with the means of production, labor motives and incentives, social division of labor and cooperation, forms of allocation of labor results (social product). The above elements of labor relations are marked as common for all social and economic systems; labor relations are represented as a matrix of elements that enables to define the character and genesis of the system of social and economic interrelations. Labor relations of the Russian transition economy and their transformation forms are analyzed.

We believe it is necessary to consider the level of adequacy of social production, complexity of the development of the employees' personality based on labor relations as a criterion of maturity of social and economic systems. We define labor relations as a structure forming factor and the basis of the social and economic systems integrity. The interrelation between the development of labor relations system and the type of economic systems lies in the fact that the subject matter and social form of labor genetically and functionally define the type of social and economic system. Labor relations can act as an accelerator (transfer to technologically and socially- economically more progressive stages of economic systems), or a stabilizer, or a conservator that restricts incremental development of social and economic systems and their structural elements. The importance of labor relations as foundational in the social organization of any production lies in the fact that they lead to basics of social and economic structure of the society.

The system of labor relations to be transformed includes elements of the past, the present and the future. Like this, historical genesis of labor relations is not parted into separate stages, each having its independent logic and development direction. It is a system of quantitative and qualitative transformations of all elements of the structure of social and economic systems, and it depends on it.

4. Discussion

Our approach to regularities of the development of social and economic systems structure is based on the notion of labor as a type of human activity that is peculiar of a specific historical period of the economic system development. Social labor is the basis of all types of reasonable activity. Labor is the subject matter of the initial category as a gnoseological form of fixing causative-consecutive dependence that dominates over all the rest and defines the quality of economy and its substantial characteristics (Yufereva 1990).

Taking into account the complexity and debatable character of the problem as well as the fact that the economic theory does not have a single concept of the initial economic relationship and initial economic category, we will state some methodological provisions that, as we think, could substantiate our position.

1. The initial category acts as an extreme scientific abstraction that still maintains a phenomenon degree and whereof all other relations derive and develop. At the same time the initial relationship is the abstraction that has a real object behind.

2. The initial relationship creates a condition and a form of functioning and development of the whole system of economic relations. Basic relation defines a goal and social orientation of such functioning and development. It expresses the most significant connection in the process of production activity in every specific social and economic system. The initial and basic relationship connects all other relations in the unified system.

3. The initial relationship usually has a bearer: the first one is a peculiar subject matter while the other one is a form. We use the above terms as synonyms.

4. Considering the labor as an initial category, we take into account the determining role of production in relation to allocation, exchange and consumption. Since labor relations are formed due to the production of material benefits, they have a material form, i.e. they have a material substance and express the unity of material and ideal. Material benefits created in the process of production always include labor as their internal substance. That's why the initial relationship is eventually labor relations (Sycheva 2000).

5. Labor expresses the cause of economic phenomena and creates the condition and forms of progress of all other relations of social and economic systems.
6. Labor includes a nucleus of contradictions of a specific social and economic system. It expresses basic genetic connection of the latest, and forms the interlink between various economic systems. It is a prerequisite of forming basic economic relation. Under this approach the basic relation originates from the initial one, bears its characteristics. However, it is not identical to the initial relationship. The realization of the initial relationship aims to implement the basic economic relation, and the growth of the initial relationship into basic must be regarded as a principle vector of self-motion of social and economic systems.

Similarity but not identity of the social and economic form of the initial and basic relationship lies in the fact that they characterize the process of labor under the same social production conditions. Herewith, basic relation expresses deeper essence of the labor process.

We consider the initial relationship as the relationship that occurs between people in the context of implementing their capacity for labor. Labor as a capacity for activity, abstract level of considering labor through defining the character and mechanism of connecting factors of production in the system of labor expresses the subject matter of the initial category. Any process of labor assumes a specific method and character of connecting the employee with means of production. The form to include the employee in the process of social production makes up the subject matter of the initial relationship. The method of connecting the employee with means of production is an obligatory, initial and the least significant moment of forming and functioning of an economic system. Thus, the most abstract definition of the initial relationship as relationship between people in the context of realizing their capacity for labor is most specifically expressed in the method of connecting the employee with the means of production.

The initial relationship does not exist in and of itself. On the one hand, it is realized thought the whole system of productive relations. On the other hand, it is done through labor relations. Productive and labor relations are various levels of abstraction: productive relations concretize labor relations.

Basic relation occurs in the context of labor activity as a fact due to the necessity to maximally meet the needs of the society in terms of its essential benefits. In this regard the character and method of connecting factors of production are realized in the activity of economic subjects.

The formational concept of development reveals basic tendencies of the movement of the labor system as an internal resource of the social and economic system self-development.

The method of connecting manufacturers with means of production is taken as a social and economic (subject matter) criterion of dividing formations (or methods of production). The form of owning means of production is a general economic basis, and the determinant of the character and method of connecting factors of production. Theoretic separation of social and economic side of the method of connecting factors of production from productive and economic one is an important methodological prerequisite of researching the method of connecting factors of production.

The connection of personal and substantial factors of production in the process of production itself, their combined productive use without social and economic relations that determine character and method of this connection covers not only the production and economic parts of the method of factors connection. It is obligatory in any economic system and takes place everywhere.

Social and economic connection of substantial and personal factors of production is also obligatory and takes place in all methods of production. However, its social form varies. The essential side of this method includes relations that occur in the process of separating and connecting personal and substantial factors of production on an economic system scale.

Following the formational concept of development, we will note that currently popular concepts of the civilized development of the humankind (according to them economic systems are developed under influence of not only economic factors (internal) but also non-economic (external factors in relation to economy)), post-industrial, informational society, etc. enable to discover the availability of common prerequisites and regularities of the labor system becoming, increase in its productivity and efficiency (Matviets 2006). Based on the above, we think them to be mutually supportive and do not oppose them to each other.

Thus, the initial relationship considered by us as the relationship that occurs between employees in the context of realizing their capacity for labor defines the quality of the economic system and its substantial characteristic. It is a gnoseological form of fixing causative-consecutive dependence in economy that dominates over all other relations. Let’s see further how the initial relationship is realized on the ‘subjective’ level, because the knowledge itself about the initial relationship as the most abstract (no matter how deep it is) is hardly valuable for the management theory and practice. So, it is necessary to show how the initial relationship is developed into the theoretically successive system and appears on the economy surface.
We will emphasize one more time that the initial relationship does not exist in and of itself. It is realized in the basic relation that occurs in the context of the labor activity as a fact due to the necessity to maximally meet the needs of the society in essential benefits. It is better to follow the logics of realizing the initial relationship in the structure of social and economic systems according to the chain: social and economic system – system structure – system of productive relations – labor relations – elements (objects) of labor relations (Nekhoda 2009).

Analysis of Logics Related to Implementing Initial Relationship to the Structure of Social and Economic Systems

The opportunity to cognize the essence of the object as a system is performed through researching its structure and functions. Herewith, they are taken not separately but through mutual impact, interdependence i.e. in their unity. The essence of the object cannot be revealed beyond its functioning. The latest is a source and basis of the system development, since prerequisites for the system transfer to a higher level of its development appear on the functioning stage. Herewith, a structure is the expression of essence mediated by functions, a sort of organizational, reverse function of the system. A function is an ability of the system to meet a specific need (Obletsova 1999). Thus, structural and functional methods of research mutually supplement each other, and provide the complete knowledge about the object essence only in their combination and unity.

Abstract and methodologic approach to defining such categories as ‘structure’, ‘function’, and ‘system’ will enable us to define the categories we are interested in and understand the logics and forms of realizing the initial relationship in the structure of economic systems (German 2007). Our task is to define the structure forming factor of the social and economic system.

The plurality of criteria of classifying economic systems is based on the objective variety of its features. In the detailed view criteria of economic systems can be divided into three basic groups: 1) structure forming (criteria on the part of structural elements that form the subject of the economic theory), 2) social and economic (criteria based on marking basic parts of the subject matter of the economic system, they can include the method of connecting employees with means of production, the method of connecting production and consuming (method of coordinating economic activity), level of the development of industrial and economic beginnings, etc.), 3) volume and dynamic criteria (they characterize the complexity of the economic system and its changeability: the system statics or dynamics, uniformity or diversity, etc.).

As a rule, researchers consider the following structure forming criteria of social and economic systems classification we are interested in: 1) systems of productive relations, 2) system of functional connections, 3) institutional systems (Matviet 2006). We will note that in the reality all the above criteria interweave and superimpose on one another in spite of the fact that they express different sides of economic systems. That’s why integral idea about economy as a self-development system can allow only to consider the whole combination of criteria and classifications.

Thus, the consistency in economy is based on a number of principles that have a fundamental methodologic meaning. We will mark three of them.

1. Considering social and economic systems in perspective of common interrelation of all elements and sides of these systems, because it is impossible to rather accurately and completely describe all characteristics, features and relations that combine its elements and mechanisms of functioning.

2. Considering systems in their progressive self-development stipulated by the system internal regularities, functions and characteristics.

3. Detecting the goal as a state pursued by a social and economic system understood not only as an ideal image of the system but also as a rather specific form of the system that is implemented in the process of its self-development. Multidimensional system of goals must correspond to the multidimensionality of the economic system. Herewith, it is necessary to understand that in the process of changing objective conditions the whole system of goals is transformed. However, their function – to be an informational form of connecting objective and subjective and the basis of incentive motives - remains unchanged (Gerasina 2004).

We define the structure of a social and economic system as a system of productive relations that are a social form of productive forces. It is an essential characteristic. Reflecting the changes of productive forces, productive relations are realized as historically developing, and as genetically subordinated relations in their form. When analyzing economic systems on any level, social and economic approach is required, i.e. the research of productive relations and singling out a structure forming factor of social and social system that we regard as labor relations. Defining the movement of all parts of the social life and maintaining the richness of its numerous
aspects in the ‘folded’ form make up basic expression of the function that provides a special place in the social and economic system by means of labor relations.

To our mind, today’s facts of social and economic development actualize previous classical ideas with the necessity. It occurs because, firstly, new estimation of facts of social and economic development of preceding periods is required in the context of today’s result. Secondly, the estimation of facts also changes the idea about the character of the attitude of economic ideas to them.

The integrity of economic systems is based on labor because eventually productive relations are always labor relations, exchange of labor activity whose specificity in a system is defined by the ownership relations, method of connecting factors of production: means of production and labor forces (Avtomonov 1998).

In this regard today, we think, it is possible and necessary to speak about specific succession of the development of all social and economic systems in spite of the whole inconsistency of some of them. The development of all systems includes ‘common’ and ‘specific’ features. What is of top priority? It is generally known that the specific is always a form of revealing the common. Nowadays the world integration process, high level of the production and exchange internationalization bear common tendencies of economies development. Herewith, these factors depreciate the role of the specific in forming the type of a social and economic system. That’s why today, we think, it is impossible to consider the ‘specific’ as ‘structure forming’.

The freedom of choice when determining perspectives of the development of any economic system is limited by the achieved social and economic potential that predetermines, first of all, the system of ownership and labor relations that are adequate to it. The development of productive forces implicates generally historical moments that jointly unite all elements of the society’s economic structure. At every stage of their development they generate the whole range of possible forms of a social and economic organization where the selection mechanism as the main regulator of social development chooses the most efficient forms from the perspective of the result that mostly contribute to revealing the richness of the person’s nature. Succession in the development of economic systems is just created by this consistent movement of productive forces. Psychological motivation of economic behavior is an integral attribute of any system of rational management. The economic principle, i.e. principle of achieving maximum results with the lowest expenses, always requires correlation of economic benefits against one another and with the required labor expenses. Such understanding of the production efficiency assumes that the human personality is placed in the center of economic system. At the same time today’s economic thinking pays more and more attention to the highest values and highest motives (Pigu 1985, Marshall 1983, Hayek 1944, Hayek 1931). This inconsistency includes the contradiction of all laws of rational management that is possible only by means of monetary commensurability of expenses and the received result. The contradiction between the direct goal of the production and the final goal of social production in general is a deep contradiction within any social and economic system. It defines the source of its self-development and limits of its functioning (Gerasina 2004).

It is necessary to note that static standards are reproduced in the dynamically developing system. It is rather obvious that the analysis of this aspect of the issue is incogitable without using specific elementary dynamic notions. We will only state that psychological basis of dynamic theory of economic systems somehow differ from those the stationary system is based on.

A new phenomenon – conscious formation of the goal within the whole society and its implementation – also appears to be characteristic of the contemporary social and economic systems. Conscious forms of purposeful activity within a social and economic system hasten the development of those areas of social life where the progress still lags behind the quick development of equipment and technology. The objective goal is a sort of invariant in this quality in relation to any social and economic systems, for example to such important moments as specific means and methods of its achievement, occurrence of definite controversy of some specific goals, various ideas about principles of social justice, etc. Obviously, it can be also considered as a form of succession in the development of social systems. Along with this, this succession required deeper high quality consideration of issues related to agreeing and correlating goals of various social and economic subsystems, social and economic interests of groups of people. It would contribute to enrichment and concretization of our today’s ideas about the level of social freedom and economic well-being as about a criterion of the development of the society as a system (Braverman 1974).

Adhering to the formational approach, as a whole, as it was stated above, we do not oppose the formational concept of economic systems developed by Marxism and the theory of ‘industrial civilization’. In spite of definite disadvantages of the formational approach (based on the criterion related to the change of productive relations and ownership forms, linear, ascending movement of the economic system and discretion of the historical progress, underestimation of the role of socio-cultural and other non-economic factors, rendering
historically preceding stages to the stipulation of the communist formation), we think that the methodology of the formational approach in general did not lose its urgency today, and its heuristic value is imperishable. Even under contemporary conditions basic principles that mutually reinforce one another reflect steadily repeating features of the formation process. Firstly, it goes about the meaning of material prerequisites of the following formation (above all productive forces) that are formed within the preceding formation. It is necessary to refer all its elements, including productive relations that can be and to a certain degree are developed under the conditions of the old one, to material prerequisites of the new formation.

Secondly, the transfer from one formation to another is done dialectically via contradictive integrity of the negation and succession because changing of characteristics of social relations is a historical process that theoretically is inconvertible as a qualitative characteristic of the state of the economic system.

Thirdly, every formation undergoes three basis phases in its development: becoming, maturity and dying. These phases are real because they are based on a definite change of the quality of productive forces within this formation. It predetermines the state of all social, above all, productive relations.

Fourthly, the transfer from one formation to another is a combination of the evolutionary and revolutionary ways of development without absolutizing either of them.

Fifthly, every new formation possesses various fundamental advantages over the preceding one; its historical progressiveness is defined by the ability to solve those problems of the humankind that could not be essentially solved by the preceding formation.

We think that both formational and civilization concepts (whose advantage includes the multidimensionality of the analysis and its irreducibility to tight economic dimensions) of the social and economic systems development allow to reveal the existence of common prerequisites of becoming and functioning of structure forming elements of the system. We consider labor relations as the latest, and the structure of economic systems is researched within the aspect of the labor relations development (Sycheva and Permiakova 2015).

Thus, we consider differentiation and genesis of economic systems and their structural elements only through the development of labor relations. The motion of the latest enables to mark common regularities of social development and is the basis of self-preservation and self-development of any social and economic system.

Social and economic systems are developed through transformation (qualitative reformation unlike quantitative changes that mean growth) of its structural elements due to both exogenous and endogenous factors and functions of the system to which we refer the development of labor relations in particular.

**Labor Relations as Structure Forming Factor of Economic Systems**

Having marked labor relations as a structure forming factor of social and economic systems, we will pass on to defining the subject matter of labor relations and considering its elements – subjects and objects. Every element of the labor relations system must be described according to a single principle. It will allow to use ‘mosaics’ at any moment in order to make a general view of labor relations both in Russia and any other economic system (Liubinin 2012, Maslennikov 2012).

Relations that can be regarded as a system of labor relations occur both in every labor process and between various labor processes. It is possible to mark two basic initial ranges of labor relations at the highest stage of abstraction: ‘nature - person’, and ‘person – person’. If we regard these ‘global’ relations from the position of a more specific classification, they will represent the following relations:

- relations between owners and employees regarding labor conditions and prerequisites,
- relations that occur in the process of labor,
- relations regarding the allocation of labor results (Tiuleneva 2007).

It is necessary to acknowledge that on the level of both general and specific classifications labor relations are subordinated in a certain way. It means that the ‘nature – person’ relation is an interrelation of two elements of the production process. Based on the subordination of two sides of the production method – productive forces and productive relations in the formational concept of development – the ‘person - nature’ relation is primary, while the ‘person-person’ relation is secondary and derivative.

The issue on priority and secondariness on the level of specific classification is solved in a similar manner. In this case the relation regarding the labor conditions and prerequisites will be primary, and relations that are established directly in the process of labor and appear due to the labor results will be secondary.

In the process of development and transformation of economic systems, the more developed system of labor relations does not merely repudiates features of the previous system but also includes them in the transformed form as its own, internal moment. Labor relations of every more developed system is an integrity,
whose elements and their features are not merely repudiated as immature but also maintained in the dialectically overworked (‘dismissed’) form as internal motives of a new system.

The above points make us come up with such a principal issue as the correlation of functioning and genesis of economic systems, and, consequently, laws of their organization, functioning, and development. The matter is that a similar approach assumes considering functioning and development laws as identical, unified. However, in this case of acknowledging the integrity of functioning and development laws historical and logical research will enable to implement the logic about economic systems that successively change each other in order to research labor relations in the market economy.

At the first stage we will abstract common elements of labor relations from their developed state and make an analysis as separate, rather independent but simple features of the subject under research.

The production does not exist beyond labor activity. That’s why it is impossible to reveal the nature of labor relations beyond the system of productive relations. Thus, in the dynamic aspect the system of productive relations is a unity of labor and ownership relation. Herewith, this unity is inseparable. In the reality these relations do not exist in isolation from others. Labor relations are direct forms of productive forces development and are changed under their direct influence. Changes in productive forces fixed by labor relations evidence about the process of productive relations stipulated by productive forces. Impulses of changes in productive forces of ownership relations are perceived through them. That’s why labor relations stipulate, assume, and determine various qualitative states of the system of ownership relations. They act as the basis of changing these relations both within this social and economic system and in the process of transferring from one system to another. If compared with ownership relations, labor relations are deeper. The connection of labor and ownership relations can be characterized as the interrelation, because their mutual effect on each other eventually causes mutual changes. As a result of this interrelation, the ownership relations act both as initial, determining (since it is their state that fixes the specificity of the system of labor relations) and secondary, determined (since labor relations determine the change of states of the ownership relations system).

On the other hand, understanding labor relations as a method to include employees in the labor and operational activity, it is possible to define labor relations through a set of more specific characteristics that are to reveal peculiarities of employees’ functioning in various social and economic systems.

**Elements of Labor Relations**

We define labor relations as a system of social and economic relations that occur in the process of production between labor subjects in relation to the type of connecting employees with means of production, motivation and stimulation of labor, division and cooperation of labor, forms of allocating results of labor (social product).

In our opinion, generally speaking, basic elements of labor relations in the pre-industrial economic system hardly differ considerably while using slave, bonded or hired labor.

We suppose it is necessary to regard the following elements of labor relations as common for all economic systems: (1) Type of connecting the employee with means of production; (2) Labor motives and incentives; (3) Labor division and cooperation; (4) Forms of allocating labor results (social product).

**Conclusion**

The developed methodology of research allows to allot basic blocks that form the system of labor relations taking into account their objects and subjects. Taken as the basis, such approach allows describing the system of labor relations of any economic system.

Our approach to regularities of the development of the structure of social and economic systems is based on the notion of labor as a type of person’s activity that is peculiar of a specific historic period of the social and economic system development. Labor makes the subject matter of the initial category as a gnoseological form of fixing causative-consecutive dependence that dominates over all the rest and determines the quality of economy, and its substantial characteristic.

The initial relationship is regarded as a relation that arises between people regarding implementing their capacity for work. The most abstract definition of the initial relationship as a relation between people regarding implementing their capacity for work is the most specifically embodied in the method of connecting the employee with means of production as the most significant and mandatory part and characteristic of the initial relationship.

The logic of implementing the initial relationship in the structure of social and economic systems is regarded through successive analysis of the following notions: social and economic system – structure of social and economic system – system of production relations – labor relations – elements of labor relations.
It is impossible to find out the nature of labor relations beyond the system of production relations. In the dynamic aspect the system of production relations is represented as a unity of labor and ownership relations. As a matter of fact, these relations are inseparable. Labor relations stipulate, assume, and determine various qualitative states of the ownership relations system. They act as the basis of changing these relations both within this social and economic system and in the process of transferring from one system to another. If compared with ownership relations, labor relations are deeper. The connection of labor and ownership relations can be characterized as the interrelation. As a result, the ownership relations act both as initial, determining (since it is their state that fixes the specificity of the system of labor relations) and secondary, determined (since labor relations determine the change of states of the system of ownership relations).

In this article we have considered only some of the issues related to labor relations. It is early to consider that this area has been worked out in respect to the conditions of the market and transition economy, especially in the aspect of analyzing essential, political and economic content. This is the area of our future researches.

References


Financial and Economic Aspects of Monitoring Social and Spatial Development of Rural Territories

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Abstract
An important scientific aim in modern agrarian policy is to develop methodological support for the monitoring and assessment of the level of territorial distribution and specialization of the agricultural sector of the region. Thus it is important that regional power institutes develop the corresponding organizational and economic regulators to stimulate development of specialization of certain territories and their effective functioning. This will allow diagnosing and smoothing imbalances existing in concentration of productive forces considering features of the natural, market, organizational and administrative environment of municipal districts. Besides the author’s system of organizational-economic regulators, the authors established a system of indicators to assess the level of social development of rural areas in the article. These indicators were divided into 4 groups, the complex use of which will allow monitoring the level of social development of rural settlements: demographic, infrastructural, social indicators of activity of the agricultural organizations and the indicators to measure the level of living of the population. Such system of indicators allows estimating interrelation between the level of social development of rural territories and specialization of agricultural production of the region.

Keywords: economy, agricultural industry, branch monitoring, specialization, spatial placement of production objects, rural territories, social infrastructure.

JEL Classification: O13, Q13.
1. Introduction

One of the major reasons for the dynamic development of rural settlements is a traditional multifunctionality of agricultural activities. It is usefulness is defined directly by development of agricultural organizations, and as a consequence the development of rural areas because effective economic entities in the agricultural sector is the village - and town-forming for them. In the context of the multifunctionality theory, in our opinion, it is necessary to compare and specialized production, which have their own significant advantages. Specialized farms achieved higher productivity, but simultaneously reduced the need of manpower.

As a result, the specialization of agricultural production complicates the labour processes in the village. During the creation of large specialized production it is necessary to consider the fact that it requires more capital investments and implementation of complex of measures to increase the standards of farming and animal husbandry, but thus the specialized enterprises which is located in the rural territory have to promote a social development of this district. It is also important to consider that perhaps the congestion of a livestock of animals in a limited area of the village, and it does not always pass unacceptedly for the environment. These and other aspects are not always taken into account fully when creating highly specialized farms.

Obviously, in the previous years and now excised an one-sided approach to development of different types of specialization of production, highlighting the benefits of large-scale production over small. Thus process of specialization with development of rural territories and, first of all, with need of control of negative processes of urbanization does not coordinate.

2. Methodology

2.1. General the methodological approach

This research is based on the results of the analysis of the conceptual and theoretical and applied aspects of the development processes of territorial placement, specialization and spatial development of the regions of the Russian Federation (Berezhnoy et al. 2014; Gerasimov et al. 2014; Taranova et al. 2015; Tomilina et al. 2013; Sklyarov et al. 2015; Bobryshev and Kazakov 2013; Yarkova and Svetlakov 2013; Bobryshev, Golchenko and Kazakov 2014; Trukhachev et al. 2014; Trukhachev, Ivolga and Lescheva 2015; Tomilina, Glotova and Kuzmenko 2013; Fujita, Krugman and Venables 1999; Edwards 2007). Besides, the results, which was obtained by a study of the fiscal and economic condition of the agricultural organizations of the region of the studied region, were considered in the research (Bobryshev et al. 2014; El'chaninova et al. 2014; Gerasimov, Gromov and Gulay 2015), (Truhachev and Kurennaya 2015; Lapina et al. 2015; Erokhin, Ivolga and Heijman 2014; Baidakov et al. 2015). The agricultural production that is developing in the conditions of the established specialization and localized according to the optimum parameters of spatial placement, which is corresponding to an optimum complex of market and an environment, as much as possible uses the available resource potential, and, therefore, functions effectively. Moreover, considering the integral village-formated nature of their activity, agricultural enterprises are the economic catalyst of social development of rural territories. The methodological tools, consisting of two structured systems of indicators, which have a dialectical and practical relationship tested for statistical significance using an attribute of the coefficient of mutual correlation between Pearson, are formed in the work.

2.2. Characteristics specialization of the model region

The transition of economy of the Russian Federation to a market economy that has begun in the late 1990s had a great influence on change of placement of agricultural production and in the South of Russia. The assessment of production efficiency of some types of agricultural products in all categories of farms in the South of Russia shows that economic return of agricultural production in regions of the Southern Federal District considerably varies, as evidenced by the values of the complex index of efficiency (the relation of an index of productivity or efficiency to the cost index) (Table 1).
Table 1. Aggregate index of efficiency of territorial placement of certain types of agricultural products in the regions of the agricultural sector of the regional economy in Southern Russia, 2010-2014 (points)

<table>
<thead>
<tr>
<th>Regions of the South of Russia</th>
<th>Grain</th>
<th>Sugar beet</th>
<th>Potatoes</th>
<th>Vegetables</th>
<th>Cattle</th>
<th>Swine</th>
<th>Meat</th>
<th>Sheep and goats</th>
<th>Poultry</th>
<th>Milk</th>
<th>Eggs</th>
<th>Wool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republics:</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adygea</td>
<td>1,15</td>
<td>-</td>
<td>0,91</td>
<td>0,63</td>
<td>0,61</td>
<td>-</td>
<td>0,42</td>
<td>0,34</td>
<td>0,69</td>
<td>-</td>
<td>0,41</td>
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</tr>
<tr>
<td>Dagestan</td>
<td>0,67</td>
<td>-</td>
<td>1,54</td>
<td>1,63</td>
<td>0,43</td>
<td>-</td>
<td>0,81</td>
<td>0,76</td>
<td>0,31</td>
<td>0,94</td>
<td>0,76</td>
<td></td>
</tr>
<tr>
<td>Ingushetia</td>
<td>0,45</td>
<td>0,46</td>
<td>1,13</td>
<td>0,52</td>
<td>0,16</td>
<td>-</td>
<td>0,16</td>
<td>0,31</td>
<td>0,23</td>
<td>-</td>
<td>0,55</td>
<td></td>
</tr>
<tr>
<td>Kabardino-Balkaria</td>
<td>1,02</td>
<td>-</td>
<td>1,60</td>
<td>1,35</td>
<td>0,49</td>
<td>-</td>
<td>0,30</td>
<td>0,58</td>
<td>0,74</td>
<td>0,76</td>
<td>0,38</td>
<td></td>
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<tr>
<td>Kalmykia</td>
<td>0,51</td>
<td>-</td>
<td>0,97</td>
<td>0,88</td>
<td>1,15</td>
<td>-</td>
<td>1,47</td>
<td>0,86</td>
<td>0,43</td>
<td>-</td>
<td>1,42</td>
<td></td>
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<tr>
<td>Karachay-Cherkessia</td>
<td>0,78</td>
<td>0,68</td>
<td>1,21</td>
<td>0,98</td>
<td>0,38</td>
<td>-</td>
<td>1,04</td>
<td>0,71</td>
<td>0,61</td>
<td>-</td>
<td>0,55</td>
<td></td>
</tr>
<tr>
<td>North Ossetia – Alania</td>
<td>1,25</td>
<td>-</td>
<td>1,48</td>
<td>0,66</td>
<td>0,45</td>
<td>0,56</td>
<td>0,16</td>
<td>0,84</td>
<td>0,75</td>
<td>0,72</td>
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<tr>
<td>Chechen</td>
<td>0,42</td>
<td>-</td>
<td>0,64</td>
<td>0,32</td>
<td>0,25</td>
<td>-</td>
<td>0,14</td>
<td>-</td>
<td>0,32</td>
<td>0,88</td>
<td>0,90</td>
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<tr>
<td>Krasnodar</td>
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<td>1,12</td>
<td>0,83</td>
<td>0,70</td>
<td>1,37</td>
<td>1,38</td>
<td>0,32</td>
<td>1,28</td>
<td>1,22</td>
<td>0,98</td>
<td>0,96</td>
<td></td>
</tr>
<tr>
<td>Stavropol</td>
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<td>1,28</td>
<td>0,85</td>
<td>0,57</td>
<td>0,89</td>
<td>1,07</td>
<td>1,31</td>
<td>1,44</td>
<td>1,08</td>
<td>0,93</td>
<td>0,99</td>
<td></td>
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<tr>
<td>Regions:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Astrakhan</td>
<td>0,78</td>
<td>-</td>
<td>1,69</td>
<td>1,66</td>
<td>0,94</td>
<td>0,43</td>
<td>1,16</td>
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<td>0,62</td>
<td>0,98</td>
<td>1,10</td>
<td></td>
</tr>
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<td>Volgograd</td>
<td>0,64</td>
<td>0,74</td>
<td>1,08</td>
<td>1,40</td>
<td>0,81</td>
<td>1,12</td>
<td>1,17</td>
<td>1,15</td>
<td>0,73</td>
<td>1,10</td>
<td>1,14</td>
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<tr>
<td>Rostov</td>
<td>0,89</td>
<td>0,61</td>
<td>0,76</td>
<td>0,77</td>
<td>1,04</td>
<td>1,21</td>
<td>1,10</td>
<td>1,27</td>
<td>0,75</td>
<td>1,07</td>
<td>1,14</td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Share of the Stavropol Region in Inter-Regional Specialization in the Production of Agricultural Products

<table>
<thead>
<tr>
<th>Products</th>
<th>The share of the Stavropol region, %</th>
<th>In Russia 1996</th>
<th>In Russia 2006</th>
<th>In Russia 2014</th>
<th>In the South of Russia 1996</th>
<th>In the South of Russia 2006</th>
<th>In the South of Russia 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural products</td>
<td>5,6</td>
<td>2,1</td>
<td>3,4</td>
<td>22,4</td>
<td>12,1</td>
<td>15,1</td>
<td></td>
</tr>
<tr>
<td>Grain</td>
<td>5,2</td>
<td>5,6</td>
<td>8,8</td>
<td>17,6</td>
<td>21,1</td>
<td>22,7</td>
<td></td>
</tr>
<tr>
<td>Sunflower</td>
<td>9,8</td>
<td>5,2</td>
<td>5,5</td>
<td>15,1</td>
<td>9,6</td>
<td>10,0</td>
<td></td>
</tr>
<tr>
<td>Sugar beet</td>
<td>2,8</td>
<td>2,4</td>
<td>4,3</td>
<td>11,0</td>
<td>10,4</td>
<td>15,7</td>
<td></td>
</tr>
<tr>
<td>Potatoes</td>
<td>1,1</td>
<td>0,7</td>
<td>0,7</td>
<td>17,0</td>
<td>12,4</td>
<td>10,0</td>
<td></td>
</tr>
<tr>
<td>Vegetables</td>
<td>3,0</td>
<td>1,5</td>
<td>1,1</td>
<td>9,9</td>
<td>8,7</td>
<td>5,1</td>
<td></td>
</tr>
<tr>
<td>Fruits and berries</td>
<td>6,0</td>
<td>1,6</td>
<td>1,2</td>
<td>10,5</td>
<td>4,1</td>
<td>4,9</td>
<td></td>
</tr>
</tbody>
</table>
Specialization of agrarian sector of regional economy can be expressed through many direct and indirect indicators in general. It is possible to judge about its specialization based on its share in total volume of production in Russia and in the South of Russia, taking into account that the region occupies 0.5% of the territory, the population is 1.8%, on cultivated areas 3.6% (Table 2).

Characteristics of foreign trade specialization in the region is presented in Table 3.

Table 3. Development of foreign trade specialization of agrarian sector of economy of the Stavropol region, 2000-2014, million USD

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2000</th>
<th>2005</th>
<th>2014</th>
<th>2014 absolute</th>
<th>To 2000, % (+,-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports of food and agricultural raw materials, including: grain share in provincial exports, %</td>
<td>22,1</td>
<td>188,2</td>
<td>213,0</td>
<td>335,4</td>
<td>15,2 t.</td>
</tr>
<tr>
<td></td>
<td>12,1</td>
<td>128,9</td>
<td>135,9</td>
<td>200,3</td>
<td>16,6 t.</td>
</tr>
<tr>
<td></td>
<td>8,2</td>
<td>29,3</td>
<td>30,7</td>
<td>35,7</td>
<td>27,5</td>
</tr>
<tr>
<td>Imports of food and agricultural raw materials, including: grain the proportion in the provincial import, %</td>
<td>22,4</td>
<td>25,3</td>
<td>50,7</td>
<td>61,9</td>
<td>2,8 t.</td>
</tr>
<tr>
<td></td>
<td>4,0</td>
<td>9,1</td>
<td>14,3</td>
<td>20,6</td>
<td>5,2 t.</td>
</tr>
<tr>
<td></td>
<td>24,1</td>
<td>10,7</td>
<td>17,5</td>
<td>15,6</td>
<td>-8,5</td>
</tr>
<tr>
<td>Foreign trade turnover</td>
<td>44,5</td>
<td>213,5</td>
<td>263,7</td>
<td>397,3</td>
<td>8,9 t.</td>
</tr>
<tr>
<td>The balance of foreign trade in foodstuffs and agricultural</td>
<td>-0,3</td>
<td>162,9</td>
<td>162,3</td>
<td>273,5</td>
<td>-</td>
</tr>
<tr>
<td>Coefficients: balance</td>
<td>-0,01</td>
<td>0,76</td>
<td>0,61</td>
<td>0,69</td>
<td>-</td>
</tr>
<tr>
<td>Import coverage by export</td>
<td>0,99</td>
<td>7,4</td>
<td>4,2</td>
<td>2,27</td>
<td>2,3 t.</td>
</tr>
</tbody>
</table>

2.3. Methodical aspects of an assessment of social development level of rural territories

Assessment and strategy for sustainable development of rural areas in close conjunction with the effective processes of territorial distribution and specialization of subjects of agrarian sector of the regional economy assumes need of development of the system of the indicative or standard values considering specifics and dynamics of functioning of rural territories. In this regard, stability of development of agrarian sector of regional economy should be considered as derivative of stability of economic efficiency and social efficiency, and also level of stability of technological development which can be determined by branches of production and, finally, ecological efficiency. Thus the social assessment can be carried out on exponents of social adaptation and self-realization of the person with providing worthy working conditions and increase of satisfaction from it and to its results in close coordination with system of indicators of economic efficiency of agroproduction and ecological processes.
In general for an assessment of social development level of rural territories we created a system of indicators which is divided into 4 groups of the indicators, in a complex allowing to carry out monitoring of social development level of rural settlements: the demographic; the infrastructure; indicators of social activity of agricultural organizations; indicators of an assessment of a level of living of the population (picture 1).

Thus it should be noted that one of the most important reasons of ensuring dynamic development of rural settlements is traditional multifunctionality of agricultural activity which usefulness is defined directly by development of agricultural organizations, and as a result development of rural territories for which effectively operating economic entities of agrarian sector are the village - and city-forming. This confirms dialectic and practical interrelation of developments of specialization of subjects of agrarian sector of regional economy and social and economic development of rural territories.

Figure 1. Network diagram of the procedure of identification of the relationship between social development of rural territories of the region and specialization of agricultural production

Explanations to the scheme: 1.1 – population Growth; 1.2 – migration Balance; 1.3 – an indicator of the social burden of the working population; 2.1 – Ratio of population outpatient beds; 2.2 – Number of seats in the educational institutions; 2.3 – the Number carried out mass cultural and sports activities; 2.4 – Number of commissioned objects of social infrastructure; 3.1 - the Coefficient of the social activity of the agricultural organizations of the region; 3.2 – share of expenditure on social needs of the territory in the total amount of net profit; 3.3 – Coefficient of participation of agricultural organizations in socially significant activity in the region; 3.4 – Share of investment in social infrastructure agriculture; 4.1 – the Index of unemployment in the agricultural sector; 4.2 – the Ratio of average wages of employees in the agricultural sector with an average salary in the region; 4.3 – Ratio of average wages of employees in the agricultural sector with the officially established subsistence minimum in the region; 5. – The coefficient of price elasticity; 6. – The consumer price index for food products; 7. – The increase of production volume; 8. The coefficient intra zone specialization; 9. Productivity; 10. – The need for labour; 11. – the increment of production costs; 12. – The efficiency of specialization.

In the previous years and now takes place in a certain degree unilateral approach to development of different types of specialization of production, with allocation of advantages of large production before the small. Thus process of specialization does not coordinate with the development of rural territories and, first of all, with the need of control of negative processes of urbanization. The agricultural production developing in the conditions of the developed specialization and localized in accordance with the optimum parameters of spatial placement corresponding to an optimum complex market and an environmental conditions, as much as possible uses the available resource potential, and, therefore, functions effectively. Moreover, considering the integral village-forming nature of their activity, agricultural enterprises are the economic catalyst of social development of rural territories.
2.4. Development of rural areas social infrastructure

Modern development stage of spatial economics is characterized by activity of interregional and inter-territorial integration processes in economic as well as, in social spheres, lately during this process infrastructure technology has gained considerable significance, this encourages not only improvement of economic and industry segments and regional economics, but also increased availability of necessary goods for population. Under the conditions of structural and qualitative disequilibrium of territories in the level of social infrastructure objects particular socioeconomic systems undergo tendentious influence of living standard stratification, this affects economic development of territory and core industries.

Lately genesis of socioeconomic systems spatial development has been marked by series of structural transformations in the territories being provided with social infrastructure objects, this has been a response to deprivation of non-urbanized regions. Impetus for long-term investment in social infrastructure has been lost, that fact together with obvious socioeconomic and institutional contradictions in processes of territories being provided with infrastructure led to devaluation of the past forms, instruments and methods of stimulating those processes.

An additional problem of social infrastructure development in regional socioeconomic systems is a weakness of existing approaches to detection infrastructure deficits, this together with real need to correct existing imbalance and improve asynchronous development of particular territories within common economic space, stresses the need to develop methods of territories typification by the level of social infrastructure development, what consequently will be the basis for development and implementation of special-purpose programme by the regional authorities. Regulation of the process of improvement the regional social infrastructure has to be based on unified rules that should correspond to complex strategy on several regions scale; the regions should have similar territory, industrial and environmental resources characteristics and economic structure.

The primary task of comparative analysis of the pace of complex territory development is the development of region typology by the level of social infrastructure development that takes into account the peculiarity of administration object, that can be achieved by choosing relevant factors which are unified, low time-consuming and allow to avoid contradictions in conclusions. In this paper standard values of researched factors were calculated by method «PATTERN» using multidimensional mean (Table 4).

Table 4. Integral estimate of the level of social infrastructure development of southern Russian regions

<table>
<thead>
<tr>
<th>Region</th>
<th>( \sum \frac{X_{ij}}{X_i} )</th>
<th>Multidimensional mean</th>
<th>Region rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Republic of Adygea</td>
<td>3,22</td>
<td>0,27</td>
<td>8</td>
</tr>
<tr>
<td>The Republic of Dagestan</td>
<td>4,88</td>
<td>0,41</td>
<td>5</td>
</tr>
<tr>
<td>The Republic of Ingushetia</td>
<td>1,65</td>
<td>0,14</td>
<td>11</td>
</tr>
<tr>
<td>The Kabardino-Balkar Republic</td>
<td>5,36</td>
<td>0,45</td>
<td>4</td>
</tr>
<tr>
<td>The Republic of Kalmykia</td>
<td>3,49</td>
<td>0,29</td>
<td>7</td>
</tr>
<tr>
<td>The Karachay-Cherkess Republic</td>
<td>2,60</td>
<td>0,22</td>
<td>9</td>
</tr>
<tr>
<td>The Republic of North Ossetia-Alania</td>
<td>4,37</td>
<td>0,36</td>
<td>6</td>
</tr>
<tr>
<td>The Chechen Republic</td>
<td>1,90</td>
<td>0,16</td>
<td>10</td>
</tr>
<tr>
<td>Krasnodar region</td>
<td>7,28</td>
<td>0,61</td>
<td>1</td>
</tr>
<tr>
<td>Stavropol region</td>
<td>5,35</td>
<td>0,45</td>
<td>4</td>
</tr>
<tr>
<td>Astrakhan region</td>
<td>4,35</td>
<td>0,36</td>
<td>6</td>
</tr>
<tr>
<td>Volgograd region</td>
<td>6,54</td>
<td>0,54</td>
<td>3</td>
</tr>
<tr>
<td>Rostov region</td>
<td>7,18</td>
<td>0,60</td>
<td>2</td>
</tr>
</tbody>
</table>

3. Results
3.1. Southern Russian regions typology by the level of social infrastructure development in rural areas

According to results of estimate of the level of social infrastructure development of southern Russian regions by method «PATTERN» regions can be classified in 4 groups (Table 5).

Obtained general estimate and formed region typology groups can be used to determine the parameters of social aspects of regional development, which should be included in methodology of regions and territories selection that are in need of governmental support and stimulation and alignment of asymmetric social development with stimulation of public–private partnership.

<table>
<thead>
<tr>
<th>Interval values of region typology groups</th>
<th>Type of the region</th>
<th>Southern Russian Regions included in the group</th>
<th>Characteristic of the group</th>
</tr>
</thead>
<tbody>
<tr>
<td>I 1-0.75</td>
<td>High level of development</td>
<td>–</td>
<td>Territories with prosperous infrastructure conditions, that fulfill the population needs. There is no disproportion in the development and functioning of different objects. Plays an essential role in forming the employment settings.</td>
</tr>
<tr>
<td>II 0.75-0.5</td>
<td>Intermediate level of development</td>
<td>Rostov region, Krasnodar region, Volgograd region.</td>
<td>Territories with reasonable infrastructure conditions but non-uniform spatial distribution, possibly with centralization or polycentrism of social infrastructure objects. The development of infrastructure is linked to the industrial specialty of the region and location of productive forces inside the region.</td>
</tr>
<tr>
<td>III 0.5-0.25</td>
<td>Low level of development</td>
<td>The Republic of Adygea, The Republic of Dagestan, The Kabardino-Balkar Republic, The Republic of Kalmykia, The Republic of North Ossetia-Alania, Stavropol region, Astrakhan region</td>
<td>Infrastructure of the region develops according to the national way for the corresponding regions with great number of eliminated objects due to optimization of social industries. It plays a poor social and budget revenue generating role. The development is influenced by the fact that the region is little-urbanized.</td>
</tr>
<tr>
<td>IV 0.25-0</td>
<td>Extremely low level of development</td>
<td>The Republic of Ingushetia, The Karachay-Cherkess Republic, The Chechen Republic.</td>
<td>The territory does not tend to create new objects, due to social infrastructure being funded locally and based on funds remaining. The declining economic development of the regions does not allow to implement the policy of creating the objects of social infrastructure.</td>
</tr>
</tbody>
</table>

3.2. Development of organizational regulations regarding territorial distribution of main objects of region agricultural economic sector

In the research during the implementation of mentioned algorithm a matrix that correlates organizational regulations by the administrative-territorial structure to the degree of agricultural production specialization (Table 6).

The development of economic regulations has special methodological approaches to improvement of territorial structure and of agricultural production specialization on the basis of improvement of governmental regulation of land relations and environment. Basic economic regulations of land relations are land tax, ground rent, land market price, land loan rate, subsidy; payments for land withdrawal, land conservation or land quality improvement; payment for tenancy.
Table 6. Matrix that correlates organizational regulations by the administrative-territorial structure to the degree of a region agricultural production specialization (fraction)

<table>
<thead>
<tr>
<th>Degree of specialization</th>
<th>Regional</th>
<th>Municipal district</th>
<th>Rural settlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. High specialization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Establishing strategic reserves of agricultural production</td>
<td>1.1 Development of system of municipal wholesale market of agriculture production.</td>
<td>1.1 Development of the concept of differential ground rent</td>
<td></td>
</tr>
<tr>
<td>1.2 Stock and harvest insurance</td>
<td>1.2 Agritourism development</td>
<td>1.2 Development of government (municipal) procurement.</td>
<td></td>
</tr>
<tr>
<td>1.3 Development of export oriented industries</td>
<td>1.3 Organization of seasonal sales and fairs.</td>
<td>1.3 Creating peasant farm enterprises, household plots and enterprises with complete production cycle.</td>
<td></td>
</tr>
<tr>
<td>1.4 Investment policy aimed at the development of agricultural sale infrastructure.</td>
<td>1.4 Creating guaranty funds to compensate for risks posed due to switching to adaptive landscapes.</td>
<td>1.4 Allocating and regularizing lands for pasture and haymaking to municipal property.</td>
<td></td>
</tr>
<tr>
<td>1.5 Support of structure forming prodecers, including large specialized enterprises, arrangement of «Best enterprise with High specialization» contest</td>
<td>1.5 Development of recycling cooperative at the places of mass production of particular product</td>
<td>1.5 Distribution and renovation, of central and roadside markets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.1 Creation of high-tech clusters and Business incubator</td>
<td>2.1 Confronting underground economy</td>
<td>2.1 Confronting underground economy</td>
</tr>
<tr>
<td></td>
<td>2.2 Confronting underground economy</td>
<td>2.2 Special-purpose programme for products such as grain, sugar, meat, milk, grape, soy, oil etc.</td>
<td>2.2 Development of government (municipal) procurement.</td>
</tr>
<tr>
<td></td>
<td>2.3 Special-purpose programme for products such as grain, sugar, meat, milk, grape, soy, oil etc.</td>
<td>2.3 Compensation for credit payments</td>
<td>2.3 Development of the concept of differential ground rent</td>
</tr>
<tr>
<td></td>
<td>2.4 Investment policy orientated towards creating enterprises of high specialization.</td>
<td>2.4 Arrangement of training, workshops and postgraduate courses in agriculture</td>
<td>2.4 Development of public–private partnership</td>
</tr>
<tr>
<td></td>
<td>2.5 Development of image characteristics of the industry.</td>
<td>2.5 Creating municipal enterprises for agriculture procurement</td>
<td>2.5 Supplant counterfeit products</td>
</tr>
<tr>
<td></td>
<td>2.6 Development guidance system supporting business</td>
<td>2.6 Reclamation of wasteland and its revegetation</td>
<td>2.7 Rise concentration of production</td>
</tr>
<tr>
<td>2. Low specialization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Discussion

4.1. General conclusions of discussions in scientific community

Obtained results were discussed in conferences. The research showed that the modern system of management needs changes in the system of financial regulations of optimal agricultural enterprises distribution aimed at the efficient allocation of funds to federal and regional special-purpose programs in order to eliminate the decrease in production, keep the amount of stock and create genetic diversity using the mechanisms of agriculture production distribution indicators.

4.2. Recommendations after the discussion

After the discussion of results obtained during the research it was concluded that the mechanism of forming economic regulations to level the agricultural conditions should include implementation of (fixed) rent payments which would help to correct the asymmetry of agro-economics. Therefore the author proposes the way to calculate differential rental ($P_i$), that considers spatial location by 2 criterion (location of the market for a particular product and environmental factors such as agrochemical properties of soil (bonitet)):

$$P_i = (B_i - 3_i R_n) \times K_i$$ (4.1)
where $B_i$ – official land price;

$Z_i$ – estimate of expenditure on using the particular object, ruble/ hectare;

$R_o$ – minimum revenue that is defines as sum of central bank rate and consumer price index for a year.

$K_t$ – coefficient of land location.

The authors propose a differential coefficient of spatial land distribution ($K_t$):

- suburban section (radius up to 10 km) towns with population up to 1 million people – 1;
- suburban section (radius up to 10 km) towns with population up to 1 500 thousand people – 0.95;
- suburban section (radius up to 10 km) towns with population up to 1 300 thousand people – 0.9.
- suburban section (radius up to 10 km) towns with population up to 1 100 thousand people – 0.85.
- Territory with developed infrastructure – 0.8.
- Removed territories – (more than 50 km) – 0.75.

We assume that calculation of standard subsidy for extension of production with at least 5% augmentation of production may depend on one hand on standard augmentation of expenditure to 1 ruble of revenue augmentation on the other hand on the standard need. Thus, we can calculate standard subsidy for extension of production for 100 agriculture acreages (Table 7).

**Table 7.** Standard market regulations of optimal distribution of agriculture production in environmental and economic clusters of Stavropol region.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Environmental and economic zones of the region</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
</tr>
<tr>
<td>Standard augmentation of expenditure to 1 ruble of revenue augmentation, rubles.</td>
<td>3.53</td>
</tr>
<tr>
<td>Standard need in subsidy for extension of production per 100 hectare, thousand rubles.</td>
<td>174</td>
</tr>
<tr>
<td>Including industries, %:</td>
<td></td>
</tr>
<tr>
<td>grain crops</td>
<td>10</td>
</tr>
<tr>
<td>potato, vegetables</td>
<td>-</td>
</tr>
<tr>
<td>dairy cattle</td>
<td>15</td>
</tr>
<tr>
<td>pig farming</td>
<td>-</td>
</tr>
<tr>
<td>sheep farming</td>
<td>75</td>
</tr>
<tr>
<td>poultry</td>
<td>-</td>
</tr>
</tbody>
</table>

Standard need in subsidy is set for each agriculture zone, groups of agriculture acreages in the zones are ordered by land bonitet and subgroups by the amount of expenditure (over 100 hectares) of production. From our point of view, this methodology allows to allocate funds more effectively and to use them efficiently in order to optimize distribution and specialization of agriculture production.

**Conclusion**

Taking everything into account, the result of our research is new methodology of specialization of agriculture objects.

The research and its essential and solved issues allow to draw some conclusions that improve methodology and principles of agrarian politics and mark the future subjects of research.

1. Implementation of governmental policy of steady development of regional economics agrarian segment is possible only by principles of unified territorial historically built complex that performs economic, sociodemographic, cultural, recreational, conservation and other functions under the conditions of close connection to the processes of improvement of agrarian production distribution and specialization.

2. The authors has proved economic feasibility of implementation of economic organizational complex of regulations of agriculture production and its specialization need in which, as seen from practice, in the period of...
financial instability is critically essential. The important impetus for distribution and territorial specialization is creation of legal regulations of these processes from different forms of economic regulations such as legislative, tax, credit, subvention, and customs. The important problem is the detection of weak economic territories, which should include already formed agriculture clusters. Therefore the research proposes basic methodology of creating intercluster differential rent that allows to form the mechanism of economic regulations to level intercluster agriculture conditions based on (fixed) rental and estimate of economic lands. Besides, land value tax regarding agriculture zones can be feasible and be characterized by effective indicator of entrepreneur income, the value of which should correspond to the need in resources at the given rate of production increase. Indicators of entrepreneur viability allow to estimate financial state of agriculture enterprises with respect to forecasted viability.

References:


Tools of Mathematical Modeling of the Implementation of Innovative Projects in the Enterprise

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Abstract
This paper presents the stochastic optimization methods in socio-economic systems. The authors proposed a stochastic model of optimal output. The practical guidelines on optimization in industrial systems are designed. In order to develop production plans the authors proposes a specific model of stochastic optimization. It is proposed to use the model not alone, but in conjunction with the method of analysis and evaluation of programs. This method allows designing complex manufacturing systems in conditions of uncertainty.

Keywords: methods of stochastic optimization, social and economic systems, mathematical model, linear programming.

JEL Classification: C1, C2.
1. Introduction

It is obvious that the determined characteristics are not suitable for any socio-economic system. In practice optimization problems with random initial parameters are casual. For example, when planning activities of an agricultural enterprise, it is necessary to take into account that productivity and other indicators depend on weather conditions, which are impossible to predict unambiguously. Random variables include intensity of orders at the enterprises of services industry, number of buyers in shops, number of passengers, etc. Therefore if it is impossible to set the parameter values unambiguously (standards of resources expenses, raw materials stocks, value, etc.) in an applied task, it is referred to as a stochastic one. Methods of task solution with random factors are called the methods of stochastic optimization.

2. Method

Authors will be guided in the researches by rather detailed analysis of the last achievements and publications which is carried out in (Borodin 2006). This source contains the general statements of problems of stochastic optimization, which can serve as the beginning of scientific development.

A common problem here is the lack of specific practical recommendations for the types of probability distributions to use otherwise. Often the sufficient economic justification isn't given to the offered approaches and the mathematics in them is used formally.

The purpose of the article is to develop the model of optimum production in stochastic statement. The author plans to offer methods of the task realization, having analyzed the model on sensitivity to the parameter changes of a production system.

In mathematical methods of the operations research such direction as stochastic programming is defined. We will pay attention to methods and models of this direction.

Existence of statistical information allows to evaluate selective characteristics of socio-economic systems: empirical function of probabilities distribution, mathematical expectation, dispersion, etc. It is natural that such problems are solved in the conditions of uncertainty and risk. They can be divided (Amitan, Kiklevich and Filatov 2002; Borodin 2004; Busy 1999; Tischenko, Kizim, Cubes and Dawiskiba 2005; Freeman 1995; Goldstein 1998; Anisina and Dagaev 2003; Krylov 2003; Lapin 2002; Rumyantsev 2001; Ilyin 2006; Tretiak 2006) into one-stage, two-stage and multi-stage ones.

In what the decision is made once treat one-stage tasks of stochastic optimization and further doesn't change any more. Such approach is often implemented to optimally place the production capacities.

In two-stage tasks the initial decision can be modified at the second stage of management of the socio-economic system. For example, the enterprise has no unambiguous information on demand for the new production. Therefore at the first stage production batch allowing to estimate demand is issued. The finishing (second) stage on the basis of information from the first stage forms the modified optimum plan of release.

In two-stage tasks the initial decision can be modified at the second stage of management of social and economic system. For example, the enterprise has no unambiguous information on demand for the new production. Therefore at the first stage a sample quantity is issued allowing to estimate the demand (Borodin 2012a; Borodin 2012b). The finishing (second) stage forms the modified optimum plan of output on the basis of information from the first stage.

Multi-stage problems allow any number of the correction activities. This refers to problems of stockpile management in consecutive periods, optimization of investment projects, operational management of production, technological and other processes.

Tasks of stochastic optimization are various in many aspects. For example, if violation of some restrictions leads to serious consequences, it is a task of so-called rigid statement. Restrictions can have probabilistic character. The researcher in stochastic programming might face numerous difficulties regarding the interpretation of probabilistic characteristics, the choice of the efficiency criterion, etc.

3. Results

In the determined case the researcher isolates the optimum decision from a set of admissible decisions which comply with all restrictions of a task. As a result of stochastic optimization can be concluded that an acceptable solution is a solution that does not correspond to a small extent by some of the restrictions. Such statement complicates a problem and therefore enter system of penalties for violation of restrictions.
Stochastic models may contain casual coefficients in criterion function and casual components in the system of task restrictions (Lundvall 1992; Nelson 1993). We will consider the most widespread statements of problems of stochastic programming.

We will assume that coefficients of the criterion function $C_i (j = 1, n)$ are random variables, i.e. $C_i (ω)$. Other parameters of the model are considered to be determined.

We will discuss whether such an approach is reasonable. For this purpose we will consider a classical problem of optimum production.

Let the company begins production of N novelty products $P_1, P_2, ..., P_n$ thus used for the production of M resources $S_1, S_2, ..., S_m$, by which we mean raw materials, components, etc. $B_i$ resources ($i = 1, m$) are stocked in the warehouse. $A_i$ units the resource $S_i$ are spent for the production of $P_j$. All the listed parameters are determined.

Since products arrive to consumers for the first time, their market price is supposed to be random. We will designate these prices through $C_j (ω) (j = 1, n)$. The data referring to such a problem of linear programming is placed in Table 1.

**Table 1. Problem of optimum production in stochastic statement**

<table>
<thead>
<tr>
<th>Resources</th>
<th>Resource consumption for a production unit</th>
<th>Resource supplies</th>
</tr>
</thead>
<tbody>
<tr>
<td>$S_1$</td>
<td>$a_{11}$, $a_{12}$, ... $a_{1n}$</td>
<td>$b_1$</td>
</tr>
<tr>
<td>$S_2$</td>
<td>$a_{21}$, $a_{22}$, ... $a_{2n}$</td>
<td>$b_2$</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>$S_m$</td>
<td>$a_{m1}$, $a_{m2}$, ... $a_{mn}$</td>
<td>$b_m$</td>
</tr>
<tr>
<td>Price of a production unit</td>
<td>$c_1 (ω)$, $c_2 (ω)$, ... $c_n (ω)$</td>
<td></td>
</tr>
<tr>
<td>Quantity of the output</td>
<td>$x_1$, $x_2$, ... $x_n$</td>
<td></td>
</tr>
</tbody>
</table>

Let $Z (ω)$ (mon. unit) be the sales revenue. The stochastic problem definition can be reduced to the determined case if we take the mathematical expectation from the criterion function. The mathematical model of a problem of linear programming composed according to table 1 will look as follows:

$$
M [Z(ω)] = \sum_{j=1}^{n} M [C_j(ω)] \cdot x_j \rightarrow \max, \quad (3.1.)
$$

$$
\sum_{j=1}^{n} a_{ij} x_j \leq b_j \quad (i = 1, m), \quad x_j \geq 0 \quad (j = 1, n).
$$

Adequacy of model will considerably depend on the choice of probabilities distribution of random variables $C_j (ω) (j = 1, n)$. Since it is about prices for products, these are the continuous random variables possessing the values from the corresponding intervals.

Authors suggest to use random variables which are evenly distributed on a segment $[α; β]$. According to the task the ends of the segment can be only positive numbers.

To determine such random variables, it is necessary to define the distribution segments. It can be done using statistical methods. Having let out a sample quantity of products $P_j$, we will determine by selection the smallest $α_j$ and the largest $β_j$ prices. Having done the same thing with other goods, we will find out that random variables $C_j (ω)$ are distributed evenly on segments $[α_j; β_j] (j = 1, n)$.

The mathematical expectation of the evenly distributed random variable $C_j (ω)$ is calculated as $[α_j; β_j]$.

Having defined $Z^{' def} = M [Z(ω)]$, we will come to such a criterion function:

$$
Z' = \sum_{j=1}^{n} \frac{α_j + β_j}{2} x_j \rightarrow \max \quad (3.2.)
$$

Such approach allows to apply methods of linear optimization in the determined form. Along with the initial task.
we will consider a dual task

\[
\begin{align*}
    y_i & \geq 0 \quad (j = 1, n), \\
    a_{11}y_1 + a_{12}y_2 + \cdots + a_{1n}y_n & \geq c_1 \\
    a_{21}y_1 + a_{22}y_2 + \cdots + a_{2n}y_n & \geq c_2 \\
    \cdots \cdots \\
    a_{mn}y_1 + a_{mn}y_2 + \cdots + a_{mn}y_n & \geq c_n \\
    F = b_1y_1 + b_2y_2 + \cdots + b_my_m & \rightarrow \text{min.} \quad (3.4.)
\end{align*}
\]

According to the first duality theorem if one of problems of a dual couple has the optimum solution, and other task has the optimum solution, and extreme values of criterion functions coincide:

\[
\sum_{j=1}^{n} c_j x_j^* = \sum_{i=1}^{m} b_i y_i^* \quad (3.5.)
\]

If criterion function of one of tasks isn’t limited. The area of feasible solutions of other task is empty.

The formation of a dual task enables us to carry out the economic-mathematical analysis of the initial problem of linear optimization.

We will consider the initial problem of optimum production in a matrix-vector form:

\[
\begin{align*}
    Z = c^\top \bar{x} \rightarrow \text{max}, \\
    A\bar{x} \leq \bar{b}, \\
    \bar{x} \geq 0 \quad (3.6.)
\end{align*}
\]

Here \( A \) is a matrix from coefficients at unknowns in the limitation system; \( \bar{b} \) is a vector of resources supplies; \( \bar{c} \) is a vector of the product prices; \( \bar{x} \) is the required plan of production which will maximize the revenue from realization of \( Z \).

Let \( \bar{Y} = (y_1, y_2, \ldots, y_m) \) be the solution to the dual task which has to minimize costs of resources \( F \). Having introduced the transposed matrix \( A^\top \), we will write down the dual task in a matrix-vector form:

\[
\begin{align*}
    F = \bar{b}^\top \bar{Y} \rightarrow \text{min}, \\
    A^\top \bar{Y} \geq \bar{c}, \\
    \bar{Y} \geq 0 \quad (3.7.)
\end{align*}
\]

According to the second duality theorem, if some variable \( x_j^* \ (j=1,n) \) of the optimal solution of the original problem is positive, then the \( j \)-th restriction of the dual problem of its optimal solution becomes strict equality. If the optimal solution of the original problem turns an \( i \)-th (\( i = 1, m \)) restriction in strict equality, the optimal solution of the dual problem variable \( y_i^* \) is bigger than 0.

Thus dual estimates are an indication of the scarcity of resources and products. Value \( y_i^* \) is called the dual assessment or shadow price of the \( i \)-th resource. If \( y_i^* > 0 \), then the resource is scarce and by the implementation of an optimal plan \( \bar{x}^* \) is completely consumed. That is, the restriction address the original problem is a strict equality. Acquisition of an additional unit of this resource will result in an increase in revenue from the sale of the value of \( Z \) by the value of \( y_i^* \). The higher the value of the shadow price is, the more scarce the resources are. For a readily available resource \( y_i^* = 0 \).

Further analysis of solving linear optimization is based on a study of the sensitivity of the optimal plan to changes in the values of the parameters \( C_j, a_{ij}, b_i \ (i=1,m; j = 1, n) \). Therefore, such an analysis is briefly called sensitivity analysis.
Suppose that the initial vector of resource stocks has the form of $\vec{B} = (b_1, b_2, ..., b_m)$. Let us introduce the increment $\Delta b_i$ and the result of such increments $b_i + \Delta b_i$ ($i = 1, m$). Denoting with $\Delta \vec{B} = (\Delta b_1, \Delta b_2, ..., \Delta b_m)$ the increment vector, we obtain a new vector of resource stocks $\vec{B} + \Delta \vec{B}$. Now substitute the $\vec{B}$ vector in the original and dual problems with the $\vec{B} + \Delta \vec{B}$. Thus a symmetrical pair of dual multiparameter problems will be formed.

This article has already mentioned the first duality theorem. Its main assertion is that $Z_{\text{max}} = F_{\text{min}}$ or in another form $\vec{C} \cdot \vec{X}_d = \vec{B} \cdot \vec{Y}^*$, where $Y$ is a vector of unknown dual problem. We denote with $\vec{X}_d$ the vector of the optimal solutions multiparameter problem. By duality we obtain that $\vec{C} \cdot \vec{X}_d = (\vec{B} + AB) \cdot \vec{Y}^*$.

Consider the increase of the objective function of the original problem:

$$\Delta Z_{\text{max}} = \vec{C} \cdot \vec{X}_d - \vec{C} \cdot \vec{X}_d^* = (\vec{B} + AB) \cdot \vec{Y}^* - \vec{B} \cdot \vec{Y}^* = \Delta \vec{B} \cdot \vec{Y}^*$$ \hspace{1cm} (3.8.)

If we change only the i-th constraint, then $(\Delta Z_{\text{max}}) i = \Delta b_i \gamma_i^*$. From which we derive that:

$$y_i^* = \frac{(\Delta Z_{\text{max}}) i}{\Delta b_i} \hspace{2cm} (i = 1, m) \hspace{1cm} (3.9.)$$

After passing the limit we have:

$$y_i^* = \frac{\partial \gamma_{\text{max}}}{\partial b_i} \hspace{2cm} (i = 1, m) \hspace{1cm} (3.10.)$$

Therefore, the dual estimates are an indication of the impact of restrictions on the value of the objective function. Therefore, it is of practical interest to calculate the limits of the right-limits $b_i$ (the lower and upper boundaries of resource stocks), in which the optimal plan $\vec{X}_d$ remains the same.

We fix the basic unknowns included in the optimal plan. Assume that the data have numerical values $x_1^*, x_2^*, ..., x_m^*$. The basic unknown correspond to m vector-columns of coefficients in the matrix, which is obtained from the matrix A by adding the balance column in the formation of the canonical form of linear programming problem. Let us compose a matrix out of these column vectors

$$W = \begin{bmatrix} w_{11} + w_{12} + \cdots + w_{1m} \\ w_{21} + w_{22} + \cdots + w_{2m} \\ \vdots \\ w_{m1} + w_{m2} + \cdots + w_{mm} \end{bmatrix} \hspace{1cm} (3.11.)$$

And now let us calculate the inverse matrix

$$W^{-1} = \begin{bmatrix} d_{11} + d_{12} + \cdots + d_{1m} \\ d_{21} + d_{22} + \cdots + d_{2m} \\ \vdots \\ d_{m1} + d_{m2} + \cdots + d_{mm} \end{bmatrix} \hspace{1cm} (3.12.)$$

Dual estimates are used for economic analysis solutions, provided that the resources are changed only within certain limits. The intervals of resource sustainability is given by the following formulas:

$$[b_i - \Delta b_i^-; b_i + \Delta b_i^+] \hspace{1cm} (i = 1, m) \hspace{1cm} (3.13.)$$

where the lower reduction limit $\Delta b_i^-$ and the upper reduction limit $\Delta b_i^+$ are calculated the following way:

$$\Delta b_i^- = \min_{d_{ji} > 0} \frac{x_i^*}{d_{ji}} \hspace{2cm} (3.14.)$$

$$\Delta b_i^+ = \min_{d_{ji} < 0} \frac{x_i^*}{d_{ji}}$$

It is important to note that if the i-th column of the matrix $W^{-1}$ does not contain negative numbers, and there are only positive and equal to zero numbers, then $\Delta b_i^+$ will be taken for $+\infty$. 


Dual estimates are an indication of the feasibility of production of new products. Suppose we have the opportunity to start producing $P_{n+1}$. Resource consumption rates for the production of one unit are respectively $a_{1,n+1}^*, a_{2,n+1}^*, \ldots, a_{m,n+1}^*$. The price per unit is $c_{n+1}$. The expediency of production is determined by the sign of the index:

$$\Delta_{n+1} = c_{n+1} - \sum_{i=1}^{m} a_{i,n+1}^* y_i^*$$

(3.15.)

If $\Delta_{n+1} > 0$, then the production is profitable, $\Delta_{n+1} = 0$ – we break even, $\Delta_{n+1} < 0$ - unprofitable.

Dual estimates are also used as a tool for comparing the conventional costs and benefits. If you change the amount of resources within the sustainability impact of the $i$-th individual resource by the amount of income from sales is defined as $(\Delta Z)_{i} = \Delta b_{i}^* y_{i}^*$. If $(\Delta Z)_{i} > 0$, the income will increase by $(\Delta Z)_{i}$ per unit of account, otherwise it will decrease. The cumulative effect of changes in the number of resources is calculated as follows:

$$\Delta Z_{max} = \Delta \beta \cdot \bar{y}^* = \sum_{i=1}^{m} (\Delta Z)_{i}$$

(3.16.)

Consider the possibility of additional purchase of the $i$-th resource in volume $\Delta b_{i}^+$ at the price of $p_{i}$ per resource unit. The acquisition costs totaled at $\Delta b_{i}^+ \cdot p_{i}$. The increment of income will be $\Delta b_{i}^+ \cdot y_{i}^*$. If the increment of income exceeds the cost of the acquisition, i.e.

$$\Delta b_{i}^+ \cdot y_{i}^* - \Delta b_{i}^+ \cdot p_{i} > 0,$$

(3.17.)

then it is advisable to purchase. Otherwise it is not.

Stability interval unit price of products is called the $i$-th interval $[c_{i}^\text{min}, c_{i}^\text{max}]$ with the following properties. If the price of $C_{i} \in [c_{i}^\text{min}, c_{i}^\text{max}]$, and the prices for other types of production are fixed, the optimal production plan $\vec{X}^*$ remains unchanged.

In order to determine the stability intervals we need to recall the geometric interpretation of linear programming problems. Supporting plans - this corner points formed by the intersection of the hyper planes system limitations. In finding the extreme value of the objective function hyper plane with normal vector object $\vec{a} = (a_1, a_2, \ldots, a_m)$ moves to the optimal plan $\vec{X}$ etc.

The organization of a modern and high-tech industry requires a large number of calendar linking of interrelated activities. The compilation and analysis of the schedules is a complex task in dealing with which the method of network planning. These methods make it possible to determine the following. First, what works or operations of the many that make up the project are critical of their effect on the overall duration of the project calendar. Second, how to build the best possible schedule of all activities of the project to support the target date at minimal cost.

Under the network model of organization of production we mean the economic-mathematical model that reflects the full range of activities and events related to the project (Gluhov, Mednikov and Korobko 2007, 83-88).

We describe a method of analysis and evaluation of programs PERT (Program Evaluation and Review Technique). It was proposed for practical purposes in 1958 (Ivanov 2003, 350).

The method of analysis and evaluation of programs differs from the deterministic methods that are calculated for each transaction of its probabilistic characteristics. It is used to control the timing of the project. The PERT method is focused on the analysis of such projects, for which the duration of the implementation of all or some of the work is not possible to determine accurately. First of all, it is about the design and implementation of new productions. In such projects, many of the works are unique. As a result, there is uncertainty in the timing of the project as a whole.

The PERT method assumes that the execution time of each operation is a random variable. It is necessary to define the following three estimates: a - optimistic time (performance under the most favorable conditions); $m$ - the most likely time (execution time of normal operation); $b$ - pessimistic time (performance in adverse conditions).

Numerous studies (Kostevich 2003, 216-217) showed that the execution of the work is well described by a beta probability distribution. The expectation (average) time performance can be estimated from the formula:
The estimated variance equals:

$$M_t \approx \frac{a^4 + 4m + b}{6}$$

(3.18.)

And given the fact that $b \geq a$, we obtain an estimate for the standard deviation of the time of the operation:

$$D_t \approx \frac{b-a}{6}$$

(3.19.)

$$\sigma_t \approx \frac{b-a}{6}$$

(3.20.)

4. Discussion

Suppose $T$ is the time the project. If the project requires works to be done, the timing performance of which one can only assume that the time $T$ is a random variable. The expectation of the time of the project $M[T]$ is the sum of the expected values of working time $M_t$, lying on the critical path. A similar assumption is made with respect to the dispersion and $D[T]$.

To determine the critical path of the project critical path method is used. At this stage, the analysis of project execution time work is assumed to be the expected time $E[M_t]$. It is expected that the project time $T$ is the sum of a sufficiently large number of independent, identically distributed random $t$-variables. Under these conditions, the central limit theorem of probability theory. This means that the random variable $T$ has asymptotically normal probability distribution with time parameters $M[T]$ and $\sigma[T] = \sqrt{D[T]}$.

We can set a specific deadline for the project $T_0$. Then the probability that the project time $T$ does not exceed a specified period $T_0$, is approximately calculated as follows:

$$P\{T \leq T_0\} \approx \frac{1}{2} + \Phi \left( \frac{T_0 - M[T]}{\sigma[T]} \right)$$

where

$$\Phi (x) = \frac{1}{\sqrt{2\pi}} \int_{0}^{x} e^{-\frac{x^2}{2}} \, dx$$

(3.21.)

(3.22.)

We will see practical application of this mathematical model. We will put the task on implementation of Rostov Oblast light industry’s waste treatment project suggesting that decision is to be made by a committee comprising chief specialists. That committee determined three basic criteria for assessment of alternatives:

1. R – economic effect from project implementation.
2. L – social effect.

We will choose optimal alternative out of the following variants:

1. A – project will be implemented.
2. B – there are some doubts.
3. C – project will not be implemented.

In pairwise comparisons experts are given a scale of worded definitions of the level of importance, while each definition is referenced to a number (Table 2).

### Table 2. Comparison matrix for criteria – K

<table>
<thead>
<tr>
<th>Criterion</th>
<th>R Economic effect</th>
<th>L Social effect</th>
<th>P Ecological effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>R economic effect</td>
<td>1</td>
<td>k12</td>
<td>k13</td>
</tr>
<tr>
<td>L social effect</td>
<td>1/k12</td>
<td>1</td>
<td>k23</td>
</tr>
<tr>
<td>P ecological effect</td>
<td>1/k13</td>
<td>1/k23</td>
<td>1</td>
</tr>
</tbody>
</table>
While comparing elements of the same hierarchical level, experts express their opinions using one of definitions listed in Table 4. Predetermined integral parameters of economic, social and ecological sustainability of light industry enterprises in Rostov Oblast: Gloriya, Donetskaya manufaktura M, Don-Teks provide a basis for building comparison matrixes for criteria and alternatives.

Table 3. Comparison matrix for alternative by each criterion

<table>
<thead>
<tr>
<th>Alternative</th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1</td>
<td>a12</td>
<td>a13</td>
</tr>
<tr>
<td>B</td>
<td>1/a12</td>
<td>1</td>
<td>a23</td>
</tr>
<tr>
<td>C</td>
<td>1/a13</td>
<td>1/a23</td>
<td>1</td>
</tr>
</tbody>
</table>

Comparison matrixes are built for the criteria complying with choices of decision maker (committee) for each enterprise.

On the low level of the hierarchical scheme the given alternatives A, B, C are compared by each criterion separately and by each enterprise.

Using those matrixes A, B, C, K, calculations of relevance factors are made for respective elements of hierarchical level: eigenvectors of matrix are calculated, rated and relevance factors of criteria and alternatives are found. Comparison matrixes for criteria and each alternative for each enterprise in question are submitted below.

Values of integral parameters of ecological, economic and social stability assisted experts who were making decision to build comparison matrixes for criteria and alternatives.

1. Enterprise OAO PTF Gloriya.

Comparison matrix for criteria – K.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>R</th>
<th>L</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>1</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>L</td>
<td>0.33</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>P</td>
<td>0.11</td>
<td>0.2</td>
<td>1</td>
</tr>
</tbody>
</table>

Comparison matrix for alternative A.

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>1</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>A</td>
<td>0.2</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>C</td>
<td>0.11</td>
<td>0.14</td>
<td>1</td>
</tr>
</tbody>
</table>

Comparison matrix for alternative B.

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>L</td>
<td>1</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>A</td>
<td>0.14</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>C</td>
<td>0.11</td>
<td>0.14</td>
<td>1</td>
</tr>
</tbody>
</table>

Comparison matrix for alternative C.

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>P</td>
<td>1</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>A</td>
<td>0.2</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>C</td>
<td>0.11</td>
<td>0.14</td>
<td>1</td>
</tr>
</tbody>
</table>

2. Enterprise OAO Donetskaya manufaktura M.

Comparison matrix for criteria – K.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>R</th>
<th>L</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>
The same method may be applied for finding relevance of each alternative by each criterion based on data from Table 4. Then the best alternative is found based on synthesis of the relevance factors obtained.

\[ S_j = \sum_{i=1}^{N} w_i V_{ji}, \quad (1) \]

where \( S_j \) – quality parameter of \( j \)-th alternative; 
\( w_i \) – weight of \( i \)-th criterion;
$V_j$ – relevance of $j$-th alternative by $i$-th criterion.

Alternative with the highest quality parameter is considered the best, respective decision is made based on those results.

Advantage of analytic hierarchy process attractive for many users is the orientation to comparison of real alternatives.

Analytic hierarchy process may be used in cases where experts are unable to give absolute estimations of alternatives by criteria and use weaker comparative measurements.

All calculations are made using MAPLE software and their results are listed in Table 4.

**Table 4.** Finding alternatives for each criterion using analytic hierarchy process

<table>
<thead>
<tr>
<th>Alternative</th>
<th>OOO PTF Gloriya</th>
<th>OAO Donetskaya manufaktura M</th>
<th>ZAO Don-Teks</th>
</tr>
</thead>
<tbody>
<tr>
<td>To implement project</td>
<td>0.703</td>
<td>0.679</td>
<td>0.571</td>
</tr>
<tr>
<td>There are some doubts</td>
<td>0.221</td>
<td>0.252</td>
<td>0.261</td>
</tr>
<tr>
<td>Not to implement project</td>
<td>0.076</td>
<td>0.067</td>
<td>0.172</td>
</tr>
</tbody>
</table>

Calculation results allow to conclude that alternative A is the best for the three enterprises in question, i.e., the project on comprehensive treatment of light industry wastes should be implemented for those entities.

Making managerial decision on the implementation of the offered project for rational use of natural resources of light industry's enterprises was made using analytic hierarchy process. The results made using MAPLE software package enable the conclusions that implementation of that project is the best alternative for all the three enterprises in question. Implementation of the offered project on comprehensive treatment of light industry wastes greatly increases sectoral parameters on rational use of regional natural resources. Building economic and mathematical model ensures more efficient outlining of strategic consequences in connection with implementation of regional economic systems improvement programs.

**Conclusions**

This article offers a fairly wide range of methods for the optimization of socio-economic systems.

As problems of a practical orientation problems of optimum production are considered. For development of production plans the author offers concrete model of stochastic optimization. This model was given a detailed economic justification. Methods of the solution of such tasks are described.

It is offered to use this model not separately, and in combination with method of the analysis and an assessment of programs. This method allows to project difficult production systems in the conditions of uncertainty.

**References**


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The Medical Law as an Independent Branch of Law: History and Development Outlook

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Abstract  
In the article the authors consider the specificity and importance of the concept of ‘medical law’ in modern Russia. On the basis of models of the medical law theory development, the conclusion about the prospects of its development as an independent branch of law has been done. The object and methods of legal regulation of medical relations including both private and public legal relations in the sphere of health were distinguished by the authors. The relationships in the health sector, which, by their nature, were of the administrative nature, including the relations arising between doctor and patient in which the physician was the public official were analyzed in historical retrospective. Currently one can see the strengthening of the dispositive regulation in sphere of medical activity. In this regard contractual relationships are widely used in the field of not only mandatory but compulsory medical insurance. Analyzing the relationship between the concepts of ‘medical aid’ and ‘health services’ as the General and the Particular the conceptual device was formulated. Special attention was given to the promising areas of the information-analytical activities in the field of health that allows talking about the feasibility of training medical lawyers.

Keywords: law, branch of law, medicine, medical law, medical activity, medical aid, health services, medical lawyer.

JEL Classification: K23, I11, I15, A12.
1. Introduction

1.1 Introducing the Problem

The development of medical law as a branch of law began in the second half of the twentieth century. Initially the medical law appeared as the branch of international law. Sixth session of the World Health Assembly in 1953 adopted decision No. 6.40 with a proposal to organize a study of the problems of international medical law. By the decision of the 47 conference of the international law Association in 1956 established a Committee on the international medical law. At the IV International medico-legal conference in Prague in 1977, again, the question about medical law was raised. And a need to develop a special part (section) of law - medical law with the focus of its content on the legal aspects of the rights and responsibilities of physicians was officially recognized (Kralko, 2009).

At that time the soviet scholars A.A. Marakushev, S.Y. Chikin, V.K. Kuznetsov wrote: taking into account the importance of medical ethics and medical deontology as a special professional category, and also the arising keen moral-ethical and legal questions in sphere of medicine and medical research, especially in sphere of unpaired organs' transplantation, euthanasia and others, the proposal of scholars on the separate branch of law - medical law - creation should be supported (Marakushev, Chikin, Kuznetsov, 1978).

This part of law has found its development in the post-Soviet space during the last few years, but now most lawyers and doctors say about the actual formation of the new integrated branch - medical law.

Strengthening the legal and social significance of this fact is predetermined by the increasing social importance of public relations controlled by this fact. Over the last two decades in the Russian Federation there have been significant changes in health care and law, which is primarily associated with the transition to a new economic formation. In the transition period state and municipal health was unable to provide the necessary basic level of health services to the population (Kryukova, Vetrova, Maloletko, Kaurova, Dusaniko, 2014). The mismatch between the volume of funding of health and actual medical aid needs has significantly contributed to expand the services sphere of paid services. With a sharp decline in the country's economic potential also the level of public health has decreased significantly. On the background of reduction of the total number of citizens medico-demographic situation was deteriorating also; there was a decrease in life expectancy, growth of mortality rates, there was an increase in the incidence of tuberculosis, venereal diseases, AIDS, drug and substance abuse, the threat of epidemic outbreaks increased, as well as the growth rate of morbidity. Meager budgetary allocations for health care were barely sufficient for the minimum salary of medical workers. Equipment and property came to aging and disrepair. Therefore the government had to find a new economic concept of the medicine existence and the state lost its monopoly on the exercise of medical activity.

In the modern practice of the application of law in the field of medicine, the patient and the executor of medical services are in unequal conditions. The patient continues to feel unprotected in the provision of medical services (Zolotareva, Shilovskaya 2015). Violations of the legitimate rights and interests are often observed. Therefore there is a need to develop a special reasonable legal mechanism for the relations in sphere of medical services market. In addition for the effective solve of the problems existing in society, the necessity of minimum of knowledge in the field of jurisprudence, the basic theoretical and practical positions, knowledge of the legislation in this field for both health workers and the general population is being noted.

As correctly noted by U.D. Sergeev the time has come when legal education became mandatory an important part of General training of the doctor, when without knowledge of the legal rules governing professional medical activity, the physician is unable to competently perform their duties, properly treat (Sergeev, Jurilov, 2001, URL: http://iam.duma.gov.ru/node/8/4957 (fhjicnegf 10/10/201). The mentioned author pays special attention to the (legal) aspect of professional medical education. So, broad sociological study conducted with a specially designed questionnaire revealed a clear lack of knowledge and understanding of the norms on the rights of citizens in the field of health protection among the medical staff in the first place, such as the right to consent to and refuse medical intervention, the right to information about health, the right to preserve patient privacy. The current level of medico-legal knowledge of medical personnel is extremely low, and the legal training of healthcare professionals as an essential part of the General training of the doctor is in poor condition. In General, both legal and medical practice convincingly testify: the higher legal culture of doctors is, the better they perform their professional duties and the higher the quality and effectiveness of treatment and diagnostic services to the population is, and the more real the rights and legitimate interests of citizens in the sphere of health care are ensured.

Because of this interest to the medical law in society is growing. We have to agree with U.D. Sergeev and A.A. Mokhov, who believe that the introduction of medical law ‘in the learning process of all students of law
1.2 Importance of the Problem

In civil law and in the theory of state and law the opinion exists and was established, that in the basis of the division of law to branches of law and institutions of law there are two criteria: the subject of legal regulation and method of legal regulation.

While revealing the concept of any branch of law or sub-sectors of law, a legal institution or any others legal array, that forms a system of norms regulating the corresponding social relations, we mean the different meanings of the word ‘law’: 1) law as a system of rules governing a certain group of public relations; 2) the right in terms of legislation; 3) law as a legal science; 4) law as an academic discipline (Rabets, Sitdikova, 2013). Thus another meaning of the term ‘law’ should be eliminated - when it is mentioned as ‘subjective right’, i.e. the right belonging to a particular person, although often these concepts are quite comparable. For example, the expression ‘subjective civil right’ is legally correct, when we are talking about particular right belonging to a specific person. However, when we are talking about the complex of subjective rights expressed in the totality of the legal norms of objective law, we used to say not about ‘the subjective law’, but about ‘the subjective rights’. In such cases the expressions ‘subjective civil rights’, ‘subjective family rights’, etc. are applied. Therefore, when considering law as a system of norms, as a certain normative array we mean only objective law.

All above said one could also apply to the concept of ‘medical law’, which is used in the meaning of objective law as a system of norms, occupying a certain place in the legal system of the Russian Federation, in the meaning of legislative system which regulates the totality of social relations in the sphere of medical activity, as a science and as an academic discipline. Of course, the expression ‘subjective medical law’ or even ‘subjective medical rights’ would be ridiculous. It may seem that the notion of ‘medical law’ in the objective sense is comparable with the notion of subjective individual right to healthcare as a right belonging to a specific participant of legal relations in the sphere of medical activity. However, such impression would be false, because the individual’s right to healthcare, even if we understand it as a complex subjective right without specifying the relationships, in which it is implemented, is without doubt considerably broader than the concept of medical law as the objective law. If medical law as a system of rules regulates the totality of social relations in the sphere of medical practice, the right to healthcare as a complex subjective right covers a much broader range of public relations as a system of guarantees, that provides the implementation and protection of this right, covers almost all branches of law, both private and public.


The complex research on the problem is made in the dissertation of L.B. Sitdikova ‘Legal regulation of relations in the sphere of provision of information and consultancy services in the Russian Federation’ 2009 and

1.3 Hypotheses and Their Correspondence to Research Design

1.3.1. We believe that it is reasonable to define an independent branch of law - medical law in sphere of citizens’ health care. Medical law is a secondary structural normative legal structure including arrays of heterogeneous legal norms that provide complex legal regulation of medical practice. Medical law can be defined as a system of norms regulating the totality of social relations in the sphere of medical practice through a combination of imperative and dispositive methods of legal regulation.

1.3.2. Considering the correlation between the concepts of ‘medical aid’ and ‘medical services’ we came to the conclusion that the concept of medical aid is broader than the concept of medical service. In particular, medical aid is defined as a complex of measures aimed at maintaining and / or restoring health, and includes the provision of medical services. We understand the medical services as the medical intervention or set of interventions aimed at prevention, diagnosis and treatment of diseases, medical rehabilitation, and having self-completed meaning.

1.3.3. We believe that in universities is necessary to train specialists of medico-legal profession, i.e. specializing in the field of health - medical lawyers. The medical lawyer should be understood as the expert carrying out analytical activities with knowledge of and with regard of the legal rules and rules of medicine.

2. Method

During the study the authors relied upon general and private methods of cognition: historical, legal, formal-legal, comparative legal, sociological and others. The main method is a system-structural which helped to reveal the legal nature of the medical law as the independent branch of law, as well as the inner content.

The combination of legal, historical and comparative legal methods allowed us to identify the specifics impact of the historical conditions at the development of medical law, legal regulation of medical activity and define groups of relations that are included in the subject of medical law.

Formal legal method made it possible to analyze legal rules governing medical relations with the means of describing and summarizing the conceptual apparatus used in this branch, and therefore the definitions of ‘medical law’ and ‘medical services’ were suggested.

On the basis of the sociological method, grounded conclusions, suggestions and recommendations based on specific information obtained from official sources, materials, periodicals, Internet resources, standards, legal-reference systems, the media.

Systemic-structural method gave the authors the opportunity to consider medical law as independent branch of law and suggest the direction of its development.

3. Results

During the research, we concluded that medical law formed de facto but until unrecognized de jure in Russian Federation. The subject of medical law is medical activity in the health care sphere and includes two groups of relations: healthcare relations and closely related relations. Social relations arising in the process of implementation of citizens’ rights to health care: the provision of health care, organization of medical-diagnostic process, medical-prophylactic and sanitary measures are classified as health care relations. The relations that are closely associated with healthcare are relations on the organization of health care system, licensing and accreditation of medical organizations, relations for the implementation of control and supervision in the sphere of health care and health insurance, medico-economic control, medico-economic examination, examination of quality of care. Thus medical law mediates both private law and public law relations.

In course of research on the problem of medical law as an independent branch we allocated a specific method of legal regulation of relations in the sphere of medical practice as imperative-dispositive but imperative method prevails.

Special attention in the research was given to the conceptual apparatus, in particular the correlation between the concepts of medical aid and medical services. As well as focus was made on the need for further development of legal and regulatory material, regulating legal relations in the sphere of health care, and on the exclusion of existing legislative contradictions.

We believe that further prospective researches in the field of medical law cover the development of the Medical Code uniting existing normative documents regulating legal relations in the field of health care is a
complex of measures aimed at the satisfaction of needs of the population in health maintaining and its restoring. In further research it is advisable to classify norms by sections on the responsibility of subjects of medical relationships, about the rights of patients and other.

4. Discussion

At the present time the theory of medical law is being formed quite active. As noted by V. A. Belov: ‘...there are two approaches to the problem. The first is based on departmental and sectoral models, when lawmaking process derives from the practice of organizing and conducting of medical activity. Ministry of healthcare of the Russian Federation is the source of lawmaking, and medical law serves those needs, when the law and other legal acts are seen as a means of giving compulsory effect and legal form to the departmental regulations. The second approach emerged in the implementation of legal doctrine about the value of human life. In accordance with this doctrine prioritization of legal regulation is carried out by the acts of the objective law. Thus the approach when the law is not on the service of the Department, but has a private character, was discovered. Rational ‘grain’ turned up to be promising by its shoots, because the interests of actors in the field of health care and its improvement are converged in it. This allows us to give legal form to such relations, but not the relations of the authority and the subject but the legal equality of the parties. So private and civil law development of medical law began to emerge. Clarifying the limits of ‘public’ in the field of private law relations, relations of health care has become the modern problem of medical law’ (Belov, 2003).

Medical law is formed de facto remaining unrecognized de jure. Meanwhile already and theorists of law call the medical law the branch which is in its formative stages. Traditional division of branches of law is based on the concept when subject and method of legal regulation of relations is common.

Medical law, along with educational law, sports law and the others that are being formed, do not have a separate subject and method of legal regulation. Medical law is detached by the sphere of activity - health care sphere (Marchenko, 2014). In this sense, medical law, unlike the fundamental branches of law (civil, criminal, etc.), is, according to V. A. Belov, the applied branch of law. However, we are unlikely to agree with this position. The position expressed in the General theory of law according to which this kind of array of legal norms that are very diverse in its belonging to branch, which provide comprehensive legal regulation of certain activities, cannot be considered as either fundamental or applied branches of law, is the preferred. They represent some secondary structural legal phenomenon, which, depending on the extent and nature of further development of relevant public relations can be or may not be formed into the independent branch of law with the specific subject and method of legal regulation peculiar only to this branch of law. These secondary structural normative legal entities just include medical law, along with the distinguishing of such arrays legal norms, as educational, sports, banking, transport law.

What is the subject of medical law? This question can be answered briefly, literally in two words: medical activity. However, this will be followed by a quite natural question: what is meant by medical activities? The answer on this question is much more difficult, because the sphere of the relations in the process of medical practice is rich and diverse. As noted by V. A. Belov, all relations arising in the sphere of health and that are amenable to legal regulation, from the point of view of the dualism of law can be divided into two groups.

The first group or ‘backbone’ of health care relations and their structural basis are the relations on the provision of treatment-and-prophylactic care, the so-called relations ‘patient – doctor’ ('patient - medical institution'). In that period of time when our society began to develop a market economy, these relations have undergone rapid expansion of civil rights, which constitute the core of private law, and today are considered as the process of providing consumption paid services. However the named author is quite right, noticing that medical law is characterized as a complex border area of law because it regulates health and other closely-related attitudes, which form the second group.

Under health care relations legal science understands public relations in the process of implementation of citizens’ rights to health care: provision of health care, organization of medical-diagnostic process, medical-prophylactic and sanitary measures. Relations closely associated with health typically include: relationships on the organization of health care systems, licensing and accreditation of medical organizations, on implementation of control and supervision in the sphere of health care and health insurance, medico-economic control, medico-economic examination, examination of quality of care. The bases for the appearance of relations of the second group are unilateral imperative regulations of state agencies, that indicating their public-legal nature.

The complex nature of medical law is emphasized by E. F. Trukhanova, who relies on the position of the scientists (Klik, Soloviev, 1997), that the relations arising in the sphere of health lay in the field of private law,
private - public (social-law) and public law regulation. Thus, multisaspect character of relationships, the combination and interaction of a qualitatively different legal phenomenon - private and public-legal nature within the branch of law gives the branch of law a border nature (Trukanova, 2011). The boundaries between them are blurred (Belov, 2003), as evidenced by the current legislation on the health care and the mandatory health insurance.

First, in accordance with Art. 37 of the Federal law ‘On compulsory medical insurance in the Russian Federation’ dated 29 November 2010 No. 326-FZ ‘the right of the insured to free medical care for compulsory health insurance is implemented on the basis of concluded in his favor among participants of obligatory medical insurance of the Treaty on the financial provision of compulsory medical insurance and the contract for the provision and payment of medical aid for compulsory health insurance’. Thus, the contract regulation of the medical activity are implemented in frames of its funding, which has always been, figuratively speaking, a ‘stronghold’ of public-legal regulation of medical practice.

Second, until recently debate about the relation between the concepts of ‘medical aid’ and ‘medical services’ conducted among lawyers and doctors more than clearly testified border nature of medical law, which is expressed, in particular, in the use of terms and concepts (Sitsikova, 2010; Stepanov, 2005; Putilo, 2007; Andreev, 2007).

It should be noted that disputes over the relationship between the concepts of ‘aid’ and ‘services’ are conducted not only about the medical sphere. For example, in the field of information and advisory services the terms ‘information assistance’, ‘consulting assistance’ along with the concepts of information and consulting services are also used (Sitsikova, 2009; Volkova, Sitsikova, Starodumova, Shilovskaya, 2015).

However, at present these concepts, particularly in the health care sphere, on the one hand, are differentiated and formulated as separate notions, and on the other hand, are brought close together to each other. So, in 2 tbsp. of the Federal law ‘On the fundamentals of health protection of citizens in the Russian Federation’ dated November 21, 2011 № 323-FZ medical aid is defined as a complex of measures aimed at maintaining and / or restoring health, and includes the provision of medical services. Under medical service we understand medical intervention or set of interventions aimed at prevention, diagnosis and treatment of diseases, medical rehabilitation and having complete separate meaning. Thus, the current legislation does not give reasons to determine medical services as the medical aid provided on a reimbursable basis (paid medical assistance, i.e. bases to equate the paid medical aid and the paid medical services).

The method of medical law, i.e., the method of legal regulation of relations in the sphere of medical practice, despite the convergence of private-law and public-law bases of its legal regulation and despite a tendency to expand dispositive, in particular contract regulation of relations in this sphere, can be roughly described as imperative-dispositive with a clear focus towards imperative. This is due, we believe, for two reasons.

First, as it is known, the health care system as part of the society is directly linked to its economic and social policy. As in pre-revolutionary and Soviet Russia the legal regulation of health care and associated relations was formed as exceptionally imperative. Distribution system that existed in our society before Russia’s transition to market economy, formed the state health care system with monopoly character, with strict administrative methods of management of all socio-economic processes in the field of health. Medical resources in the vast majority were the exclusive property of the state; physicians were the state or zemsky (in pre-revolutionary Russia) employees. Health care funding was from the state budget, which was also the exclusive property of the state. Health care was financed, as we now say, on ‘residual principle’. Thus, all the relations in the sphere of health care, of course, by their nature, were administrative, including the relationship between doctor and patient in which the physician was official person.

Secondly, state policy in the sphere of public health care in any state, including modern Russia, is part of social policy. In all relations in sphere of health care, including those that can be regulated and, in fact, regulated by not only law, but also of the agreement, the public interest, which necessarily accompanies the seemingly purely personal interests of patients becomes important. Therefore, the state must set certain limits of dispositive regulation of relations in the sphere of medical practice.

On the other hand, discretionary grounds apply not only to the sphere of ‘patient - medical institution’ or ‘doctor – patient’. Contractual relations are widely used in the field not only voluntary, but also, as already noted, mandatory health insurance.

However, neither the subject of legal regulation of extremely heterogeneous social relations in the sphere of medical practice, no method of legal regulation are not peculiar only to the medical law that gives no reason to make a conclusion of its branch independence. So, medical law in the objective sense can be defined as a
system of norms regulating the totality of social relations in the sphere of medical activity through a combination of imperative and dispositive methods of legal regulation.

At the present time also the corresponding branches of the legislation are in the stage of formation. In particular, medical law as a branch of legislation is a complex branch of legislation which covers legal implementation of several fundamental areas of law in the regulation of relations in a separate sphere. As V.A. Belov emphasized, medical law as a branch of legislation is a specialized legislation, in contrast to general and special (Belov, 2003). The author notes that the system of specialized medical legislation should be as free from specific medical terminology as possible, and must most widely cover and uncover the specific of activity regarding health. The goal is to provide a formal certainty to a totality of phenomena and processes taking place in the field of health care.

Medical law as a branch of legal science examines, firstly the system of legal norms regulating relations in the sphere of medical practice, which is impossible without studying the basics of the activity itself. Medical law as a science examines the peculiarities of legal regulation of public relations in the sphere of medical practice, the ratio of general and sectored legislation in the field of medical practice, legislation of the Russian Federation and subjects of the Russian Federation. The science of medical law explores principles of legal regulation of relations in the sphere of medical practice, its goals and objectives, etc. Methods which are used are not medical, but of legal science. The specifics of the medicine should be reflected in legal terms, and not vice versa, when medical terms replace legal. Specialized medical legislation must achieve unity of language, concepts and ideas - this is the modern problem of his condition.

Medical law as academic discipline also becomes now of a major importance in terms of the training of legal personnel to work in the medical sphere. The question of medical law is, according to the opinion of V.A. Belov, also the question of medical legal professionsgraphy, question of the self-determination of profession. Not been developed yet and the name of such a profession. This, of course, is not a profession corresponding to the specialty 'Law in healthcare'.

Hardly the medico-legal profession can be minimized exclusively to the profession of lawyer specializing in the field of health care. Each specialist versed both in law, and medicine (conditionally: medical lawyer), can perform the functions of a lawyer, but not Vice versa. The content of the profession of medical lawyer is wider than that of a lawyer of general practice.

Medical lawyer is not an expert in the known sense (including judicial-medical sense) – some phenomenon is explored by him in sphere of correlation not of the medical, but of legal rules, including the knowledge of medical rules and taking them into account. Information-analytical activity is the content of the medico-legal profession. Information analytics is actively developing at the present time. The medico-legal profession is based on the applied (medical and legal) analytics (Belov, 2003). This last remark of the author seems to be very interesting in two aspects: firstly, to formulate the optimum ratio in legislative activity in sphere of health care and system of health care management of medical and legal component, as well as managers from medicine and law; secondly, to clarify the conceptual and terminological apparatus in the study of problems of legal regulation of relations in medical aid and on the provision and consumption of health services.

As the most important direction in the formation of medical law the task of codification of existing normative documents regulating legal relations in the sphere of health protection of citizens as complex events (including medical services, organizational and technical measures, sanitary and anti-epidemic measures, medications and other) which are aimed at the satisfaction of needs of the population in maintaining and restoring health, should be named. The efforts of all stakeholders working on issues of legal support of activities in the field of health from the deputy of State Duma to a average doctor and the consumer of medical services should be aimed at solving this problem. Besides the forming a coherent system of medical law, as pointed out by A. N. Chashin, the codification of medical legislation, will be summarized in separate sections of the liability provisions of the subjects of medical relationships, patients' rights, to eliminate duplication, remove unnecessary regulatory material (Chashin, 2007). This will not only significantly reduce the amount of regulatory material regulating legal relations in the sphere of health care, but exclude significant contradictions in normative-legal acts.

Thus, we have examined the specificity and meaning of the concepts of medical law in contemporary Russia. Regarding the prospects of further development of this concept it should be noted that in all three directions (as a system of norms regulating relations in the sphere of medical practice, which occupy a special place in the legal system of the Russian Federation; as a legal science in the framework of a more general science of jurisprudence and as an academic discipline) legal regulation of relations in the sphere of medical practice - public-legal and private-legal, imperative and dispositive - will continue to evolve in an organic unity.
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