

Financial Stimulation for Regional Economic Development in Russia

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The main indicators of socio-economic development of regions have been systematized to identify interrelationships between financial incentives from the federal government and growth rates of the regional economy in Russia. The paper was prepared within the framework of the grant of the Russian Humanitarian Scientific Foundation (Project 16-02-00592 "Mechanisms of financial incentives for transforming the structure of the economy of the regions").

The hypothesis of conditional and unconditional β -convergence for the Russia's regions has been tested. Firstly, steam regression dependence of the logarithm values of the growth rate of gross regional product (GRP) per capita in 2014 relative to 2006 from the logarithm of the initial level of GRP per capita in 2006 has been evaluated. The results show that in the period under review, the hypothesis of β -convergence presence in relation to Russia's regions does not reject. The coefficient of the independent variable is negative and statistically significant at the 1% level. This shows that the regions, in which the level of GDP per capita, were lower at the first period, grew faster at the whole interval.

The rate of convergence with regard to Russia's regions in the considered period is 1.6%, which is very close in meaning to the results obtained by international researchers regarding the convergence between the countries of the world.

Regression models have been evaluated to test the effect of intergovernmental transfers from the federal budget in the convergence process. We tested conditional convergence hypothesis, with the inclusion of additional control variables, which in fact is equivalent to testing the hypothesis of conditional β -convergence, where these measures economic policy accepted as convergence conditions. Thus, the following control variables were: the average ratio (for the period 2006-14) of gratuitous receipts in the budget of the region from other budgets of the budget system to the GRP, the average ratio of gratuitous receipts in regional budgets from the federal one to total revenues of regional budgets. The hypothesis of conditional convergence suggests that regression sign at the initial level of GRP per capita should be negative, and the sign at control variable should be positive. We confirmed the hypothesis about the importance of such government policies as intergovernmental transfers. The coefficients in front of the two control variables are positive and significant at the 5% level. There is a positive connection between the volume of intergovernmental transfers and the rate of growth of the regional GDP per capita.