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Original Article: ECONOMIC INDICATORS OF URBAN DEVELOPMENT IN THE KRASNODAR REGION

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Rapid economic growth, social polarization, and the worsening of environmental and health conditions characterize the ongoing development processes especially in Asian mega cities. The economic growth is connected with enormous urban growth, as well as the increase of industrial and commercial zones and traffic. Industrial production with low environmental standards, individual cars and insufficient housing conditions produce health-endangering environmental loads [9].

Human settlements are material and energy consuming and throughput systems: high amounts of resources (e. g. water, oil, food, building materials and energy) are imported into cities and urbanized regions, partly transformed (energy production), used – and in the end exported as solid waste, wastewater, waste heat, etc. These processes occur not only on a local level, but are also internationally linked, and thus influence environment and health on a global level; they raise global environmental and health risks. These global environmental and health risks demand for a sustainable urban development. The recent urbanization processes in Russia differ from the American and European experiences and make Russian urban development unique, thus requiring new and adequate approaches to urban management. Russian urban development is taking place much slower than the American and European processes. In Russia challenges overlap so that within most cities, particularly those increasingly articulated to the global economic system, we find a variety of problems and unfinished agendas, requiring to solve all issues simultaneously.

Theo Kotter and Frank Friesecke in their research has proposed the following checklist of indicators to be studied carefully for the successful urban development [5].

Economic factors are cela va sans dire the key factors of regional attractiveness. These factors include:

1) Gross Regional Product.
2) Cost of living per capita.
3) Income and expenses per capita.
4) Average monthly salary.
5) Unemployment rate.
6) Economically active population size.
7) Consumer price index for products and services.
8) Consumer price index for food commodities.
9) Real estate prices.

Gross regional product (GRP) is conceptually equivalent to gross domestic product (GDP); the latter measures newly created value through production by resident production units (or residents in short) in the domestic economy, while for the former measures newly created value through production by regional production units (or regional residents in short) in the regional economy, be it a state, province or a district.

Thus GRP in principle can be measured by three approaches: the production approach, the final expenditure approach and the income approach. In our research paper we have decided to use the first approach as the most convenient one. The production approach requires data on output produced by regional residents and data on intermediate consumption by them; the sum of value added generated by these regional residents is equal to GRP. The production is possible as long as regional residents are well defined such that data on them can be collected. [4]

The growth of the Gross Regional Products of the Krasnodar region is shown in the following graph.

The cost of living is the most important and recognized indicator of living standards. It is calculated in all developed countries. In accordance with the Federal Law of 24 October 1997 №134-F3 "On the subsistence minimum in the Russian Federation", the cost of living is a valuation of the consumer basket, as well as the mandatory fees and charges. Therefore, the cost of living characterizes the most pressing needs.

In world practice, the cost of living is used as a social norm in several ways: in predicting changes in the standard of living when determining the minimum wage, pensions, allowances, stipends and other social benefits, in the determination of government spending in hospitals, orphanages, schools, pre-school and other social institutions.[6]

The per capita income is an indicator of economic well-being of the country, which measures the average income earned by an individual in the country in a year. As an indicator, per capita income is fundamentally different from the gross domestic product and gross national product per capita. Per capita income is often used as average income, a measure of the wealth of the population of a nation, particularly in comparison to other nations. Per capita income is often used to measure a country's standard of living. It is usually expressed in terms of a commonly used international currency such as the Euro or United States dollar, and is useful because it is widely known, easily calculated from readily-available GDP and population estimates, and produces a useful statistic for comparison of wealth between sovereign territories. This helps the country to know their development status.

The per capita expenses are usually the expenses on the health care services. It is a set of public, private and external costs, and the costs of the social security. The index of total health expenditure per capita is one of the main indicators of quality of health care in the evaluation criteria of the World Health Organization (WHO). [1]

The following graph illustrates the dynamics of the cost of living, per capita income and expenses in the Krasnodar region.

We believe that a concept of the monthly average salary is self-explanatory. The graph displays the growth of the average salary in the Krasnodar region.

The most important part of the socio-economic statistics is labor statistics. It is characterized by size, composition, regional location and use of labor resources; use of time; the level and dynamics of labor productivity; labor costs, conditions, protection and labor safety and other phenomena and processes.

The entire population of the country can be divided into two groups: the economically active and inactive population.

Economically active population is a part of the population, which offers its labor to

produce goods and services. Economically active population (also called labor force) includes two categories - the employed and the unemployed. [3]

The two following graphs indicate the size of the economically active population and the unemployment rate in the Krasnodar region.

Consumer price index is one of the types of price indexes designed to measure the average level of prices of goods and services (market basket) for a certain period in the economy. When we talk about the rate of inflation in Russia, this often refers to the rate of inflation based on the consumer price index, or CPI for short. The Russian CPI shows the change in prices of a standard package of goods and services which Russian households purchase for consumption. In order to measure inflation, an assessment is made of how much the CPI has risen in percentage terms over a given period compared to the CPI in a preceding period. If prices have fallen this is called deflation (negative inflation). [2]

In our research paper we have divided the average CPI and the CPI for the food products to see how the food basket prices affect migration flows. The following chart shows the both CPIs on the end of December of each year.

As we have pointed out before, it is important for the future residents of the region to find lodging. That is why we have decided to include real estate prices to the economic factors that might affect migration decisions. The prices can be seen in the table below.

Countries have different definitions of cities and we need to have comparable areas of reference to be able to make international comparisons; Our interest is to analyse cities as a whole that is the built-up area comprising the city center and the suburbs forming a continuous settlement that may be called the city (we called it the urban agglomeration);

In many cases (typical: Paris - region Ile de France), the metropolitan area is larger than the built-up settlement and comprise rural parts with very low density settlements that cannot be qualified as part of an urban settlement;

In some cases (typical: Australian cities), the metropolitan area is smaller than the actual urban agglomeration. It has been defined administratively very long time ago and since that time, the urban settlement has spread beyond the metropolitan border. [8]

The current urbanization processes combined with the worsening of environmental and health conditions especially in the fast growing Russian agglomerations require new steering approaches towards sustainable urban development. A large variety of sustainability indicator sets exist worldwide with a wide spectrum of purposes on different levels. They often include human health and occasionally quality of life aspects. Despite the lack of a comprehensive theory on sustainability indicators, one can extract several methodical requirements for sustainability indicators and their elaboration process [7].

Sustainability indicators can be mighty instruments for understanding and communicating urban development; they are helpful for stakeholder participation and empowerment as well as for solving conflicts. But they can only then serve as steering instruments towards sustainable urban development – and only then are they powerful decision support instruments – if the indicators are incorporated into a management cycle, and if their application impinges steering measures and projects towards sustainable urban development [10]. To date, the steering efficacy of sustainability indicators has not yet been analyzed, and a management cycle including a sustainability assessment has not been elaborated. The development of Russian agglomerations provides the opportunity and implies the necessity of elaborating effective urban management instruments.

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Table 2

Real estate market prices

	The real estate prices on the primary housing market, square m.	The real estate prices on the secondary housing market, square m.
2000	7592	7043
2001	8971	8223
2002	11697	10711
2003	13904	12234
2004	16190	15690
2005	20535	18662
2006	29577	25972
2007	40275	49398
2008	47694	60141
2009	39505	53715
2010	39592	55192
2011	39215	51784
2012	40979	49142