

# Theoretical and Methodological Foundations of Urban Areas Spatial Development

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## ABSTRACT

The established experience of socio-economic development is largely based on the territory's urbanization. Cities are becoming the main points of development. They concentrate managerial, financial and human resources, and create the prerequisites for a post-industrial shift. The remaining territories – satellite towns, rural areas – have become supporting and supplying elements of urban development. However, any urbanization process has its limits: the intensive path of city development at a certain stage begins to fail and ceases to create favorable economic and social effects. The negative consequences of such growth - from environmental to infrastructural ones - are increasing. The purpose of the article is to analyze the evolution of methodological, theoretical aspects of spatial, agglomeration development, urban agglomeration development under the influence of driving forces. Spatial development is an activity in the direction of managing the territories development, as an integral object of regulation, which includes the tools of public administration. Urban agglomeration is a highly developed spatial form of integrated cities. This happens when relations between cities shift from competition to competition and cooperation. There is no unity in methodological approaches in the ongoing research on agglomeration, spatial development, and competition. The current review examines the main approaches to the allocation of productive forces, the theory of regional development, spatial, agglomeration development, in an attempt to give a theoretically and practically justified definition of territorial development in the context of increased interregional competition. The formation of a methodology for studying the problems of spatial development of the national economy and the development of an effective strategy for agglomeration development in the national economy should be largely carried out in the direction of an organic combination of various theories of space research and the use of appropriate tools for their practical implementation. The definition of the methodological foundations of the territory is not only of scientific and theoretical importance. The territory in the market conditions is the subject of economic relations. The management of an integrated territory and agglomeration in the face of increased interregional competition for resources and consumers requires the definition of the organic structure of the region - the system and mechanisms of territorial management, including organization, planning, regulation and control.

**Keywords:** Agglomeration, city, driving forces, location, region, spatial development.

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The large-scale and complex transformation processes that society is experiencing at the present stage of its development have sharply deepened the differentiation of socio-economic development, which is most clearly manifested in the regional economic dynamics. The peculiarities and contradictory content of the national economy regionalization in the context of increasing globalization require the development of fundamentally new approaches to the regional development strategy and the formation of new progressive spatial-production structures of various taxonomic ranks. The formation of such a strategy, taking into account the provisions of the polarized development and growth concept, is closely related not only to improving the territorial organization of productive forces, but, above all, to ensuring sustainable spatial development and regulating these processes in order to accelerate the modernization of the regional economy. At the same time, it should be noted that in the conditions when approaches to the sustainable spatial development of meso-level regions are quite

complex, they require further and comprehensive study. This determines the feasibility of systematic research in terms of improving the development of structures in the interregional economic space in order to increase their systematic, sustainable spatial development.

The purpose of the article is to analyze the evolution of methodological, theoretical aspects of spatial, agglomeration development, the development of urban agglomeration under the influence of driving forces.

The multidimensional nature of the concept of "space" against the background of insufficient attention to it from classical economic theory led to the interest in its study by representatives of various fields of knowledge – economic geography, regional economics, public administration, state regulation of the economy, international economics and trade, economic and mathematical modeling, geopolitics, political science, sociology, demography, ecology, etc. Each of them considers spatial problems, proceeding, first of all, from

its own subject of research and the corresponding methodology.

The features and trends of changes in the spatial structure largely determine the specifics and vectors of the country's development, its foreign policy and foreign economic situation, form its investment image, and affect the competitiveness level of the national economy. Therefore, they require study, analysis and consideration when making management decisions at the national and regional levels on the formation of the main strategic priorities in socio-economic development.

The formation of a common holistic methodology for studying the problems of spatial development and the creation of an effective mechanism for its state regulation should be carried out in the direction of maximizing the use of the scientific heritage by the representatives of various fields of knowledge, the subject of which is the territorial space and the processes occurring in it. It is through the generalization of the initial provisions of numerous scientific theories that it is possible to theoretically substantiate a complex system for managing spatial development and improving the efficiency of the national economy functioning as a whole. This determines the need for their study, systematization and adaptation to modern conditions. Insufficient consideration of the spatial features of the national economy development significantly narrows the practical value of many studies.

Based on the principles of a systematic approach, all factors that affect spatial development can be divided into internal (those that operate within a particular country or region and depend on its specific natural and climatic, industrial, social and other conditions) and external (due to the influence of the external environment of a particular country). In accordance with this, we distinguish relatively independent groups of spatial development theories:

-the first group of theories includes those that justify the directions of the national economy spatial development under the influence of internal factors and development potentials; location theories; geographical and economic-geographical theories; additional regional advantages theories; theories of non-equilibrium development of economic space; urban economy theories;

-the second group of theories includes those that justify the influence of "external" factors on the national economy spatial development: cross-border cooperation theories, geopolitical theories; international trade theories; interregional integration theories, including "European regionalism".

The geographical theories from the first scientific concept in which space was considered as a subject of scientific research involved horology ("the science of space"). Its formation took place in the second half of the XIX - first half of the XX century. Well-known representatives of this school including A. Humboldt, K. Ritter, A. Gettner, justified the need to consider geographical phenomena in their relationship and put forward the idea of the need to search for general laws of the existence of the planet's geographical shell.

One of the paradoxes of the classical school of political economy was the isolation of spatial science from classical economic theories and the study of economic phenomena in their temporal component, outside of their spatial characteristics.

The theoretical validity of the production forces placement in the territories, as the subject of research, was formed in the standard theories of the XIX century,

the apologists of which were I. Tyunenaev, V. Lowndhart, A. Weber [1, 2].

In classical standard theories, the production forces were placed based on the modeling of spatial economic equilibrium, abstracted from multiplicative influences and in-depth quantitative analysis of primary factors.

Approaches to quantitative methods of assessing the effectiveness of the certain industries and enterprises placement were laid and developed, which became the basis for the development and application of modeling methods in forecasting the national economy development, including at the regional level. In addition, the content of these theories gives an idea of the root causes of differentiation and the different rates and nature of territorial development, the main of which are the microeconomic interests of individual producers. Not going into detail on the features of the theory, since their provisions are sufficiently analyzed in the scientific literature, we note only that they share a common methodological approach: all the authors examined the economic problem of placing objects in space solely in terms of the interests of any individual company or industry. However, they did not manage to go beyond their own narrowed range of issues and bring spatial problems to the macroeconomic level. Therefore, the authors of these theories did not consider the instruments of state regulation of the national economy (including the regulation of regional development) and the influence of spatial features on its development.

Socio-economic development, associated with institutional and technological development, showed the insufficiency of the microeconomic approach in the study of the productive force's placement. The representatives of the subnational economic complexes formation and development theory tried to find complex solutions in their research.

O. Englander and G. Ritchl, T. Palander [3, 4, 5, 6] synthesize the theories of agricultural and industrial standards, analyze interrelated enterprises. What is fundamentally important, they consider the economic space as a space endowed with heterogeneity of properties.

In his classical model of general economic equilibrium, L. Walras includes the theory of regional economy, the general economic theory in the logical and mathematical structure [7].

An important difference between neoclassical theories of spatial distribution and classical theories is the awareness that it is impossible to construct a model of general spatial economic equilibrium.

A. Goettner made a significant contribution to the formation of the horological concept. He believed that the object of studying geography should be the earth's space together with the objects and phenomena that fill it and interact with each other, i.e. there is a causal relationship between them. In his opinion, such systems of geographical objects include human society. Individual unique messages of certain objects and phenomena lead to the appearance of geographical countries [8].

The main ideas of the horological approach to the study of space were developed by representatives of the spatial analysis school - V. Bunge, P. Haggett, D. Harvey, and others [9, 10, 11].

Of special interest is the methodology of the studying the factors determining the distribution of economic entities in space, the necessity of taking into account as many of the processes underlying the patterns and possible changes of spatial development, the deepening

understanding of the spatial relationships, the study of the interaction between its individual components (moving), the search for ways of optimizing this placement with the development of appropriate mathematical tools, as possible.

Spatial research received a new color thanks to the fundamental work by A. Lesh [12], where he first proposed to consider territorial space from the standpoint of the macroeconomic level. In his *Theory of Spatial Economic Equilibrium*, A. Lesh generalizes the previous models and expands the subject of the location theory from the micro-level to the level of economic districts. A. Lesh's scientific approach to spatial economic equilibrium is based on an abstract-theoretical analysis of the production location on a homogeneous territory, taking into account the effect of production concentration, transport costs, without taking into account other factors. This made it possible to formulate approaches to the integrated use of the territory, taking into account both the needs of various industries and the settlements location, as well as to identify the patterns and scientifically substantiate the impact on the overall development of the national economy of its individual territorial entities - economic regions, to reveal the nature of economic relations between them and to identify the factors that lead to a violation of the overall spatial balance in the national economy.

The application of the macroeconomic approach in spatial studies also allowed the scientists to justify state intervention with the purpose of increasing the efficiency of the problem regions' economy functioning to improve the methodology and methods of statistical analysis of trends in spatial units (economic regions), the indicators on and of intraregional economic ties to develop spatial models that allow to assess the national economy development taking into account the nature of the individual regions in the dynamics.

At the same time, the theory of industrial complex placement began to be actively developed, which was characterized by an integrated approach and justification of the feasibility of placing enterprises. In contrast to classical theories, the theory of the industrial complex's location justifies taking into account the spatial features of the national economy. The greatest contribution to the development of this theory was made by M. Streit [13], K. Ritcher [14] and S. Tsamansky [15].

The development of Soviet regionalism was actually isolated and had its own specifics, due to the scale of the country, the existing command and administrative system of economic management, and political tasks. However, the approaches and methodology used in these studies may still be of interest today. It particularly concerns the development of the economic zoning theory, methods of research and regulation of territorial proportions, the definition of the role of cities in the socio-economic development of the country and the definition of scientific approaches to the management of their development.

Justifying the theory of cities, N. Baransky noted the exceptional importance of the organizational functions performed by cities and emphasized: "The study of cities as focal points should be associated with the study of the territory within their sphere of influence, and especially with the study of the territory directly adjacent to the city" [16]. N. N. Baranovsky formed a scientific approach to the study of the influence of spatial differences in the natural environment of the territory on the development of production areas of the economy.

An interesting approach to the geographical division of labor, as a spatial form of the social division of labor, which is characterized by a gap between the place of production and the place of consumption. The economic and geographical location theory, the theory of spatial connections and relations were justified in this vein. N. N. Baranovsky paid great attention to the development of the geographical areas theory, as well as the development of the theory of cities as organizing elements, economic region centers, nodes of the transport network nodes.

The theory of cities (urban economy) was further developed in the works by I. Sigov [17], V. V. Finagin [18], A.V. Stepanenko [19], and others.

The importance of this group of theories and the need for their further development, especially in modern conditions, lies in the fact that the concentration of a significant number of people, production and scientific and technical potential in cities and urban agglomerations determines their decisive influence on the economic development of individual regions and the national economy as a whole. Thus, effective management of spatial development and solutions to regional problems is impossible without taking into account the specifics and dynamics of the development of cities and urban agglomerations.

In the second half of the twentieth century, many scientists from different countries focused on the problems of studying the driving forces that lead to differences in spatial development between individual territories. The result of their efforts was a number of theories, which we have combined into the group "theories of non-equilibrium development of the economic space". First of all, it is necessary to distinguish the theory of "diffusion of innovations" by T. Hegerstrand [20] (which explains the mechanism of changes occurring in spatial development through the regularity established by the author - the time-stretched process of spreading innovations from one region to another) the polarized development theory by G. Myrdal [21] (in which the author, explores the reasons for the difference in the development of the territorial core and the periphery, which makes it possible to justify the main patterns of territorial concentration of the economy and population in nodal centers that can influence the surrounding regions and stimulate their development); the "center-periphery" theory by J. Fridman, in which, revealing the nature of the interaction between central and peripheral regions, that manifest itself in the counter flows of innovations and various types of resources, the scientist showed the reasons for the uneven development of the national economy in space.

Transforming growth or any kind of activity in the economic growth of a nation should be governed by institutions that express a common interest of the nation [23]. The "volcano" model by H. Khuzhe, which shows the role of large urban agglomerations in the welfare of the backward areas through impulsive nature of innovation activities and their distribution to the periphery. But sooner or later, these impulses fade through the negative factors inherent in urban agglomeration, resulting in depressed old industrial areas.

Competition for the markets of resources and consumers leads to a conflict of interests of economic entities at the international, national, and regional levels. This conflict has the character of economic, political, and social competition and must be resolved by the participants in social relations themselves. The most interesting scientific approaches that offer solutions to these

conflicts include the growth poles theory, the world-system-economic, space-time approach to the theory of the global capitalism development, the world-system-geopolitical theory of changes in the spatial power of states, the region-quasi-corporation concept, the evolutionary economic theory, the concept of global cities-regions.

The growth poles theory by F. Perrou and W. Alonso focuses regions to self-development on the basis of stimulation, unification, consolidation of intersectoral relations through the development of infrastructure projects. The objective nature of uneven development is justified, the attention is focused on the need for purposeful state intervention in this process: the economic growth of the totality of territories and population can thus be achieved only through the conscious arrangement of the environment for the dissemination of the development pole results.

In accordance with world-system-economic, space-time approach to the theory of the global capitalism development by I. Wallerstein, F. Braudel and world-system-geopolitical theory of changes in the spatial power of states by P. Collins, J. Modelski, T. Skocpol, J. Abu-Lahoda, the political and economic center lives on the exploitation of the peripheral regions-colonies, at the expense of non-equivalent exchange. Which is confirmed by the evolutionary economic theory by R. Nelson, S. Unter, V. L. Makarov, V. I. Mayevsky, revealing the cause-and-effect relationships of conflicts of global market competition for resources and sales markets.

In their concept of the region-quasi-corporation, P. Aikan, S. Boussier, F. Cook, and S. Kvetovsky justify the development of agglomeration and the region based on corporate and inter-network interactions.

The concept of global cities-regions by J. Friedman, G. Wolf, S. Sassen, A. J. Scott substantiates the fundamental role of three hundred world megacities-regions: the population of which is from 1 million to 10 million people. Only those who can make the most effective systematic use of socio-political and economic factors of development will be able to defend their interests.

At the end of the twentieth century, the processes of intra-state regional competition are intensified due to the desire of entrepreneurs to increase income and maintain their own positions in the market. The theory of additional regional advantages - the cluster theory by M. Porter, D. Mailat and the new economic geography by P. Krugman - is devoted to the theoretical justification of these phenomena. Scientists define ideas and carefully analyze the "driving forces" of regional development in modern conditions, the main of which are the concentration of producers and consumers in a limited area, which, according to these scientists, contributes to the growth of efficiency, production specialization, improvement of production processes and introduction of innovations [24], as well as the agglomeration effect and "aggregate causality", signs of which are the companies' desire to be placed in the most concentrated economic space, and the concentration of space in the places of the largest location of companies. According to M. Porter, local competitive advantages and competition at the regional level are an important basis for the formation of effective competition in local markets.

The modern studies devoted to the problems of certain territorial entities, including agglomerations, consider the region model as a quasi-corporation. The works by M. Keating and J. Laughlin consider the institutional, economic and scientific prerequisites for the

reconstruction of the region into a quasi-corporation [25]. Proponents and followers of this theory are V. V. Maslakov, K. I. Zubkov, V. Yu. Plenki, K. Norkin, S. Taylor [26, 27].

The economic conditions for the implementation of the corporate effect during the regional economic environment restructuring are derived from the vision of the corporation as an economic entity and a social organization. The corporation differs from the existing business organization model of the conglomerate structure by a wide interpenetration, primarily by a synergistic effect. In its content, synergy is achieving interaction of individual elements of the system. Synergy is a phenomenon where the revenue from sharing resources exceeds the sum of the revenue from using the same revenue separately. The problem of achieving a synergistic effect due to the influence of the human factor is defined as the growth of effective leadership of urban and regional self-government. By analogy with the corporation, the effectiveness of the organization of economic management at the regional level is achieved through the following: effective management, growth of the role of service and dispositive production systems (marketing, logistics, financial and consulting services, supply, communications, information support), collective use at intersectoral junctions.

A territory as a quasi-corporation is an association of people based on the use of an independent right for the best realization or protection of their collective interests in the form of a social union that has a distinct objective function and the ability to act as an integral subject. If this approach appears to build a regional economic system in the form of a territorial corporation, the main are institutional prerequisites of the regions restructuring based on delegation of authority by central governments to the regional ones, and economic prerequisites, due to increased competition.

The scientific trend of managerialism, whose object of study is the region, evolved in the direction of contract management in the 90s. If the first theory is based on the assumption that the most effective management models, represented by the private sector, can be used in the field of public management, in particular, regional management, the second - on clear criteria for achieving corporate efficiency with a marginal reduction in management costs.

The regional economy becomes competitive and reaches market equilibrium when four conditions are met: the company achieves zero economic profit in all locations guaranteed by the rental offer of the regional authorities; the households achieve the same service level in all locations; the land is leased to the highest bidder; the total demand for labor from companies in the business district corresponds to the total amount of labor in the residential area.

The evolution of the Russian regions development is possible based on institutional and economic restructuring, including using the model of the region-quasi-corporation with the formation of the necessary prerequisites. This trend of regional development transformation - from a territorial-industrial direction to a functional-spatial one, towards the corporatization of the regional and urban economy - will determine the next decades of economic development in the Russian regions. A kind of transitional form of transformation processes at the regional level can be financial and industrial groups, holdings, multinational corporations, strategic unions of enterprises, cluster-type formations. It is such structures

that can cover issues from the production of products at the enterprise to increasing the overall regional effect and agglomeration effect. The focus on maintaining the development of intraregional, interstate, and transnational economic relations creates economic prerequisites for the regional systems restructuring. Thus, being a kind of organization, the territory acquires certain principles of activity of a corporate or non-corporate organization. The principal feature of the territory with a corporate management structure is that it uses strategies typical of enterprises in its development, related to the analysis of cost minimization, cost optimization and revenue maximization, the search for alternative solutions, and development management.

The strengthening of the territorial division of labor, spatial defragmentation, and territorial integration within the territorial framework of the national economy made it possible to consider economic regions as subnational economies.

The trend of recent decades shows that an important factor of influence on regional development of the national economies become external factors, which are caused by active globalization processes in the world economic system, further development of international economic relations, certain unification of the socio-economic conditions of life and work, trends in inter-state convergence, emergence of new forms of interstate and interregional cooperation, creation of supranational organizations, in particular the European community. Influenced by these factors, the regional development of individual national economies undergoes significant changes and requires appropriate theoretical justification and consideration in the practical activities of the state.

First of all, this concerns the influence of political factors on regional development, combined with the economic advantages and competitiveness of national economies. The theoretical basis for the study of these processes is geopolitical and geo-economic concepts, which explore the mechanisms of creation and functioning of such geo-economic objects as free economic zones, technopolises, cyberports, regional, sub-regional, cross-border entities, euroregions, transport corridors, transnational corporations, etc. [28, 29].

International trade is a fairly powerful factor in influencing regional development, which at the same time causes its unevenness on the scale of the national economy. The basic foundations of the study of the role of trade in modern regional development are laid in the theory by Heckscher-Ohlin and were further developed in the theoretical concepts by V. Leontiev, M. Porter, P. Krugman, etc.

Another factor that significantly affects the transformation of the economic space and stimulates territorial development is interregional competition. Studying it over the past decade, scientists have developed a number of theories and concepts (in particular, the new theory of endogenous regional growth, the competitive regionalism concept, the European regional competitive model, the Technomost concept, the urban competition concept). The use of certain provisions of these theories and concepts can also be useful in justifying the strategy of spatial development in the near future.

Thus, the theories explaining the influence of "external" factors should also be considered as a theoretical basis for studying the problems of the national economy spatial development and taken into account when determining the measures of state regional policy aimed at achieving

and ensuring harmonization of the national economy spatial development.

Spatial economics is a more integrated scientific field than traditional regional economics; its subject is not only regions and regional systems, but also all spatial forms of economy and settlement, including many spatial networks. The essence of spatial economics is to overcome the stereotypes of "point" macroeconomics (according to which the national economy is considered as a homogeneous mono-object) and theoretically cover a wide range of spatial phenomena. Granberg explains the reason for the transition from "territorial" to "spatial" development: "In physical geography, a division of concepts is accepted: "territory" is a limited part of the solid surface of the Earth, "the waters" mean limited part of the water surface of the Earth and "airtria" is the part of air envelope of the Earth, associated with a particular territory or area. Thus, the territory of the water area and airtria is part of the Earth's space. And there is also the inner, largest part of the Earth's space. Therefore, the idea of spatial rather than territorial development more closely corresponds to the idea of a comprehensive research program" [30].

In Federal Law No. 172-FZ dated June 28, 2014 "On Strategic Planning in the Russian Federation", the spatial development of the Russian Federation is considered "as the regional development of the Russian Federation, aimed at maintaining the stability of the settlement system on the territory of the Russian Federation".

In their study, V. Knyagin and Yu. Pereygin reveal the content of spatial development as the implementation of a set of management measures in the direction of harmonization of multidirectional processes and optimization of ongoing changes in the territory [31].

An interesting approach is that proposed by I. T. Nasretdinov, who considers spatial and economic development as an objective process that includes the microeconomic level of restructuring and integration of enterprises, providing framework conditions at the meso-levels: providing regulatory, economic and organizational conditions, guarantees and incentives for activities aimed at economic formation, the development of the competitive potential of enterprises [32].

To expand the methodological apparatus for assessing the spatial transformation of the economy, S. A. Suspitsyn studies the process of changing long-term stable indicators of the Russian multi-regional economic system development. He explores the transformation of the economic space of the Russian Federation within the normative approach - as a movement towards a given territorial structure of the economy, as well as in the positivist traditions, studying the evolution of the spatial distribution of economic activity and identifying its causes, factors and limitations [33].

Thus, it can be argued that spatial development can be understood as an activity in the direction of managing the development of territories, as an integral object of regulation, which includes the tools of this management. Spatial development of territories occupies an important place in the state regulation of socio-economic development. This is primarily related to ensuring sustainable territorial, socio-economic development and national security.

The methodological basis for reforming the administrative-territorial organization is the principles and criteria for optimizing the self-government of administrative-territorial units, which ensure the territories self-sufficiency. The territory self-sufficiency is

understood as the principle of self-government, according to which a regional association should own resources: material, financial, information, human ones, to ensure the performance of the territorial development functions – and social and legal protection of the population.

The methodological basis of the modern study of spatial development is the functional-territorial approach to the productive force's allocation, which is an achievement in comparison with the territorial-industrial understanding of the regional economy, including agglomeration development. The region-forming basis is cities and towns, which act as integrated and interdependent economic units. The research methodology is based on the recognition of the regional economy as the subject of the market economy and extrapolation of the mechanisms of the corporate association's development at the regional level. These comparisons are based on the definition of the goals and objectives of the regional economy, strategic directions for the territorial development, the implementation of management functions within specific regions, the production of a regional product and its evaluation.

Manufacturers and sellers compete directly in the market, not the country, region, or city. But the territory makes it possible to create conditions for the development of these competitive advantages through formation of framework conditions, increased development potentials, availability of infrastructure services, concentration, inter-company and inter-network interactions, etc. They have certain competitive advantages, the presence and condition of which makes it possible for manufacturers and sellers to have certain preferences in the market. Therefore, the development of competitive advantages, increasing the competitiveness level of commodity producers should become a priority of spatial development. The practical basis for the creation and implementation of the state policy aimed at spatial development, including agglomeration development, should be the solution of the following main tasks:

- assessing the degree of competitiveness of the economy and defining conditions and factors that can promote effective competition, increase the economic potential of the territory.

- justifying priority industries, industries and types of products that have or can gain competitive advantages in the short and medium term in the domestic and foreign markets.

- identifying ways and measures of state assistance to increase the production competitiveness, in particular through targeted support for priority industries and production.

- combining the efforts of state policy in the implementation of structural adjustment, innovation policy and socio-economic development of the territory with increasing the competitiveness of the economy.

- scientific, practical and institutional support for measures to improve the competitiveness of the regional economy, based on regional conditions and characteristics of the national and global markets.

The common methodology for studying the problems of the national economy spatial development and the development of an effective strategy for agglomeration development in the national economy should be formed aiming at an organic combination of various theories of space research and the use of appropriate tools for their practical implementation. The definition of the methodological foundations of the territory is not only of scientific and theoretical importance. The territory in the

conditions of the market is the subject of economic relations. The management of an integrated territory and agglomeration in the face of increased interregional competition for resources and consumers requires the definition of the organic structure of the region-system and mechanisms of territorial management, including organization, planning, regulation and control.

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