

Olga Demidova (NRU HSE); Denis Prokopov (NRU HSE)

### **Beta-convergence of Russian regions: sectoral and spatial aspects**

Issues concerning Russian regions' economic growth have attracted interest of researchers and continue to be relevant. Which regions are growing faster, the poor or the rich? Does convergence or divergence take place? To answer this question, we used data for 80 Russian regions from 2000 to 2016. The model Barro and Sala-i-Martin (1992), which is traditional for such studies, was used as a benchmark. A distinctive feature of this study is the consideration of mutual influence of Russian regions on each other with the help of spatial-econometric modeling.

Since Russian regions are very heterogeneous in terms of geography, climate, and endowment with natural resources, it is not surprising that no single dependence has been identified. However, when dividing regions into three groups in accordance with their budget security (poor, middle and rich), it was found that beta convergence takes place for rich and medium regions, and for the rich ones the convergence rate is higher.

Moreover, growth in various sectors of the economy was analyzed: manufacturing, agriculture, construction, retail. Beta-convergence was revealed only for construction and retail.

In addition, factors affecting growth in selected groups of regions and selected sectors of the economy were identified. The results obtained can be used in selecting the optimal state regional policy of the Russian Federation.