



THE ECONOMIC POLICY AND POTENTIAL OF A REGION: THE GENERAL AND THE SPECIFIC

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ABSTRACT

The leading role in the socio-economic development of the state is played by regions as territorially separate units with their own resource systems and institutional environments of economic management. Disproportions arising in assessing the effectiveness of their functioning are largely due to structural differences in the economic systems of regions and differences in the efficiency of reproduction of economic potential. Thus, the paper traces the difference between the phenomena of resource and economic potentials of a region. To meet that aim, Logical and epistemological analysis as well as descriptive approach are utilized. Given the results, the philosophical doctrine of the heart of the matter, the essence, and the being allowed us to reveal the quintessence of regional economic potential in the system of institutionalized relations between business entities regarding the actualization, evaluation, development, and application of creative properties characterising the elements of regional resource system. It is determined that the transformation of potential into the capital of the like represents the content of the economic realization process concerning the region's potential of the like.

Keywords: economic potential, economic potential, region, institutional entrepreneurship, economic policy.



A POLÍTICA ECONÔMICA E O POTENCIAL DE UMA REGIÃO: O GERAL E O ESPECÍFICO

RESUMO

O papel de liderança no desenvolvimento socioeconômico do estado é desempenhado pelas regiões como unidades territorialmente separadas, com seus próprios sistemas de recursos e ambientes institucionais de gestão econômica. As desproporções que surgem na avaliação da eficácia do seu funcionamento devem-se, em grande parte, às diferenças estruturais nos sistemas econômicos das regiões e às diferenças na eficiência de reprodução do potencial econômico. Assim, o artigo traça a diferença entre os fenômenos de recursos e potenciais econômicos de uma região. Para tanto, utiliza-se a análise lógica e epistemológica, bem como a abordagem descritiva. Diante dos resultados, a doutrina filosófica do cerne da questão, da essência e do ser permitiu-nos revelar a quintessência do potencial econômico regional no sistema de relações institucionalizadas entre entidades empresariais no que diz respeito à atualização, avaliação, desenvolvimento e aplicação de propriedades criativas que caracterizam os elementos do sistema regional de recursos. Fica determinado que a transformação do potencial em capital do similar representa o conteúdo do processo de realização econômica do potencial do similar da região.

Palavras-chave: potencial econômico, potencial econômico, região, empreendedorismo institucional, política econômica.

1. INTRODUCTION

At the heart of the study devoted to the economic potential of a region is the disclosure of the essence of the generic "potential" concept, which is translated as "opportunity, power, or strength" from Latin (Vecchia et al., 2021; Flores, & Cruz, 2021)

In the economic literature, the phenomenon of potential is identified with "means, reserves, sources available and capable of being mobilized, put into action, used to achieve a certain goal, implement a plan, solve a problem" (The Great Soviet Encyclopedia), "the degree of power in some respect, the totality of means necessary for something" (Garnov et al., 2022; Ozhegov, 1986; Severo, & De Guimarães, 2022). The acknowledgement of the presence of potential can be traced in the works of ancient Greek philosophers, who substantiated the fact of the existence of power providing its "predisposition to activity" (Livson et al., 2021; Kolesnikov, 2019) (Aristotle denoted "potential" by the word "dynamis" - power, ability). A thing is endowed with such capabilities by nature: the matter itself, which constitutes it, determines the purpose, properties and reasons for the existence of the thing, while external conditions and the factors influencing them determine the desired way of using the thing, or activity. German philosophers H.W. Hegel and I. Kant see the contradictions between as "Being-Within-Self" into reality "Being-For-Self", i.e. what is in itself and what is in reality as sources of development and transformation of potency (Hegel on Development // Philosophical Sturm; Poznyakova).

Studies of the phenomenon of potential are carried out through the prism of scientific

research, supplementing the definition of their inherent characteristics. Thus, in economic science, there is a definition of potential as:

- The result of economic and production relations between subjects of economic activity (Natural Resource Potential of the Territory: Geographic Analysis and Synthesis, 1986);

- Resources, which, being involved in the process of production, become its factors (Anchishkin, 1973);

- A set of available resources capable of producing a certain amount of goods (Plysheskii, 1986);

- The aggregate ability of the country's economy, its industries, enterprises, farms to carry out industrial and economic activities, produce products, goods, services, meet the needs of the population, public needs, ensure the development of production and consumption (determined by its natural resources, means of production, labour and scientific and technical potential, accumulated national wealth) (Abalkin, 2010);

- The force of nature is the natural basis of added profit, which it serves, being the natural basis of the exceptionally high productive power of labour;

- Not only and not just the amount of resources, but also the possibility of development of the system in a given direction (Khramtsova, 2002).

The variety of approaches to the study of the phenomenon of "potential" does not allow for its clear identification, and also leads to a variety of methods of its structuring, measurement and evaluation, complicates the elaboration of measures for its actualization, development and transformation into the capital value.

2. METHODS

The theoretical and methodological basis of the presented study is determined by the achievements and well-known developments of domestic and foreign scientists in the field of the problem under consideration. Their comprehensive use is implemented in the algorithm of research directed from the general to the particular; from the disclosure of the essence of potential as such to the identification of the features of the region's economic potential.

Logical and epistemological analysis devoted to the formation of the economic potential of the region was based on the use of the dialectical method of knowledge. The study of the essence of the region's economic potential determined the need to use the scientific abstraction method.

3. RESULTS AND DISCUSSION

Let us highlight the features of the essence of the "potential" as a result of the analysis of approaches to the definition and disclosure of the phenomenon:

Firstly, it is the acknowledgment of the immanent belonging of creative properties to the diversity of resources as the source of economic activity factors. The ontological structure of a "thing" described by ancient Greek philosophers as a triad of essence, substance and phenomenon reveals the essence in the system of creative properties of the thing determined by its matter and primary causes of being; essence is revealed in the system of actualized creative properties of the resource, whose level of development sets the limitations of its economic realization and, therefore, its involvement in economic turnover; and phenomena is revealed as the capitalized system of creative properties of the resource whose economic realization results in the value extracted upon that.

The process of actualization is defined by the creation of conditions for the identification, assessment, and development of creative properties of a resource to the value / quality, which determines the possibility of capitalization of potential, i.e. the transformation of potential into reality. The conditions named are a function of the level of society's intellectual capital development.

The presented understanding of resources facilitates the process of its internal structuring and substantiates the need for activities to: a) search for and actualize the creative properties of the resource; b) develop additional conditions for "strengthening" the required properties of the resource; c) develop infrastructure for capitalizing the properties of the resource.

Secondly, the processes of formation, development, and realization of potential in its basis are determined by the nature-defined properties of the resource. In contrast to natural and embodied ones, the properties of intangible resources, as part of social, institutional, and intellectual resources, are not depleted. Their reproductive nature explains the situation when they are simultaneously a factor and a product of appropriation as a way of human consumption of useful properties and abilities of the resource for the sake of obtaining an external effect (Abdullina & Mansurova, 2014).

Third, the potential takes place as a result of the economic activity of man, who in order to ensure the satisfaction of his needs, directs cognitive efforts to the discovery of the consumer properties of the resource and their application in economic activity. In this regard, in the course of studying the phenomenon of resource potential, some authors operate with the concept of productive potential, saying that it has resources involved in the process of production, which are its factors (Anchishkin, 1973). At the same time, production activity is a basic process of creation of material goods and does not reveal all the variants of economic activity. The latter, as the study showed, covers all stages of reproduction of goods, including the processes of organization and management in order to gain economic freedom -

independence from the natural and climatic conditions of existence. Thus, such researchers as V.V. Ershov, E.M. Ashmarina and V.N. Kornev, reveal economic activity as "a redistributive process of achieving efficiency at the stages of production, distribution, exchange and consumption of material and nonmaterial goods" (Ershov et al.). O.M. Oleynik defines it as "one of types of human economic activity, a form of individual participation in social production, and a way to obtain financial means to ensure life activity" (Oleynik, 1999). Paata Leiashvili insists that "it is a process not of direct satisfaction of material needs; it is the process of man's liberation from his dependence on external reality; it is the process of gaining economic freedom" (Paata Leiashvili, 2011). Really, by revealing creative possibilities of resources, a person faces, firstly, with a problem of their limitation that causes occurrence of economic relations concerning their appropriation; secondly, with desire to create conditions for reproduction of resources, capable to satisfy a concrete need, in the form of industrial, building, credit and financial and other infrastructure of development and self-sufficiency. An important conclusion in the light of the above is the understanding of the economic nature of resource potential as a goal, means and product of the same name activity, which explains the feasibility of specifying the phenomenon under study to its economic component.

Fourthly, being a critical factor in determining the resource potential as a means of satisfying the need, a human resource initiates the realization of the scientific and practical potential of humanity to create conditions for the production of new technologies, mastering the creative possibilities of the diversity of natural and productive resources. The assessment of the content and structure of the creative properties of resources is conditioned by the degree of human involvement in this process, since the properties of resources themselves are neutral. They act as a prerequisite for activity as such, and only the bearer of human capital is able to take measures to identify, actualize, and create conditions and implement their components in a chain: potential - capital - product. External influences mediating the realization of this chain can be both managed and unmanaged, and act as opportunities and/or threats to the change and/or economic realization of potential. Being "a generalized, collective characteristic of resources, bound to place and time" (Abalkin, 2010), the potential value is determined by the intellectual and cognitive power and technical armament of society, or, according to K.M. Misko's definition, by "the limit of human knowledge about internal, hidden possibilities of productive use of the studied object, which can be quantified and, eventually, realized under ideal conditions of practical activity" (Misko, 1991). At a certain point in time and in a particular place, its value reflects the maximum possible level of manifestation for creative abilities of the resource. At the same time, the level of its involvement in economic activity is determined by a set of factors and prerequisites that create favourable necessary and sufficient conditions for the actualization and use of the forces inherent in resources. Thus, the potential of a resource as a property or a system set of properties determining the

possibility of creative activity is wider than resource's discovered and studied part of the properties determining the real readiness of the resource to be used in economic activity to achieve a clearly defined result.

Logical and epistemological analysis of the "economic potential" phenomenon allows us to reveal its essence as a system of conditioned by nature or man-made, actualized properties of resources that determine their real ability to create valuable goods in a certain environment of socio-economic being.

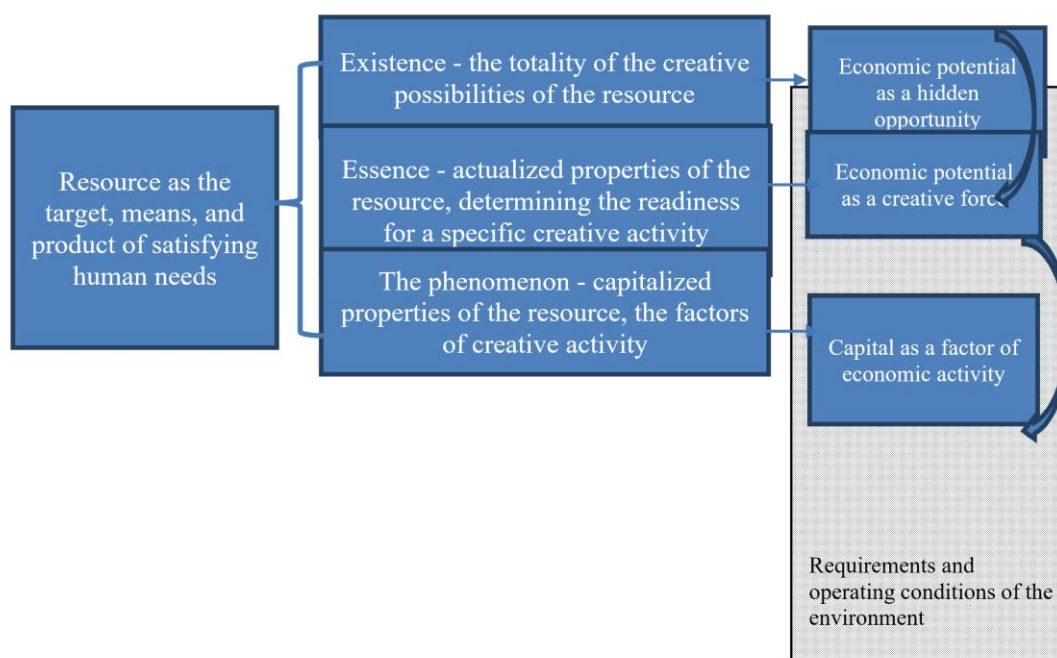


Fig. 1. Resource's ontology.

The economic potential of a region is a generic form of the phenomenon of economic potential, which determines the validity of "transferring" the studied aspects of its formation and development, but taking into account the features that brought the economic potential of the region into a separate field of research.

So, the resource basis for determining the essence of the economic potential of the region, which is followed by most of the authors of modern publications, including A.Yu. Zhulavsky, D. Khan, V.V. Shlychkov, D.Kh. Yarullina (Yarullina, 2009) and others, reveals the natural and historically determined preconditions, material basis and conditions of socio-economic, financial development, and the level of savings of the region. This, on the one hand, explains its current social and economic situation and the region's involvement in the system of cooperation and division of labour, and, on the other hand, substantiates alternatives for developing and increasing the required creative properties of the region's resource system to ensure its competitiveness in the system of market relations. For example, A.Yu. Zhulavsky

reveals the phenomenon of economic potential of a region as "the totality of all available resources (means, reserves, sources): material and spiritual, natural and human, both already involved in the processes of social production and those that can be used for economic growth, establishment and strengthening of social and political stability, improving the level and quality of life of the population of the territory" (Zhulavskiy, 1999). O.A. Lomovtseva reveals this phenomenon as "the total expression of the material base of the region in the set of conditions, prerequisites, factors and resources that ensure the regional reproduction process, the level of their use and internalization" (Lomovtseva, 2012). D.Kh. Yarullina, by including in the concept only the resources involved in the economic turnover, defines the economic potential of the region as "the total ability of factors of production (labour, land, capital, entrepreneurial abilities) to ensure the creation of economic benefits for a long time, determine the development of their production and consumption, and, ultimately, to satisfy the needs of the population and social needs" (Lomovtseva, 2012). V.V. Shlychkov similarly substantiates "the expediency of identifying the economic potential of a region with the totality of basic production funds (including land) and labour resources that characterize the market opportunities of an economic entity" (Shlychkov et al., 2007; Shlychkov et al., 2019). Researcher V.V. Mishchenko also studies the potential of the region in terms of its resource component, and sees the source of its development in the integration and removal of imbalances between the production base and resource provision (Mishchenko, 2013).

At the same time, the question arises: do only the aggregate properties of the regional resource system form the phenomenon of economic potential of the region and constitute its essence? Is it only the uneven distribution of resources that explains the differentiation between regions in terms of their socio-economic and scientific and technological development? Or are there other factors that determine the emerging differences? Why the same resource is the bearer of creative properties and why under different conditions it implements these properties differently or has a lower or higher priority in ensuring economic growth, etc.?

Answers to these and many other issues emerging in the process of planning and ensuring regional development are seen in the works of many researchers. For example, researcher A.A. Levchenko proposes to conduct research and develop a methodology for assessing the economic potential of a region in conjunction with modern theories of economic development of territories (Levchenko, 2010). This allows us to study the driving forces of the region's development in the temporal section of its functioning and to understand what should be considered as the region's economic potential; what its structure is; what measures will affect the level of its development and the effectiveness of economic implementation. Thus, according to the results of the study, apart from the resource interpretation of the region's economic potential, which narrows the area of theoretical research to the level of searching

for sources and optimal options of regional resources combination to maximize the effect from their use in the form of growth of production and service provision, strengthening the competitiveness of regional producers, etc., the authors of economic research operate with the definition of economic potential, first, as "the total ability of the national economy branches to produce industrial, agricultural products, carry out capital construction, transport goods, provide services to the population" (Mochalov, 1982). Similarly, in the report prepared by the joint group of specialists of the World Bank and the Analytical Centre under the Government of the Russian Federation and entitled as "Assessment of economic potential of Russian regions and opportunities for its effective use", economic potential is defined as "the level of productivity that the region can achieve through the use of its structural characteristics (characteristics that are difficult to change in the short term: level of urbanization, proximity to markets, quality (The new geography of regional development. Evaluation of the economic potential of Russian regions and opportunities for its effective use).

Secondly, economic potential is defined as the result of economic relations between subjects of economic activity, which de facto create an institutional environment that determines the level of efficiency of both transformational and transactional processes in the region. The quality of life of the region's population, unemployment rate, business activity of economic entities, the level of competitiveness of regional producers, the line in the all-Russian or international rating of regions, etc. become indicators of effectiveness (Stolbov & Sharygin, 2016). For example, researchers N.N. Trushina and I.G. Shashkova identify regional potential "with a set of internal and external factors (means and conditions) determining the possibility of development of the territory, subject to the preservation of its socio-economic and national-cultural community" (Trushina & Shashkova, 2018). Despite the fact that the phenomenon of regional potential is collective and integral, it is not correct to reveal its essence only through the driving forces that ensure the transformation of opportunities into forces that can be capitalized in one or another form of regional benefits from the point of view of ontology of the phenomenon under study (Ushakov's Dictionary - meaning of the word Factor).

Thus, in the theory of regional management, the economic potential of a region is: 1) the totality of the resources of the region or the resource system of the region; 2) the maximum ability to produce products and provide services; 3) the result of the functioning of the institutional environment, which determines the capabilities of the economic entities of the region in the implementation of economic activities.

Having focused on individual aspects of economic potential, each of the above approaches does not give it a comprehensive essential characteristic, which would allow identification of it among the variety of economic phenomena and justify the self-sufficiency of research in the field of its expanded reproduction (Razumov & Sizikov, 2015).



It seems that the phenomenon of economic potential of a region is multidimensional due to that it integrates various elements of the regional system, and it is quite complex in its structural and content terms. The methodological triad is applied when studying the reproduction of economic phenomena in the context of the heart of the matter (the essence of the phenomenon), essence ("the inner constitutive principle of finite being" (Emerich Koret, 1998)), and being - the complex of the heart of the matter as an infinite variety of what "is" (<https://iphlib.ru>), which "through finite essence "mediates" itself into the concrete heart of the matter" (Emerich Koret, 1998). It can quite reasonably reveal the cause-and-effect relations in the process of identification and formation of creative properties of the region, development of measures to ensure their readiness for use in economic activity, institutionalization of the resulting relations and their economic implementation in the production of economic goods, which is able to ensure regional development (Gaginsky, 2016). Hence, the heart of the matter concerning the economic potential of a region, that is, what determines the essence, reveals the purpose of the phenomenon under consideration, without which it is not itself, is inherent in its creative properties of the resource system of the region. The way of involving these properties in the economic turnover determines the formation of a system of relations between business entities operating in the territory of a particular region regarding the identification, assessment, and development of the required properties up to the state suitable for actual use in the economic turnover. The essence of regional potential is a means of creating economic benefits, which under the influence of external and internal regional factors can move and transform into the capital of the same name. It exists by itself, however, to the extent and by virtue of the fact that man as a critical factor of economic activity as such, as a bearer of the value-valuation mechanism, cognitive and creative abilities studies, actualizes, evaluates, creates conditions and influences its expanded reproduction. The essence of the region's economic potential being outside the cognitive-valuation mechanism of man, falls out of the object area of management and is realized in the properties of the creative existence of a particular resource conditioned by matter and nature.

Human capital as a part of labour and intellectual components implements the sense-forming function of regional potential management and, simultaneously, is its element itself, manifesting the duality of its nature as a goal, means and product of regional development. Accordingly, the process **of forming the economic potential of a region** is mediated by the social assessment of social and economic feasibility on the implementation of certain capabilities of regional resources for the appropriation of benefits and their institutionalization, which transforms the knowledge about the properties of territorial resources into a certain structural and content form of being actualized properties of the resource system of the region, the vision of ways of combining its elements and functional directions of creative use. *Resource substrate of the regional potential acquires the form of social recognition in*

qualitatively and quantitatively defined indicators that characterize the need and possibilities of its economic implementation in the process of creative activity. The most important inference becomes the criticality of the role of management subjects in the formation, development and implementation of the region's economic potential, and, consequently, the priority of measures to develop the institutional, intellectual, social and labour component of their human capital towards the substantiation of research methodology and ideology of regional development, which will prevent errors in the design of the institutional mechanism of reproduction of economic potential in the region towards the eponymous "deficit" or "surplus" (Denisov & Sivachenko, 2011).

Since the norms of socio-economic interaction created by the subjects of regional management limit or order access to regional resources, the emergence of institutional deficit due to ignoring the possibility of creative application for the properties of the elements of the regional resource system is expressed in the limitations that arise on the way of economic implementation of regional potential, and also on the objective assessment levels for the creative possibilities of the regional resources, their transformation into the same-name force and capitalization into a particular form of valuable good. Institutional surplus caused by excessive attention to the creation of conditions for implementation of creative features of the elements of regional potential leads to the formation of development infrastructure which is not used by the region and to the appearance of negative effects in the form of, for example, additional expenses for its maintenance. We can consider the consequence of the above in the constitutive role of economic policy (the role of internal self-organization) of the region as a form of existence of economic power in the creation of "power space" (Kudryashova, 2003) organizing the process of reproducing the regional potential. Soviet researcher V.S. Nemchinov spoke about the importance of economic policy in ensuring economic development, emphasizing that "the pace and nature of the subsequent development of the national economy depend on the initial structural proportions of the national economy, and on the so-called structural potentials of each previous period. The planned provision of the necessary changes in these potentials of expanded reproduction is the most important task of economic policy" (Nemchinov, 1962). The sovereignty of regional authorities supported by a high level of development of civic awareness and human capital conditioned by the federal strategy of state development and limited by the federal norms of functioning, budgetary capacity, and level of competition at the same time allows creating individual conditions for the reproduction of economic potential of the region. Differentiation in the level of development of Russian regions reflects the effectiveness of this work, and the fairly new conditions of functioning of economic entities determined by the large-scale development of digital technologies in the organization of socio-economic transactions, the developers and accompanying subjects of which are transnational digital corporations; they determine the

need for preventive measures to preserve not so much the territorial as the digital sovereignty of the region (Tigran Sargsyan. Integration "GOELRO plan" for the XXI century - Russia in global politics, 2021). The latter will preserve the political power of the subjects of regional governance in the development and implementation of its economic policy.

Thus, economic policy, being an act of purposeful influence on the behaviour of economic entities of the region, determines their institutionalization, having provided formalization of economic relations concerning the effective use of creative properties of resources. Now the economic potential of a region, characterizing the system of institutionalized relations between economic entities concerning the identification and justification of options for the use of creative properties of resources, is expressed in specific forms of its manifestation, which, according to modern researchers, are "labour potential and potential of basic production funds" (Shlychkov et al., 2007; Shlychkov et al., 2017), "the region's self-development potential" (Ignatieva & Mariev, 2010), "human, technical and technological, natural, institutional, organizational, information potentials" (Lomovtseva, 2012), "the level of urbanization, proximity to commodity markets, human capital and high-tech economic sectors" (The new geography of regional development. Evaluation of the economic potential of Russian regions and opportunities for its effective use), "availability (concentration), attraction, capacity (location), stability (security), positioning (position)" (Stolbov & Sharygin, 2016), etc. Their economic implementation determines the fact of capitalization of the resource system of the region and ensuring the productivity of its economy.

An important inference is the understanding that resources are a necessary but insufficient condition for the formation of economic potential of the region; their critical condition and, simultaneously, their factor is the activity to identify, actualize and develop options for applying the properties of resources, as well as sound economic policy to attract investment, development of production, trade and other infrastructure, improvement of legislation on financial and economic cooperation, which condition the methodological, economic and legislative possibility of optimal combination and use of creative resources of the region in the production of goods and ensuring the competitiveness of regional production.

Under the conditions of the digital transformation of economic activity, the information society development strategy in the Russian Federation for 2017-2030, the program "Digital Economy of the Russian Federation", approved by RF Government Resolution No. 1632 dated 28.07.2017, national program "Digital Economy of the Russian Federation" approved by the minutes of the Presidium of the Presidential Council for Strategic Development and National Projects dated 04.06.2019 No. 7 and other sectoral and regional programs are implemented at the state level.

Thus, it is advisable to note the following as a special thing in the study of the economic



potential of a region.

First, the resource system of any region is a set of interrelated and interdependent sources and prerequisites for the reproduction of benefits, localized in a certain territory. The elements of the resource system can be labour, natural, informational, material, substance, financial, raw materials, organizational and managerial, energy, and political resources (Dobrolezha, 2009). Their structuring forms an integral formation, with distinctive properties compared to the individual elements. The goals of functioning, the needs of the population and the achieved level of scientific and technical thought determine the priorities in the research, assessment and application of their creative capabilities.

Second, the creative properties of the resource system underlie the formation of the economic potential of the region, but do not fully disclose its essence, as pointed out by the authors of some publication (Badina, 2007). It seems that the economic potential of a region is a more mobile and complex phenomenon in terms of structure and content; its formation is conditioned by the interaction of economic entities concerning the goals, methods, options of combination and maximum use of creative properties characteristic for the elements of the region's resource system at the achieved level of productive force development. The institutional environment formed in this case promotes and determines possible variants and conditions for development and application of productive forces of resources. On the one hand, the system of relations is a derivative for the used way of reproduction of creative forces for resources. Its formalization serves as a prerequisite for the formation of an effective organizational-economic mechanism of development and application of the resource system's elements. On the other hand, scientific achievements and technical progress, which discover alternative uses or new properties of resources, determine the necessity and economic expediency of adjusting the institutional environment so as to direct efforts at mastering the identified alternatives of using resources in the process of appropriation of economic benefits. The latter means that the regulatory and methodological framework determines the mechanism for assessing and measuring the realized and unused productive capacities of resources; and the formation, development and realization of economic potential becomes the product of institutional entrepreneurship of regional actors of power, the effectiveness of whose functioning in most cases is measured by the authorities' ability to create and maintain a field of interaction between agents favourable for economic activity. At the same time, institutional entrepreneurship is considered as an innovative activity for the formation of norms and rules for the organization and conduct of economic activities. Economic subjects in the desire to obtain economic results will be involved in the process of development and effective use of the properties of regional resources for as long as the created system of relations will provide fairness and equivalence of exchange transactions. In this regard, infrastructural support and institutional regulation are the most important tools for the development of

regional potential.

Thirdly, the existence of economic potential of the region is associated with the socialization (recognition) of emerging relations and the functioning of institutions, which determines the development of creative opportunities of spheres and economic sectors of the regional economy, including scientific and technical, industrial- production potentials, the potential of the agro-industrial complex, social development, etc. Economic realization of regional potential is associated with the transformation of economic opportunities of spheres and economic sectors into the capital of the same name, which allows the creation of benefits. Thus, the efficiency of reproduction of the region's economic potential is expressed in the ability of the regional system to produce competitive products and provide services that ensure the achievement of the goals of social and economic development of the region.

4. CONCLUSION

Revealing the reproductive nature of the region's economic potential, it is advisable to add that the process of its formation is not separated from the process of goal-setting, in which the development, selection and justification of goals of territorial development is of paramount importance. It is followed by search and evaluation activities to determine the creative properties of the resource system, where qualitative and quantitative analysis allows forming a qualification profile of the region in terms of the resource system elements capabilities. The assessment of opportunities takes place in the environment of the achieved level of development of production relations, the development and socialization of which occurs not only in an evolutionary way, but also under the influence of economic policy, the adoption of formal norms regulating the system of relations between economic entities in such a way as to stimulate development and influence the increase of efficiency of economic realization of the resource system potential of the region. Often the requirement for the formalization of relations is conditioned by the resolution of contradictions between formal institutions and informal rules of interaction between economic subjects concerning the development and realization of the economic potential of a region. Their legislative regulation and institutionalization allows to create favourable conditions for the justification of development options and functional use of the creative properties of the resource system of the region, affecting the transformation of opportunities in the act of actual appropriation of economic goods (production of exogenous values in relation to the individual), simultaneously determining the process of expanded reproduction of regional potential in general. It is the institutionalized system of relations between the subjects of economic activity in the region that creates the basis for *the transformation of the potential of resources*, territorially placed on the borders of the region under study, *into the economic potential of the region*, determining

the cause-effect relations of their development and *transformation into the creative capital of specific industry and organizations*. In this key, regional programs and projects of infrastructure development, regulatory and budgetary restrictions on economic activity, socioeconomic "routines" of existence of regional actors, constituting the content of the institutional environment of economic management in the region determine the economic feasibility and necessity of development and productive use of the elements of creative properties of the resource system of the region. Institutional "deficit" reduces the investment attractiveness of both individual economic sectors and the region as a whole, leads to a decrease in business activity and migration of the labour force - the carrier of human capital - a critical resource of the economy, which reduces the resource potential and characterizes the negative dynamics of the economic potential of the region, and vice versa. The contradictions arising at the stages of reproduction of the region's economic potential between the institutional environment and the properties of the resource system of the region, between the formal and informal rules of regulation of economic activity, between the applied research methodology and the forms of manifestation of the essence of economic potential, etc. justify the need to resolve them, which among other things determines a new turn at the stage of reproduction of regional potential, its transformation into capital value.

This allows us to reveal the definition concerning the essence of the economic potential of any region as a system of institutionalized relations between the economic entities of the region on the actualization, assessment and use of creative properties characterizing the elements of the regional resource system, which determine the threshold possibility of expanded reproduction of economic goods as a goal and means of regional development under historically given conditions of their existence.

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