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## **Peculiarities of Formation of Socially Oriented Strategy of Economic Growth of National Economy**

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***Abstract:***

*Effective development of national economy of Russia, as of any other country, is possible only under the conditions of clever use of strategic planning tools. Therefore, the authors of the article deem it expedient to characterize peculiarities of socially oriented strategy of economic growth of national economy. Thus, the article views stages of development of national economy, conducts analysis of reasons of change of economic growth rates, characterizes problems which hinder economic growth, and views variants of economic growth strategies.*

***Key Words:*** *economic growth; national economy; problems hindering economic growth; variants of strategies of economic growth; socially oriented strategy of economic growth; infrastructural component of economic growth.*

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### **Topicality of the research**

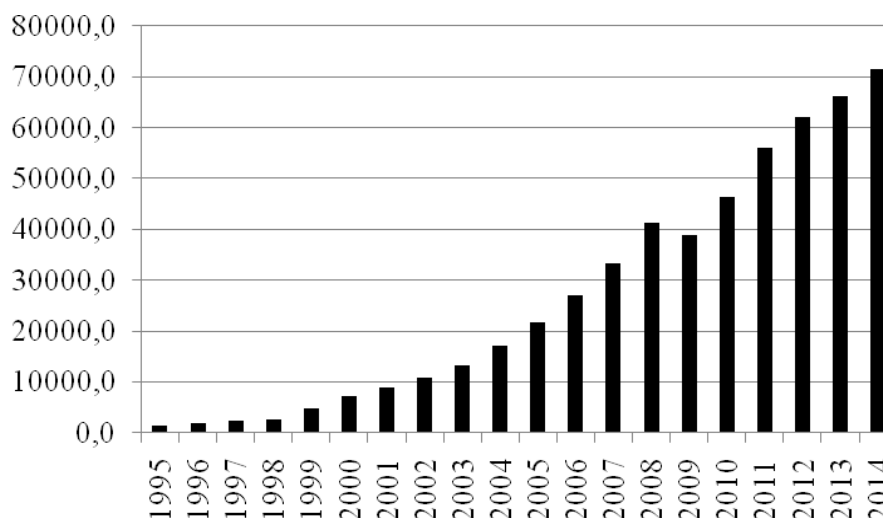
One of the important tendencies in economic policy became the obvious increase of attention of public and regional authorities to problems of strategic development, which was determined by lack of visible final results of reforms (economic growth, growth of living standards, etc.). Russian government actively seeks for ways of solving this problem, but achievement of this goal is related to many difficulties, including difficulties with development of socially oriented strategy of economic growth.

Research of the formulated problem was performed by many Russian and foreign scientists: (R.D. Barro, A. Smith, D. Ricardo, J.M. Keynes, D.S. Traceman, L.I. Abalkin, I. Ansoff, O.S. Vikhanskiy, V.P. Krasovski, N.D. Kondratyev, R.S. Kaplan, R.M. Nureeva, R.A. Fatkhutdinov, et al.). At that, there are various opinions for determination of key notions of strategic development, and methodological foundations of the process of formation of economic strategy are insufficiently developed.

Therefore, there is a need for theoretical consideration of processes which stipulate activation of socially oriented direction of economic growth and objective necessity for characteristics of peculiarities of formation of socially oriented strategy of economic growth of national economy, aimed at account of specifics and state of economy through diagnostics of the level of its infrastructural provision.

### **Problem setting**

National economy of the Russian Federation within historical period of existence is characterized by a range of stages which could be tracked by dynamics of GDP (Figure 1).



**Figure 1** – Gross domestic product in current prices, RUB million, up to 1998 – RUB trillion (Federal State Statistics Service, 2015)

After collapse of the Soviet Union, the economy stagnated, which was caused by destruction of existing economic relations between the republics and change of principles of public life management. The year 1999 became the decisive one. Starting from that time, a complex of measures of stabilization character began to be realized within radical market transformations – which led to significant growth of GDP.

Economic development of national economy from 1999 till now faced two crises. The first crisis of 2008-2009 was caused by the global tendencies. The second crisis, which began in 2013 and continues up to now, was caused by the political events in Ukraine and Russia's positions as to solving conflict issues.

As a result of the crisis, which began in 2014, contribution of gross accumulation into growth of Russian GDP became negative, constituting 1.6 %.

Analysis of causes of change of economic growth rates during these periods showed the following:

- economic growth had mostly extensive character;
- at present, a certain limit is reached in possibility for using raw-material model of economic growth of Russian economy, and there's necessity for transition to intensive development through conduct of the policy of import substitution, implementation of innovations and leading technologies into economy;
- Russian potential does not conform to the scale of national production and dynamics of economic development, achieved by now.

Analysis of results of research by Russian scientists (Koptelov, 2014 & Stroeva & Mironenko & Merkulov & Chubarets, 2015 & Stroeva & Shinkareva & Lyapina & Petrushina, 2015) allowed determining several important problems in economy which hinder economic growth in Russia and do not allow using all potential of the country. Let us view them.

1. Structure and growth rates of Russian export. Up to recent times, emphasis was put on the main component of Russian export – raw materials (oil, gas, etc.). However, reduction of global process for them does not provide significant addition to growth rate of GDP, as it was before 2008. The solution is to shift accents to high-yield products, which raw products are not.

Realization of this problem leads to gradual change of situation. Thus, according to the official statistics for the first half of 2015 – as compared to the similar period of 2014 – there was growth of physical volumes of non-oil and gas export by 11%, the structure of which includes dozens of industrial products, the growth of supply of which has been stable over the recent years.

2. Production capacities of key spheres of economy.

Significant part of production capacities of Russian enterprises has been formed during the Soviet era. That's why it is important not only to modernize the production potential of national economy spheres, but develop the mechanism of reserving and using production capacities of enterprise.

3. Increase of production cost. Large restraining influence on products is done by increase of production costs caused by growth of tariffs of natural monopolies and growth wages.

Russian monopolies make the government index the tariffs and thus bereave business of possibility for effective development. Thus, according to forecast of the federal department on tariffs, in 2015-2017 wholesale prices for natural gas for all categories of consumers will be growing (Forecast of price changes, 2015).

Growth of wages should be supported by growth of labor efficiency. Unfortunately, there is an opposite situation in Russian economy.

In its turn, according to announcement of the commission on monitoring of achievement of indicators of socio-economic development by the President of the RF, V.V. Putin, labor efficiency in Russia grew only by 0.5% in 2014, and showed negative dynamics in the first quarter of 2015 (Interfax, 2015).

According to the president, it is a very negative fact, as it influences everything: development of economy, provision of rates of its growth, and, finally, solution of all social tasks. Putin reminded that there is a task of increasing labor efficiency by 1.5 times by 2018 – as compared to the level of 2011.

4. Problems of tax policy and tax system. The policy in the sphere of taxation, which is being realized now, has a range of drawbacks. The main of them are the facts that financial and legal regulation and its improvement are based on re-orientation of tax system at direct taxes, consumption taxes, and increase of tax load for individuals. These and other drawbacks of tax policy led to mass tax evasion and reduction of taxation base, thus negatively influencing budget and financial stability.

5. Low investment activity. Low level of growth rates of investments into Russian economy is predetermined by the whole range of reasons, among which is rather unfavorable investment “climate”, which is expressed in totality of economic, legal, organizational, political, and social changes, influencing the dynamics and structure of investments. High level of uncertainty regarding perspectives of the global and Russian economies, economic sanctions against Russia, and other regions make investors take waiting position. Thus, statistical data shows double reduction of inflow of direct foreign investments into Russia in 2014. During this period, investments into the main capital reduced by 2.7%.

6. Low effectiveness of national innovational system. At present, the system of support for innovative activities in the Russian Federation is characterized by underdevelopment and low effectiveness. The main role in activation of innovational processes belongs to small enterprises which possess less – as compared to large enterprises – assets for research, but have larger innovational potential which is expressed in capability for quick creation and re-engineering of goods and services which can satisfy needs of new markets.

At that, capability for conducting innovative activities is limited by problems with financing. Small innovational enterprises often face difficulties in receiving credits. At present, after the 2009 crisis and 2014 sanctions, situation became more complicated. Slowdown of economic growth, foreign political instability, and fluctuations of currency rates performed a huge blow to payment capacity of small and medium business. Unsecured loans were the first to fall in arrears. As of January 1, 2015, the level of past-due debt in the segment of small and medium business reached 8.3%, which is by 1.1% more than as of January 1, 2014.

All the above problems are interconnected. That’s why they should be solved in complex – within formation of strategy of economic growth of national economy.

### **Variants of strategy of economic growth**

Strategies, which are supposed to ensure economic growth, are multiple and depend on current situation in national economy. Generalizing historical experience of management of national economies of various countries, it is possible to mention the following strategies of economic growth.

Liberal and mobilization strategies are completely opposite in their sense.

Liberal strategy is built on domination of private property, maximal economic freedom, and minimization of state participation in economy. Other parameters of economy (in particular, social sphere) are finances on a leftover basis.

Mobilization strategy, as opposed to liberal, sees the development of national economy only with active state regulation of its processes. Economic potential of economy is formed under the conditions which are isolated from the global tendencies.

Intermediary position is occupied by regulating strategy, which supposes moderate interference of state with economy. At that, regulation has a differentiated character, which leads to formation of sub-types of strategy:

- export strategy – external demand exceeds internal consumption, low level of production costs, low level of living standards, high rates of economic growth;
- raw material strategy – economic growth is mainly provided by means of selling natural resources, large tax pressure on enterprises which export raw materials, high dependence on the global situation;
- socio-democratic – state actively participates in regulation of labor relations and employment, share of state budget in GDP exceeds 60 %, high level of development of production democracy, low differentiation of population through state regulation;
- neo-liberal socially oriented strategy – economy of mixed type, stimulation of competition, paternalism of state for all members of society, state policy aimed at reduction of capital concentration.

Comparative analysis of application of these strategies shows that use of tools of each strategy is determined not only by its content but by such factors as mentality of population, quality of performance of actions declared in the strategy, etc.

### **Peculiarities of formation of strategy of economic growth of national economy of Russia at present**

Strategy of economic growth of national economy of Russia should provide the desired development of the country by means of implementation of achievements of scientific and technical progress (new knowledge and technologies), issue of innovational products, and, what's the most important, stipulate development of country's human capital.

The main condition for development of national economy is state's understanding economic growth as a basis for solving social issues, in the center of which is life of specific people with their everyday problems, interests, and wishes. This is proved by experience of overcoming economic ruin and achieving high rates of economic growth, accumulated in Russia, China, Germany, the USA, Japan, France, India, etc.

(Strategy of economic growth, 2015 & Economic growth of Russia, 2015 & Infrastructure as a factor of economic growth, 2015 & Report on Russian economy, 2015 & Development of infrastructure in Russia and international experience, 2015). From this point of view, it is necessary to speak not only about strategy of economic growth but about socially oriented strategy of economic growth of national economy of Russia.

Following this point of view, we consider that socially oriented strategy of economic growth should be understood as plan of actions which stipulate formation of conditions of state scale, which, in their turn, should provide high effectiveness of market economy, be based on social values, and take into account priorities of social development of the country.

Socially oriented strategy, which stipulates renewal of economic growth of national economy of Russia, should be developed in two time aspects: short-term and long-term.

An example of formation of long-term socially oriented strategy of economic growth of national economy of Russia is so-called “Strategy 2020”.

The advantages of the strategy are aims of its development on the whole. Besides, the strategy includes alternative trajectories of development of national economy and corresponding measures.

Among the drawbacks of the Strategy 2020 are various aspects – from lack of precision in terminology to incomplete study of existing problems and means of fighting them. In our opinion, drawbacks of the Strategy 2020 were determined at the moment of introduction of economic sanctions against the Russian Federation. In existing situation, it became obvious that this strategy does not solve the issues of development of national economy of Russia in relatively autonomous regime – i.e., independently of external political influences.

In our opinion, this requires corrections made in the strategy, in view of current realia. Namely, the strategy should be built on the following interconnected and interdependent blocks:

- high demand on goods and services of high quality.
- developed infrastructure,
- developed and economically effective production,
- well-to-do citizens, who realized their potential.

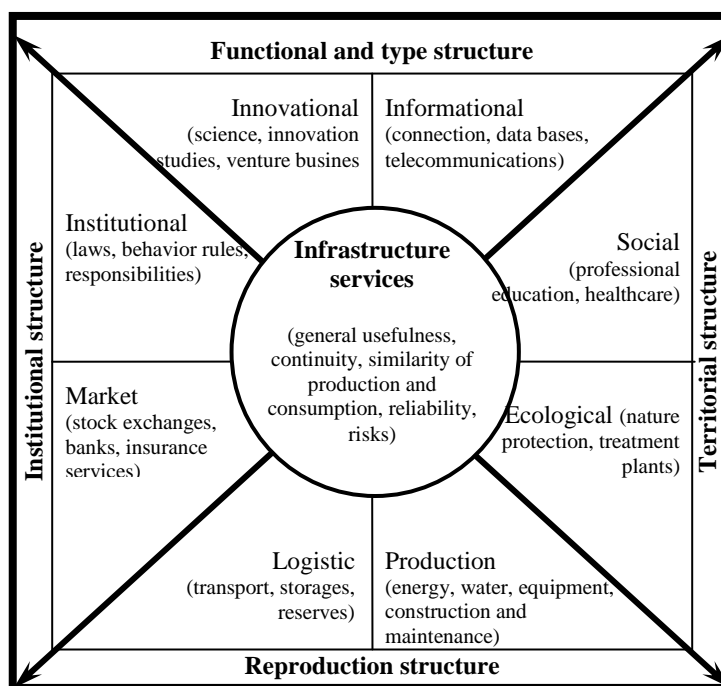
At that, economic growth should be based on improvement of infrastructure.

### **Development of infrastructure as a factor which provides economic growth of national economy**

The term “infrastructure” is derived from the Latin “infra” – lower, under; “structura” – construction, location. At that, on the one hand, infrastructure is

understood as a totality of service system, the main tasks of which is provision of production and provision of various services to population. On the other hand, infrastructure is understood as totality of items, activities of which are aimed at provision of usual functioning of national economy. Within the conducted research, the second definition seems to be more precise and is taken as a basis.

Regarding structure of infrastructure of national economy, let's use Figure 2 to characterize it.



**Figure 2** – Structure and infrastructure of national economy of Russia

According to Fig. 2, national economy consists of four elements:

1. Functional and type (sectorial) structure of national economy reflects ratio, connections, and proportions between large groups of economic activities types.

2. Reproduction structure of economy reflects division of structural parts of national products according to functional purpose.

3. Subject and territorial structure expresses division of national economy into economic regions, in which stable connections between spheres and enterprises, sources of raw materials and energy and sales market and presence of labor resources are fixed.

4. Institutional structure of national economy and its development is



determined by dominating system of values, peculiar for the society, within which economic subjects work.

Effective cooperation of these elements should be organized due to infrastructural complex, modernization of which:

- stipulates reduction of production costs;
- increases efficiency of other production factors (capital, work force, and total factor efficiency).

As a result, effective infrastructure expands the range of profitable investment possibilities and stimulates inflow of investments.

Provision of long-term economic growth requires search for variants of parallel optimization of all components of infrastructure and determination of combinations of infrastructural investments into various spheres, which Russia lacks at the time.

Thus, in our opinion, infrastructural core of economic system includes eight main types of infrastructural services and, correspondingly, creates such sub-systems of infrastructure as social, innovational, informational, institutional, production, market, logistic, and ecological.

Study of regularities and dependencies in strategic development of these components of infrastructure will allow modeling the offered alternatives, time period of transition, variative inclusion of strategic priorities, and possibilities of provision of economic growth and development of infrastructure sectors.

## **Conclusions**

The offered approach to formation of the concept of socially oriented strategy of economic growth of national economy stipulates determination of consolidated, multi-functional, and interdependent chain “possibilities – results” for substantiation of provision with infrastructural objects, conduct of multiple strategic measures in view of spatial and time periods, limitations and procedures, as well as priorities of functioning of the territories covered by it.

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