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Concepts of Socio-Economic Development of Russia: myths and reality

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The beginning of the XXI century marked active mythmaking. Like mushrooms after the rain there are more and new plans for long-term socio-economic development of Russia. Mifologema is a conscious borrowing mythological motifs and apply them to the world of contemporary culture.

Let's look at these myths in detail (part 1), then find out the cornerstones of the myths (part 2) and finally try to find out what is necessary for the construction of social market economy.

1. MYTHMAKING IN THE EARLY XXI CENTURY.

Briefly describe the basic concepts of long-term socio-economic development of Russia:

- Visioning the National Intelligence Agency of the United States: Global Trends to 2025;
- Institute for Strategy and Competitiveness (Harvard Business School) Forecast;
- RAND Corporation forecast (USA);
- "Russian economic miracle make it ourselves";
- Forecast of innovation, technology and structural dynamics of the Russian economy until 2030;
- Advantages and disadvantages of «The Concept of Long-term Socio-Economic Development of Russian Federation»;
- E. Yasin: Scenarios of Russian development for long-term.

1.1. Visioning the National Intelligence Agency of the United States: Global Trends to 2025

There are 4 global script:

1. "The World Without the West": 06/15/2015 Year - SCO (Shanghai Cooperation Organization) - a more important organization than NATO.
2. "October surprise": 10/01/2020 Year - "wave flooded Wall Street" and disrupted the New York Stock Exchange.

3. "BRIC undermined": 01.02.2021 year - the beginning of the Indo-Chinese conflict.
4. "Politics does not always have a local character": 9/14/2024, the - the rise of the middle class in Russia, China and India and its implications for national governments.

The report of the National Intelligence Council the U.S., Russia appears only in the first (political-military) and fourth ('s social and economic) scenarios. American scientists believe that before 2024, major changes in the socio-economic development of Russia is unlikely. According to American strategists only in 2024 Russian middle-class will be able to get him the resignation of unpopular government.

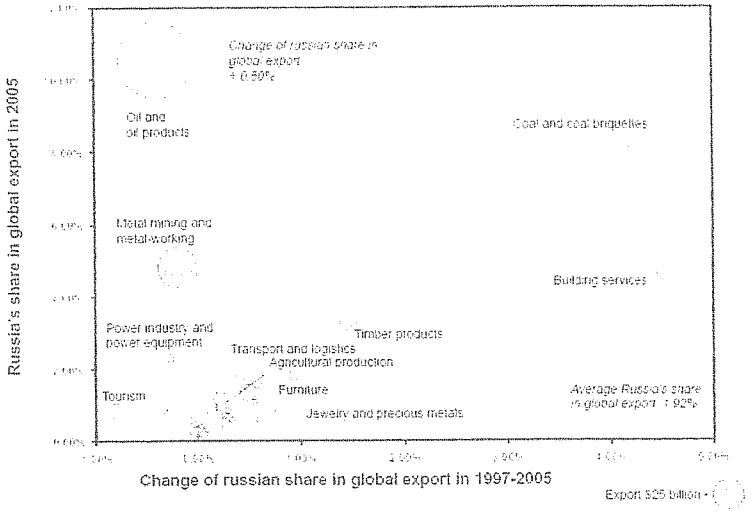


Figure 1. Export clusters of Russia: 1997-2005.
Source: *Porter M. International project of competitiveness clusters creation. Strategy and Competitiveness Institute. Harvard University. Richard Braden, project director. Data: UN Commodity Trade Statistics Database and the IMF SCP statistics. 2005*

1.2. Institute for Strategy and Competitiveness (Harvard Business School) Forecast.

However, not all scientists look at an increase of government's influence with optimism. Michael Porter and Christian Ketels also understand that the strengthening of the state is inevitable. But they give it a different role. U.S. scientists believe that the primary role of government is to strengthen macro-economic, political, legal and social components of the institutional environment. From the point of author's view, it is necessary to:

- *«Create an efficient and independent legal system.* Creating sound procedures to enforce the law and protect individual rights is necessary to increasing the credibility and impact of government policies. Crucially, the government needs to resist the temptation to interfere with the judiciary, even when decisions might not go in the

direction it prefers. Given its legal system shortages, Russia should work with international organizations and agreements, such as the WTO, to ensure credibility of adherence to policies.

- *Improve the capabilities and professionalism of political institutions.* Stronger government institutions, with a system of checks and balances, are the only effective way to achieve political stability. Political reform in this direction will be complicated but necessary. Ensuring orderly transfers of power, and continuity in policy direction, are especially crucial.

- *Use competitive principles to improve the delivery of public and social services.* Improving public and social services is needed to increase productivity and will be essential to engaging the support of the majority of Russians for further economic reforms. One priority is to reform the health care system using value-based competition principles. Among other steps, health care provision could be opened up to both public and private providers to drive a step-change improvement in health care delivery and open up a huge new market for entrepreneurship»[1].

Figure 2. Growth possibilities based on strong export clusters of Russia in 2005
Source: *PORTER M., KETELS K. (2007): Competitiveness at the Crossroads: Choosing the Future Direction of the Russian Economy. Moscow. p.97*

It means that administrative transparency, professionalism, and efficiency should be improved. "With a more reliable and efficient administration, corruption will decline, the costs of doing business will fall, uncertainties and delays that hinder investment decisions will be reduced, and competition will rise. There is an urgent need in Russia

[1] *Porter M., Ketels K., 2007. p. 82-83*

to reduce, simplify, and streamline rules and regulations at all levels of government. Past incremental approaches to administrative reform have not succeeded".[2]

They offer a whole system of measures to increase competition in the economy, with a view to streamlining and limiting the role of government in the economic sphere. In their view, it is necessary to intensify the process of international trade and investment of foreign capital, as well as to encourage competition between regions. Economic ties with the neighboring countries, the report considered unproductive. Russia could benefit by establishing mutually beneficial economic relations with all neighboring countries.

According to the authors Russian economic policy should be developed under three broad themes: "First, Russia needs an overall national economic strategy for the economic direction it wants to take. Second, Russia must upgrade the foundations of competitiveness through concerted efforts in strengthening context, improving the general business environment, supporting cluster development, creating competitive regions, and developing productive economic linkages with neighboring countries. Third, Russia needs to define a growth path which is based on its strengths and which will diversify the economy from its extreme natural resource dependence"[3].

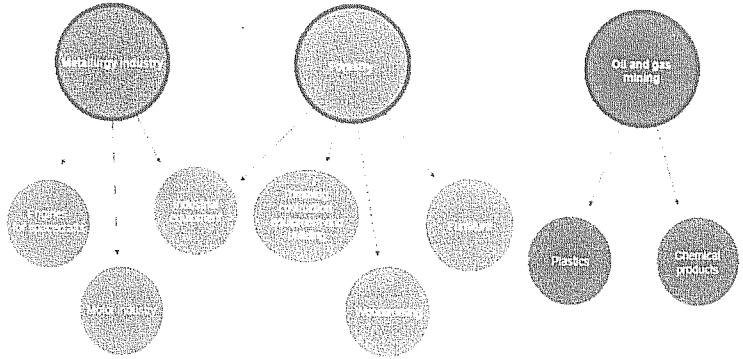


Figure 3. Growth possibilities in connected clusters in Russia (according to M. Porter).
Source: PORTER M., KETELS K. (2007): Competitiveness at the Crossroads: Choosing the Future Direction of the Russian Economy. Moscow. p. 98

M. Porter's and C. Ketels's report «Competitiveness at the Crossroads: direction of the Russian Economy» shows percentage change in the Russian Federation in 1997 - 2005 cities; most attention they have given to the development of clusters. According to the authors, «Clusters are a natural manifestation of the role of specialized knowledge, skills, infrastructure, and supporting industries at a particular location in enhancing productivity, innovation, and new business formation»[4].

Figure 1 shows that the share of the oil and gas industry significantly increased,

[2] Ibid. P. 84.
[3] Ibid. P. 80
[4] Ibid. P. 13

as well as the extraction of metals and primary metal products. At the same time, these clusters dominate today's Russia (see Figure 2), hampering the harmonious development of other economic sectors. If choosing to follow the authors' advice, Russia has to continue to focus on oil and gas production and primary processing (plastics and chemical products), forestry (decorative materials, construction equipment, construction, woodworking and furniture production), as well as industrial equipment, necessary for their production (see Figure 3). The last area of potential growth is the metallurgical industry. Only it produces what might be called a «new economy» (motors for space vehicles, automobiles, and certain types of industrial equipment).

This is a fairly pessimistic assessment. For comparison, the US economy at the present time there are 41 clusters (see Figure 4).

M. Porter and C. Ketels believe that in the nearest future, Russia will retain its resource specialization and hardly has a chance for harmonious development of various clusters, typical of developed countries.

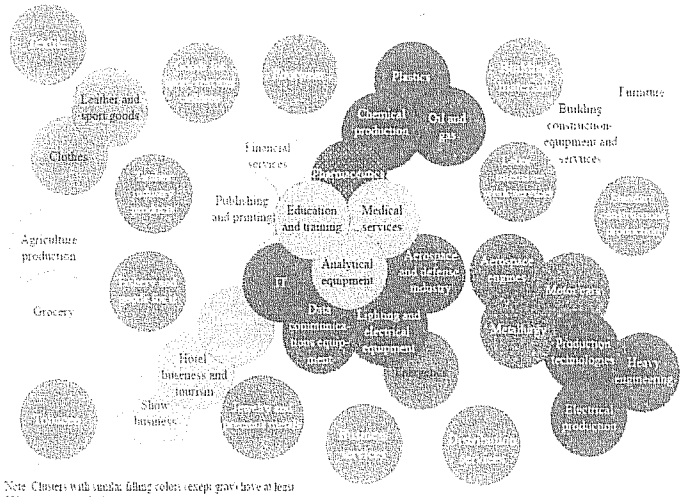


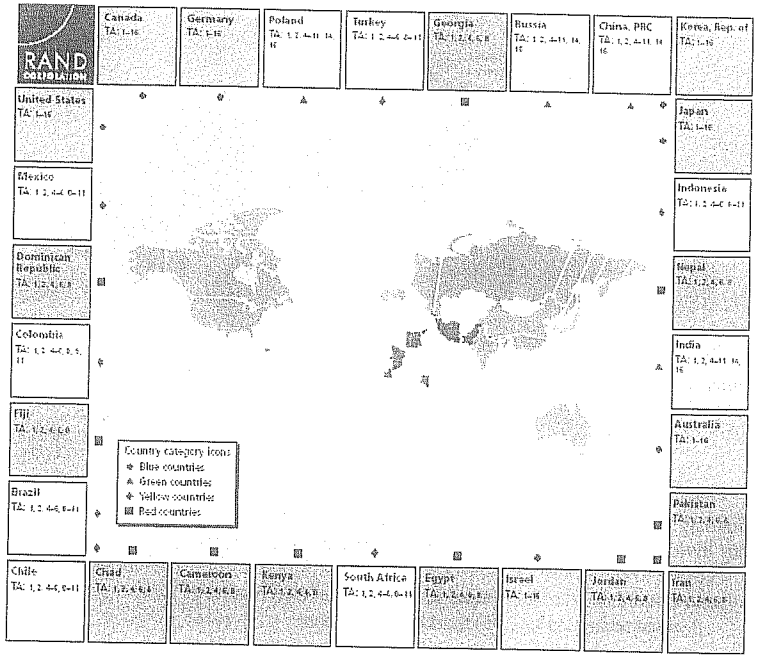
Figure 4. Clusters intersection in US economy
Source: Porter M., Kettels K. Competitiveness crossroads: the directions of Russian economy development. p. 16

1.3. RAND Corporation forecast (USA)

Scientists of RAND Corporation (USA) published in 2006 a study on the global technological revolution of 2020, on the material in 29 countries and 16 technologies. They divided all countries into 4 groups, marking their respective colors on the map: the most advanced countries are marked in blue, following them - green, developing science - in yellow and those that lag behind in science - red (see Figure. 11).

Typical technologies (TT) market the numbers:

1. *Cheap solar energy:* Solar energy systems inexpensive enough to be widely available to developing and undeveloped countries, as well as economically disadvantaged populations.
2. *Rural wireless communications:* Widely available telephone and Internet connectivity without a wired network infrastructure.
3. *Communication devices for ubiquitous information access:* Communication and storage devices—both wired and wireless—that provide agile access to information sources anywhere, anytime. Operating seamlessly across communication and data storage protocols, these devices will have growing capabilities to store not only text but also meta-text with layered contextual information, images, voice, music, video, and movies.
4. *Genetically modified (GM) crops: Genetically engineered foods with improved nutritional* value (e.g., through added vitamins and micronutrients), increased production (e.g., by tailoring crops to local conditions), and reduced pesticide use (e.g., by increasing resistance to pests).
5. *Rapid bioassays:* Tests that can be performed quickly, and sometimes simultaneously, to verify the presence or absence of specific biological substances.
6. *Filters and catalysts:* Techniques and devices to effectively and reliably filter, purify, and decontaminate water locally using unskilled labor.
7. *Targeted drug delivery:* Drug therapies that preferentially attack specific tumors or pathogens without harming healthy tissues and cells.



NOTE: Countries were selected as representative of groups of similar nations in a single geographical area. Countries are color coded by their S&T capacity: scientifically advanced (blue), scientifically proficient (green), scientifically developing (yellow), and scientifically lagging (red). Technology application (TA) numbers are as follows: (1) cheap solar energy, (2) rural wireless communications, (3) ubiquitous information access, (4) GM crops, (5) rapid bioassays, (6) filters and catalysts, (7) targeted drug delivery, (8) cheap autonomous housing, (9) green manufacturing, (10) ubiquitous RFID tagging, (11) hybrid vehicles, (12) pervasive sensors, (13) tissue engineering, (14) improved diagnostic and surgical methods, (15) wearable computers, (16) quantum cryptography.

Figure 5. Potential of separate countries on making 16 technologies.
Source: *The Global Technology Revolution 2020: Trends, Drivers, Barriers, and Social Implications. RAND Corporation, TR-303-NIC, 2006.*

8. *Cheap autonomous housing:* Self-sufficient and affordable housing that provides shelter adaptable to local conditions, as well as energy for heating, cooling, and cooking.
9. *Green manufacturing:* Redesigned manufacturing processes that either eliminate or greatly reduce waste streams and the need to use toxic materials.
10. *Ubiquitous radio frequency identification (RFID) tagging of commercial products and individuals:* Widespread use of RFID tags to track retail products from manufacture through sale and beyond, as well as individuals and their movements.
11. *Hybrid vehicles:* Automobiles available to the mass market with power systems that combine internal combustion and other power sources while recovering energy during braking.
12. *Pervasive sensors:* Presence of sensors in most public areas and networks of sensor data to accomplish real-time surveillance.
13. *Tissue engineering:* The design and engineering of living tissue for implantation and replacement.
14. *Improved diagnostic and surgical methods:* Technologies that improve the precision of diagnoses and greatly increase the accuracy and efficacy of surgical procedures while reducing invasiveness and recovery time.
15. *Wearable computers:* Computational devices embedded in clothing or in other wearable items, such as handbags, purses, or jewelry.
16. *Quantum cryptography:* Quantum mechanical methods that encode information for secure transfer[5].

[5] The Global Technology Revolution 2020: Trends, Drivers, Barriers, and Social Implications. RAND Corporation, TR-303-NIC, 2006.

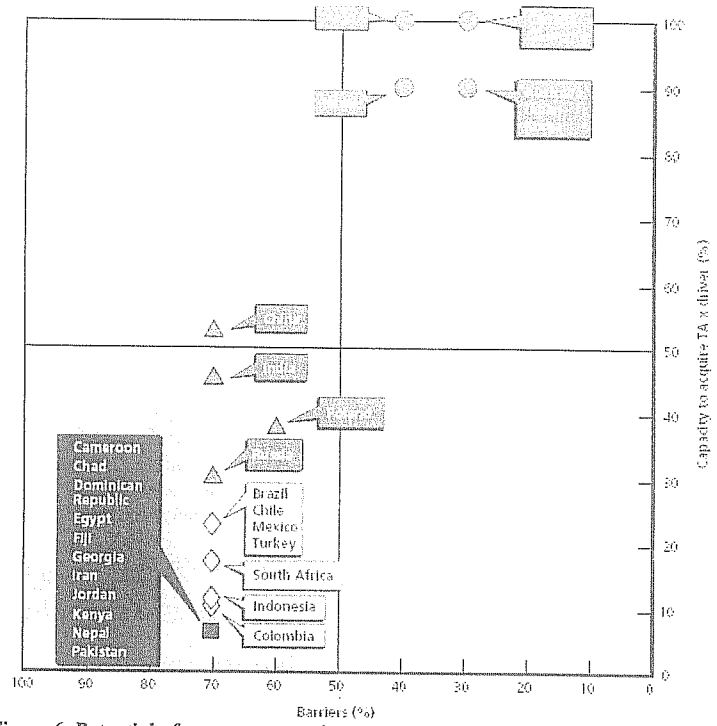


Figure 6. Potential of separate countries on introduction 16 technologies.
Source: The Global Technology Revolution 2020: Trends, Drivers, Barriers, and Social Implications. RAND Corporation, TR-303-NIC, 2006.

RAND Corporation provides an assessment of the capacity of individual countries on the introduction of advanced technologies (See Fig. 5). The blue quadrant indicates a high level of scientific and technological capabilities, as well as the many points of the growth of relevant technologies in the presence of relatively high barriers to growth. Green quadrant indicates a high level of scientific and technological capacity building and a number of growth points, which limit the significant barriers. The yellow quadrant indicates a lack of high-level scientific and technological capabilities, plus a number of growth points and many more obstacles to development than in the first two cases. Red quadrant indicates a lack of high-level science and technology development, with much greater obstacles than the growth points.

Canada, Germany and the United States dominate with a large gap. They are characterized by the lowest barriers to scientific progress (in the U.S., though there are more obstacles than the first two countries). It is followed by Australia, Japan, Korea and Israel. The potential for the development of science and technology in China, India, Poland and Russia are much more modest. In these countries a lot more obstacles to

development are present, which will certainly be a factor undoubtedly limiting a high scientific and technological potential of these countries. Brazil, Chile, Mexico, Turkey, South Africa, Indonesia and Colombia follow behind them. With respect to the chosen for the analysis of 11 developing countries, the possibilities of development are evaluated as very modest (see Fig. 6).

1.4. "Russian economic miracle make it ourselves"[6].

Russian scientists have also not proved to be aloof from the forecast process of development of their own country and tried to create an ambitious future. In 2007 appeared the book "Russian economic miracle will do ourselves," which was presented to forecast the development of our country until 2020.

The authors proceeded from the fact that it is necessary to find an answer to global challenges:

- Global competition intensification ;
- New wave of technological changes;
- Increasing of the human capital role as a real alternative to raw material exhaustion.

In a rapidly developing world must take decisive action in order to avoid being in a group of underdeveloped countries (see Figure 7). This requires a decisive action. According to authors opinion, these challenges become more dangerous because many social and institutional problems are not solved

- High level of social and regional inequality,
- Maintenance of doing business barriers,
- Weak interconnection of education, science and business,
- Lack of competition and
- Low level of social capital development$
- Traditional resources exhaustion
- Demographic problems in Russia,
  - population size stabilization and
  - Especially number of employees .
- Exhaustion of sources of raw materials export development
- Social and economic problems sharpening, that are caused
  - High level of social inequality
  - Regional inequality.

In these conditions There is no other path but change the national development model.

[6] "Русское экономическое чудо: сделаем сами" ("Russian economic miracle make it ourselves", in Russian) Moscow, 2006

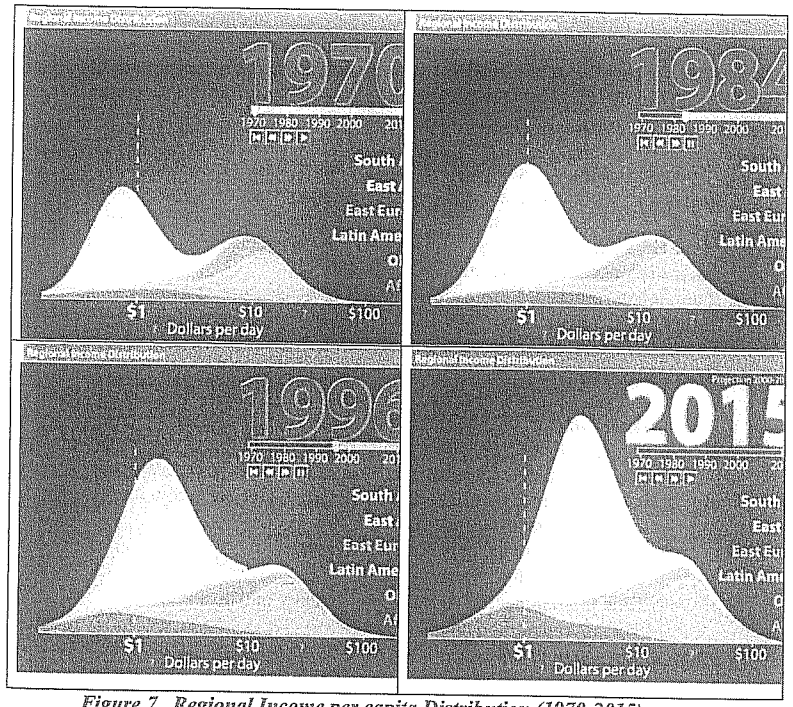


Figure 7. Regional Income per capita Distribution (1970-2015)
Источник: http://sinum.info/ehlog/

The problem is aggravated

- Weak development of self organization and self regulation forms of private firms,
- Lack of competition,
- Low level of trust and
- Government inefficiency.

In these conditions, the government is becoming the leading factor of economic modernization and government's representatives try to create. The conception of long term social and economic development.

These ideas formed the basis for the development of the "Concept 2020", prepared for the inauguration of the President of Russian Federation D.A. Medvedev.

1.5. Advantages and disadvantages of «The Concept of Long-term Socio-Economic Development of Russian Federation»

In March 2008 the Russian Ministry of Economic Development and Trade prepared «The concept of long-term socio-economic development of the Russian Federation», which established the program for long-term development of the country

until 2020. It attempts to answer the challenges of the coming decade. These include the strengthening of global competition, a new wave of technological change and the increasing role of human capital as a real alternative to the exhaustion of sources of export and commodity development.

As history shows there is a compression of historical time. It does not mean, however, that all countries simultaneously will pass to a postindustrial society. Calculations show that it will occur far not to all countries. Rupture between the OECD countries and the countries of Tropical Africa even will increase (see Fig. 7).

These challenges are exacerbated by a growing number of unresolved social and institutional problems: high levels of social inequality and regional differentiation, the persistence of barriers to doing business, a weak interrelation of education, science and business, lack of competition in a number of markets and the low level of development of social capital. Under these conditions, as A. Gerschenkron wrote, the government becomes the leading factor of economic modernization, and it is its representatives that try to shape the concept of long-term socio-economic development of the country.

The strategic goal of this concept is to make Russia a leading country in the world in the 21st century. By 2020 Russia, according to the authors of the concept, Russia will be one of five top countries by GDP. Experts formally described three main development scenarios – inertial (energy and raw materials oriented), innovative and socially-oriented development. But the concept is actually focused on the last one.

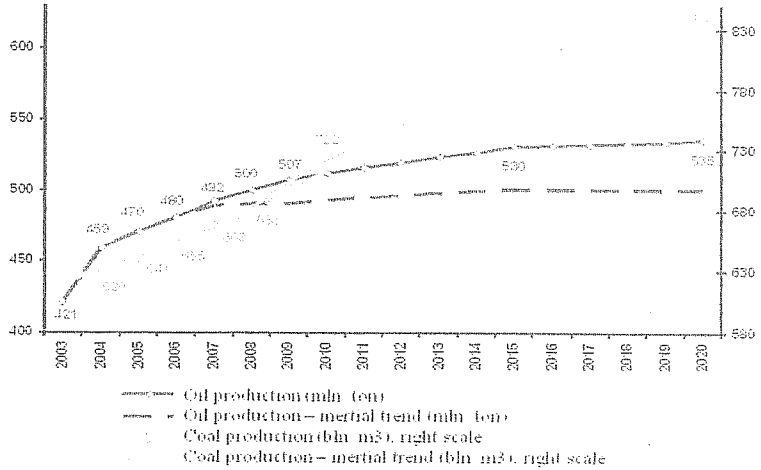


Figure 8. Hydrocarbons production in long-term outlook
Source: Realisation of competitive advantages is the base of economic growth in long-term outlook, M. Center for Macroeconomic Analysis and short-term forecasting, 2007, slide 11

All three variants do not assume fast growth of oil and gas production. However in case the innovative scenario will be implemented, slightly higher growth rates are assumed (see Figure 8).

Targets set are very ambitious. In order to achieve these goals, it is necessary to:

- accelerate development of Russian human potential,

- create a highly competitive institutional environment that encourages entrepreneurial activity and attracts foreign investments,
- structurally diversify the economy through innovative technology development,
- strengthen and expand the global benefits of Russia in the traditional sectors (energy, transport, agriculture and processing of natural resources),
- increase the effective participation of Russia in the global division of labor and implement new spatial development model of the Russian economy.

Table 1. Target macroeconomic indexes of Russian economy development till 2020

year
(2007=100)

	2012	2017	2020
GDP growth	135-136	137-139	119-122
Labour productivity growth	137-139	142-144	121-124
Decline in power-consuming of GDP	83-84	80-82	88-91
Increase in real disposable income	148-150	137-140	120-123
Investments	167-170	165-168	130-133
R & D expenditures, % GDP	1,8	3,3	4,0
Education expenditures at the end of period, % GDP	5-5,2	5,3-5,7	5,5-6,0
Health services expenditures, at the end of period, % GDP	5-5,3	5,8-6	6,7-7

According to: Long-term social and economic development of Russian Federation, M.: Ministry for economic development of the Russian Federation, march, 2008. P. 24, 27-28, 30

Three periods of innovative development of economy are set: 1) from 2008 to 2012, 2) from 2013 to 2017, 3) from 2018 to 2020. The prognosis for development of macroeconomic indicators of Russia's economy in selected years is shown in Table 1.

It is expected that primary source of GDP growth will be a faster productivity growth and tremendous growth of investments. The last one significantly outscores the growth of productivity and GDP, which should lead to an increase in capital intensity of production and a fall of a yield on capital investment. It is assumed that R&D expenditures will reach 1.8% of GDP in 2012, 3.3% in 2017 and 4% in 2020. Growth in real per capita income is planned at a faster pace than GDP growth. Education expenditures made by the end of the planned period will constitute 5,5-6% of GDP, while public health expenditures will increase from 3.7% in 2007 to 6,7-7% in 2020.

Creation of such a strong plan for socio-economic development of Russia represents a significant step forward compared with 1990-s when everything was given at the mercy of unruly market forces. For the first time in the entire post-Soviet era government is trying to take the strategic initiative in its own hands. Certainly it is very good that the plan has a strong social dimension. In any case, public policy priorities are more or less clearly defined. The advantage is also that not only one but three scenarios are dealt with, and though the preference is given to an innovation-based one the difference between the three scenarios is not that big[7].

[7] http://www.glazev.ru/econom_polit/2420/

The point is that for all three scenarios a rise in efficiency of the economy is implied. The biggest difference between the three scenarios is a more rapid growth of investment under innovative scenario, which, as it has already been mentioned, will inevitably lead to a fall of a yield on capital investment. As GDP growth has lagged behind investment growth, the authors of the Concept focus on extensive accruing of the capital stock.

The emerging imbalance between exports and imports, from the authors of the Concept point of view, will be offset by increasing foreign capital inflows, which also is highly questionable, as well as a sharp (in seven times) increase of exports of machinery. Authors of the Concept suggest that the increase in expenditure on R & D will yield a return only at the end of the planned period. This also indicates reliance on extensive growth.

However, the main drawback is a mechanism to ensure this growth. Setting goals and identification of specific parameters of development is an important but insufficient condition for economic development. Institutional problem of ensuring that growth doesn't withstand even the most sympathetic touch of criticism. Although, from time to time, calls for greater investment by the private sector are issued, but a mechanism to stimulate development in this area is not developed. It should be remembered that the role of the state (which is the main driver of technological progress, according to the Concept) as a result of the privatization process is extremely modest. Meanwhile, a sharp increase in spending on social services will raise a question of supplying the budget with necessary funds. This can be achieved either by raising taxes, or by expanding the public sector. However, neither way, fortunately, is not anticipated.

1.6. Forecast of innovation, technology and structural dynamics of the Russian economy until 2030

However, not all scientists share the official Russian concept of a market economy in our country. Even before the training 2020 program Institute of Economic Strategies, prepared the forecast, which emphasize the development of techno-economic structures.

In 2006, the Institute for Economic Strategies (Russia) published a report «Forecast of innovation, technological and structural dynamics of the economy of Russia until 2030, taking into account global trends». This report attempts to identify trends in the development of the national economy over the next 25 years.

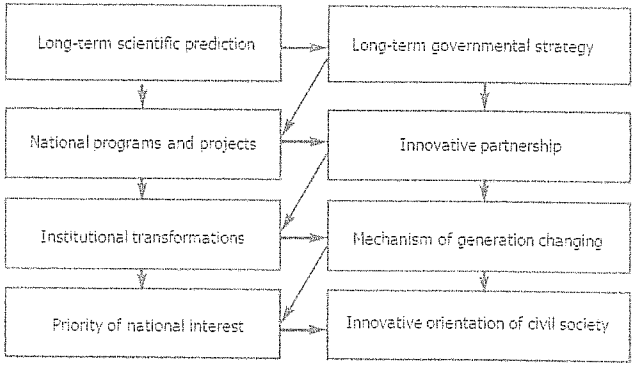


Figure 9. Conditions of innovative-breakthrough scenario realization
Source: *Prediction of innovative – technological and structural dynamic of Russian economy on the period until 2030 year subject to global tendency. M.: Institute of economic Strategies 2006, P. 43*

The authors analyze two main scenarios for the development of national economy: inertial and innovative - breakthrough. Given the risk of depopulation in Russia, exhaustion of the best mineral deposits and growing economic dependency on exports of fuels and raw materials, the report's authors believe innovative - breakthrough scenario is the only alternative that meets the challenges of the XXI century. They suggest that the following conditions for the implementation of innovative-breakthrough scenario (see Fig. 9).

The authors mention six conditions:

1) The revival of long-term scientific predictions.
2) Forward-looking public policies.
3) Establishment of innovative partnerships between government, business, science and education.
4) Implementation of institutional transformation, enabling a breakthrough innovation.
5) Provision of opportunities for the law of change of generations.
6) Ensure the priorities of national interests in the development and implementation of long-term development strategy for Russia and the ongoing business[8].

[8] *Prediction of innovative – technological and structural dynamic of Russian economy on the period until 2030 year subject to global tendency. M.: Institute of economic Strategies 2006, P. 43-*

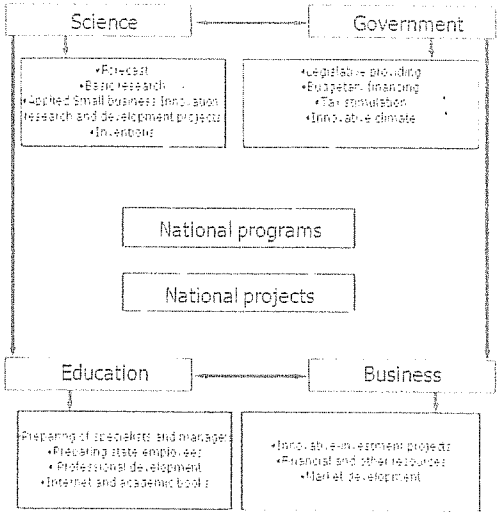


Figure 10. Innovative partnership of government, business, science and education
Source: *Prediction of innovative – technological and structural dynamic of Russian economy on the period until 2030 year subject to global tendency. M.: Institute of economic Strategies 2006, P. 45*

Innovative-breakthrough scenario recognizes that on the basis of long-term scientific forecasting the state strategy is developed. It includes government programs and projects. For their realization it is necessary to carry out a complex of institutional transformations with the account of a priority of national interests (see Figure 10).

Such strategy assumes innovative cooperation of science and education. Together with the state and business they create national programs and projects. Such cooperation creates preconditions for innovative orientation of all civil society and is pledge of successful realization of innovative-breakthrough scenario.

Innovative partnership already аппробировано during realisation of national programs. Largest of them are:

1. Investment in transport infrastructure, provided the transport strategy of Russia (2006-2020);
2. The state program of armaments for 2007-2015. - Program development and procurement of equipment for Russia's Army;
3. The stated program of building 40 new nuclear power units;
4. Program development of gas fields of Yamal Peninsula;
5. Capital investments in the program of development of gas fields in Eastern Siberia and the Far East (intensive version);
6. Capital investments in the development program of main electric networks in Russia at 220 kV and above in the period up to 2013 (see Table 2).

Table 2.Public investment program to modernize certain sectors of the economy

PROGRAMS	FUNDING REQUIREMENTS
Investment in transport infrastructure. provided the transport strategy of Russia (2006-2020)	The annual volume of financing - $ 20 billion
The state program of armaments for 2007-2015. - Program development and procurement of equipment for Russia's Army	Total funding - 4.94 trillion. rub.. or 20.5 billion dollars per year
The stated program of building 40 new nuclear power units	Total $ 56 billion
Program development of gas fields of Yamal Peninsula	Total $ 70 billion
Capital investments in the program of development of gas fields in Eastern Siberia and the Far East (intensive version)	Total 40-56 billion dollars (based on different scenarios)
Capital investments in the development program of main electric networks in Russia at 220 kV and above in the period up to 2013	Total 12.6 billion

Source: *Милов В. Может ли Россия стать энергетической сверхдержавой? // Вопросы экономики. 2006. № 9. С. 23. (Milov V. Could Russia became an energy superstate? // Questions of Economy. 2006. №9, p. 23 in Russian).*

The most vulnerable place of the projection of Institute of economic policies is that the authors do not describe the mechanism of its implementation. They believe that it is necessary «to refocus on innovation and breakthrough way, as private capital, and public authorities at all levels», but, unfortunately, are not as practical to do, how to create the institutional preconditions for the realization of their grand plan.

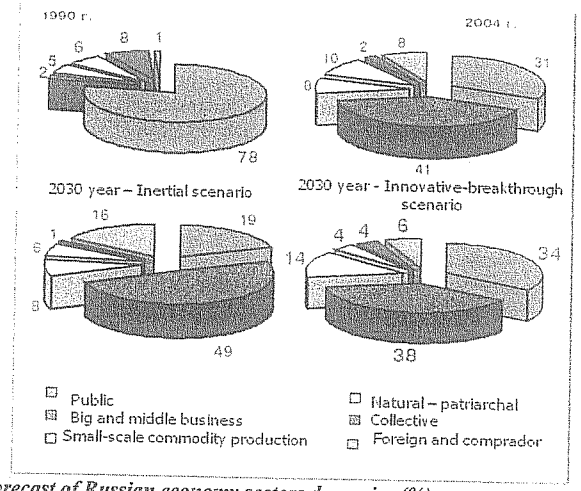


Figure 11. Forecast of Russian economy sectors dynamics (%).
Source: *Prediction of innovative – technological and structural dynamic of Russian economy on the period until 2030 year subject to global tendency. M.: Institute of economic Strategies 2006, P. 35.*

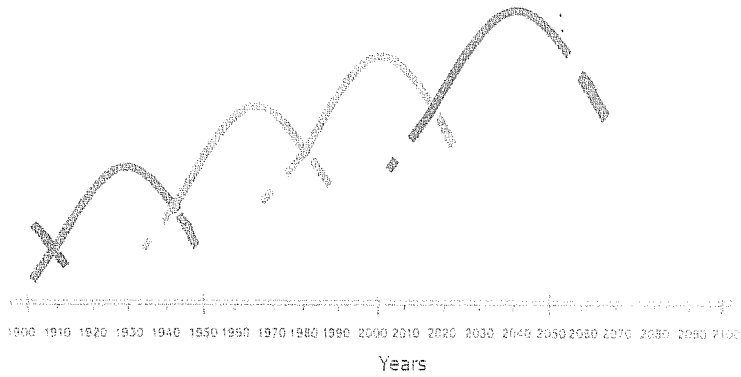


Figure 12. Rate of technological ways and equipment changing in vanguard countries
Source: *Prediction of innovative – technological and structural dynamic of Russian economy on the period until 2030 year subject to global tendency. M.: Institute of economic Strategies 2006, P. 24*

Therefore, let's try to formulate the tactical priorities for the coming years. Scientists and political movements claiming to be the leaders of Russia's modernization should formulate specific actions that would indicate a general vector of the changes, allow a rapid positive effect and find support from a wide range of fellow citizens.

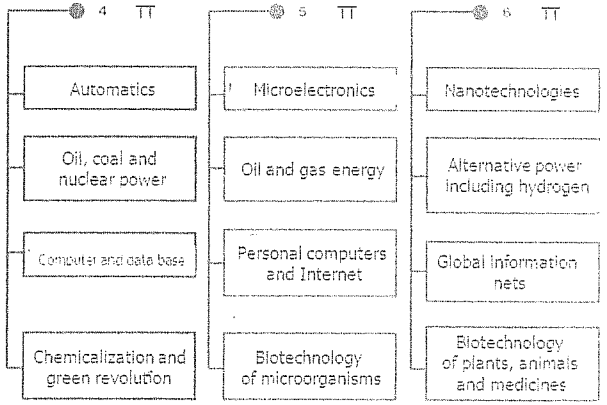


Figure 13. Basic directions of Technological Tenor
Source: *Prediction of innovative – technological and structural dynamic of Russian economy on the*

period until 2030 year subject to global tendency. M.: Institute of economic Strategies 2006, P. 24

Financial resources from selling the fuel and raw materials, could be used for the development of advanced technologies. The authors' of «... Russia's economy forecast to 2030» believe that under the inertial scenario public sector share should decrease from 31% in 2004 to 19% in 2030, while the share of big and medium business should increase from 41% in 2004 to 49% in 2030, and the presence of foreign capital should double (from 8 to 16%, respectively, see Figure 11).

The implementation of innovative-breakthrough scenario will lead to an increase of the share of the public sector by 2030 to 34%, big and medium business share should decrease to 38%, the share of foreign capital should decrease to 6%, and small-scale product should grow from 8% to 14%. This means that the leading role in implementing innovative scenario the authors give to the state. It, from their point of view, must assume the bulk costs, both in production as well as in the social sphere, to act as a strategic investor in key sectors of the economy.

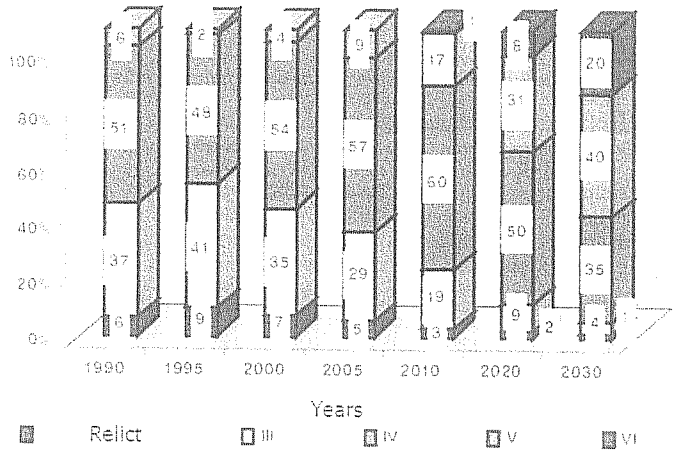


Figure 14. Forecast of Russian economy institutional structure dynamic (innovative-reakthrough scenario, technological tenor, share in total output in producer's price, %).

Source: Prediction of innovative – technological and structural dynamic of Russian economy on the period until 2030 year subject to global tendency. M.: Institute of economic Strategies 2006, P. 29

Authors of Strategy of Russian Economic Strategy Institute pay attantion to technological side of questions. They analysed the big Kondratyev's cycles during the XX-XIX centuries (see Figure 12). They give special attention to the period from 1990 for 2030. During this period there is a change of the IV, V and VI technological ways (see Figure 13). In 1990 in Russia dominated the III and IV ways. On them 37 % and 51 % (correspondingly) of cumulative GNP were necessary. In 2000 because of economic recession their share remained almost invariable (35 % and 54 % correspondingly).

Nevertheless in 2010 the share of the IV way has raised to 60 %, and V way has considerably pressed the III way, which share increased from about 4 % in 2000 to 17 % in 2010.

If the planned forecast is realized the V way will increase up to 40 % to 2030 year and it becomes a leading way (see Figure 14).

1.7. E. Yasin: Scenarios of Russian development for long-term

If the concept of the Institute for Economic Strategies was written from the standpoint of the radical left, the concept of scientific director of National Research University "Higher School of economics" E.G. Yassin was written from the standpoint of the classical liberal. He predicts the development of Russia up to 2050. It comes from the fact that there may be three different scenarios, three policy options.

In the first scenario - by upgrading the top. In the second - the minimum package is implemented liberal democracy and made a breakthrough. In the third - exploring the possibilities of evolutionary development.

Author believes that "the gradual upgrade scripts from pending close to optimum of democratization in terms of national development interest. Of course, take it would be part of ruling elite for make certain sacrifices: financial and image. Sure, it will justify rejection of past policies and turn to the changes - but it's worth it"![9]

2. CORNERSTONES OF THE MYTHS.

In order to understand how the above predictions of long-term development of Russia is real, we will try to find out the cornerstones of myths.

Myth № 1 Reasons of economic growth in the beginning of XXI century

The progress of Putin's & Medvedev's cabinet's (2001-2010) is obvious. They are based on a number of innovations that have been taken in the early XXI century. (see Figure 15). Indeed the acceleration of economic growth occurred. Russia overcame transformational recession. But the question arises: «How did it become possible? What are the components of economic growth?». How fast does the new economy develop and whether the overcoming of monoculture specialization of countries was successful? And how to make this economic growth steady and irreversible? (In brief, is there all possible made to rise scientific-technical potential of Russia?).

[9] Ясин Е.Г. Сценарии развития России на долгосрочную перспективу. М.: НИУ ВШЭ, 2011. С. 46

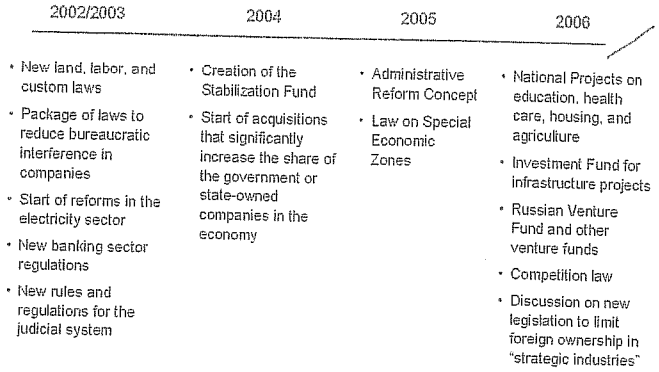


Figure 15. Large-scale initiatives in Russian economic policy in the beginning of XXI century

Source: Porter M., Ketels K. Competitiveness at the Crossroads: Choosing the Future Direction of the Russian Economy p. 76

The economic crisis has uncovered three negative Russian tendencies that created institutional obstacles for market economy growth during the last decade: deepening of raw materials specialization, wear and tear of the equipment, gap in scientific and technical progress, and strengthening of the government. To stop these negative tendencies and overcome economic crisis it is necessary to reform developed institutes.

Table 3. Export commodity structure in Russian Federation, 1995-2011 (%)

	1995	2000	2005	2011*
Total export	100	100	100	100
including:				
Foodstuffs and agricultural materials (except textile)	1.8	1.6	1.9	2,0
Mineral products	42.5	53.8	64.8	72,2
output of chemical industry, rubber	10	7.2	6	6,1
tanning materials, furs and fur products	0.4	0.3	0.1	0,1
wood and paper products	5.6	4.3	3.4	2,3
textile, textile products and footwear	1.5	0.8	0.4	0,1
metals, precious stones and products which are made of it	26.7	21.7	16.8	11,7
machines, equipment and means of transport	10.2	8.8	5.6	4,6
Other goods	1.3	1.5	1	0,9

Source: The Federal Customs Service of Russia

** On the base of Jan-Sep 2011 data*

In 2007 Russia accounted for 2.2% of the world population. However, for some types of commercial products its contribution to world production is significantly higher than its share in world population: 27.2% of world natural gas production, 12.6% of

global oil production, 6% of global iron ore production and 5% of world coal production [10]

Table 4. Import commodity structure in Russian Federation, 1995-2011 (%)

	1995	2000	2005	2011*
Import - total	100	100	100	100
including:				
Foodstuffs and agricultural materials (except textile)	28.1	21.8	17.7	13,95
Mineral products	6.4	6.3	3.1	3,67
output of chemical industry, rubber	10.9	18	16.5	15,61
tanning materials, furs and products which are made of furs	0.3	0.4	0.3	0,54
wood and pulp and paper products	2.4	3.8	3.3	2,37
textile, textile products and wear foot	5.7	5.9	3.7	5,87
metals, precious stones and products which are made of it	8.5	8.3	7.7	7.46
machines, equipment and means of transport	33.6	31.4	44	48,56
Other goods	4.1	4.1	3.7	3,6

Source: The Federal Customs Service of Russia

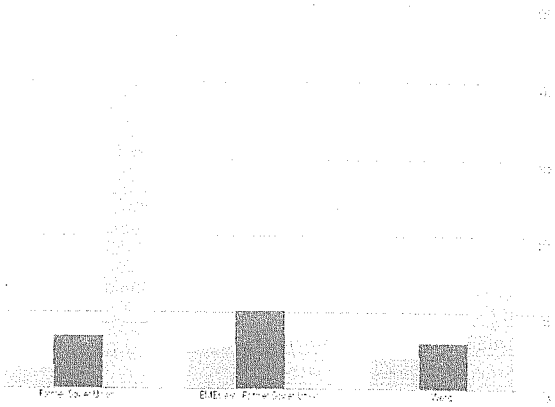
** On the base of Jan-Sep 2011 data*

Russian position is also a visible one in the production of fertilizers (9.3% of world production in 2007), iron (7%), steel (6.2%), electricity (5.3%), lumber (5.3%) and cotton fabrics (3.5%,). Year after year, the share of Russia in the global car assembling is increasing. In 2007 Russia accounted for 2.4% of world production.

Russian success during the last few years is connected with changes of its role in the world economy. Russia is becoming a raw-materials country, which is reflected in the structure of its exports. If in 1995 mineral products accounted for 42.5% of all Russian exports, then in 2011 their share grew to 72.2%, while the share of machinery and equipment fell almost 2 times - from 10.2% up to 4.6% (See Table 3).

On the contrary, in the recent years imports of machinery, equipment and vehicles greatly increased (from 33.6% in 1995 to 48.56% in 2011) and products of chemical industry and rubber rose from 10.9% in 1995 to 15.6% in 2011 (See Table 4).

[10] *Source: Calculated on the database of Mineral Commodity Summaries and Rosstat.*



fuels (oil, natural gas, coal). Reserves-to-production at the end

Review of World Energy. 2008

n is worsened by the fact that Russian natural resources (including vill soon be exhausted. Russia's oil reserves will be sufficient only el of reproduction of oil and condensate continues to lag behind the oroduction. In 2002 oil reserves amounted to 254 million tons nillion tons), in 2003 - 240 million tons (production - 421 million million tons of oil were produced.

es have enough oil for 30 years, gas - for 70 years and coal - for 460 will be no change in consumption level (see Figure 16).

) countries have enough coal for 170 years, and the rest of Europe gas for 100 years, oil for 60 years and coal – for 70 years. In terms of ources exploitability the role of other resources (especially human ed.

s allows to draw at least two conclusions. First, it is necessary to use derived from the sale of oil and gas, to modernize Russian economy single-crop specialization. Second, it must be done so in the nearest s difficult to maintain oil and gas production even at the same level.

The market economy is the principal source of growth and

Table 5. Average Age of Equipment in Russia

Years		1970	1980	1990	1995	2000
All Equipment		100	100	100	100	100
Age (years)	0-5	40,8	35,5	29,4	10,1	4,7
	6-10	30	28,7	28,3	29,8	10,6
	11-15	14	15,6	16,5	21,9	25,5
	16-20	6,9	9,5	10,8	15	21
	> 20	8,3	10,7	15	23,2	38,2
Average age (years)		8,42	9,47	10,8	14,25	18,7

Sources: *Rosstat,2008*

At the end of the XXth century we have seen no acceleration of scientific and technological progress in Russia but its slowing. More than 70% of equipment in 1970s were with the age less then 10 years. In 2000 almost 60% of the equipment was over 16 years (see Table 5). Unfortunately, official data on the age structure of the equipment after 2000 are not available, however, indirect calculations show that the situation in recent years has not changed for the better[11].

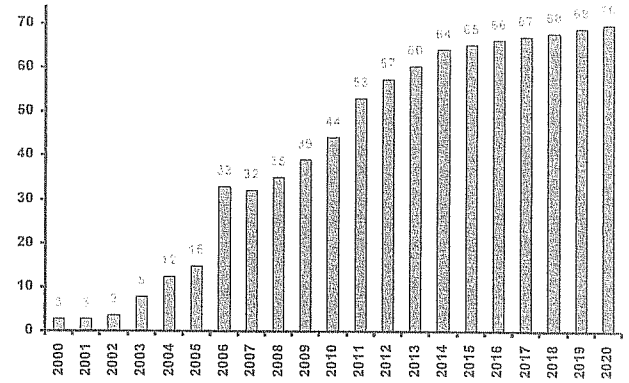


Figure 17. Dynamic of direct foreign investments (billion, $)

Source: *About economic growth potential in Russia, M.: Center for Macroeconomic Analysis and short-term forecasting, 2007, slide – 9.*

Analyzing the macroeconomic trends, the authors assume that rapid growth of imports, on the one hand, and lower prices of oil and metals, on the other hand, may

which was at a level no lower than 3-3,5% of GDP (see Figure 17). All these will provide a sharp decline in inflation to 3% per year by 2020.

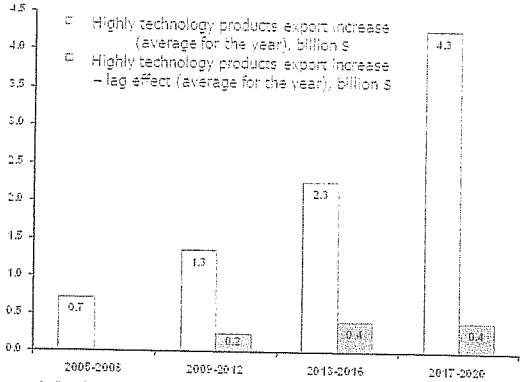


Figure 18. Potential of Russian advanced technology products export (mldr. $)
Source: *Realisation of competitive advantages is the base of economic growth in long-term outlook, M. Center for Macroeconomic Analysis and short-term forecasting, 2007, slide 17*

It will allow to increase export of highly technology products from 0,7 bln. dollars in 2005-2008 to 4,3 bln. dollars in 2017-2020 However if the intensive plan for development is not realized, level of export of highly technology products will be at 5-10 time less of planned level (see Fig. 18).

The development of the national innovation system will enhance the Russian position in the international arena and will contribute to the development of its comparative advantage in the competitive field of nuclear technologies, aircraft, shipbuilding, space-based services and devices, software, educational and intellectual services, as well as services in the field of tourism.

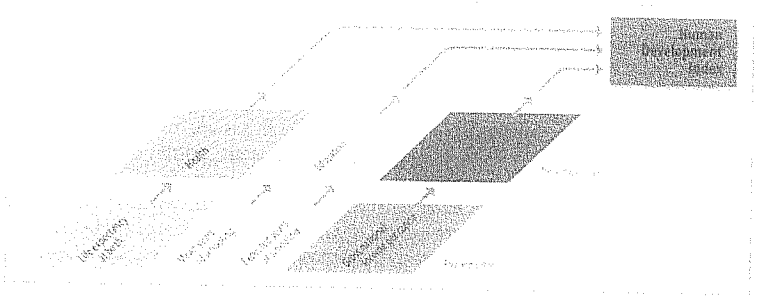


Figure 19. **The components of Human Development Index.**

Myth № 3. "We are the Best..."

In Russia there are a lot of prejudice. One is that many people consider themselves most educated, most smarted, with a sense of humor etc. Try to figure out an objective picture, starting with an analysis of the human development index.

Human Development Index (HDI) based on 3 indicators (Figure 19):

1. Life expectancy, measured by average expected life length for age from 25 years till 85 years;
2. Educational level, including:
   - Literacy level of adult inhabitants from 0% to 100 % (2/3)
   - Integrated indicator of initial, middle and higher education – contingent of students (от 0 % и 100 %, 1/3);
3. Standard of life, measured by real GDP per capita (от 100 до 40.000 $).

Individual indexes are calculated by formula:

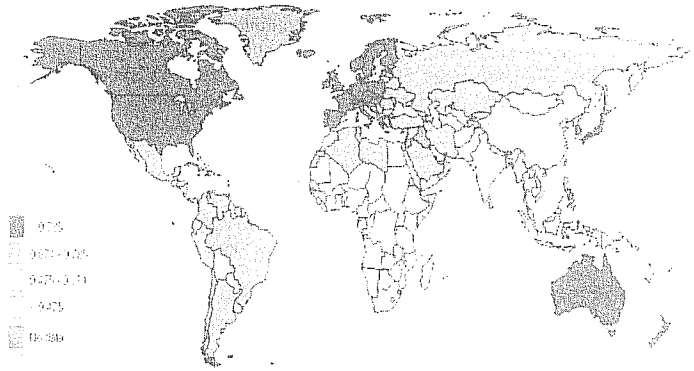


Figure 20: Human Development Index: world map, 2010
Sources: *Human Development Report 2010*

Russia is among the countries with high human development index. It took 65 place in 2010 (see Figure 20).

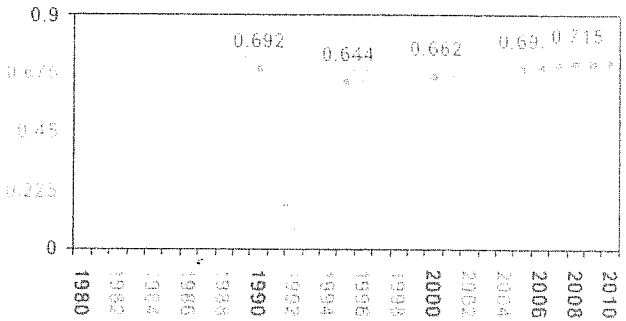


Figure 21: Human Development Index: Russian Position,1990-2010

Sources: Human Development Report 2010

The development of human capital becomes real alternative to raw materials specialization. In the late twentieth century in the structure of Russian human capital trend to reduce the duration of life: from 69.2 years in 1990 to 71.5 in 2010 (see Figure 21). Although the trend to lower life expectancy in the early XXI century ceased in the last decade still we have no positive changes. The gap between developed countries and Russia in life expectancy is about 15-17 years. In life expectancy Russia in 2010 occupied 127 place out of 187 countries for which data are available.

Myth № 4: Everyone - architect of his own happiness

The transition to a market economy has increased the responsibility of everyone for their well-being. Unfortunately, many Russians were not ready for this. The consequences of a sharp reduction in the production of public goods has led to a reduction in life expectancy. Under these conditions, It's necessary to make a cardinal change in attitude to social support and public health

In 2004, per hour wages in the Russian industry was $1.7, and although this was three times higher than in China, India and Indonesia, but 1.4 fewer than in the countries of Central and Eastern Europe (CEE) and Latin America. While on the productivity in the Russian industry was at the same level as the CEE countries and Latin America. However, compared with a G7 countries, per-hour Russian wages less in 13.5 times, and comparing with Northern Europe (Norway, Denmark, Sweden, Finland) less in 18.2 times. At the same time, manufacturing value added per worker gap is not so great: it is only 2.3 times for the "G7 countries" and 2.6 times for Northern Europe (Table 6).

So far not overcome significant disparities in wages in Russia and that does not encourage the growth of human capital. The highest wages workers receive in the fuel and energy complex, non-ferrous metallurgy and in finance and, on the contrary, the minimum wages are typical for workers' in agriculture, light industry and budgetary sphere. And although recent trend towards higher wages for most low-paid categories of the population and reduce the gap in wages, with the rate of reduction rather modest.

Table 6.Proportion of Russia and other countries in wages and productivity of labour
(Russia = 1, 2004)

	Pay by the hour	Added cost per employee
Northern Europe (Norway, Denmark, Sweden, Finland)	*18.2*	*2.6*
«G7»	*13.5*	*2.3*
Mediterranean region (Portugal, Greece, Spain, Slovenia, Turkey, Israel),	*5.2*	*1.5*
Southeastern Asia (S. Korea, Malaysia, Singapore)	*4.0*	*2.0*
Central and Eastern Europe (Hungary, Poland, Romania, Slovakia, Czech Republic)	*1.5*	*1.0*

Latin America (Chili, Columbia, Mexico, Venezuela)	*1.4*	*1.0*
Russia	*1.0*	*1.0*
New «centers of power» in Asia (China, India, Indonesia)	*0.3*	*0.5*

Sources: A.R. Belousov, Long-term Trend of Russian Economy, Moscow, 2005

Myth № 5: Russian Education is the Best in the World

- The successes of the Russian education are obvious
- However, if their estimate of earned income, they look pretty small compared to the rest of the world
- Fee structure of the Russian citizens do not correspond to the Scientific Revolution era
- Higher education has become a social norm, that adequately reflect the level of ability

Table 7. Staff involved in research and development by countries (thousand person-years full-time equivalents)

Russia	**1264,1**	**1007,3**	**845,9**
Brazil	…	119,0	240,5
Great Britain	267,8	288,6	341,5
Germany	…	484,7	521,9
India	…	318,4	391,1
Italy	143,8	150,1	236,3
Canada	143,6	168,1	228,7
China	783,2	922,1	1965,4
Korea	…	138,1	294,4
USA	…	…	…
France	315,2	327,5	372,3
Japan	945,8	896,8	908,8

*** Or the nearest years that are had data**

Sources:

Table 8. The structure of the internal expenditures on research and development funding and country: 2009 * (%)

Russia	**100**	**66,5****	**26,6**	**6,5**	**0,5**
Brazil	100	52,9	44,7	…	2,4
Great Britain	100	30,7	45,4	17,7	6,2
Germany	100	27,7	67,9	4,0	0,4

100	44,3	42,0	9,5	4,2
100	66,0	29,6	…	4,4
100	32,5	47,5	9,3	10,7
100	23,6	71,7	1,2	…
100	25,4	72,9	0,3	1,4
100	27,1	67,3	…	5,7
100	39,4	50,5	8,0	2,1
100	15,6	78,2	0,4	5,8

ears that are had data

lgetary funds, budgetary allocation for the maintenance of schools, sector (including their own)

№ 6. Russian science - direct descendant ıced Soviet science

the Russian science is also evident. At the same time in the past 15 to 2009.) personnel engaged in research and development in Russia .2 thousand (full-time equivalents, see Table 7). The distribution of el is extremely uneven across Russia. The bulk of research workers ated in the Central Federal District. The main source of funding is the /hich is mainly engaged in R & D - begins backlog backlog of basic : the research and development in the business sector is funded from ıble 8). Budget: 'parasitism of the private sector to public sector ıreak patents on the international market, we have, it is noticeable lag India.

iveness of investing in science influences the way innovations are ıtion possibilities index consists of five interrelated indexes:

entists and engineers index,

ovation policy index,

ster environment index,

nection with universities index

npanies' activities and strategies index.

ɔsition of Russia in comparison with other countries is shown in the

Table 9. Innovation possibilities index: comparative position of Russia in 2004

Place	Scientists and engineers index	Innovation policy index	Cluster environment index	Connection with univercities index	Companies activities and strategies index
…	…	…	…	…	…
40	Italy	Greece	Morocco	Indonesia	Southern Africa
41	Latvia	Czech Republic		Portugal	Lithuania
42	Romania	Lithuania	Nigeria	Egypt	Mauritius
43	Argentina	Slovakia	Cyprus	Uganda	Egypt
44	Mozambique	Botswana	Bahrain	Turkey	India
45	China	Namibia	Turkey		Poland
46	Costa Rica	Bahrain	Estonia	Hungary	Jordan
47	Egypt	Italy	Ukrain	Jordan	Hungary
48	Trinidad and Tobago	Malta	Mexico	Jamaica	Mexico
49	Chili	Jordan	Slovenia	Bahrain	Tunisia
50	Cyprus	Chili	Lithuania	Costa Rica	Estonia
51	Macedonia	Morocco	Costa Rica	Greece	Portugal
52	Indonesia	Croatia	Philippines	Trinidad and Tobago	Pakistan
53	Mauritius	Serbia	Kenya	Panama	Panama
54	Tunisia	Tanzania	Panama	Namibia	Botswana
55	Morocco	Uganda	Greece	Madagascar	Morocco
56	Brazil	Egypt	Mauritius	Mali	Thailand
57	Turkey	Gambia	Czech Republic	Mauritius	Namibia
58	Uruguay	Trinidad and Tobago	Colombia	Vietnam	Trinidad and Tobago
59	Malaysia	Mali	Namibia	Botswana	Salvador
60	Vietnam	…	…	Tanzania	China
…	…	…	…	…	…

Source: PORTER M., KETELS K. (2007): Competitiveness at the Crossroads: Choosing the Future Direction of the Russian Economy. Moscow. p. 56.

In terms of innovative capacities Russia took a total 35th place. However, it is characterized by a strong variation between the indicators that make up the index (see Table 9). The Scientists and engineers index value for Russia is the 9 th highest in the world, the Cluster environment index – 41st, the Connection with universities index - 45 th, the Innovation policy index - 58 th, and the Companies activities and strategies index - only 63rd . Such a large variation between different aspects of innovative capabilities significantly reduces the overall efficiency. Russian patenting rate is smaller than in China and India (see Figure 22).

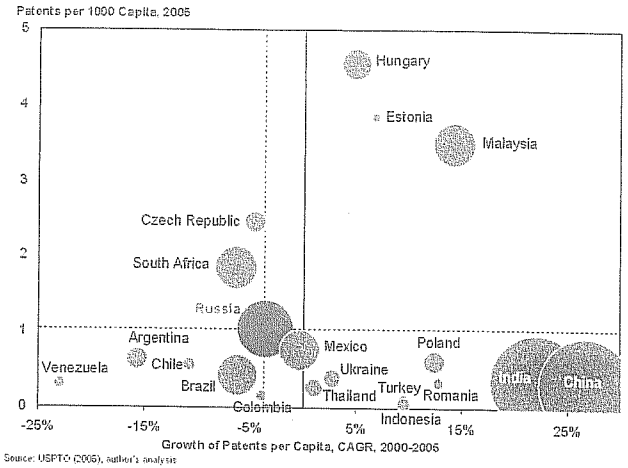


Figure 22. U.S. Patenting Rates, Russia and Selected Peers, 2000-2005.

Source: PORTER M., KETELS K. (2007): Competitiveness at the Crossroads: Choosing the Future Direction of the Russian Economy. Moscow. p. 38

Russian system of innovation is strong at its input and relatively weak at the output. Russia traditionally spends a noticeable share of GDP on research and development. However private business invests in science very little. Businessmen still enjoy the possibility of extensive growth, growth based on expanding the market more than its intensification. It is therefore not surprising that the majority of Russian inventions are patented in other countries, including the US, which use Russian scientific resources actively.

According to UNESCO, by number of employees engaged in research and development of Russia takes 4th place after the United States, China and Japan. However, what is more important is not the number of researchers, but their effectiveness.

In recent years the Russian government has introduced several initiatives under its innovation policy. These include establishing special areas to promote science and technology. These measures will affect companies located within the territory of those members of the Russian Federation, where these special zones are situated.

The major problem of the Russian economy is its low performance level. Overcoming development gap in comparison with developed countries will become possible only with the help of innovations. This means that process of generating and using Schumpeterian-type innovations should become the key factor of economic development. It is necessary to note that innovative activity of businessmen can be present in various forms. Depending on existing game rules business activity can get not only productive (J. A. Schumpeter's creative destruction), but also unproductive (rent seeking) orientation.

Aging equipment is reflected in the Doing Business in Russia. It is not improved during last four years. If in 2008 Russia occupied 112 rank in 2011 it has moved on 123 rank (see Table 10). It testifies about high transaction costs. Without their reduction fast moving to an innovative way of development is impossible.

Table 10. Doing business in Russia (2008-2011)

Ease of...	2008 rank	2009 rank	2010 rank	2011 rank
1. Starting a Business;	52	65	104	108
2. Dealing with Construction Permits;	180	180	182	182
3. Employing Workers;	100	101	N/A	N/A
4. Registering Property;	46	49	45	51
5. Getting Credit;	102	109	87	89
6. Protecting Investors;	84	88	92	93
7. Paying Taxes;	136	134	103	105
8. Trading Across Borders;	162	161	162	162
9. Enforcing Contracts;	18	18	18	18
10. Closing a Business.	83	89	93	103
Doing Business	**112**	**120**	**116**	**123**

Source: Doing Business in Russia – 2011. The World Bank Group. http://www.doingbusiness.org/

Myth № 7: Education in Russia - the source of the growth of the middle class and a real factor in reducing inequality.

Why not grow the middle class? Because we have growing gap in incomes of the population, primary education is usually for the elite. Decides whether the problem of secondary education?

Unfortunately, not. Because we have the vicious circle of inequality of education.

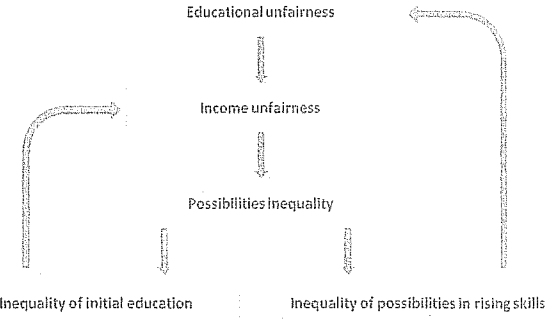


Figure 23. Vicious circle of educational unfairness.

There is a vicious circle of inequality of education: educational inequality leads to inequality of income, and it in turn to inequality of opportunity. This refers to the inequality in primary education and professional development opportunities that enshrines the dynamics of income (see Figure 23).

Table 11. The forecast of change in social differentiation (% population)

	2000[1]	2010		2015		2020	
		P	O	P	O	P	O
Population differentiation in income (fund index), times	19 15	19-21	14-16	21-23	13-15	25	10-13
Russian «General middle class»	24	25-26	28-30	24-27	32-35	20-25	34-37
Poverty level (population amount with income lower than subsistence minimum)	27 18	18-15	12-14	18-20	10-12	20-25	8-10
"Stagnant" poverty level (population amount with income lower than subsistence minimum for 5 or more years)	7	8-10	7-8	10-12	6-7	12-15	5-6

[1] *Numbers – additional estimate of official data including correction for latent forms of describable phenomenon; denominator – official data (Rosstat)*
P – pessimistic forecast; O – optimistic forecast

Source: A.R. Belousov. Long-term trends of russian economy. M. 2005.

This leads to the fact that the forecast changes in the social differentiation is rather pessimistic. Even if the "optimistic forecast", according to calculations by Andrei Belousov, the middle class can grow in 1,5 times, poverty would be reduced by 2 times, and the level of long-term poverty has declined by only 1 percent. The pessimistic version looks much worse (see Table 11).

3. STRATEGY AND TACTICS OF RUSSIA'S MODERNIZATION IN THE LIGHT OF THE CONCEPT OF SOCIAL MARKET ECONOMY

According to the analysis above there are some recommendations can be offered. But we should take into account the mistakes which were done in the past. Economic policy should not formulated with an emphasis on "restoration" and "survival". It shouldn't build on the opposition of market and democracy, on the one hand, and social justice, on the other hand. There is a wrong way to build the economy on the opposition of government and the market. Economic policy shouldn't focus on

any one social group: the poor people, entrepreneurs, Russians and so on. On the other side, it shouldn't based only on quantity indicators ("Double the pace of economic growth ", "To catch up and overtake America in per-performance" etc.). Nostalgia for the Soviet Union should go out in the past.

We propose that the model of social market economy can be used for Russia in the 21st century. Basic elements of social market economy are personal liberty, social justice and economic efficiency.

Personal liberty assumes trust strengthening between agents, development of guarantees of private property, and regular economic policy promoting freedom.

- building trust between subjects
- development of guarantees of private property
- systematic economic policies that promote freedom

With **social justice** present market economy promotes social development and strengthens middle class. Democracy will allow to break administrative barriers and to create public control. Social justice also includes address support of vulnerable regions of Russia.

- Premise - raising living standards.
- Necessary to form a nationally oriented leading stratum of society:
  - *"Offshore aristocracy", which moved its capital to foreign countries.*
  - *The bureaucracy, which gradually turns from the Soviet nomenklatura in the competent state. Employees.*
- In the formation of the national elite, an important role to play in the modern system of education and culture.
  - *Stratification of Russian higher education reinforces and reproduces the differentiation of post-Soviet society.*

Even in the Soviet Union there was more opportunity for representatives of regional centers to break into the top of the pyramid.

- Send a market economy at the service of social.
- Poor can be alone, to live in dignity, we must act together.
- Basis of Russia - the middle class.
- To break administrative barriers, create public control.
- Encourage «regional engines of growth».
- Provide targeted support to vulnerable regions and ensuring them conditions to improve the quality of life as one of the criteria for the integrity of Russia.

Economic efficiency should be directed towards creation and maintenance of competitive order, strengthening of antimonopoly activity and improving fair entrepreneur's image. This will make Russia more attractive for workers from abroad and help it develop integrative relations with neighboring countries ("economic recovery of a single post-Soviet space").

The following requirements for effective economic policy can be offered to reach the market economy. It should be understandable for citizens. Politicians must convince the people of its (politics) total accuracy. Policy must be consistent, open и honest. It should be tactically constructed in the nearest future: directed not only a long-

run final result, but also convincing demonstrational effect within reasonable time spread according to expectation of population.

All these measures will raise economic efficiency while creating preconditions for a fast overcoming of the crisis and increasing the welfare and the acceleration of economic development of Russia.

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