PalArch's Journal of Archaeology of Egypt / Egyptology

# MAIN SOCIAL AND ECONOMIC CHALLENGES FOR POST-CRISIS DEVELOPMENT OF RUSSIA

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**Valentin V. Kashirin1, Mihail V. Romanenko, Manir S. Khalikov, Valery K. Kovalchuk, Alexander P. Susyev. Main Social And Economic Challenges For Post-Crisis Development Of Russia--Palarch's Journal Of Archaeology Of Egypt/Egyptology 17(10), 3407-3423. ISSN 1567-214x**

**Keywords: Smart Economy, Scientific And Technical Potential, Interdisciplinary Approach, National Innovation Systems, Import Substitution, Sustainable Growth.**

## ABSTRACT

This paper considers a wide range of theoretical and practical problems of the post-crisis development of Russian economy through the lens of technology, innovation and investment. The authors see their main task in proposing the measures to improve the efficiency of the domestic economy after overcoming the crisis of 2015–2017 and to strengthen its subsequent innovative socio-economic development. Thus, the paper makes an attempt to substantiate possible approaches to the transformation of the RF economy in the setting of the globalization of world economic relations and the transition to a post-industrial economic system based on the generation, distribution and use of knowledge. In fact, the authors propose a new approach to considering the post-crisis way of restoring the socio-economic potential of the country. A distinctive feature of the work is the practical interpretation of some provisions and conclusions from the works of known Russian and foreign scientists and specialists in theory of innovation and institutional analysis, such as Abalkin A.A., Auzan S.D., Bodrunov A.V., Buzgalin S.Yu., Glaz'ev R.S., Grinberg A.A., Dynkin V.V., Ivanter.B.G., Kleyner A.I., Kolganov A.D., Nekipelov V.M., Polterovich V.M., Tambovtsev

V.L., Fetisov G.G., Lundvall B.-A., Nel'son R., Friman K., Shumpeter Y., Edkvist Ch. and others.

The methodological and information basis of the study was formed by the following: legislative and regulatory legal acts of the Russian Federation and its entities; methods of institutional, system and comparative analysis, statistical methods, methods of modeling and forecasting innovative activities; research works of Russian and foreign specialists; works of the authors of this study; materials of international and Russian research and practice conferences, seminars, round tables, mass media, and Internet.The Strategy for the Formation of the Innovative Economy of Russia for the period until 2020 seems to be quite positive (Strategy of Innovative Development of the Russian Federation for the Period to 2020, Government of the Russian Federation, December 8, 2011 # 2227.) However, the troublesome fact is that at present the fruits of the relatively successful economic development are highly unevenly allocated between the regions and the population of Russia. All this can not continue for so long without monumental losses (economic, social, and demographic ones) for the whole country. The task of post-crisis development is not only to ensure a high innovative level of socio-economic development of the domestic economy, but also to ensure that every citizen and region of Russia sees its real results. Positive economic changes at the country level should be accompanied by adequate growth of socio-economic development of all RF entities and the living standards of their population, otherwise they may lose incentives for efficient economic activity.

**Keywords:** smart economy, scientific and technical potential, interdisciplinary approach, national innovation systems, import substitution, sustainable growth.

## INTRODUCTION

While overcoming the negative consequences of the crisis in 2015–2017, Russia is consistently aimed at economic restructuring, increasing investment in human capital, raising healthcare, education, science, and other social sectors, as well as the import substitution. Russia's transition to the path of innovative development (e.g., to the knowledge economy) requires the development of a strong state innovation policy to ensure the efficient conversion of knowledge and research results into new competitive technologies, products, goods, and services. Without this, the dramatic changes in the competitiveness of Russian economy in the global markets are impossible. It is mostly the innovative way of post-crisis development based on selected priorities that is an important strategic task and an integral part of modern Russian economy. State innovative policy should stimulate the development of domestic industries and regions and result in an increase in the production of modern high-tech products (goods, works and services); in diversification of the directions of economic growth; in faster modernization of fixed assets and industrial (production) infrastructure, and in the implementation of socio- economic projects that are of higher priority for Russia. The solution of this task should be aimed at uniting the efforts of public authorities (the federal Center and entities of the Russian Federation), local self-government bodies, research&development and educational organizations, as well as small, medium and large enterprises and business

structures for more efficient use of Russian innovative potential.It should be said that starting from the tsarist times, the problem of commercialization, e.g. the efficient introduction and use of the innovative research and development achievements, has been the Achilles' heel of Russian economy. Nowadays, there is a huge gap in Russian economy between several stages of the innovation cycle: science (including fundamental and applied research, experimental design and technological development), introduction and assimilation of research results, and mass production. That means, one is able to carry off the scientific idea to its testing sample, but can not stamp it out on the assembly line. This indicated that besides having a sufficiently high level of scientific development, there is a lack of technical and technological culture of production, e.g. the ability to commercialize its development. According to experts, Russia loses about $ 15 billion annually due to weak introduction of scientific, technical and technological innovation into the economy. That is, the country loses about the same amount that it earned from selling weapons to various countries in 2016 [1].

Practice shows that the most successful innovation may only develop when there are conditions for their commercialization and commercial (mass) use. The commercialization here is the transformation of the result of an individual research or creative activity into a commercially valuable good, service or process with their subsequent sale in the market.Moreover, innovation should be actively supported by investments, otherwise it would be impossible to implement the mechanism for their development and efficient use (implementation). At the same time, investments without innovation are pointless and useless, since they may be used to support obsolete technologies and the production of goods, works and services that are not in demand.Currently, according to the results of international research, Russia is in the sixtieth place out of 104 countries surveyed in terms of innovative development. For example, Russian production uses no more than 7-10% of innovative ideas and development, while in the USA this indicator is 62%, in Japan - 95%. Our industrial science performs 6% of domestic scientific research. In the EU countries this indicator is 65%, in Japan - 71%, in the USA - 75%. In the Russian Federation, no more than 6% of registered inventions and utility models become objects of commercial transactions. At the same time, about 70% of them are micro and pseudo-innovation aimed at maintaining or slightly improving the majority of obsolete types of equipment and technologies [1].

Unfortunately, Russian technical and technological bases in the real sector of economy (except for the certain enterprises) lagged behind the advanced Western countries for the period of 10 to 15 years. This fact also explains the comparatively low labor productivity in the domestic industry, which leads to an increase in the cost of production and a decrease in its competitiveness in international markets. For many years, Russia has not been able to withdraw from the outsider countries in terms of labor productivity. Russian GDP for

one working hour lags behind the similar indicator of developed countries by 2–3 times**.** The Decree of the RF President V.V. Putin of May 7, 2012 # 596 "On the Long-Term State Economic Policy" gave a direct appiontment to the Government of the Russian Federation to create 25 million high-performance jobs by 2020 and increase the labor productivity in Russia in 1.5 times by 2018 (as compared to 2011). Five years have not showed significant progress in this.Issues of legal regulation of innovation and protection of its important component - intellectual property - have a great significance for Russian economy. One should keep in mind that legislative acts and legal documents regulating innovative activity should give priority to directly applicable acts that do not imply numerous instructions, additional explanations, methodological instructions and other subordinate materials.The authors have no doubt that efficient innovation policy would help to bring the economy of our country out of export and raw-material development in the post-crisis period and support the high growth dynamics of processing industries. Another aim is to fully ensure Russia's competitiveness and its equal integration into the global economic community.

***Impact of the crisis on the prospects for innovative development of Russia***

The definition of innovation and related activities is set out in Federal Law # 254 of July 21, 2011 "On Amendments to the Federal Law On Science and State Science and Technology Policy". This Law understands innovation as "a new or significantly improved product (good or service) introduces into application; process, new sales method or a new organizational method in business practice, workplace organization or external relations".

Federal Law # 254 introduced a new chapter IV.1 "State support for innovation". This support may exist in the following forms:

- granting of exemptions on payment of taxes, fees, customs payments;
- provision of educational services;
- provision of information support;
- provision of consultancy support and assistance in the formation of project documents;
- formation of demand for innovative products;
- financial support (including subsidies, grants, credit lines, loans, guarantees, contributions to the authorized capital);
- implementation of targeted programs, subprograms and activities within the framework of the state programs of the Russian Federation;
- support for export;
- provision of infrastructure;
- in other legitimate forms.

At the same time, the goals and main directions of state support for innovative activity are determined within the Strategy of Innovative Development of the Russian Federation, approved by the Government of Russia. Focusing on the imperative nature of further innovative development of Russia, one should not forget such pressing practical task as overcoming the current crisis situation.

The fact is that the Russian economy came out from the recession periods of the years 1998 and 2008–2009 relatively quickly due to the actual restoration of the output growth in the already existing sectors, e.g. on the account of the return to its pre-crisis structure. The way out of the current crisis of the years**2015–2017** might and should be provided, first of all, by a breakthrough in the most advanced spheres, which use innovative achievements. Here, consideration of the global practices shows how much our country lags behind in making and implementing decisions that may lead to an innovative breakthrough today. The problem is that the global crisis, starting in 2007–2008, showed that the countries that were the most successful in overcoming it were the countries with an advanced diversified manufacturing industry (irrespective of their social system). These countries continuously used the latest achievements of research&development activities (innovation) for their development. Among such countries are Japan and China, and in Europe it is Germany. One should not miss that the same countries are found among the top three exporting countries. China occupies the first place in the world in terms of its exports for several years. [2]

It is possible conclude that ensuring the stable sustainable growth of the national economy in the long run and to put it in the rightful place in the global economy is possible primarily on the basis of innovative development of manufacturing industries. Innovative growth of its industries would create opportunities and conditions for sustainable growth of the entire national economy. In industrialized countries, the following sectoral division of national economies was formed in scientific theory and practice:

• branches of extraction and primary processing of raw materials;
• industries of traditional heavy, (usually) material- and labor-intensive industries;
• high-tech industries described as relatively low material-intensive and labor-intensive, but of very high share of costs for research&development in value added;
• service industries (software development, system integration, consulting, education, etc.).

In countries with innovative economies based on knowledge, the sectoral structure of the economy is changing towards a constant increase in the share of the last two groups of industries in the structure of national economy. It is important that the main peculiarity of these two groups of technologies is that they base upon the extensive use of intellectual labor output, i.e. the new knowledge.Innovative growth (in the setting of continuing instability of the global economy as a whole) may no longer be achieved through previously used extensive factors for example. It may also be provided namely *on an innovative basis*, allowing for more efficient variant of economic growth with the use of intensive factors. It should be emphasized once more that innovative development is not a tribute to fashion, not only the formation of a worthy "image" of national economy in the global economy (although this may be

true to some extent), but, above all, forming the reliable basis for ensuring the sustainable growth of the economy for the future.Before answering the above question about the factors that affect the competitiveness of the national economy, one should ask another question on understanding the subject matter of *competitiveness* in macroeconomic scale. First of all, this is possessing certain competitive advantages in comparison with other subjects of global economy. The *competitive advantages* of the national economy include:
*First*, the living standard and wages achieved in a taken national economy, as well as the opportunities for self-realization of workers in the areas determining the development of scientific and technological advance.

Nowadays, among these areas is the *sphere of innovation*, especially, the sphere of information technology. It is especially significant not to not forget the leading branches of the real sector of the economy, particularly, the manufacturing industry (machine building and machine tool industry), without which the mass creation of innovative products and the growth of productivity based on technological progress are impossible. The priorities of industrial production are manifested in the rapid development of high-tech enterprises in the pharmaceutical and medical industry in recent decades This growth is observed in almost all developed countries, as well as in some of the most actively developing economies of the third world. It should be noted that, unfortunately, our competitive production now it is concentrated mainly in the raw materials and extractive sectors. Russia would only be able to solve tremendous tasks in the field of security and social development, to create modern jobs and improve the quality and living standards of millions of citizens by changing the structure of the economy.Of course, Russia has successful enterprises in industry, in agriculture, in small and medium businesses. The main task is to make the number of such companies grow faster in as many branches as possible. In order to achieve this goal, one should dedicate the domestic programs for import substitution and export support and technological upgrading of production and training of professional personnel to it.

*Secondly*, the competitiveness implies the availability of a high innovative potential in the national economy, which is supported by the availability of a sufficient number of highly qualified specialists and their national training and refreshment systems.

*Thirdly*, in the current global aggravation of competition, an important factor in successful performance in foreign markets, in realizing its economic potential, the presence of the system of foreign economic relations in the country that should be developed and efficient, flexible and mobile at the same time, adjustable and acapable of self-development.

Let us see what the main components of innovative development should be. The authors believe that it is necessary to address to such an important

characteristic of innovative growth as its institutional and legal support once again. This support suggests the formation of an appropriate *innovative environment* **within the national economy.** Thus, existing organizational and legal levers, designed to ensure innovation, should include the *motivation* of business entities operating in the most diverse areas to constantly conduct such activities. The latter, first of all, should feel the necessity of the same constant work on innovative improvement of their product (regardless of the form of this product), as well as on self-improvement (organizational structure, management of economic activities and personnel etc.) in their daily economic activity.The inherent characteristics of an innovative environment, which are closely related to its institutional and legal support, may also include:

- favorable investment climate in the country, which is a combination of political, economic, legal, and administrative conditions for the activities of both domestic and foreign investors (since continuous innovation in various areas of life requires a constant inflow of capital investments);
- current legal practice, as well as the developing practice of legal regulation, which would be aimed at encouraging innovation (particularly, investing in innovations), rather than impeding its implementation at various levels;

- the state and prospects for the development of market competition, presence/absence of administrative barriers, e.g. the situation where those entering the market with new products or ideas would not face administrative pressure, but would have access to targeted financing from state sources and bank-credit resources.The developed countries practices show that, from the viewpoint of financial support for innovation, the most successful results come from an efficient combination of public and private sources of financing that have a stimulating effect on the private sector towards long-term investments into innovative projects.For example, only a strong state policy, both in the development of innovation and the movement of capital, is able to economically and administratively affect the to private and sometimes state-owned companies, leading them towards modernizing the structure of the economy and individual industries. As for the private capital, it should be put under conditions that would constantly stimulate its innovative activity (in the socially-oriented direction) by the influence of the market and the state. The innovation-based reproduction is impossible today without state forecasting, programming and long-term and medium-term strategic planning of the main directions for further innovative development of the entire national economy. Today, it is the common practice of developed Western countries. In this case, it is necessary to consider to the problem of general impact of Russian imports on the economic processes and the role of import substitution in further development on an innovative basis more thoroughly. Summing up the composition of Russian imports in the period preceding the Western sanctions introduction in the middle of 2014 of and Russian response measures, the authors want to emphasize the fact that at least a third of its value was for consumer and investment machinery. Both these and other commodity groups are fully entitled to import substitution. The branches of the domestic

manufacturing and processing industries may and should produce a significant part of food, woodwork products, household care, products of metallurgy and petrochemistry, leather and textile industries, as well as machine tools, machinery and equipment. The absence of own production of these commodity items leads to deindustrialization, disintegration and disorganization of a unified production complex. All this finally leads to strengthening import dependence on many positions and desovereignization of the domestic economy, archaization of its structure, offshoring and structural and technological degradation. Considering the Russian economy's losses from the retention of such a situation, some experts describe such state of imports as an inequivalent foreign economic exchange. The losses are estimated at $200 billion for the "pre-sanctions" year 2000.For individual sectors of the economy, the situation was as described further. There was a 50% share of imports in the butter market and 60% in cheese market. The crucial drug market had much worse state: its share of imports reached 80%. As for the light industry, the degree of dependence on imports of both finished goods and raw materials in many positions exceeded 80%.
Finally, things have turned ugly in that sphere of Russian economy that largely determines the future of the country. In his speech in the spring of 2014 at the session of the Russian Academy of Sciences, the rector of the Moscow State University, academician *Viktor Sadovnichy* noted that currently the development of domestic information technology depends on imports by 93%. If consider the situation in computer technology, it is absolutely depressing: Russia depends on the import of personal computers, tablets, mobile phones, etc. for 100%.

Let us consider another example. As famous Russian film director *Karen Shakhnazarov* noted some time ago, during the Soviet era the film-making technique was of its own production and of good quality (in addition to its own, the GDR could also supply the film if necessary). Today this equipment is almost 100% on imports. It means that in case of a possible further expansion of Western sanctions against our country, film production in Russia may completely stop.Did the policy of import substitution proclaimed on a national scale in 2014 obtain significant results? Unfortunately, not in all sectors Let us take for example machine tool building. So far, it is a fact that its individual successes are mainly due to the fact that the state continues to actively carry out the technical re-equipment of some of the largest enterprises of the industry. In general, this sector is still unable to meet the needs of domestic industry. In this regard, it is not surprising that while the volume of the Russian market of machine tool building in 2015 amounted to about 100 billion rubles, the share of imports on it continues to be at least 80%.

At the same time, one should not forget that it is the development of the machine tool building industry that determines the production of almost all other non-food products. According to the data from the Union of Machine

Builders of Russia, the production of machine tools of all kinds in the first quarter of 2016 decreased by almost a third [3].

It is not surprising, because according to the Russian Union of Industrialists and Entrepreneurs (RUIE), since the second half of 2014 (that is, even in the pre-crisis period), investment activity in the metal working industry has been practically at zero. In these conditions, on the way to the development of the national machine-tool industry, Russia meets an objective obstacle.On order to remedy the situation, the RF Government approved the rules for granting state subsidies for the implementation of projects in the field of machine tool building on March 14, 2016. In accordance with this document, the subsidies are provided to the Russian Foundation for Technological Development (RFTD) for the formation of series manufacturing of machine tool products. In turn, the RFTD provides targeted loans to these funds, both for Russian enterprises and for individual entrepreneurs. It is assumed that in the nearest future no less than 7–9 completely new productions with a total investment of about 4.5 billion rubles would be created.Another significant reason for the lag in the advanced industries, including the same machine tool building industry, is the lack of qualified personnel. Moreover, at the official level, one of the reasons for the slowdown in growth (and the decline) of the Russian economy is the existing shortcomings of the systems of secondary, higher and professional education.Despite the general recognition of redundancy in the personnel training (especially, for lawyers and economists), from more than 100,000 graduates per year only 10 percent are engineers [4].

One should only hope that new increased admission of students for engineering and technical specialties in a few years would provide the necessary replenishment of highly qualified personnel. Let us consider another significant point. Innovative solutions may not be accepted, and the innovative product, respectively, may not be made in the sector of *unobservable* shadow economy. According to experts from the General Confederation of Trade Unions (GCTU) that unites trade unions of CIS countries, more than 14% of Russia's GDP is produced in this sector. This is roughly the average for the CIS, but Russian people do not feel any better from this, as they say. [5].

The situation in today's Russian economy, determined by the imposition of a full-scale crisis of 2015–2funamental long-term actions in order to:
- overcome the direct consequences of the financial and economic crisis;
- decided domestic economy transition to the rails of primarily innovative development.

***Russia's takes to the trajectory of post-crisis sustainable growth***

The direct consequences of the continuing crisis would be affecting the Russian economy and society at least until the end of 2017. This fact became clear following the results of a meeting at the end of Augustm 2016 with the Russian Prime Minister Dmitry Medvedev. During this meeting it was decided

to perform the second long-promised indexation of pensions not "in the usual format" but as a one-off payment to pensioners in the amount of 5 thousand rubles. This payment was made not in autumn, not even in December 2016, but only in January 2017. Later, this decision was formalized in the federal law approved by the newly elected State Duma of the seventh convocation.It is obvious that the decision to postpone the payment for 2017 was directly related to the effects of the crisis. In the following months, at the governmental level, there were many remarks about the difficult situation in the finance sphere. At the end of 2016, the Minister of Finance of the RF Anton Siluanov voiced the forecast that by the end of the year the reduction in federal budget revenues would be about 1.5 trillion rubles, which was the direct justification of the ongoing financial and economic crisis in Russia. A little later, at a regular meeting of the RF Government, Prime Minister Dmitry Medvedev emphasized that on average in 2016 the price of Russian oil was significantly lower than that of the set one in the budget. "Accordingly, we have less revenue from exports," - said the head of Government. At the same time, he specified the calculated data for the year. "The situation with incomes in a number of other positions is slightly better," he said, "but this only partially covers the shortage of funds from oil exports. As a result, the revenue part of the budget is reduced by 370 billion rubles" [6].

It is clear that such budget losses took their toll on the opportunities for social development of the country. The efficiency of the fiscal policy itself would be discussed in more detail below. Here the authors would like to focus on the social component of the transition to an innovative type of development. The point is that in modern Russia, according to the apt remark of Professor *Pol' Savchenko* from the Institute of Economics of the Russian Academy of Sciences, the social sphere is considered "as a certain reserve of saving budget funds" [7].

Meanwhile, it is clear that the imperative transition to an innovative type of development assumes an equally imperative reduction in the number of people in and below the poverty line. This is one of the important conditions for ensuring innovative growth, since a person in a state of poverty or close to it can not be an innovator in any sphere of economic and social activities.Particularly, it refers to the opportunities of productive labor. Thus, according to the rector of the Financial University under the Government of the Russian Federation, *Mikhail Eskindarov*, labor productivity in the Russian economy today is on average still 3–4 times lower than in developed countries [8].

Thus, the connection between high productivity and the capabilities of a modern worker to enjoy the achievements of social development is becoming more and more obvious and direct. This fact is justified by the modern foreign practices of developed countries, because they do not save on the social sphere. According to the Federal State Statistics Service, in 2015 public

spending on education and healthcare in our country together amounted to about 7.8% of GDP, while, for example, in Finland it was 13.5%, in the US - 13.8%, in Germany - 14.1%, in Austria and Great Britain - 14.4%, in Norway - 14.9%, in France - 15.2%, and in Denmark - as much as 18.4% .

At the same time, most of the above countries (except for Austria and Finland) are members of the NATO and are compelled (by their own free will or under the US pressure) to incur constant and often considerable military expenses. Nevertheless, the total efficiency of their budgetary policy is such that these countries have enough money for key spheres of life of modern society (medicine and the education).In this regard, touching the acceptable recognized heights in the social development of the RF population seems to be the most important task for entering the path of sustainable long-term growth. The system of measures that, in authors' opinion, is necessary to take to ensure such path includes the fulfillment of the May decrees of the President of the Russian Federation *V.V. Putin*.

During the electoral campaign for the presidential elections in Russia in 2012, Vladimir Putin outlined his program in seven articles published in the central mass media. On May 7, 2012, immediately after inauguration, Vladimir Putin signed a number of Decrees that reflected the main points expressed in the above-mentioned articles. They formulated the long-term goals in economic, demographic and social policies, as well as iin the spheres of healthcare, education and science, providing citizens with affordable housing.

The Decrees of the RF President of the Russian Federation, also called *"the May Decrees"* were:
-#596"On the Long-Term State Economic Policy";
-#597"On the Measures of Implementing the State Social Policy";
-#598"On the Enhancement of the State Policy in Healthcare";
-#599"On the Measures of Implementing the State Policy in Education and Science";
-#600"On the Measures on Providing the RF Citizens with Affordable and Comfortable Residence and the Increase of the Housing and Utilities Services Quality";
-#601"On the Main Lines of Enhancement of the System of Public Administration";
-#602"On the Provision of Interethnic Concord";
-#603"On the Implementation of the Plans (Programs) of Construction and Development of the Armed Forces of the RF, Other Forces, Military Formations and Bodies, and the Modernization of Defense Industry Complex";
-#604"On the Further Enhancement of the RF Military Service";
-#605"On the Measures of Implementing the External Policies Course of the RF";
-#606"On the Measures of Implementing the Population Policy of the RF".

These decrees, *firstly* touch upon practically all the most important directions of the state and political (including foreign policy) and socio-economic lives of Russia. *Secondly*, they may be considered as a medium-term possible direction of Russia's socio-economic modernization.In the following, the measures at the level of the Government of the Russian Federation and the constituent entities of the Russian Federation were largely developed with the ultimate goal of implementing the May Decrees. They also played the role of a kind of indicator of the efficiency of socio-economic policy at the federal and regional levels.It should be noted that the implementation of the May Decrees occurred during the period when the Russian economy entered a full-scale crisis. At the same time, the country was influenced by various sanctions from Western countries. Nevertheless, in May 2016, Vladimir Putin demanded the unconditional fulfillment of the May Decrees regardless of external conditions. "Four years ago, the well-known May Decrees set the goals in the economy, the social sphere, demography, science, education, and other areas. At that time we assumed a great responsibility to citizens and should work without alleging difficulties and external restrictions", the head of state said at a meeting on the implementation of the May Decrees.In the spring of 2016, at one of the sessions of the RF Government, it was said that the Cabinet of Ministers "fulfilled 88% of instructions from the May Decrees of the President of the Russian Federation". It seems that much had been done, but the President emphasized that "it is necessary to assess the results of the work done not by the number of orders removed from control or by the volume of written reports. We have enough people able to do that and have learned to do it well". Putin expressed the conviction that "people should feel real changes for the better, they should feel that, for example, it has become easier to run their own business, to place a child in a kindergarten, to move to a new more comfortable residence, or to get high-quality medical care". According to the head of state, "these are the basic things that determine the well-being of millions of Russian families".Thus, we can conclude that measures to accelerate the development of the social sphere and to improve the quality of life of Russian people are becoming an important component of the overall set of measures to enter the innovative path of development.Later this was again justified by the Prime Minister of the Russian Federation D.A. Medvedev, after sending the draft federal budget for 2018 and for the period of 2018–2020 to the State Duma. According to his statement, the priorities of the budget of 2018–2020 are the fulfillment of social obligations and the May Decrees of the RF President. At the same time, the Russian government admit that this task is not at all simple. So, in order to fulfill that part of the May Decrees concerning raising salaries for certain categories of workers (the so-called *"salary decrees"*), the RF Government decided to raise allocations to the Compulsory Medical Insurance Fund to 5.9% starting from 2019.In their turn, the regions would also take serious measures. In the next 3 years their payroll funds would grow to 800 billion rubles. The RF President V.V. Putin stated that in several directions Russia managed to achieve the set indicators.

"Objective figures suggest a reduction in infant and maternal mortalities. This is objective data", the President said. "We have reached a historic low here, with a historic maximum in terms of life expectancy in the country, reduced mortality from cardiovascular and other diseases, significantly increased the availability of high-tech operations".At the same time, the leader noted that the citizens' complaints against the quality of healthcare were substantiated. "At the same time, citizens often make well-founded complaints against healthcare", the President said. "For people, the main thing is how much professionally and competently the medical assistance is provided. I must say straightforwardly, the countryside lacks qualified doctors, especially narrow specialists and paramedics. The problem is especially acute in small settlements and remote regions". According to the head of state, today this task comes to the fore.V.V. Putin touched upon the regional component of social policy, emphasizing that it is fundamentally important that the tasks set in the decrees of the May 2012 should be implemented throughout the Russian Federation. "It is necessary to improve the quality of life of people in both the large and in small towns, as well as in rural territories. Special attention should be drawn to hard-to-reach and remote areas, including Siberia and the Far East", the President stated. In his opinion, "here it is necessary to make additional efforts to develop healthcare, transport infrastructure, housing construction and modernization of housing and utilities services".Due to the latter, it should be said about the state of the construction sector. According to the forecast of the Ministry of Construction of the Russian Federation, according to the results of 2016 the share of innovative goods, services and ongoing work should reach 20% of the total volume [9]. The authors believe that the industry is not in the worst position from in terms of innovative development. Today the construction of buildings in Russia uses the most advanced technology. However, in the field of industrial construction, the elements of steel structures are used increasingly often, and here one should pay attention to the fact that the Russian practice of building steel buildings and structures is still far behind the foreign, including the European one. Back on the problems of social development, it should be said that all of the above mentioned measures, as well as many other socio-economic measures, are taken in order to increase the creative potential of the workers and stimulate "innovative returns" while providing the foundations for sustainable development.This idea was emphasized once again in the Address of the RF President to the Federal Assembly, which Vladimir Putin presented on December 1, 2016. Particularly, V.Putin noted that "the meaning of our entire policy is the saving of people, the multiplication of human capital as the main wealth of Russia. Therefore, our efforts are aimed at supporting traditional values and family, demographic programs, improving the environment, human health, the development of education and culture"[10]. In addressing all these issues, the importance of an interdisciplinary approach in research on social development increases dramatically. Besides the socio-economic measures, a set of measures of an organizational, economic and legal natures are still important for ensuring the basis for sustainable development. Moreover,

currently the need for the integrated application of such measures is especially relevant.

Here the authors mean the following measures:

1. Providing the access to cheap investment resources. Availability of flexible, non-burdensome conditions for taking a loan for an investor.
2. Creating comfortable conditions for the establishment of new enterprises working in innovative directions. The introduction of tax incentives carried out by such enterprises within the total volume of capital investments.
3. Expanding the banks' opportunities to lend to the economy, including small and medium-sized businesses; the implementation of a targeted policy to reduce the cost of loans in general.
4. Simplification of the selection procedure for prospective investment projects and the procedure for granting state guarantees.
5. A reasonable reduction in imports and the return of the domestic Russian market to national producers. Continuing to implement the policy of competitive import substitution in industry and agriculture.
6. Support for enterprises that implement the best available technologies (environmentally friendly and safe).
7. Rejecting the obsolete equipment and "dirty" technologies, revaluation of all production assets. Increasing the tax burden of obsolete production assets.
8. Expansion of the attraction of private capital and resources into the investment of infrastructure projects.

## CONCLUSION

It is known that in 2008 the "Concept of Long-Term Socio-Economic Development of the Russian Federation for the Period until 2020" was approved, and in 2011 - "The Strategy of Innovative Development of the Russian Federation for the Period until 2020". However, without filling these documents with real economic content, including relatively clear goals regarding the parameters of economic growth, it is difficult to count on a real return on any strategic concept. There are still questions that have not yet been properly resolved. For example, when developing scenarios and the main parameters of the forecast of Russia's socio-economic development for 2016–2018, the Ministry of Economic Development of the Russian Federation laid the basic assumption that the indexation of tariffs of natural monopolies would not be higher than the level of the forecast inflation of previous periods. However, in practice such indexation is only formally able to contain inflationary tendencies, since using a vicious economic scheme means to "adjust" tariffs to the level of inflation, thus giving it the next round. At the same time, all developed Western countries for decades are acting just the opposite: the state regulates all tariffs related to natural monopolies and public utilities in order to curb inflation. According to the Federal Antimonopoly Service (FAS), Russia should have a *National Plan for the Development of Competition.* According to this information, proposals on the need to prepare

such a plan in the near future have been approved by the Chairman of the Government of the Russian Federation D.A. Medvedev [11].

Within the framework of this plan, each branch of the Russian economy would have to present its own sectoral program for the development of competition. One should hope that the role of interdisciplinary scientific research in the compilation of such programs would objectively increase. Meanwhile, among other issues, the question arises about forecasting the rates of economic growth in post-crisis Russia. According to these forecasts, the growth may only be expected in 2017. Approximately the same forecasts are provided by the International Monetary Fund (IMF). How may this growth actually be like? The World Bank experts in their report "Global Economic Prospects" say that in 2017 the Russian economy would get out of the recession and start to grow slowly - GDP is expected to grow by 2%. If this happens, then in 2018, Russians may expect the growth of GDP of about 2.2%.

Meanwhile, the dean of the Faculty of Economics of Lomonosov Moscow State University, Professor Aleksander Auzan very aptly recalls that for people need an economic growth of 3–4% per year in order to feel the improvement of life [12].

The same idea was reflected in the President's Address to the Federal Assembly, which was presented on December 1, 2016. Prime Minister Vladimir Putin instructed the Government of the Russian Federation, with the participation of leading business associations, to develop a substantive plan of action by 2025, the implementation of which should allow the country to achieve economic growth rates above the world at the turn of the 2019–2020 period, e.g. more than 3 %. [13]. Otherwise, Russia would be facing a situation of economic stagnation. In turn, to ensure such economic growth without a radical turn to innovative sources of growth is almost impossible. That is why the problem of the innovative way of development today becomes decisive for Russia.The paper is addressed to students and postgraduate students of legal, economic, sociological and historical faculties, as well as for teachers and researchers of the Higher School, workers of state and municipal authorities and management, and business representatives.

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