

NININS 2020**International Scientific Forum «National Interest, National Identity and National Security»****NATIONAL PROJECTS OF THE RUSSIAN FEDERATION AND
IMPROVEMENT OF THE ECONOMIC MECHANISM**

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Abstract

The issue of this article is topical because of the need to improve the effectiveness of socio-economic development of Russia, its regions on the basis of adopted and implemented national projects. The corresponding Decree of the President of the Russian Federation defines national goals and strategies of development of the state and society for the period of at least 2024. Russian government has been set quite an ambitious and achievable goal of the Russian economy entering the top five economies in the world. This article uses data contained in passports of national projects implemented in the Russian Federation, as well as World Bank statistics for the period 2013–2018 and the analysis of these data, which allowed the authors to draw appropriate conclusions about the effectiveness of the existing economic policy implemented by the Government of the Russian Federation. The continuation of the existing economic policy of the Government of the Russian Federation deprives Russia of motivation and makes the production of entire industries of the country unprofitable.

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1. Introduction

The development of the Russian Federation in the near future is defined in Decree No. 204 "On national goals and strategic objectives for the development of the Russian Federation until 2024" of 7 May 2018 (10, 2018), which lists national projects aimed primarily at implementing a breakthrough scientific and technological and socio-economic development of the country.

The Government of the Russian Federation has been instructed to ensure that by 2024 Russia will become one of the five largest economies in the world by exceeding the country's economic growth rate above that of the world's economies, while maintaining macroeconomic stability, including inflation at a level no higher than 4 percent.

2. Problem Statement

The scientific problem discussed in this article is that the economic breakthrough announced by Russia's top political leadership can be offset by a whole range of existing political and economic barriers.

3. Research Questions

The objective of the research – Russia's GDP for the nearest future 2019–2021.

4. Purpose of the Study

The purpose of the study is to analyze the projected growth of Russia's GDP in the nearest future in 2019–2021.

5. Research Methods

The research was conducted using the method of economic analysis, analysis of strategic documents, statistical analysis.

6. Findings

As follows from the materials prepared on the basis of passports of national projects (2;5), which were approved at the meeting of the Presidium of the Presidential Council for Strategic Development and National Projects on December 24, 2018, the total amount of funding for national projects until 2024 is defined as 25.7 trillion rubles, of which 10.1 trillion rubles are allocated to ensure economic growth.

According to World Bank statistics, the rating of countries with the highest GDP is given in the table 01.

Table 1. Ranking of countries with the largest volumes of GDP, billion dollars

No.	Country	2013			2018			Fluctuation +/-	
		Billion, US dollar	Specific weight, %	Ranked	Billion, US dollar	Specific weight, %	Ranked	Billion, US dollar	Specific weight, %
1	USA	16784.8	21.74	1	20494.1	23.88	1	3709.3	2.14
2	China	9570.4	12.40	2	13608.2	15.86	2	4037.8	3.46
3	Japan	5155.7	6.68	3	4970.9	5.79	3	-184.8	-0.89
4	Germany	3752.5	4.86	4	3996.8	4.66	4	244.3	-0.20
5	The United Kingdom	2753.6	3.57	6	2825.2	3.29	5	71.6	-0.27
6	France	2811.1	3.64	5	2777.5	3.24	6	-33.6	-0.40
7	India	1856.7	2.41	10	2726.3	3.18	7	869.6	0.77
8	Italy	2130.5	2.76	9	2073.9	2.42	8	-56.6	-0.34
9	Brazil	2472.8	3.20	7	1868.6	2.18	9	-604.2	-1.03
10	Canada	1842.0	2.39	11	1712.5	2.00	10	-129.5	-0.39
11	Russia	2297.1	2.98	8	1657.6	1.93	11	-639.5	-1.05
12	South Korea	1305.6	1.69	12	1619.4	1.89	12	313.8	0.20
	across the world	77190	100.00		85804	100.00			0.00

The World Bank's World Development Indicators database was used as a source of information on the size of countries' GDP.

At present, the situation in the country's economy looks very alarming: in the period from 2013 to 2018. Russia's GDP in nominal terms has declined by the highest value among the countries with the highest GDP volumes – from \$2,297.1 billion to \$1657,6 billion, or by \$639.5 billion. This, in turn, resulted in a significant reduction of Russia's share in the world economy by 1.05 p.p (Table 02).

Table 2. The ranking of the countries with the highest GDP, calculated at purchasing power parity, billion dollars

No.	Country	2013			2018			Fluctation +/-	
		Billion, US dollar	Specific weight, %	Ranked	Billion, US dollar	Specific weight, %	Ranked	Billion, US dollar	Specific weight %
1	China	16 779.1	15.86	2	25.361.7	18.64	1	8582.6	2.78
2	USA	16 784.8	15.86	1	20.494.1	15.06	2	3709.3	-0.80
3	India	6 727.4	6.36	3	10.498.5	7.72	3	3771.1	1.36
4	Japan	4 967.1	4.69	4	5.414.7	3.98	4	447.6	-0.71
5	Germany	3 647.8	3.45	6	4.456.1	3.28	5	808.3	-0.17
6	Russia	3 765.7	3.56	5	4.050.8	2.98	6	285.1	-0.58
7	Indonesia	2 520.5	2.38	10	3.494.8	2.57	7	974.3	0.19
8	Brazil	3 239.0	3.06	7	3.365.8	2.47	8	126.8	-0.59
9	France	2 608.5	2.47	8	3.037.4	2.23	9	428.9	-0.23
10	The United Kingdom	2 533.4	2.39	9	3.024.5	2.22	10	491.1	-0.17
11	Italy	2 176.3	2.06	12	2.515.8	1.85	11	339.5	-0.21
12	Mexico	2 064.5	1.95	11	2.509.7	1.84	12	445.2	-0.11
	across the world	105809.0	100.0		136040.0	100.0		30231	0.00

Russia's share in 2018 accounted for only 1.93 % of the total world output and, as a result of the negative trend of GDP reduction, the country rolled back in the ranking of the countries with the highest GDP volumes from rank 8 in 2013 to 11th place in 2018 (Abramov et al., 2018). Preservation of similar rates of reduction of Russian GDP in the future may lead to disastrous consequences, up to the loss of sovereignty (Tsybakov, 2017).

At the same time, China, the United States and India increased their GDP by \$4037.8 billion; \$3709.3 billion and \$869.6 billion, respectively, during this period. That increased the share of these countries in the world economy by 3.46, 2.14 and 0.77 p.p., respectively.

Another form of economic comparison of different countries is the size of GDP (Podmarkova, 2019), calculated on the purchasing power parity, which equals the purchasing power of different countries' currencies (Kirillova et al., 2016). According to this indicator, as defined by national projects, Russia should become one of the top five countries by 2024.

The World Bank database (World Development Indicators) (2018) was used as a source of information on the size of countries' GDP in purchasing power parities.

In the period from 2013 to 2018, Russia also reduced its share in the world economy by the size of GDP calculated by purchasing power parity from 3.56 % to 2.98 % or by 0.58 p.p.

At the same time, China, India and Indonesia increased their share in the world economy by 2.78, 1.36 and 0.19 p.p. respectively.

All the countries with the highest purchasing power parity GDP have increased their performance over the above period. From 2013 to 2018, the largest growth of GDP calculated on the basis of purchasing power parity is observed in China, India (Kandalintzev, 2014) and the USA by 8582.6, 3771.1 and 3709.3 billion dollars, respectively. The lowest of these was observed in Brazil, Russia and Italy by USD 126.8 billion, USD 285.1 billion and USD 339.5 billion, respectively.

Different growth rates in absolute GDP value, calculated on the basis of purchasing power parity, from 2013 to 2018 have also changed the rankings. Thus, in 2013 the volumes of GDP calculated on the purchasing power parity between China and the USA were approximately the same, but already in 2018 China was ahead of the USA by \$4867.6bn in this indicator. In 2018, China outperformed the USA by USD 4867.6 billion, increased its share in the world economy to 18.64 % and took the first place among the world countries (Cheremyshkina, 2018). In contrast, USD has reduced its share in the world economy by 0.8 p.p. to 15.06 % and moved to the second place, while Russia has shifted from the 5th place in 2013 to the 6th place in 2018.

Consequently, the goal set by national projects to ensure by 2024 that Russia will become one of the five largest economies in the world in terms of GDP calculated at purchasing power parity is not an aspiring project, but actually provides only for the return of Russia's positions lost by 2018.

The negative trend associated with the reduction of Russia's share in the world economy is also manifested in economic growth rates (Table 03).

The World Bank's World Development Indicators database was used as a source of information on the size of countries' GDP (World Development Indicators).

Table 3. Rates of economic growth among the countries with the largest volumes of GDP

No.	Country	2013		2018		Fluctation +/-
		Growth rates, %	Rankings	Growth rates, %	Rankings	
1	USA	1.8	8/9	2.9	3	1.1
2	China	7.8	1	6.6	2	-1.2
3	Japan	2.0	6/7	0.8	12	-1.2
4	Germany	0.5	11	1.4	8/9	0.9
5	The United Kingdom	2.0	6/7	1.4	8/9	-0.6
6	France	0.6	10	1.7	7	1.1
7	India	6.4	2	7.0	1	0.6
8	Italy	-1.7	12	0.9	11	2.6
9	Brazil	3.0	3	1.1	10	-1.9
10	Canada	2.3	5	1.9	6	-0.4
11	Russian Federation	1.8	8/9	2.3	5	0.5
12	South Korea	2.9	4	2.7	4	-0.2
	across the world	2.7		3.0		-0.3

<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

The largest economic growth rates in 2018 were those of China, India and the US at 7.0 %; 6.6 % and 2.9 % respectively, which determined the average annual growth rate of the world economy at 3.0 % in 2018.

Russia, although it increased its GDP growth rates from 1.8 % in 2013 to 2.3 % in 2018, i.e. by 0.5 p.p., is still less than the world average economic development rates. Therefore, it is not fulfilling the RF President's instruction to the Government of the Russian Federation in implementing national projects to ensure by 2024 that Russia will become one of the five largest economies in the world by exceeding the country's economic growth rates above the world ones while maintaining macroeconomic stability.

This fact is confirmed by the World Bank, which predicted the growth of the Russian economy in 2019 at 1 %, in 2020 – 1.7 %, and in 2021 – 1.8 %. This estimate is given in the report "Report on the Economy of the Europe and Central Asia region – October 2019", which was published on the website of the organization. The report notes that the increase in VAT from 18 % to 20 % and tightening of monetary policy in early 2019 led to a weak increase in investment and trade, reducing industrial activity.

In the forecast of socio-economic development of the Russian Federation for the period up to 2024 (8.2018), prepared by the Ministry of Economic Development of Russia, in 2019 GDP growth is expected at the level of 1.3 %, in 2020 – 1.7 % and – 3.1 % in 2021.

Both in the baseline and target scenarios of the country's economic development, the GDP growth rate is projected to accelerate to about 3 % starting from 2021.

The World Bank's June 2019 World Economic Outlook report projected the following growth rates for the world economy: 2.6 % in 2019; 2.6 % in 2020 – 2.7 % in 2020 and – 2.8 % in 2021.

However, the forecast for October 2019 was then updated, as follows: 2019 – 2.5 %; in 2020 – 2.7 % and in 2021 – 2.8 %. – 2.5 % in 2020 and – 2.6 % in 2021.

However, the Government of the Russian Federation is implementing a number of measures that will seriously slow down economic growth and have a negative impact on real incomes of the population: the tax burden on business will increase, insurance premiums will increase, property taxes will increase

(Ustinovich et al., 2019). There are plans to introduce a tourist tax all over the world. A part of excise taxes on alcohol and tobacco products has already been raised, with changes in taxation of oil companies, the excise taxes on oil products may also increase.

It is noteworthy that the above steps of the Russian Government will take place in the context of toughening tax and monetary policy, annual increase in prices for housing and utilities services and tariffs of natural monopolies.

7. Conclusion

Thus, the projected growth of Russia's GDP in the nearest future in the period from 2019 to 2021 will significantly lag behind the average annual growth rate of the world economy. This is not a sign of Russia's growth and becoming one of the five largest economies in the world, but a further drop in the country's rating among the countries with the largest volumes of GDP.

It is obvious that the continuation of the existing economic policy of the Government of the Russian Federation, especially in the area of raising taxes and non-tax payments from legal entities and individuals, deprives Russia of motivation and makes the production of entire industries of the country unprofitable.

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