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#### **IDENTIFICATION OF WAYS TO IMPROVE ECONOMIC SECURITY AND ECONOMIC GROWTH OF RUSSIA**

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#### ***Abstract***

Economic growth is an indicator of the country welfare and the guarantor of its economic security. According to the steady rates of economic growth and its qualitative filling, one can judge the economic society "health". The main objectives are highlighted: improving the material well-being of the population and maintaining national security. The practical significance of the work is to identify the main ways to improve economic security and economic growth in Russia. The paper assesses the socio-economic situation in Russia by determining the characteristics of the level of GDP, investment in fixed assets, inflation and factors affecting the level of economic growth. Identified structural imbalances in the production structure of the economy. It was noted that the domestic commodity market is excessively dependent on the import of consumer goods, machinery and equipment, new technologies. The authors' team analysed the key threats to national security, as well as the analysis of the target indicators of economic growth and their level of compliance with the threshold values of economic security. The results of the comparison showed that out of 16 indicators relating to the real economy, the social, monetary, financial and foreign economic sectors, the country is in a safe zone by 9 points. The study made it possible to form the main directions of Russia's economic growth, as well as ways to increase its economic security.

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**Keywords:** Economic growth, economic security, indicators, factors.



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## 1. Introduction

Economic growth is the most important criterion for the development of social production of any society. According to the steady rates of economic growth and its qualitative filling, one can judge the economic society "health". In other words, it is an indicator of the welfare of the country and the guarantor of its economic security.

The main objectives of economic growth are:

- improving the material well-being of the population due to an increase in the average per capita income of the population, a qualitative and quantitative increase in goods and services produced domestically;
- ensuring the national country security.
- Economic growth is considered effective if production efficiency is achieved in all areas of business, which is expressed in the following:
- domestic goods and services are becoming competitive in the world arena due to qualitative improvements;
- deepening the specialization and co-production taking into account the territorial advantages of the country in the system of the labour international division (Babaev & Dubrovskiy, 2015);
- production resources structural redistribution by the country industries and regions;
- increasing the return on the use of production resources by increasing managerial skills and using effective motivations to stimulate growth in labour productivity within firms;
- new technologies introduction into production processes in order to reduce production costs.

Economic growth is inextricably linked with the country economic security. The required level of security is achieved due to the functioning of the economy protection mechanism from the influence of negative impacts, which uniquely determines the object of economic security - the economic system or economy.

## 2. Problem Statement

For any state, an urgent task is to support economic growth, both from the quantitative side and from the qualitative one. And the main goal of macroeconomic policy is the process of ensuring the main ways to increase the economic security of a country (Coulibaly, Erbao, & Mekongcho, 2018).

Despite different points of view, practical economists agree that gross accumulation, scientific and technological progress, and human capital (Forrester, Ustinova, Kosyakova, Ronzhina, & Suraeva, 2016) are key indicators of economic growth. These indicators are the starting point for the analysis of economic growth, as well as the basis for the development of economic models on which most modern empirical research relies.

The research object is the economic growth in Russia, as well as ensuring its economic security. The subject of the research is the ways of economic growth and the processes of ensuring economic security in Russia.

## 3. Research Questions

During the research the following tasks were solved:

- The essence of economic growth and also the factors and key indicators characterizing the economic growth and economic security of the country was studied.
- The analysis of key indicators of economic growth, external and internal threats of economic security of the country was carried out.
- Ways of increase in the country economic security, the main directions of Russian economic growth were offered.

#### **4. Purpose of the Study**

The objectives of this study are:

- identifying the main factors affecting the rate of economic growth in Russia,
- identifying the main ways to improve the economic security of the country.

#### **5. Research Methods**

In the work the following economic analysis methods are used:

- Classification - the general scientific method of knowledge, based on the systematization of objects and their distribution into groups according to similar characteristics. Thus, the work presents a classification of factors influencing economic growth, a general classification of threats to economic security, and others.
- Comparison - a scientific method, during which the values of the phenomenon under study are compared with known indicators, common features and differences are identified, conclusions are made. The paper compares the actual indicators of economic growth in Russia with the threshold values proposed by the Institute of Economics of the Russian Academy of Sciences, comparing with which represents the possibility of analysing the various components of national economy security, as applied to the conditions of the Russian Federation.
- Logical analysis - the method of knowledge, based on the study of cause-effect relationships of economic life. In this paper, using a logical analysis, we study the influence of external and internal factors on economic growth and economic security.
- Economic analysis - the study of economic patterns in order to identify untapped reserves to improve the efficiency of organizations. Using this method, we studied the main factors, threats, as well as ways to improve the economic growth and economic security of the country.
- Statistical analysis - the process of studying, comparing, comparing statistical data, their generalization, analysis and formulation of conclusions. We used statistical data from the Federal State Statistics Service of the Russian Federation and the Central Bank of the Russian Federation.

#### **6. Findings**

##### **6.1. Factors affecting economic growth, external and internal threats to economic growth**

Economic growth depends on a number of factors. The factors of economic growth are those phenomena and processes that determine the possibility of increasing real output, increasing efficiency and quality of growth.

The system of key factors affecting economic growth includes:

1. The Gross Internal Product (GIP) is a key indicator of economic growth of the country and ensuring economic security, sufficient for the country (Shirin, Raia, & Kanchana, 2019). GDP reflects the market value of all final goods and services intended for the direct use which have been made for a certain period (quarter, year) in all branches of economy in the territory of the state for consumption, export and accumulation, regardless of national identity of the used production factors.

Following the results of 2017, according to Federal State Statistics Service of the Russian Federation, GDP has increased by 3,53% to previous year and has made 92037,2 million rubles. Following the results of 2018 growth of rate of a gain of GDP by 1,5-1,8% is expected. For increase in the place of Russia in the world on the total amount of GDP on one inhabitant it is necessary to set tasks to come in the next decade to the rates of a gain of GDP comparable to the accepted threshold values, in 6-7% a year, including by 2018 – 3-4%, by 2020 – 4 - 5% and by 2025 – 6-7%.

The Russian President Putin V.V. focuses the government and the country on an exit in the next 3-4 years to the average world growth rates of GDP, i.e. for 3,5% that is close to the designated president in May Decrees of 2018 indicators. Especially, according to the IMF the world economy has grown in 2017 by 3,6%. However according to forecasts of experts rates of economic growth in the Russian Federation will be in the next three years at the level of 2%, according to a number of economists, "bumpiness" at the level of about zero is expected. It, certainly, can't be allowed if Russia is going to become the fifth economy in the world.

The second indicator influencing economic growth is an inflation.

Inflation in 2014 and 2015 was at the two-place level after in 2011-2013 it was succeeded to lower it up to 6,45 percent. The devaluation of ruble which has begun at the end of 2014 became the reason of increase in the rate of inflation. Also big role increase in inflation was played by countersanctions of rather import goods though their influence has gradually decreased by the beginning of 2016. According to the Central Bank of Russian Federation in 2017 consumer inflation following the results of a year has made 2,52%.

3. Investments in fixed assets, over the past 3 years (2015-2017), they had a positive trend (from 99.9% in 2015 to 108.3% in 2017). Investment activity is noted in the wholesale and retail trade (+ 11%), as well as in the production of vehicles (+ 17%). The traditional focus of the Russian economic policy on social stability leads to a redistribution of funds for "support of the population", incomes of less developed regions. At the end of 2017, the growth of investments amounted to 1217957 million rubles, which is 2.1% more than the previous period. However, in a number of large sectors of the economy, there was a decrease in investment: in construction (-9%) and in transport (-8%), especially railway; from manufacturing industries - in metallurgy (-10%).

4. The next indicator, which reflects the degree of the country's food security, is the volume of agricultural production (Belyaeva, Ermoshkina, Kosyakova, Pankratova, & Zotova, 2016). According to the Federal State Statistics Service of the Russian Federation, the dynamics of agricultural production is positive: over the past 5 years, there has been an increase in value terms from 3,687.1 billion rubles. to 5654.0 billion rubles.

However, the growth rate of agricultural production has not always had a positive trend. In 2015, the rise in prices for agricultural products as a whole slowed down after a significant increase in the cost of agricultural products in 2014 as a result of reduced competition due to the adoption of measures to limit imports and the ruble weakening. However, in certain sectors, the dynamics of prices in 2015 had significant differences. According to Rosstat, prices of crop production in 2015 grew three times more intensively than in 2014, as the main products of this sector are export-oriented and largely depend on the exchange rate dynamics and the level of world prices. The main effect of the weakening ruble on the prices of agricultural producers was manifested in the prices of the 2015 harvest.

5. Imbalances between mining and manufacturing industries remain the main threat to national security in Russia (Senchagov, 2015). Such fluctuation of indicators is connected with import dependence, this is especially evident in consumer goods, machinery and equipment & new technologies. The main periods of decline in industrial production indices (2015 - 96.6% and 2017 - 98.5%).

Despite the slowdown in the growth rates of industrial production indices, natural indicators tend to grow, which indicates an economic recovery from the state of economic recession. This is due to growth in the areas of manufacturing (in engineering) and mining (in oil and natural gas). However, the growth rates of indicators of the manufacturing industry are so insignificant that they cannot cover the negative consequences of the advance of their growth in other years. This is one of the most acute threats to economic security.

Having studied the major factors influencing the economic growth of the country in detail, we will pass to studying of external and internal threats to economic growth.

Threats to the interests of Russia in the field of ensuring economic security are multidimensional. Now the threats connected with the reforming of increase in prices and tariffs, decrease in solvent demand, deterioration in a condition of securities market, criminalization of bank activity and the sphere of business, decrease in innovative activity continuing during the whole years are most relevant and real.

Note that the most dangerous are the threats associated with:

- increase in prices for goods and services (disproportionately increase in wages), which leads to a decrease in effective demand, and consequently a decrease in the population food security;
- a slowdown in the growth rate of innovation and investment activity. Note that the technological lag not only slows down the enterprises production activities, but also causes emergency situations (for example, in connection with the use of outdated equipment in the moral and physical sense) (Gokhberg & Sokolov, 2017);
- social sphere development, which plays a key role in ensuring not only economic growth, but also national security (Lapaev, 2016). The state of the social sphere determines the level of political stability, the level of people's confidence in the executive and legislative authorities in the center and in the regions. At the same time, the most important social task is to increase the share of the middle class in the coming years to 50% against 20-25% at present. In developed countries, this figure is 60-80%. This indicator is so important because it is the middle class that pays the bulk of taxes to the budget, forms the largest part of savings, transformed by the banking system into investments, and also creates effective demand in the domestic market.

So, to establish sustainable economic growth, as well as to ensure the economic security of the state, it is necessary to overcome external and internal threats through the transformation of the existing economic system, as well as a result of the implementation of a set of economic and legal measures annually developed by state authorities.

## 6.2. Economic growth target indicators and compliance of their level with the economic security threshold values

It is necessary to compare target indicators of economic development with threshold indicators of economic security to analyze the state of the state's economy, identify key points of economic growth, identify risk zones and security.

We will analyze the indicators of the Russian Federation economic security. In Table 01, we compare the actual indicators with the threshold values proposed by the Institute of Economics of the Russian Academy of Sciences (Senchagov & Solov'jov, 2015), comparing which provides an opportunity to analyze the various components of the national economy security, as applied to the Russian Federation conditions.

**Table 01.** Comparison of the actual indicators with economic security threshold values

Indicators	Threshold values	2017	Safety zone (+) / threat(s) (-)
Sphere of real economy			
1. Rates of economic GDP growth, %	5-6	3-6	-
2. Investments into fixed capital, into % to GDP	25-30	24,8	-
3. A share of mechanical engineering and metal working in industrial production, %	25-30	21,8	-
4. Collecting grain, million tons	110	134,1	+
5. A share of the shipped innovative production	15	17,5	+
Social sphere			
6. A population share with incomes below the poverty line	7	13,8	-
7. Coefficient of funds (a ratio of income of 10% of highly profitable and 10% of low-profitable segments of the population, times)	8	15,5	-
8. Unemployment rate on methodology of the ILO, %	4	5,1	-
Monetary and financial sphere			
9. Size of gold and foreign exchange reserves, bln. dollars	250	432,1	+
10. Annual rate of inflation, %	3-4	2,52	+
11. Level of monetization of economy, money supply on the end of the year in % to GDP	50-70	46,09	+
12. Federal budget deficit	-3	-3,3	-
13. An internal debt, % to GDP	25	13,5	+
14. An external debt, % to GDP	40	25	+
External economic sphere			
15. Share of import food in all food resources, %	25	22	+
16. Balance of external trade balance, in % to GDP	8	27,5	+

Table 01 presents four areas (16 indicators): economic, social, financial and foreign economic areas. Comparison of the actual data for 2017 with the threshold values made it possible to draw the following conclusions:

- on 9 points (economic, financial and foreign economic sphere), our country meets the threshold values, but the social sphere is still at risk;
- in the monetary and financial sphere, compliance with indicators of 5 values out of 6. The exception was the indicator “federal budget deficit”, however, it is also approximately equal to the standard. The trend of growth and well-being in this area is primarily due to the ongoing budget and monetary policy aimed at minimizing budget expenditures and restraining the growth of the money supply;
- in the external economic sphere, there are low risks of economic security, in accordance with the selected indicators.

The analysis is fundamental in the development of the draft federal budget and forecast for each subsequent year, as well as the development of all the strategic planning system documents.

## 7. Conclusion

Economic growth is an indicator of the country welfare and the guarantor of its economic security. The main objectives are highlighted: improving the material well-being of the population and maintaining national security.

The state activities for ensuring economic security and protection of national interests in the field of economy have to be a constant. At the solution of objectives it is necessary to correct target reference points depending on a social and economic situation (Thompson, 2018) on a certain timepoint, and questions of ensuring economic security have to be surely included in the mechanism of formation of the state economic policy.

To increase the Russian Federation economic security and ensuring sustained economic growth the economy intensification, i.e. development of production in which the most effective remedies of production and also production expansion are applied is necessary.

The main priorities in the field of the Russian economy development on the modernization basis should be assistance not only at the macro, but also at the regional level:

- In the intensification of scientific and technological production processes (Faskhutdinov, 2015);
- conducting joint R & D by cluster enterprises, research institutes and universities;
- development of programs for long-term partnership research, cooperation of enterprises in the financing and implementation of research and development, including in the framework of the formation of scientific and technical consortia;
- creation of rational science-intensive organizational and legal forms of management, including the provision of consulting assistance;
- in attracting financing, including from individual investors and venture funds;
- in the provision of high quality services related infrastructure.

The process of forming a scientific and technological development gains value in the context of sanctions and crisis: the financial and economic mechanism, algorithms aimed at stimulating and effectively justifying, managing the priority directions for the development of regional sectoral and interindustry clusters (Loginov & Karanina, 2016) takes on significance.

Recently, at the macro level, state support programs provide for the creation in regions of the infrastructure of support for high-tech companies (Çalışkan, 2015). It is necessary to intensify these processes. Develop a roadmap for the long-term development of a system for replacing imports of advanced technologies based on knowledge-intensive entrepreneurship (Akimova & Kim, 2017). It is important to take into account the Russian experience, a unique scientific base, scientific and technical potential in the model of promoting the cluster policy development. Also, to use and develop forecasting, planning the final target scientific and technological financial results, intermediate indicators, indicators. To carry out financial management of venture investment at all stages, stages in aspect of cluster policy development model.

The intensive path of scientific and technological development includes, firstly, the presence of advanced scientific ideas, secondly, the achievement of a positive socio-economic result, subject to minimizing the cost of manufactured final products from the commercialization of scientific ideas (Bendikov, Frolov, & Hrustalev, 2014). This is a very complex financial process, in which the decision to invest in the commercialization of a scientific idea becomes much more complicated. Risks, uncertainty, forecasting difficulties, planning horizons, calculations, investment appraisals and returns in the form of payback periods increase. A financial top manager, before making a final decision, must conduct such complex calculations in the context of increasing the value of the uncertainty factor and risk in order to guarantee the future demand for the scientific idea and its commercial use, application, financial return. This will contribute to improving the effectiveness of investments and the intensification of processes of scientific and technological production.

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