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"Global Challenges and Prospects of the Modern Economic Development"****DEVELOPMENT DRIVERS OF THE RUSSIAN ECONOMY AND
STATE POLICY**

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Abstract

The progressive economic development and insurance of high-quality economic growth are key development objectives, their achievement is realized with the use of market and state regulatory mechanisms. The state policy can be directed to activation of separate growth points (maintenance of separate territories, city-forming and strategic productions). However, it does not contribute to the achievement of optimal development indicators, since the scattered growth impulses of individual spheres are not development catalysts for the entire economic system. To ensure the penetration of growth impulses into related industries and have a multiplicative development effect, it is necessary to create special management mechanisms through development drivers. The main growth drivers of the Russian economy are industry, construction, infrastructure and investments. The development of system-forming and basic industries (that create production means for other economic spheres and provide basic development conditions) serve as a catalyst for the economic growth. The industrial sphere provides an average production of 30% of GDP, in recent years it occupies a stable growth position. The authors have been studied the state industrial policy in detail. In our opinion, the formation of an integral intraindustrial system of vertical and horizontal links (that spread growth impulses to related industries) will contribute to the economic growth. The analysis showed that the effectiveness of the state program for the industrial development is relatively high: the actual values of indicators for this program on average slightly exceeded the planned values. In 53 target subprograms, five key indicators have not been achieved.

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1. Introduction

In 2019, Russia's GDP for the first time in its history will exceed 100 trillion rubles, according to forecasts of the Ministry of Economic Development. Despite this fact, the acceleration of growth rates and full-scale financing of technological achievements in the production are more important for the country (Glazyev, 2019). Thus, the government faces the task of increasing it to 3% per year (Ministry of Economic Development of the Russian Federation, 2019). This will allow Russia to increase its influence in the world economy. Achieving these goals is possible through structural reforms.

The Russian economy will grow in the next three years due to the industrial production, construction and investments. It is noteworthy that the construction sphere appeared in this list for the first time: in recent years, this industry has experienced a certain decline. The revival of construction itself can be a signal for an increased activity in the manufacturing sectors, where any plant and the creation of new capacity begins with the construction.

The key factors determining the competitiveness (Porter, 2008) of national economies are innovations (Schumpeter, 1995; Aghion, Bloom, Blundell, Griffith, & Howitt, 2005) and the high rate of investment in fixed assets (Novitsky, 2013; Berezinskaya & Vedev, 2014; Kormishkina & Koloskov, 2017). Investments in fixed assets in the coming years will grow at an average rate of 5.3%. This will be facilitated by the program of preferential lending to small and medium-sized businesses at 6.5% by means of project financing (Federal corporation for the development of small and medium-sized enterprises, 2016). The manufacturing industry will also enter the growth drivers group due to the development of import substitution in the food and light industries. Support for economic growth will be provided by the implementation of a number of priority projects of the government related to the productivity improvement and the digital economy development.

2. Problem Statement

Modern development conditions are formed under the complex influence and mutual influence of globalization and regionalization processes, accompanied by disproportion and asynchrony of the national economies development. The question of incentives and constraints of economic actors in various economic institutions that determine economic outcomes remains debatable (Acemoglu, Johnson, & Robinson, 2005). This should be taken into account when developing and implementing a strategy for the sustainable economic development. A high level of the technological dependence on equipment and components of the foreign production, the introduction of sanction restrictions by individual states, that are aimed at suppressing the investment and innovative development of the Russian economy, require the active participation of the state in the reproduction processes (Glazyev, 2018; Solovieva, 2013). In this regard, it is necessary to actively support and stimulate those sectors of the economy that are the main drivers of the economic growth of the country in the current period.

3. Research Questions

This article partly continues the research of Orlov (2014), Ivanova and Terskaya (2015), who analyzed the economic content of a "growth point" and a "growth driver" and identified the importance of

institutions as the main drivers that shape the development conditions. The hypothesis of this study is that drivers of the economic growth in Russia are the implementation of national projects and programs and financing sustainable innovation and investment- active industries. Then the task of identifying priority sectors and spheres of activity and conditions that contribute to the formation of a favorable business environment comes to the fore.

4. Purpose of the Study

The purpose of this article is to determine factors and conditions, structural incentives to accelerate the growth of investments in real sectors of the economy, to carry out an integral assessment of the effectiveness of the state program "Development of the industry and increase of its competitiveness" (Government of the Russian Federation, 2017). The authors also selected indicators for subprograms that are more conducive to the economic development, identified priority sectors and areas of activities that can be attributed to the drivers of the economic growth, and tested five subprograms in terms of achieving the planned development targets. The final part of the article offers conclusions and discussions for the future research.

5. Research Methods

The methodological basis of the study is a systematic approach that allows us to consider economic development as a system of interrelated, interdependent, causal phenomena and processes. The following research methods were used: formal-logical (deduction, induction, justification, argumentation); abstract-logical, empirical (observation and experimentation). Statistical methods and techniques were used to quantitatively describe the results of the state program.

6. Findings

In today's competitive world, in the face of constantly emerging new threats, the most important imperative for the successful development of countries and regions is the development and implementation of economic breakthrough strategies. The analysis of Russian economic development over the past few years reveals the main drivers of its economic growth. Currently, these drivers are industry, construction and investment, and some experts also add agriculture and the expected boom in consumer lending to this group. Demand for loans will increase at a faster pace due to slowing inflation and a reduction in the key rate of the Central Bank. The opportunities for accelerating the investment growth are rather sectoral in their nature and are associated with two groups of incentives – structural (socio-economic changes, state policy) and conjunctural (financial condition of the industry, its growth, availability of financial resources) ones (tables 01, 02).

Table 01. Key structural incentives for investments by sectors

Incentives	2015-2016	2017-2018	2019-2022
The growth of the domestic market	-	Healthcare, education, insurance, IT, industry	
The growth of the export market	Gas production and transportation, chemistry, transport infrastructure		
Import substitution	Agriculture, food industry, household chemicals, tourism	+ Light industry, electrical and electronics, building materials, pharmaceuticals	
Maintenance of fixed assets	Infrastructure (electricity, heat, roads), services (repair and maintenance)		

The current market attractiveness for investments in specific industries is analyzed by the authors on the basis of aggregated indicators of profitability, credit quality and the observed growth in production volumes. The calculation shows that at the moment it is hardly possible to name the leaders in terms of the market attractiveness for investments.

Table 02. Relative market attractiveness of sectors based on aggregated data

Sectors	Current profitability	Market credit risk	Current growth
Mechanical engineering, technology	15	2	1
Chemical industry	11	3	6
Energy	1	4	15
Extraction of minerals	19	5	11
Metallurgical production	5	8	22
Agriculture, forestry, hunting, fishing and fish farming	7	17	12
Food industry	10	9	20
Construction	17	22	18

The main sources of financing investments in fixed assets are own funds (more than 40-50% during 2016-2018) and budget funds (15-20%) (figure 01). This is a serious limitation for the development of the industrial construction, which often requires significant amounts of financial resources that cannot be formed at their own expense (Ministry of Industry and Trade of the Russian Federation, 2019). Availability of financial resources is one of the key macroeconomic factors in the industrial construction. Increasing the availability of credit and other extra-budgetary sources of financing will allow industrial enterprises to implement new investment projects.

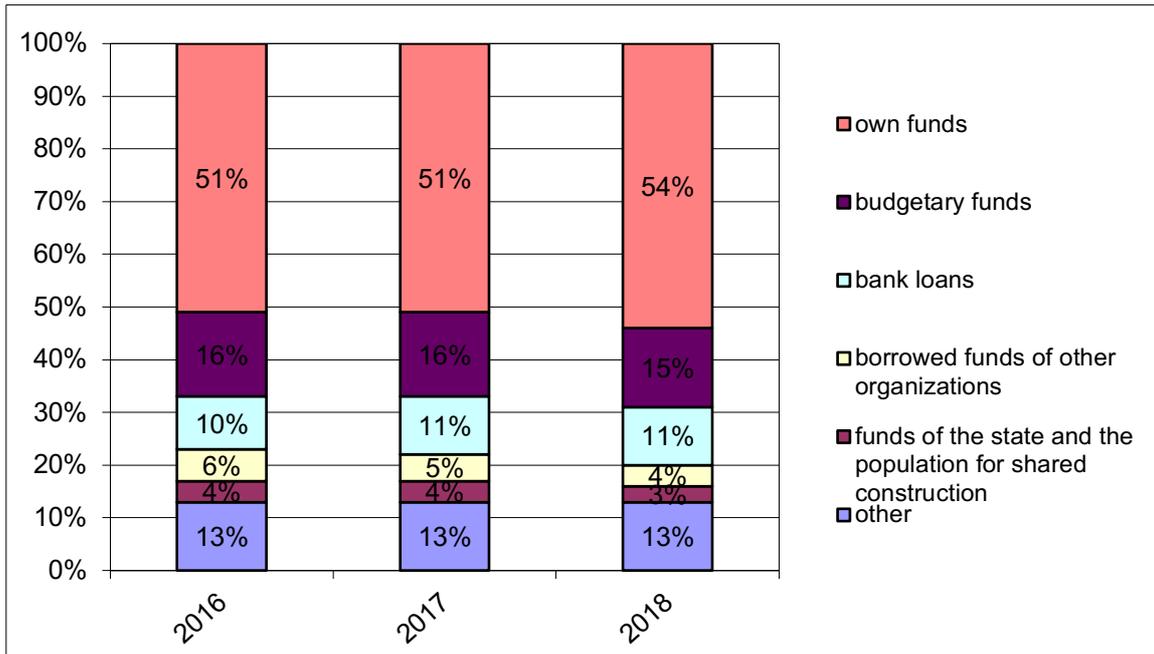


Figure 01. Structure of financing of total investments in fixed assets in Russia, %

Source: authors on the basis of data from the Ministry of Industry and Trade of Russia (Ministry of Industry and Trade of the Russian Federation, 2019).

Investment activity also depends on the availability of capital in the form of own funds, access to borrowed capital on acceptable terms, inflow of foreign direct investments, capital investments from the state. The share of investments in Russian GDP amounted to 22.7% at the end of 2018, which is approximately at the global average level, but significantly behind the level that is necessary to accelerate economic dynamics (at least 25%), and even more behind the level of fast-growing economies of India (30.9%) and China (44.3%). For these reasons, it is necessary to consider the key areas of state support for economic development.

Currently, the state program "Development of industry and increase of its competitiveness" is being implemented (Government of the Russian Federation, 2017). The main goal of the program is to create a competitive, sustainable, structurally balanced industry in Russia. The expected immediate result is an increase in the domestic market share of products produced in the Russian Federation, an increase in the investment and innovation activity of industrial companies.

Over the past three years, about 422 billion rubles have been allocated from the federal budget for this area. The end of the program is December 2020. The program contains recommended development indicators that need to be achieved in order to successfully implement it. We will consider them and draw interim results of this state program.

The integral evaluation of the program performance is estimated on the basis of comparison of planned and actual development indicators and is calculated by the formula:

$$R = \frac{1}{M} \times \sum_{n=1}^M \frac{X_{nf}}{X_{np}} \quad (1)$$

M – number of indicators,

X_{nf} – the actual value of the indicator,

Xnp – the planned value of the indicator.

This indicator in 2017 amounted to 1.08, that is, the actual values of indicators for this program on average slightly exceeded the planned values. Let's consider the achievement of planned development indicators of subprograms. We have selected indicators for subprograms that contribute more to the economy development:

Subprogram 1. Development of transport and special engineering.

Subprogram 4. Development of traditional and new materials production.

Subprogram 6. Promotion of research and development in civilian industries.

Subprogram 7. The development of industrial infrastructure and support infrastructure for activities in the industrial field.

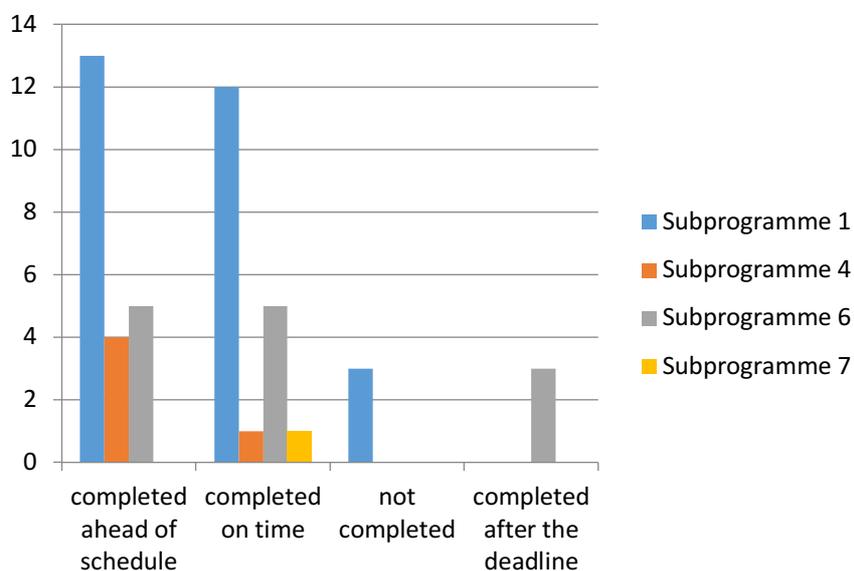


Figure 02. Achievement of planned development values by subprograms

The analysis of figure 02 shows that from 53 indicators, 28 were completed earlier than the deadline, 29 were completed later than the deadline, and 3 were not completed. Moreover, all the not completed indicators relate to subprogram 1.

7. Conclusion

The development and implementation of state national projects and programs, financing of sustainable innovation and investment- active industries and productions that can become engines for growth and progressive development of the entire economy are a necessary condition for the successful integration of Russia into the world economic space. Most important in this direction are the identification and promotion of sustainable development drivers – priority sectors and areas of key importance in the implementation of competitive development strategies as conductors of management decisions and the development driving force.

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