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**RESOURCE PROVISION IN ECONOMIC MODEL OF NATIONAL  
ECONOMY DEVELOPMENT**

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*Abstract*

The article touches upon the logic of search for the resource provision that meets the purpose of development. The authors are of the opinion that it is necessary to decompose the development processes and to focus them on the activity of the enterprises with the actual development potential as well as on the territories with the most favourable conditions for the achievement of the development purposes. The focus of the original approach is on such elements of the economic development mechanism that can mobilize, use and replace, that is, implement and eliminate the development resources in the most efficient way.

The analysis of the economic development technologies revealed three basic types of them: business, public and social technologies that formed the basis for the determination of the instruments of speedup/slowdown of the development. These mechanisms are also in charge of the feedback in the economic development mechanism and have information-communication form of usage.

The research of the development drivers showed that the investment and construction activity has high potential of self-development and is responsible for the resource provision when creating and restructuring the capital stock. It is the quality of their framework that ensures the rising trend of flow of the vectors of the national economic development.

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**Keywords:** Economic development mechanism, development drivers, development technologies, support mechanism, instruments of speedup/slowdown of development, strategic advantage.



## 1. Introduction

The modern approach to the development understood as a general feature of the evolutionary changes of the society (Polterovich, 2016) implies the necessity of:

- a) decomposition of the development process according to the purposes and strategic priorities; it will naturally require the creation of territorial, industrial, economic and other processes projections;
- b) taking into account the dynamic development of processes; the cyclic nature of dynamics is based on the fundamental principles of the sustainable development and is characteristic of all the projections and elements of the development process;
- c) synchronization and creation of the mutually agreeable flow of the development vectors related to all the projections and elements of the development process.

The assembly of the flows of the development vectors of the national economy forms a common trend of the national economic development. Its rising character is the basic target dominant model of the economic development mechanism. The rising trend of the development is grounded on the comprehensive fulfilment of the national economic potential expanding the current limits of the system development. In the context of economy, the development dynamics is characterized by the indicators of capitalization. They have level and rate characteristics which can be positive and negative depending on the quality, structure and dynamics of the resource provision (Lukmanova & Yaskova 2014). At the same time the epicenter of the changes refers to:

- the activity of the enterprises having potential that is actual for the society. Besides, enterprises are linked to the industry or inter-industry and they create target clusters of development;
- the territories (zones) that have the most favourable conditions for implementation of innovations and achievement of goals. These territories are classified according to the current administrative division and they form urbanized regions (Inshakova & Voloshina 2010), regional and trans-regional partnerships and target vectors of development (eastern, western, etc.).

## 2. Problem Statement

The changes themselves are initiated by the society and by the state that promote the definite models of development in order to achieve the definite goals. It does not mean that sole proprietorships, international or non-governmental organizations do not initiate changes of the development trends. Of course, they do and sometimes the influence is very significant. But generally their influence on the development is of adjusting character. That is why, the enterprises and territories are originally identified as development drivers functioning with the support of the authorities. The essence of the notion “development driver” was changing in the course of researching the possibilities of the economic mechanism elements. Not only enterprises, industries, clusters, territories and their unions are regarded as “development drivers” but institutes, organizational models, technologies, production methods as well.

## 3. Research Questions

The authors’ study allowed defining the basic immanent property of the development drivers. It is the ability to mobilize, use and replace (implement – eliminate) the development resources in the most

efficient way. This ability is represented in the form of an organizational-economic mechanism of the national economic development. In a decomposed form it is an organizational-economic mechanism of the development of enterprises, territories, institutes, technologies and production methods. It should be noted that the orientation of the organizational-economic mechanism of any level and sphere of activity is defined by the dynamics of the objective needs. The change of their structure should be taken into account, on the one hand, for ensuring the appropriate response to the external challenges of the development and, on the other hand, for creating the basis for the self-development orientations. The formalization of the latter is implemented in the development goals significance. The goals, in their turn, influence the choice of technologies and instruments of development. The original model of interrelations between the elements of the economic development mechanism is shown in Figure 01

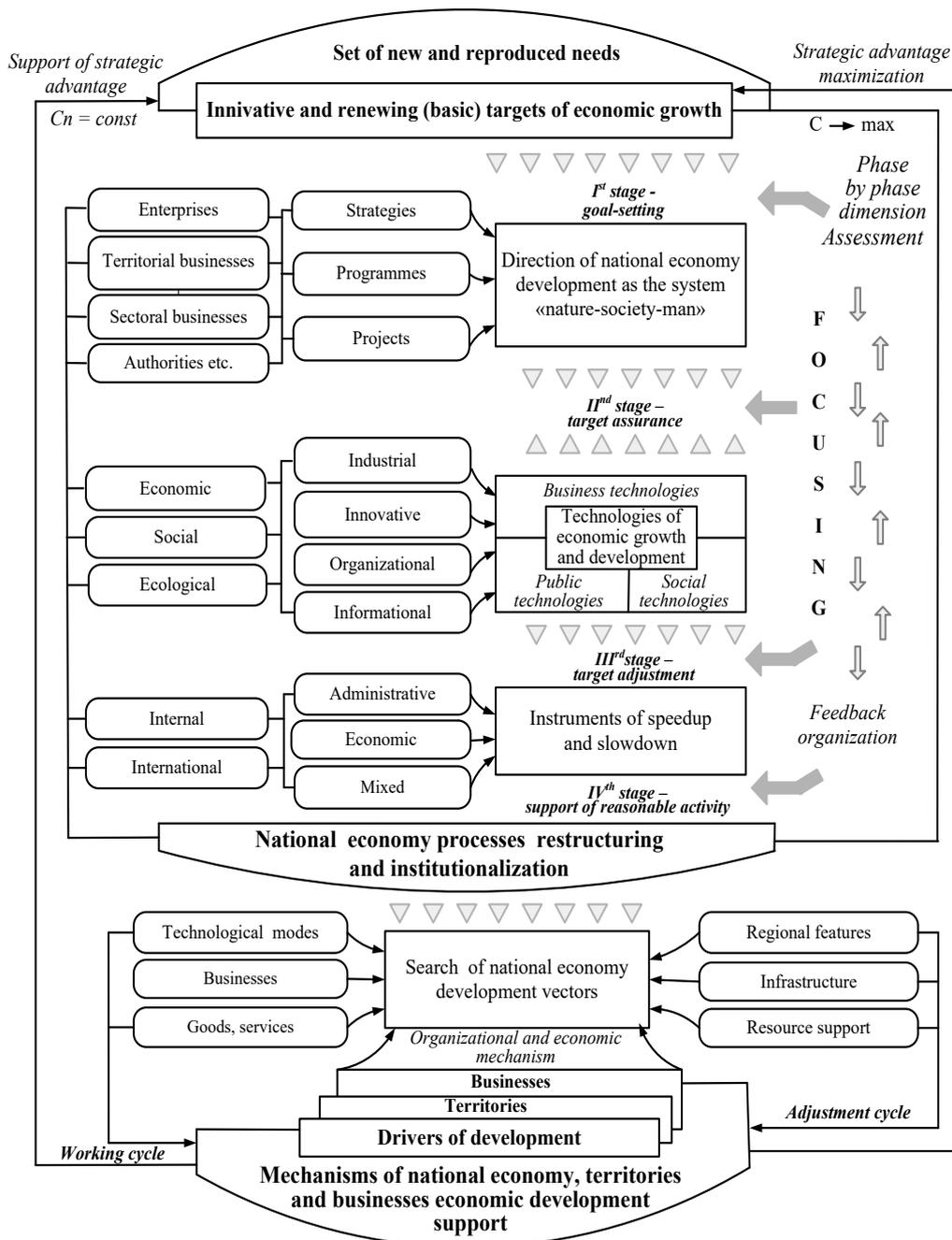
#### **4. Purpose of the Study**

On the basis of the flow-vector character of the development and its cyclic nature, it makes sense to form the economic development mechanisms element-wise with the focus on the development drivers. To that end, the principle of the element-wise target adjustment is proposed. Working mechanisms underlie working cycles, the task of which is to maintain the perspective advantage in the strategic outlook. In order to maximize the strategic perspective, one works out a cycle of adjustment of the mechanisms supporting the economic development of the national economy, territories and economic entities. It will allow introducing refinements at every stage of the working cycle of the interrelation model of the economic development mechanism consistently, quickly and efficiently. Besides, the target adjustment will endow the adjustment cycle with the operational context in territorial and subject projections.

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

The subject projection of the economic development mechanism allows practical detailing of the range of the high-demand goods and services, markets and institutions that are regarded as basic; it also allows the detailing of ensuring the investment and business attractiveness of the Russian economy, increasing the innovative component of the economic development, expanding the advantages of the international integration. The subject focus implies the support of the basic production and business elements of the development mechanism. In reality this support is implemented via the development of strategies, programs and projects. Then they are implemented via technologies of the endowment. Their modern character is novel (informative and communicative) in the context of transition to the digital economy. At the same time, the types of technologies do not change. Besides, the typological and specific diversity of the technologies of endowment are in demand from the theoretical and practical perspectives; it is conditioned, on the one hand, by the targeted impact on the definite system elements, and, on the other hand, by the nature of amenities. The amenities themselves reflect the needs being the element of the strategic planning. They can be objects of sale – commercial benefits, they can be used by all people – public goods or they can have an ambivalent nature – social benefits. Nowadays, determination and division of the social and public technologies of growth and development become really topical, especially in the periods of interphase transitions in the context of the emerging cycles of development. Their peculiarities are conditioned by the nature of social benefits and public goods. It is obvious that one cannot possess the

public goods to the full extent due to their nature, that is why they are not objects of the market trading and, consequently, they do not have price. But people may and should use them. These goods and benefits are characterized by the single basic immanent property – they are indivisible. The indivisibility means that the consumption of them cannot be divided into separate bought and sold units, that is, it is impossible to sell or assign them. Let’s consider the air of the town park as an example. Its indivisibility is expressed by the fact that a man uses this benefit but it does not prevent anyone else from using it at the same time. However, the modern form of development makes the competitiveness of the life environment possible. Climate, quality of air and water, nowadays, have definite economic indicators capitalizing the real estate property or recapitalizing its market value.



**Figure 01.** A model of interrelations between the elements of the economic development mechanism

Socially significant benefits have another characteristic features. It is generally accepted that there are three basic immanent properties:

- 1) divisibility and potential competitiveness;
- 2) price, that is, they can be traded, assigned, borrowed, etc.;
- 3) indivisibility corresponding to the definition of the public goods.

In the above-mentioned context, the model of development in which structuring and subject reference are extremely important should be focused element-wise on the growth of prosperity including commercial and socially significant benefits and public goods. In this regard, let us specify the task of assessing the technologies and instruments of development. For the business environment, this task is of high importance and it has definite determinants. As for the choice of the public technologies, it should be mentioned that the economic criteria are not usually used in reality. In this case, the choice is made without any economic argumentation in the form of accounting, the so-called positive externality (Crouch, 2012). The innovation assessment is performed in the same way. That is, one separates and assesses the economically efficient innovative activity and does not assess the activity of implementing the search projects, the efficiency of which cannot be forecasted. In the function of assessment, the authors propose the assessment of indirect effects together with the special studies related to their definition. Without defining the indirect effects, the meaningful structure of changes remains fragmented, and unexpected results prevent the national economy from being predictable and the society from being persistent.

Thus, if the target vector of development is regarded as a resultant flow of life cycles of the aggregated means, subjects, types of goods and services localized in space and time, it is necessary to look for the instruments of speedup or slowdown of the production and economic processes (Matveeva, 2013). They can be economic, administrative or mixed. The main thing is that they must be able to influence and regulate the phase characteristics and speed of changes as well as to decrease acute contradictions of the development. In the context of accession to the WTO or any other trading organizations and unions, it is necessary to make some instrumental amendments with reference to the internal and external environments of the country and to classify them into international and internal instruments.

The systematic studies of the efficiency of using the instruments of speedup/slowdown of the development showed: their results are defined by the available development potential and multiplying capacity that is characteristic of them. Consequently, despite the declared anti-inflationary and overhyped financial orientation, the Western conception of crisis recovery and transition to the growth and development of the national economy is always based on boosting the traditional industrial activity or activity of the newly emerging production clusters that can revive and develop the associated manufactures. These manufactures include construction and infrastructure industries (roads, Housing and Utility Sector (HUS) etc.).

The research of the meaningful structure of changes using the case of anti-crisis programs implemented in the USA, Germany, China, Great Britain, France and others revealed that they all had one basic property, namely, a stronger role of the public in the sphere of activation of innovations, construction and infrastructure programs. The similar innovation focus is also characteristic of Russia. It touched upon several industries: fuel and power sector, military-industrial complex, etc. The road infrastructure was involved partially. But the innovation and construction sphere as well as housing and utility infrastructure

were not supported by the public (Kamenetski, 2016). The multiplying potential of construction was not taken into account to the full. Consequently, the general opportunity of using the development potential of the investment-construction and housing-utility spheres was not taken when creating a new model of the economic growth of the national economy. It means that the undisputed integrated resource of development is still of no interest. Thus, the investment and construction sphere is a reserve for the innovative breakthrough on some new technological basis; consequently, the construction sphere can cause changes of the growth quality and create new drivers of the national economy development. Herewith it should be noted that the subject reference of the transformations ensured by construction allows establishing the regime of responsibility for their effects. Generally, the effectiveness of the changes depends on the ability to evolve, synchronize and efficiently localize the flow of vectors of the national economic development elements. It is obvious, that the parameters should be controllable and immediately adjustable in real time. The adjustment involves the additional resource provision. And it does not include only financial or material-technical resources. Labour and information resources should be also taken into account. At the same time, when localizing the processes of development and its resource provision in the definite territories, it is possible to create a production framework of development in the territory of the country.

## 6. Findings

Given that all the elements of both production and social frameworks of development are ensured by the investment and construction activity performed at every stage of the national economy lifecycle, it is possible to state that it is the investment and construction sphere that becomes a system driver of development. Its functioning ensures the resource provision of all the elements of the economic development mechanism.

Firstly, the investment and construction sphere is one of the most sustainable functioning subsystems of the national economy at any stage of its economic cycle. Moreover, in the sector of housing construction, it is a sort of a stabilizer of the entire national economy; it could be seen in the context of the permanent crisis of 2008-2016.

Secondly, the investment and construction sphere is characterized by high multiplying potential. According to the National Association of Builders one workplace in the construction sector activates 5-7 workplaces in the adjacent industries (Viktorov, 2013).

Thirdly, it is a reproductive source of workplaces in different forms of labour resource usage including the new conditions of the digital economy. The growing share of the technological equipment, new resource qualities, control methods etc. cause the development of new professions and competences.

Fourthly, the investment and construction sphere is, undoubtedly, a place of the dominating capital investments of the domestic business. Re-investment of the incomes in new construction and highly-profitable objects of commercial activity by the domestic businesses was quickly increasing during the entire Russia's modern history.

Fifthly, the experience showed that the usage of the reserves of speedup and increase of the economic efficiency of the investment-construction cycles helps to replenish the development resources of all the industries and segments of the national economy rapidly and extensively (Viktorov, 2016).

Sixthly, the industry has steady engineering and technological traditions, competent engineers and constructors, unique scientific schools of industrial, housing and civil construction. If the public supports and develops them in the context of the transition to the new information and communication scheme, the domestic industry will have a great opportunity to work efficiently and competitively.

Seventhly, the investment and construction sphere is one of the most adaptable spheres having the mechanisms of financial and budget engineering as well as the public and private partnership. It also comes with the mobile legislative framework that allows responding to the emerging development disproportions, risks asymmetry and imbalance of the investment-construction processes.

Eighthly, the investment and construction activity is of comprehensive nature related both to the territorial and industrial structures of the national economy and to any forms and activities of all the parties working in the spheres and sectors of the modern society without any exceptions.

At the same time, the usage of the above-mentioned properties and advantages is necessary but not sufficient to make the investment and construction activity a fully-featured driver of the national economy development. The studies of the cyclic processes (Kuhn, 1962; Lumby & Jones, 2006) showed that not any business activity is useful for development both from the perspective of the business activity dynamics and in the context of the regional and sub-industrial aspects. In the post-Soviet territory one can see disconsolate prefabricated residential districts that meet the lowest standards of living. They are not only energy-consuming but non-aesthetical as well. The cost of the high rate of solving the housing problems in 1960-1985 was the widespread typical construction that maintained the quantitative indicators but decreased the living standards. It is unacceptable under the modern conditions! That is why the investment and construction activity must not only decrease the living standards; it must be performed according to the trend of the increase of living standards.

## 7. Conclusion

Therefore, the investment and construction activity is not only an integrated element of the mechanism of the national economic development; it is responsible for its resource provision to the full extent creating and restructuring the capital funds. The latter ensure the production and economic activity, create the basis for the reproduction of the labour resources and are responsible for the rising trend of the development vectors. Thus, it is the potential of the investment and construction activity that becomes the basis for the creation of the resource provision of the country's economic development.

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