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**TO THE QUESTION OF EFFECTIVENESS OF GOVERNMENT  
MANAGEMENT**

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***Abstract***

In the Russian Federation, owing to permanent crisis phenomena, stagnations and recessions, the toughening of anti-Russian sanctions, the decrease of real income of the major population, the lowering of living standards of Russians, the issues of efficiency of public administration, as well as criteria, by which one should assess this effectiveness, are actively discussed. The concept of “performance criteria” means a set of criteria, based on which the efficiency of a certain system of public administration as a whole, as well as individual administrative decisions, is assessed. The efficiency of the state is ensured by the well-functioning system of state bodies, the ability to articulate and to protect legally the public interest, to implement successfully the state social and economic policy, ensuring not only the interests of the state or the ruling class, but also the entire population, certain social groups and every human being. In this article, the authors attempt to justify theoretically an assessment of the public administration effectiveness through the comparison procedure of the results of certain managerial decisions with criteria features, as well as the degree of achievement of the key objectives when implementing the state policy on the whole and solution of its separate relevant problems. Specific examples, official statistics, comparing them with the developed countries of the world, the authors clearly show the inefficiency of Russian public administration when solving both economic and social problems. The authors make quite a reasonable conclusion that Russia cannot become a prosperous country due to ineffective public administration.

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## 1. Introduction

According to Rosstat data, in 2016, 2,146 million people worked in the state bodies, local self-government bodies and election commissions, including 1,410 million – in the Federal government. Over the previous 15 years, the number of civil servants per 1 thousand people employed in the economy has increased by almost two times, from 18 to 31.8 people (Krotov, 2017). In the vast Soviet Union, which consisted of Russia, Ukraine, Belarus, Kazakhstan, in total 15 Soviet republics, the number of officials-managers was much less. The personnel of state officials of the RSFSR in 1988 consisted of 1.16 mln. people or 81 officials per 10 thous. people of the population (by 20% less than nowadays). State budget expenditures on the maintenance of the two-million army of officials-managers exceed half a trillion a year, and at that, they are constantly growing. The average salaries of employees of the presidential administration in the pre-crisis 2013 reached 230,8 thous. RUB (+74%), and employees of the government personnel received the highest salary among all civil servants – 240,8 thous. RUB (+60%). As a result, the burden on the expenditure part of the budget increased significantly. If in 2009, total expenditures on wages of public administration, according to Rosstat data, amounted to 519,3 bln. RUB, in 2013 – already 682,7 bln. RUB. The growth, therefore, amounted to 31% (Sokolov, 2014). How efficient is this huge army, the maintenance of which consumes the lion's share of the state budget? Let us consider the effectiveness of state management by the example of regulating the economy.

Unfortunately, Russia has not followed the beaten path to prosperity, unlike the USA, England, France, Germany, Japan, South Korea, other developed countries, but chose its own special way. After the first decade after the restoration of capitalism under the leadership of President B. N. Yeltsin, the country has lost more than half of its industrial potential and in 1998 announced its default. The second President of Russia initially managed to achieve some success in building a capitalist society with strong social policies. The Russian leadership managed to improve the socio-economic situation in the country: gross domestic product (GDP) has almost doubled, and the population's real incomes increased 2.5 times on average. The number of people living below the poverty line has decreased more than 2 times. Pensions and wages increased significantly (Moiseyev, 2014). However, the achievement of high results was not facilitated by active and purposeful work of the state apparatus, but rather the favorable world conjuncture of prices for oil and other commodities exported by Russia. Owing to petrodollars, the flow of which was increasing until the autumn of 2008 (and the oil price rose to 149 dollars per barrel), the government managed to generate a budget surplus, when revenues exceeded expenses by 1.5-2 trillion RUB, to import foreign technology and machinery, to buy imported food, medicines and other necessary goods.

However, as experience shows, the “oil curse” and petrodollars eventually become an obstacle to socio-economic growth due to falling prices for raw materials, which Russia witnessed in 2008-2009 and in 2014-2016. Despite this, the government preferred to wait till the resumption of higher revenues from the sale of oil and gas and practically did not diversify the economy and transfer it from raw materials to the innovation way of development. Numerous economic and social problems, unresolved by the two-million army of officials-managers in the so-called “prosperous years” revealed the global financial and economic crisis of 2008-2009. D.A. Medvedev, ex-President of Russia, in the article “Russia, forward!”, admitted that, “The global economic crisis has shown that our affairs are far from being the best. Twenty

years of tumultuous changes have not allowed our country to get rid of its humiliating dependence on raw materials” (Moiseyev, 2014). In his address to the Federal Assembly, this idea was voiced with even greater force, “We have not got rid of the primitive structure of economy, of the humiliating dependence on raw materials, not redirected the production to the real needs of people. The habit of living at the expense of exports still hampers innovative development” (Medvedev, 2009).

The fallacy of the economic strategy and the inefficiency of its state apparatus in the modernization of the economy and social policy was admitted by President V.V. Putin as well. In his pre-election program of the presidential candidate, published on his website in January 2012, the national leader acknowledged that over the past decade (2000-2010) he failed to solve many vital problems both in the economy and in the social sphere. “These are persistent poverty and still bad entrepreneurship climate, and the widespread of corruption, and the inefficiency of a considerable part of officials in problem solving” (Putin, 2009). Due to strategic mistakes in the choice of ways of development, implementation of the economic strategy based on the oil-and-gas sector, modern Russia has become a raw materials' source for the West with the low level of gross domestic product. Focusing on the export of oil, gas and other raw materials abroad, without their deep processing by domestic enterprises, the country's political administration failed to diversify the economy, although this was mainly due to favorable economic conditions, high world prices on exported raw materials, mainly oil and gas. The transferred hundreds of billions of US dollars to the state budget of the country were not rationally used neither for the construction of new manufacturing companies to replace fixed assets, which were outdated morally and physically, to equip them with new technology and new machines, nor for the implementation of programs of import substitution. The state was not practically engaged in the modernization of the domestic economy. This fact was admitted by President V. V. Putin, who at the enlarged meeting of the State Council on the 8<sup>th</sup> of February 2008 was forced to declare, “Against the background of favorable economic conditions, we are still only fragmentarily engaged in modernisation of our economy. And it inevitably leads to the growth of dependence of Russia on import of goods and technologies, **to fixing the role of a raw materials' source for the world economy for us** (highlighted in bold by authors)” (Putin, 2008).

Russia, switched in the early 90s of the last century to a market economy as a result of the restoration of capitalism, unfortunately, nowadays continues to evolve on the basis of the export raw materials model. The resource revenue windfalls facilitated the emergence of a new elite class of oligarchs, super-rich and corrupt bureaucracy, which was alien to the idea of modernization based on innovation and investment. The main reason for another economic crisis in the Russian Federation (2014-2016) is that, despite all the assurances of the president and the government, Russia has never restructured its economic policy, having preserved the fatal dependence on the world prices on oil, gas and other raw materials. In other words, a new crisis of Russian economy (and therefore of Russian finance) was enabled by the short-sighted economic policy in the period of so-called reforms that have not produced the expected results in the form of high rates of socio-economic development as, for example, in China. According to official data, the growth rate of Russia's GDP for 2016 amounted to only 0.2%, in 2017 – about 1%, while the growth rate of China's GDP reaches 13% per year. The People's Republic of China for over 17 years of development in the XXI century (the period of time in office of V.V. Putin and his team) has surpassed the modern Russia more than 7 (seven) times (Worldbank, 2017).

Owing to effective state leadership, the People's Republic of China (PRC) today is a leading economic power, which has an enormous scientific and technical potential, as well as nuclear weapons and army, the largest in the world by the size of the armed forces. China is the world's largest producer of the absolute majority of industrial products: cars, TVs, radios, mobile phones, watches, cameras, washing and sewing machines, bicycles and motorcycles, cotton and silk fabrics, footwear, as well as coke, iron, steel, aluminum, zinc, tin, nickel, fertilizers, cement, meat, wheat, rice, sorghum, potatoes, cotton, apples, tobacco, vegetables, silk cocoons. China has the world's largest number of pigs, sheep, goats, poultry, horses and yaks; it ranks first in fishing. Annually China produces more than 18 million vehicles; this is 10 times more than Russia produces and more than in the US and Japan taken together, which are recognized leaders in the automotive industry (Moiseyev, 2017). Due to the efficient public administration, the economy of China has become the second largest (after the U.S.) economy in the world (as in old times it was related to the economy of the Soviet Union). And the present economy of Russia today, because of inefficiency of public administration, has become practically an outsider of technical and technological progress; and the country, claiming to be the world power, still rightly belongs to the category of "developing" countries, that is, to the states that are insufficiently developed in both economic and social terms.

The obvious conclusion springs to mind: the economic strategy, adopted in China and implemented during 2000-2017, proved to be more effective than the public administration of the economy by the team of V.V. Putin. At that, it is worth noting that the economic strategy in China was implemented by not the same team as it was in Russia, but by several successively replacing each other teams, without abandoning the general line of development. The reforms of Deng Xiaoping were continued successfully by his successors Jiang Zemin (1989-2002), Hu Jintao (2002-2012) and XI Zemin (2012 – up to date). Owing to their coordinated work on managing socio-economic development of the country, in 2010 the Chinese economy overtook Japanese and became the world's second economy by nominal GDP, and since December 2014, it is the first in the world by GDP PPP (Moiseyev, 2017). The building of market economy in China was carried out under the leadership of the Communist party on the basis of five-year plans, almost like in the Soviet Union in its heyday. As well as the Soviet Union, China at that has achieved impressive success. The leadership of the Communist party of China showed in practice that market relations can and should be used for sustainable socio-economic development of the country, but at that the obligatory condition should be a correct, scientifically substantiated economic strategy based not on the resource, but on the innovative development, as well as the steady implementation of the outlined plans, control over their implementation, both at the central and local levels. This is the essence of public administration of the country, economy and the social sphere.

The comparison between the efficiency of public administration of the economy in South Korea will not be in favor of the efficiency of public administration of the economy in Russia. The example of South Korea, which economy based on knowledge, is very significant. Occupying a relatively small area in the southern part of the Korean Peninsula (about 100 thousand sq. km), this country ranks among the top ten countries by nominal GDP. By the end of 2015, the gross domestic product of South Korea was by 300 billion dollars more than that in Russia (Kushnir, 2017). Let us note that the territory of the Russian Federation, including Crimea, is 17 126 thousand square kilometers, or 170 times greater than the

area of South Korea and its population is 3 times less than the population of Russia. Moreover, this small Asian country, which can be located twice on the Russian Kamchatka (270 sq. km), demonstrated the benefits of economy of knowledge over commodity-dependent economies. It turns out that in 2015, the entire GDP of the Russian Federation gave one Kamchatka only (with hypothetically placed Republic of Korea on it), and the entire continental Russia from Magadan to Kaliningrad, including Moscow, Saint Petersburg, Krasnoyarsk, Krasnodar, Voronezh and more than a thousand cities, due to the inefficiency of public administration seems to have not worked. Only Kamchatka has produced all the goods and services by more than 1.3 trillion dollars. Thus, the economy of a small state, based on knowledge is superior to the economy of a vast state, having made the wrong bet on trading of raw materials. Comparing economic and other indicators of Russia and the United States, Russia and China, Russia and Japan with South Korea, one can come to an indisputable conclusion that the main thing in the successful development of the economy is not the availability of the huge list of mineral resources, not selling raw materials abroad, but the efficiency of public administration on the basis of a sound economic strategy. This conclusion is confirmed not only by the example of the United States and the other above-mentioned states, but also by a number of developed European countries, such as Germany, France, Italy, UK. Their GDP is far superior to the GDP of Russia. This is evidence, among other things, of the huge potential inherent in a well-functioning system of the public and municipal administration as well. If the Russian leadership is able to use this resource, Russia will not only catch up with Mexico and Brazil, which still lag behind in the economic terms, but will also approach to the advanced countries of the world – the USA, Japan, China.

At the present time, the Russian Federation is not only a recognized leader in mining and sales of raw materials abroad, but in 2017 it also joined the three leaders (along with the US and China) by the production and sales of military equipment and weapons. But if the GDP of the US and China occupy the top places in the world ranking, Russia by the nominal GDP takes non-honourable place in the second ten of countries. Let us emphasize that with such low GDP of Russia, which is less than that of India, Mexico and a number of other not very developed countries, Russia is spending trillions of rubles on preparations for war, at that it may not meet the needs of citizens, neither in food nor in clothes, in shoes, in medications. According to the Ministry of industry and trade of Russia, the share of imports in the machine tool building now exceeds 90%, in the heavy industry sector – 60-80%, light industry – 70-90%, in radioelectronic industry – 80-90%, in pharmaceutical and medical industry - 70-80% (Glagolev, Moiseev, 2015). The reason for such high dependence on import has become the wrong industrial strategy of the post-Soviet period when the main emphasis was placed on the import of goods, technologies and equipment purchased abroad for petrodollars. That is the mark that competitors gave to Russian economy, “the achievements of Russian science and industry are limited by the narrow sphere of military and aerospace technologies, but they are unable to establish production of consumer goods, which somebody would want to buy, except the Russians themselves, simply having no other choice. Has anybody ever heard of a foreigner who willingly took the wheel of the Russian car or used a computer made in Russia? Russia is unable to produce toasters and microwave ovens, washing machines or gas stoves, which would be sold in any other country” (Moiseyev, 2017). This is a small excerpt from the foreign press, which unfortunately quite objectively reflects the state of the Russian manufacturing industry.

The Constitution of the Russian Federation of 1993 states that the President can be elected any number of times, provided that one will rule the country no more than two consecutive terms. And if not in a row, the Basic Law does not prohibit to run for another presidential term in contrast to the possibilities of the ex-President of the United States. This principle of the long-term irremovability of the head of the state, as the practice has shown, was not a benefit for Russia. Mistakes made during the whole period of reign of one man are not corrected, a new team does not replace the former since the influence of V.V. Putin in selection and placement of the managerial personnel in the government and the presidential administration was and remains indisputable. His successor, V.V. Putin has carefully selected and prepared for the president post, and after the elections he reserved to himself the main levers of influence. Practice has shown that D.A. Medvedev was not independent in making critical decisions in government. Declaring in words about the need to change the raw vector of development of economy into innovative, this president was not able to use his powers as the head of the state in this direction. To some extent, Dmitry Medvedev was merely a locum tenens, not the president. The Russians first encountered such phenomenon during the reign of Peter I, who forbade electing a new Patriarch for the Russian Orthodox Church and appointed his own man as a commissioner.

The economy of the vast country must be led by experts. To control it, one needs to know business, a sector of the economy, to be an expert, an authority in the sector of the economy. These requirements should be a guide for the head of the state, who for efficient public administration must nominate true professionals to high positions and positions, who know the job that they are entrusted with. Not in vain in the twentieth century in Russia, the rule "human resources are essential" was popular in the period known transformations. Unfortunately, the current political leadership does not always stick to this golden rule, so the recruitment policy of the last 17 years does not fit into the normal logic. Higher education institutions teach laws, according to which the macro- and microeconomics develops, and research the forms and methods of state regulation of the economy, the impact of tax policy on the real sector and the industry. Without knowledge of these laws and characteristics, it is impossible to manage successfully not only the economy of the whole country, but also the industries and individual enterprises. And in Russia, with its "special way of development", as it turned out, it has become possible not to pay attention to the basic education of candidates for executive posts, including the post of a minister. Thus, German Gref, a lawyer by education, having spent a long time (2000-2007) running economy, was appointed as the Minister of economic development of the Russian Federation. The crisis of 2008-2009 demonstrated the success this lawyer achieved in determining the vector of development of the economy of a huge country and its results. Since May 21, 2012, the Ministry of industry and trade of Russia was still headed by D. V. Manturov, a sociologist. In 1994, he graduated from Moscow State University named after M. V. Lomonosov majoring in "sociology".

For a long time the Ministry of Agriculture of the Russian Federation was headed by managers, not having the relevant (agricultural) education. Thus, for the whole decade from 1999 to 2009, the Agricultural Department was headed by A.V. Gordeev, having received basic education at Moscow Institute of Engineers of railway transport, majoring in "Construction of railways, tracks and track economy". On March 12, 2009, the railway engineer was replaced by Yelena Skrynnik, who managed the Agricultural Department for three years (from 21 May 2012). The Minister of Agriculture, E. B.

Skrynnik, is a cardiologist by education. In 1986 she graduated from the Chelyabinsk Medical Institute. It is no wonder that as a result of unprofessional work of the railway engineer and the cardiologist, food dependence of Russia on imports has increased dramatically. If in 2000, the total food import in the Russian Federation did not exceed 7.4 billion dollars, 13 years later, in 2013, it increased 6 times to 43.5 billion dollars (Glagolev, Moiseev, 2015). But this big money could have gone to development of domestic agriculture, and then everybody and everything would have profited: farmers, country's budget, and ordinary Russians. It is known that in the Russian Federation, because of improper management of the agricultural sector of the economy, more than 40 million hectares of farmland have been empty, overgrown with weeds and bushes. At the present time, only 40% of agricultural lands are actually used, two times less than in the US. In 1990-1999, per capita grain production in Russia decreased more than 2 times, meat - three times, milk – 1.5 times; total volume of all agricultural products as the result of Yeltsin's reforms decreased by 45 % (RosStat, 2017a). Due to lack of funding during the years of reforms, the number of cattle decreased more than three times. If in 1988, there was 59,8 million, today the Russian cattle herd, according to Rosstat data of January 2017, does not exceed 18.8 million animals (RosStat, 2017b). The happened three-time reduction of livestock has led to reduced beef production, from 4.3 million tonnes to 1.7 million tonnes, or 2.5 times. A further reduction in cattle population has led to the fact that today the consumption of beef per capita in Russia declined from 29.3 kg to 11.9 kg. It is particularly sad that Russia has sharply reduced the number of dairy herds. If in 1990, there were 20.5 million cows, in 2017, according to official data of Rosstat, there are only 8.3 million cows left (RosStat, 2017c). Thus, over the 25 years of reforms, owing to the new agrarian policy of the Russian Leadership, it became possible to reduce the dairy herd of the country 2.5 times. Out of 39.2 million pigs in 1988, "non-combat" losses amounted to 23.1 million. Such devastation of Russia was not known even in the years of the Great Patriotic War: after devastating battles and the occupation of the largest part by the German fascist invaders, in the Soviet Union 12.9 million cows survived, which is by 4.1 million more than it is numbered in the Russian Federation in peacetime (Ostrovsiy, 2017). As the result of the low efficiency of the new agricultural policy of the state, or rather mismanagement, domestic production of milk, meat and other food products reduced sharply. As compared to the pre-reform 1990s, beef production was only 17.4 per cent, pork – 29, lamb – 6%. Missing foodstuffs were covered by supplies from abroad. In 2014, according to Rosstat data, the import of beef accounted for 60%, the share of the imported pork reached 31%, poultry – 13%, up to 48% of cheese was imported of the total consumption by the Russians, and the share of imported milk and dairy products reached 60% (RosStat, 2017a).

Thus, the personnel policy of the President, having appointed either the railway engineer or the cardiologist to the post of Minister of Agriculture of Russia, had a negative impact not only on the efficiency of public administration, but also led to negative results in the development of the agro-industrial complex, which has become unable to provide the Russians with food products of high quality and in sufficient quantity. The unreasoned personnel policy, which is an important constituent part of ineffective public administration, adversely affected not only the sharp decline in agriculture, but also in industry and in the economy as a whole. “State power was ineffective,” stated Vladimir Putin at the enlarged meeting of the state Council on 8 February 2008 (Putin, 2008). Thus, the President admitted that the state apparatus, which he created by appointing the people without adequate basic education, unable

to solve major socio-economic problems, to responsible posts. This is evidenced by numerous arguments and facts, the main of which are technical and technological backwardness of the country, continuance of its economy in crises (1998, 2008-2009, and 2014-2016), either in stagnation or in recession, when GDP of the country not only does not growing, as in other countries with effective public administration but also, on the contrary, decreases from year to year.

## **2. Problem Statement**

As a result of inefficient public administration in the Russian economy, many unresolved problems have accumulated. Among them, there is total dependence of GDP growth on the fluctuations of world prices on exported raw materials, the technical and technological backwardness of processing industry, high dependence on imported equipment, consumer goods, including clothing, shoes, food. A huge country, in the depths of which 30 percent of the world's natural resources are concentrated, virtually the whole periodic table, ranks among the second ten countries by the nominal GDP, that is, the output of goods and services, yielding to not only the small South Korea, but even Mexico. With all this, the Russian Federation has positioned itself as a highly developed world power.

The underdeveloped economy has a negative impact on the implementation of the constitutional principle of a decent life of citizens. Owing to the inefficiency of the public administration, widespread corruption in government bodies (Moiseev, Guzairov, Vasneva, 2015) in the rich country, according to the official statistics, there are more than 20 000 000 poor people. In fact, according to the data of opinion polls, more than half of Russians consider themselves as the poor and the indigent. But according to experts of the Analytical Center of the Government, 12 million working Russians are unable to feed themselves and their families (Mahonin, 2017). The retired workers cannot afford to live with dignity in the era of capitalism on their meager pensions. The majority of pensioners do not have enough funds to maintain housing due to the high tariffs for utility services, which are growing annually, ahead of the official inflation; rising prices for food, clothes, shoes, medicines are far ahead of state pensions and benefits. And this happens at that time when in Russia, there are about 100 billionaires, and by the increase of their number, Russia ranks first in the world. In Russia with the development of capitalism, there is a sharp social stratification into very poor and very rich Russians, which exceeds the corresponding indicators in developed countries. These and other important issues need to be addressed. Without it, Russia can not become a prosperous country, where a high level and a high quality of life are available to all citizens, but not to a handful of oligarchs and officials.

## **3. Research Questions**

The main research questions were as follows: first, to determine the degree of effectiveness of public administration in Russia in the last two decades; secondly, to compare the results of state administration in Russia and in the developed countries of the world: the USA, China, South Korea, while showing the place of the Russian Federation in the economic development rating; thirdly, having determined the main shortcomings and miscalculations in public administration, the authors formulated a number of recommendations for their correction.

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

The main purpose of this article is to investigate the current state of public administration in Russia in order to determine its effectiveness.

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

Applying the comparative method, the authors attempt to show a significant difference in the socio-economic development of the Russian Federation and the leading countries: the US, China, Japan, the EU countries. The emphasis is on the effectiveness of public administration.

Thanks to the institutional method, the authors were able to identify those bodies of government and public administration that bear direct responsibility for economic stagnation and mistakes in social policy. The method of historicism allowed to draw some parallels in the methods of state administration of Russia at different stages of its development.

#### **6. Findings**

Thus, comparing the economic and other indicators of the United States and Russia, one can not help but come to the immutable conclusion that the main thing in the successful development of the economy, including industry, transport, agriculture is not the availability of minerals, but the effectiveness of public administration based on the correct economic strategy. This conclusion is confirmed not only by the example of the United States, Japan, a number of developed European countries such as Germany, France, Italy, Great Britain, as well as South Korea, Brazil, Mexico, whose gross domestic product is much higher than Russia.

Russia, unfortunately, can not boast anything, except mining of minerals and the production of military equipment and weapons. In 2017, the Russian Federation set another record: it ranked among the top three in terms of the world's largest military spending, along with the United States and China. The People's Republic of China for 17 years of development in the 21st century (the term of Vladimir Putin and his team in power) outpaced modern Russia more than seven (7) times. At the same time it was reported that China's contribution to the rise of the global economy exceeds 30%, while retaining China's role as the leading engine of world GDP. But if the GDP of the United States and China are at the top of the world table of ranks, then our country, according to nominal GDP, takes an unaccountable place in the second ten countries. Let us emphasize that with Russia's low GDP that is less than that of India, Mexico and a number of other not very developed countries, our country spends trillions of rubles on preparations for war and yet it can not meet the needs of citizens either in foodstuffs or in foodstuffs. in clothes, neither in shoes, nor in medicines. Here is the assessment of competitors to our economy: "The achievements of Russian science and industry are limited to a narrow sphere of military and aerospace technologies, but they are not able to organize the production of consumer goods that somebody would want to buy, except for Russians themselves, who simply do not have any other choice . Have you ever heard that a foreigner willingly got behind the wheel of a Russian car or used a computer made in Russia? This country is unable to produce toasters and microwave ovens, washing machines or gas stoves, which would be sold in any other country." This little excerpt from the foreign press, unfortunately, very

objectively reflects the state of the Russian manufacturing industry. Working on old equipment based on old technologies, our car factories can not produce Toyota and Mercedes alone. This was clearly demonstrated by the global crisis. Electronic domestic industry does not yet produce high-quality computers, mobile phones, video and audio equipment, which could compete with Japanese or even with South Korean. To be convinced of the truth of these statements of the author, it is enough to look at the models and the country of the manufacturer of the technique that surrounds us at home and at work.

By allowing the country to join the arms race, in competition with the United States of America, whose economy is 10 times greater than Russia's, based on the sale of oil and gas and to a lesser extent on high technology, the current political leadership repeats the sad experience of the USSR, the same rake.

For this and a number of other reasons, including the anti-Russian sanctions of the West, a sharp fall in the prices of oil and other exported raw materials, the Russian economy is currently experiencing not the best of times. That is why in the Address of the President of Russia Vladimir Putin to the Federal Assembly on December 4, 2014 the task was to promote the accelerated development of non-oil companies and stimulate import substitution in order to change the country's export potential. This task was due to the need to develop a set of measures aimed at improving the stability of the Russian economy in the face of an unstable ruble exchange rate and foreign policy sanctions, to strengthen the economic security of the country and its regions by reducing dependence on imports and increasing export potential in non-primary sectors.

Thus, comparing the economic, social and other indicators of Russia and the United States, Russia and China, Russia and the developed countries of Europe, the authors come to the conclusion that the aforementioned states are much ahead of the Russian Federation in development. The key to their success in the innovative development of industry, transport, agriculture and other sectors of the economy was not the availability of many minerals, but the effectiveness of public administration based on the right economic strategy.

This conclusion is confirmed not only by the example of the United States, Japan, Germany, France, Italy, Great Britain, and also South Korea, Brazil, Mexico, whose gross domestic product is much higher than Russia. Russia, unfortunately, can not boast anything, except mining of minerals and production of weapons and military equipment. Working on old equipment based on old technologies, Russian enterprises can not yet meet the needs of the population in consumer goods, including clothing and footwear, as well as in food and medicine.

That is why in the Address of the President of Russia V.Putin to the Federal Assembly on December 4, 2014, the task was to stimulate import substitution in order to reduce dependence on the countries of the West, especially in the conditions of anti-Russian sanctions.

An important historical frontier for Russia could be 2018: the country's election includes the head of state. From the one who will become the president, in many respects depends not only the vector of Russia's social and economic development, but also the relationship with other states, since it is he who determines the internal and foreign policy of the country for the next 6 years. The Constitution of the Russian Federation allows the current president to be elected for another six-year term and, in the opinion of political scientists, V.V. Putin has high chances to remain on the post of head of state. Other presidential candidates have few chances to make him serious competition, but there is a hope that during

the campaign period they will not only analyze the current situation in the country, but will also offer concrete ways to improve the system of public administration, outline ways to improve its effectiveness in modern conditions.

In any case, during the pre-election events, including during the debates of registered presidential candidates, both positive aspects and shortcomings in social and economic policy will be discussed, as well as the reasons for the insufficient effectiveness of public administration in the conditions of Western sanctions. Therefore, the authors express the hope that the system of public administration in Russia will be modernized and its effectiveness will increase. How this will affect the socio-economic development of Russia - time will tell.

## **7. Conclusion**

At the World Economic Forum (WEF), held in Davos in January 2013, Russia was sentenced: in the country, there is "the collapsing economy that Putin leads in an erroneous direction." With such statement, without equivocation, the famous American financier and investor George Soros made a speech. His activity provokes an ambiguous assessment, but somehow his opinions are listened to in the stock markets. Dollar billionaire, whose state speaks for itself, called investment in Russia the worst choice. Potential investors are frightened off by inefficient Russian bureaucracy, high corruption and insufficient protection of property rights. The Russian authorities have nothing to oppose to these fears except for "manual control," whose effectiveness is inexorably decreasing. During the Davos Forum, a vote was taken, following which 77.9% of the participants considered the main task of the Russian authorities to attract investments - to improve the efficiency of institutions and the state, as well as to fight corruption in state structures.

Corruption at all levels of state and municipal government, inappropriate economic policy, offshorization of the economy, an unfavorable investment climate, high dependence on imports, all these and other reasons hamper Russia's socioeconomic development, demonstrating the ineffectiveness of public administration. Therefore, our country can not yet become a prosperous country, even though it owns untold natural resources, the volume of which is greater than in other countries of the world.

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