Russia Can Not Yet Accelerate Development

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Abstract—The citizens of any country in the world dream of living in a prosperous country. The Russian political leadership is aware of these aspirations of the population and is trying to change the situation for the better: “It is investments in people that are the priority of public policy and the priority of state budget expenditures”. With a view to implementing the breakthrough scientific, technological, and socio-economic development of the Russian Federation, increasing the population of the country, improving the living standards of citizens, creating comfortable living conditions for them, as well as the conditions and opportunities for self-realization and the disclosure of the talent of each person, President of Russia V. Putin signed a decree “On national goals and strategic tasks of the development of the Russian Federation for the period until 2024” on May 7, 2018. However, the poor implementation of the “Strategy for the socio-economic development of the Russian Federation until 2020,” the priority national project “Affordable and Comfortable Housing for the Citizens of Russia” and other approved but unfulfilled plans and programs do not inspire optimism. In this article, the authors have attempted to show why Russia can not yet become a prosperous country, developing the economy and the social sphere in such a way as to meet the criteria of a developed state.

Keywords—economy; rates of growth; public administration

1. INTRODUCTION

The problem of the way to become a prosperous country, where the high level and quality of life of all citizens, where the material and spiritual needs of all members of society are met, excites many politicians, scientists, public figures. The authors studied the experience of the prosperous states of the planet in order to understand how they managed to achieve such results. One of these articles, entitled “Singapore miracle”: how to become a prosperous country” [1, 2] provides a fairly detailed analysis of this experience.

To become a prosperous country, modern Russia must have, above all, a competitive economy that can not only provide high defense power, but also a decent level and quality of life for its citizens, as well as pacify large-scale corruption (corruption of ministers, governors, law enforcement and judicial officials, other categories of employees in public authorities and government). In Singapore, Denmark, Finland, and a number of other developed countries of the world this has been achieved.

However, Russia did not follow the well-trodden path to prosperity, but chose its own, special way. Due to strategic mistakes in the choice of ways to develop the economy, modern Russia has become a raw material appendage of the West with a low level of gross domestic product (GDP). Having placed a stake on the export of oil, gas and other raw materials abroad without deep processing at domestic enterprises, the country's political leadership could not diversify the economy, although this was largely facilitated by a favorable economic environment in the form of high oil and gas prices. The head of state, V.V. Putin [3], recognized this fact.

Russia, which moved to a market economy in the early 1990s, is currently developing on the basis of an export-raw material model.

The direct line of communication between the president and the people, in preparation for which in 2016, over 3 million questions were raised concerning the economy, politics, the social sphere, testifies that the pressing problems raised during the previous communication of citizens with the head of state are not solved, but accumulate from year to year. Infinite uncoordinated reforms in the economy, education, healthcare not only did not yield tangible results, but also significantly worsened the situation in the country as a whole. In the economy, many years in a row there has been a decline in production and stagnation. A devaluation of the national currency occurred in 2014-2015, devaluing the ruble against the dollar and euro 2 times. This strengthened inflationary processes, and there was a drop in real incomes of the population and a drop in consumer demand. The sharp deterioration of the standard of living during the economic
crisis do not add credibility to the financial and economic block of the government appointed by the head of state. Growing corruption in government bodies can become a catalyst for the growth of popular discontent with the policies pursued.

Over the past 10 years (2008-2017), according to the Central Bank of Russia, more than $680 billion or almost three annual state budgets have been withdrawn from the country. This money was not invested in the social and economic development of our country, in the creation of new industries with high technologies, in the construction of housing, modern roads and other infrastructure, but served other purposes.

One of the reasons for the flight of capital from Russia is, in our opinion, not an entirely favorable investment climate in the country. Considering the fact that it is impossible to raise the technical level of production and the competitiveness of domestic products in the domestic and world markets without investments, President of the Russian Federation set the task "to increase the inflow of investments" [4].

At the World Economic Forum, held in Davos in January 2013, the famous American financier and investor, dollar billionaire George Soros called investment in Russia the worst option [5]. Bureaucratic barriers, corruption, raid seizures of profitable enterprises, insecurity of private property - all this reduces the volume of domestic and foreign investment in Russia.

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. 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 is forced to spend trillions of rubles on defense and security and, at the same time, it can not meet the needs of citizens either in products food, neither in clothes, nor in shoes, nor in medicines of own manufacture.

Working on obsolete equipment using old technologies, our factories are not able to produce modern competitive goods independently. Domestic electronics 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 authors, it is enough to look at the country of the manufacturer of the technology that surrounds Russians at home and at work.

It should be noted that in Russia, the modernization of weapons systems, the transition to more modern and promising, and rearmament is mainly defensive. Of course, military spending carries a significant burden on the economy. But, as the results of the presidential elections of 2018 showed, Russians are supported by an overwhelming majority by V.V. Putin and his political goals, which means the willingness of citizens to suffer; but the explanations are simple: they remember the tragic lessons of the history of Russia. Touching upon this problem, in March 2018, V. Putin said that defense spending would be reduced, since the main financial investments aimed at creating the newest military equipment and armaments have already been implemented.

Because of a sharp fall in the prices of oil and other exported raw materials, anti-Russian sanctions of the West caused by the events in Ukraine, the Russian economy is currently experiencing not the best of times. Corruption at all levels of state and municipal government, inappropriate economic policy, offshoreization of the economy, unfavorable investment climate, high dependence on imports, all these and other reasons hamper Russia’s social and economic development, and it can not yet become a prosperous country.

II. MATERIALS AND METHODS

One of the main issues of this study was the question of the effectiveness of state management of the economy and the social sphere.

On the level of economic development, modern Russia lags far behind the developed countries of the world. Everything is known in comparison, and if you compare Russia's GDP with the GDP of South Korea, a small country with a population three times smaller and a territory that twice fit in Kamchatka, it turns out that a huge Russia with its myriad treasures (it owns almost a third of all natural resources world) is inferior to the dwarf country by the number of goods and services produced. In Russia, about 2% of the world's population, and on its territory are about 33% of all resources. In 2016, our country, claiming the status of a world power, produced goods and services for 200 billion dollars less than the Republic of Korea [6]. In 2017, the picture remained practically unchanged - Russia was not able to catch up with the United States or China, but even South Korea in terms of the main economic indicator. It is worth mentioning here that on the eve of the collapse of the USSR (1990), it produced goods and services for $404.5 billion, more than China did then [7].

Thus began economic competition between China and post-Soviet Russia, which declared its own, special way of economic and socio-political development. In 2000, when Vladimir Putin was elected the second president of Russia, China's GDP was already $1192.8 billion, which is three times more than our country. After 17 years, the ratio of the economies of the two countries has changed even more and again is not in favor of the now capitalistic Russia. In 2017 China's economy exceeded $12 trillion, outperforming modern Russia more than 9 times. China's gross domestic product has grown 15 times over the past 30 years and became the second in the world in terms of nominal GDP, second only to the United States [8].

The conclusion from this brief analysis is that the economic strategy adopted in China and implemented in 2000-2017 proved to be more effective than the state management of the economy in Russia. Thanks to their well-coordinated work on managing the country's socio-economic development, continuity and consistency in achieving the set goals, the China's economy developed almost crisis-free, at a high rate, sometimes reaching 10% a year.
The construction of a 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 during its heyday. As in the USSR, China has achieved impressive results. Today China is the leading economic power with huge scientific and technical potential, as well as nuclear weapons and the army, the world’s largest in terms of the number of military personnel. By 2007, China had built more than 130 automobile companies, which produce a total of more than 90 brands and 260 car models [9].

The leadership of the CPC in practice has shown that market relations can and should be applied for the country’s sustainable social and economic development. At the same time, an indispensable condition should be a sound economic strategy.

The effectiveness of public administration, put forward in its time by the world leaders of the United States, made it possible to turn the territory, once inhabited by semi-indigenous Indians, into a powerful prosperous power with a highly developed economy based on the latest scientific knowledge, innovations and investments. The annual volume of goods and services produced in the United States is an order of magnitude higher than that of Russia, which is proud of its millennial history, but in no way a highly developed industry and the standard of living of its citizens. If we compare the nominal GDP of Russia with the US and China, the picture clearly will not be in favor of the Russian economy. Unlike China, the United States and Japan, Germany and France and other highly developed countries, the modern economy of Russia today, due to the ineffectiveness of public administration, is practically an outsider of technical and technological progress. The following table shows how far behind the leading countries of the world, in particular, from the US and China.

<table>
<thead>
<tr>
<th>A country</th>
<th>GDP in billion $</th>
<th>Place in the world</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>19284.99</td>
<td>1</td>
</tr>
<tr>
<td>China</td>
<td>12263.43</td>
<td>2</td>
</tr>
<tr>
<td>Russia</td>
<td>1267.55</td>
<td>13</td>
</tr>
</tbody>
</table>

From the table it follows that the backlog of the Russian Federation from the leading countries of the world is enormous; Against this backdrop, it can be seen that its economy is poorly developed and lags behind the leaders in 10-15 times.

Thus, these and other arguments and facts show that in Russia, due to mistakes in the strategy of economic development, it has not yet been possible to create a modern, efficient economy that would become the basis for the prosperity of its citizens. It is no coincidence that President Vladimir Putin in his message to the Federal Assembly on March 1, 2018 set the task: “Russia should not only firmly gain a foothold in the five largest economies of the world, but also by half the GDP per capita by half by the middle of the next decade” [11].

Russia’s GDP per capita is even lower in the world ranking than in nominal GDP. This is clearly seen from the following table.

<table>
<thead>
<tr>
<th>A country</th>
<th>GDP per capita, in $</th>
<th>Place in the world</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxemboufg</td>
<td>108004.50</td>
<td>1</td>
</tr>
<tr>
<td>Switzerland</td>
<td>79347.76</td>
<td>2</td>
</tr>
<tr>
<td>Norway</td>
<td>72046.29</td>
<td>3</td>
</tr>
<tr>
<td>Russia</td>
<td>86640.06</td>
<td>72</td>
</tr>
</tbody>
</table>

From the table we can see that with today’s GDP per capita, Russia occupies 72nd place in the world, lagging behind the advanced countries in 8-12 times. It is obvious that another economic strategy is needed to change the indicators, which will allow fulfilling the tasks set by President V.V. Putin in the message of March 1, 2018 and the decree of May 7, 2018.

The Decree of May 7, 2018 "On national goals and strategic tasks of the development of the Russian Federation until 2024" set the task in 6 years to enter the TOP-5 of the world’s largest economies. Among the world’s largest economies, TOP-5 is the UK which produces goods and services for 2.6 trillion dollars. To drive the UK out of the top five economies of the world and take its place, Russia should almost double its production of goods and services in six years. The growth rate of the Russian economy should be at least 16% annually.

However, the growth rates of the Russian economy in the last five years (2014-2018) do not give hope for the implementation of V. Putin’s plans. The following table shows how far Russia is lagging behind in terms of GDP growth rates from other countries of the world, in particular, from China, India, Vietnam.

<table>
<thead>
<tr>
<th>A country</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>For 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>World average</td>
<td>3.4</td>
<td>3.4</td>
<td>3.6</td>
<td>3.6</td>
<td>3.6</td>
<td>17.6</td>
</tr>
<tr>
<td>China</td>
<td>7.3</td>
<td>6.9</td>
<td>6.7</td>
<td>6.9</td>
<td>6.6</td>
<td>27.5</td>
</tr>
<tr>
<td>India</td>
<td>7.4</td>
<td>8.2</td>
<td>7.1</td>
<td>6.7</td>
<td>7.2</td>
<td>36.6</td>
</tr>
<tr>
<td>Vietnam</td>
<td>9.0</td>
<td>3.0</td>
<td>5.2</td>
<td>9.4</td>
<td>7.0</td>
<td>33.6</td>
</tr>
<tr>
<td>Russia</td>
<td>0.6</td>
<td>-3.7</td>
<td>-0.2</td>
<td>1.5</td>
<td>1.8</td>
<td>0</td>
</tr>
</tbody>
</table>

It follows from the table that the growth rates of the Russian economy in the last 5 years were several dozen times lower than in China, India, Vietnam. It turns out that all these years the country was in stagnation, did not develop.

Due to the lack of significant changes in the country, already in 2013 a stagnation began, which after the introduction of sanctions and the fall in oil prices in 2015–2016 turned into a recession. The decline of the economy in 2017-2018 started being gradually overcome, but on the whole Russia did not manage to handle the prolonged stagnation in the economy. Over the last decade (2009-2018), Russia’s GDP growth on average did not exceed 1% per year.

Another important issue, which the researchers paid much attention to, was the study of the effectiveness of social policies aimed at improving the lives of Russians.

President Putin in March 2018, acknowledged that because of the consequences of the economic crisis, poverty in the country has grown. According to him, there are 20 million
poor citizens in Russia [14]. This population of 45 cities such as Orel or Belgorod. However, sociologists' studies differ from official statistics. So, according to the All-Russian Center for Living Standards, the number of poor Russians is now more than 50 million people, or about 42%. Another approximately the same - 41% form an unstable "transition" layer of the population, taking into account poor housing conditions, which citizens are unable to change [15]. The growth of poverty is an inevitable consequence of the economic crisis in Russia in 2014-2016.

It should be noted that poverty is not a purely Russian phenomenon. It is characteristic of many countries of the third world. In African and Latin American countries, the scale of poverty is higher than in Russia. In Russia, poor people today are those with incomes below the subsistence minimum. The highest level of poverty among the rural population, the unemployed and families with children. The rural population is subject to poverty in terms of income, which differs little from the subsistence minimum. Saving rural residents from poverty, as you know, a subsidiary farm: vegetable gardens and livestock. To help the Russians get out of poverty is the social policy pursued by the state in accordance with Art. 7 of the Constitution of the Russian Federation.

The main purpose of the social policy of the state is to ensure a dignified life in a prosperous country, to reduce the poverty of citizens to zero. An example for Russia in the fight against poverty, in solving other social problems can serve the Scandinavian countries - Sweden, Norway, Finland. In these social states today, high salaries and decent pensions, minimal unemployment, modern education and health care, providing a higher standard of living than in Russia. No wonder there was such a thing as "Swedish socialism". Scandinavian countries in practice embodied what Russia still can not achieve - social security and social justice.

The basis of Scandinavian society is the middle class. In such a society, there will never be global social conflicts and "color" revolutions.

Vladimir Putin, speaking with the program for the restructuring of Russian society at an expanded meeting of the State Council in February 2008, stressed: "We need to ensure that all citizens of our country have the opportunity to receive decent incomes. That is, have a standard of living that all citizens of our country have the opportunity to receive decent incomes. That is, have a standard of living that all citizens of our country have the opportunity to receive."

So, according to the Decree of the President of the Russian Federation of May 7, 2012 No. 597 "On Measures for the Implementation of State Social Policy," it was necessary to increase the real wage by 1.4-1.5 times by 2018, including labor remuneration teachers to the average wage in the relevant region, and doctors, university professors, researchers - up to 200 percent of the average wage in the relevant region [18]. However, as practice has shown, most of the indicators identified in the presidential decrees in May were not fulfilled in a timely manner in a number of regions. So, by 2018, the average salary of professors and associate professors, doctors of the highest qualification in the Belgorod region, which was supposed to grow to 70,000 rubles, was not achieved, but in fact the professor in the state university receives a salary of 38,700 rubles, and the doctor is even less - 20,000 rubles.

As shown by the research of the Institute of Economics of the Russian Academy of Sciences, 15% of Russia's population currently account for about 92% of property income, 96% of all funds spent for the purchase of foreign currency, and 85% of all savings. The rest of the population (85%) account for 15% of all savings, 8% of property income and only 4% for the purchase of foreign currency [19]. "So far, the super-richness that is floating away knows where, but does not work in Russia," does not work "until the taxes are raised on it in fairness and until everyone is poorly accounted for and received help - nothing can be done," said the famous Russian writer Valentin Rasputin. "Never robbed will not fall in love with a robber and will not embrace him. And Russia will be the most ugly state, if we continue to build it in a foreign way" [20]. It was on the dislike of the robbed and disadvantaged to his exploiters that Lenin bet 100 years ago, in October 1917. And so that the revolutionary situation does not repeat, so that social stability remains in the Russian society, the authorities need to take preventive measures to reduce social stratification, a gap in the income of the rich and poor, and change the tax policy in favor of disadvantaged and needy Russians.

Among modern examples of the realization of the ideal of a social state, Scandinavian countries (Sweden, Norway, Finland), as well as the Netherlands, Canada, Switzerland, Germany, Belgium and some other countries with developed economies and social spheres - the USA, England, France, Austria, New Zealand, Japan, the countries of the Persian Gulf. In Norway, for example, with the influx of petrodollars, the state bodies in comparatively short time finished the mass poverty of their citizens. As a result of undertaken measures, the average pension in Norway exceeds $ 3,000, unemployment benefits have consisted of half of the lost income. This Scandinavian state has become one of the world's top three leaders in terms of living standards. Similar
Transformations took place in the social sphere of Middle Eastern Qatar. The social policy of this state was significantly intensified when huge amounts of oil were explored, and its export began. In this oil-producing country, not only the mother's capital is paid at $10,000 at the time of the birth of the first child, but they also give the newlyweds $270,000 for the registration of the marriage. Education and health, light and water in this country are free, as under socialism [21]. Such social assistance to young people entering life is also in other exporting countries of hydrocarbon raw materials. But Russia, which ranks first in the world for the extraction of "black gold", unfortunately, does not take an example from them.

III. RESULT AND DISCUSSION

As results for discussion it is necessary to note the following:

1. With high prices for oil and other raw materials on the eve of the global financial crisis of 2008, Russia generated a surplus of the state budget of 1.5-2 trillion. rubles. However, these additional financial opportunities were not used by the government either to modernize the backward economy, nor to improve the level and quality of life of Russians, but were aimed at buying US debt obligations. Meanwhile, the political leadership, in the person of President V. Putin and Prime Minister D. Medvedev, has repeatedly stated that he wants to transfer the Russian economy from raw materials to an innovative development path. Unfortunately, over the past 18 years, little has changed in the country's economy: Russia still has a high dependence on imports and in fact a raw material appendage of the West and China. And for the same 18 years, China has gone far ahead in its social and economic development and has become the second great economic power in the world, demonstrating in effect the effectiveness of the reforms and the effectiveness of public administration.

2. According to President Vladimir Putin, the main criterion for assessing the performance of the entire state apparatus should have been real positive results in the economy, the social sphere, science, education, and other social and economic tasks. However, the analysis shows that almost none of the grandiose tasks formulated in the "Strategy for the Socio-Economic Development of the Russian Federation until 2020" has been fully implemented. This also applies to the formation of the middle class of up to 70%, and the increase of salaries to $2,700 per month, and raising pensions to the size that provides a decent old age for labor veterans, and many other important indicators of the country's socio-economic development [22].

3. If Sweden, Finland, Norway, Qatar can serve as an example to the Russian government in state social policy, then the US, Japan and China should become the benchmark in modernizing the economy.

4. Despite some acceleration of socio-economic development and improvement of the life of citizens in comparison with the last decade of the 20th century, Russia cannot yet be considered a prosperous country. In the ranking of the countries of the world in terms of prosperity, Russia occupies an 101 place (between India and Tajikistan) [23].

IV CONCLUSION

In conclusion, the following should be noted.

1. Russia's historical experience convincingly shows that if reforms are not carried out in a timely manner, delayed or carried out halfway, without solving the basic social and economic problems, this can cause the country to lag behind the developed countries of the world, causing permanent economic crises.

In addition, a number of sociologists and political scientists warn that it is not the implementation of urgent reforms that can result in a social explosion, a "color" revolution like the Orange Revolution in Ukraine, the Rose Revolution in Georgia, or the "tulip revolution" in Kyrgyzstan. In these post-Soviet states, the authorities were unable to cope with the massive outrage of huge sections of society, dissatisfied with the conditions of their existence in the 21st century, and the people went after those who promised them a higher level and quality of life.

2. The political leadership of the country sees shortcomings in its work and tries to take measures to remedy them, including in the economy and social sphere. So, in the last message of President V. Putin dated March 1, 2018, it was stated that the minimum wage for millions of Russians did not even reach the subsistence minimum, and only from May 1, 2018, it will be increased and gradually becomes equal to the standards set by the government for working citizens. Note that the cost of living is a valuation of the consumer basket, which includes a set of goods and services needed to preserve health and life. The methodology for calculating the subsistence minimum is regulated by Federal Law No. 134-FZ of 24.10.1997. The subsistence minimum is claimed both for the whole of the Russian Federation, and separately for its subjects. The size of the minimum is set separately for each of the three categories of the population (employed, pensioners, children) and review each quarter. For the able-bodied population, by the beginning of 2018 the government of the Russian Federation established a living wage in the amount of 10,573 rubles or about $180 [24].

3. A huge problem for Russia, which owns almost a third of the world's natural resources, is the poverty of a significant part of its citizens. Only according to official data, there are more than 20,000,000 poor people in the Russian Federation, or almost 15% of the total population. Of course, with such a "baggage" it is difficult to get into a group of prosperous states. Therefore, in March 2018, the president was tasked with the task of the political elite: "in six years, at least halve the level of poverty" [25].

4. The authors of the article express their confidence that President V. Putin, having won in the elections of 2018 with a large margin from other candidates, uses his high rating of citizens' trust to change the strategy of social and economic development in order to make a breakthrough like China and bring Russia into a cohort prosperous countries of the world.
President Vladimir Putin announced this immediately after the March 19, 2018 elections, during a meeting with other candidates for the highest office: “First of all, it is to ensure the pace of economic growth, giving our economy an innovative character and addressing specific issues related to the development of health care, education, science, infrastructure and on this basis ensuring the growth of the well-being of our people” [26].

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[13] The table was compiled by the authors on the materials of the open press.
[17] “The middle class, its salary, education and real estate are the criteria for the success of 2018,” Retrieved from: http://reconomika.ru/%D1%8D%D0%BE%D0%BD%D0%BE-%2017/