

ROLE OF GOVERNMENT IN INNOVATIONAL REFORMS OF RUSSIAN ECONOMY

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Abstract

This article is devoted to the problem of Russian economy innovational structure creation and maintaining. Authors point out, that building of innovational economy is possible only on the assumption of the government, political forces and business partnering mechanism efficiency. Those subjects have to closely collaborate, not confront each other, with clear differentiation of economic targets and responsibilities of all partners. General direction of the Russian economy social-economic structure reforming is its further maximal adaptation to the market of innovational products and services features. There is a necessity of task-oriented economical subjects, political and social groups retrieve aggregation with which will allow to enhance progressive Russian society forces influence to the basic economy development trend.

Key words: Innovative structure, institutional transformations, institutional environment, venture fund, innovative economy, methods of state regulation.

1. Introduction

First of all further maximal adaptation's to the market of innovational products and services features of the Russian economy social-economic structure reforming supposes decline of national economy system institutional arrangement deformatization degree and stabilization of its underlying elements. Essential part in those processes appertains to the modern government which possesses powerful instruments for programming perspective development of economy and for making corrections to the functioning of the most national fields of economical activity.

According to the Rosstat data illustrated on Table 1 and Table 2 we can make a conclusion, that share of innovational active organizations in Russia in 2013 was only about 10,1% and specific weight of innovational commodities in overall quantity of shipped goods was even less – about 9,3%. Though in the Strategy of Innovation Development of the Russian Federation for the period up to 2020 “Innovative Russia – 2020” [1] it is mentioned, that a share of enterprises implementing technological innovations must be increased till 40-50% in 2020. In case of existing dynamic retention (when maximal innovational activity incrementation is only 0,9% (in 2009))

it will be impossible to run up to such index value without activation of government role in innovational processes.

Table 1

Organizations innovational activity (specific weight of organizations implement technological, organizational and marketing innovations, in %) [2].

	2009	2010	2011	2012	2013
Russian Federation	9,3	9,5	10,4	10,3	10,1
Tatarstan Republic	14,5	14,9	18,1	19,1	21,0

Table 2

Specific weight of innovational commodities and service in overall quantity of shipped goods and service [2].

	2009	2010	2011	2012	2013
Russian Federation	4,5	4,8	6,3	8,0	9,2
Tatarstan Republic	17,9	15,6	14,9	18,4	21,1

2. Method

The main research methods, that underlie this article, are analysis of basic theoretical conceptions of indicated problematic investigation, statement of authors hypothesis, determining government role in reforming of Russian economy, and forming of argumentation system based on the official statistic data.

3. Theory

Pursuant to World Economic Forum (WEF) data Russia is currently on the 53 place from 144 countries according to Global Competitiveness Report. Though Russian Federation Competitiveness Index could be significantly greater in case of innovations generation and development activation. As shown on Table 3 RF demonstrates maximal lag in innovation and sophistication factors index, which is one of the total competitiveness index components, Russia in this rank is only on the 75 place.[3]

Table 3

The Global Competitiveness Index 2014–2015: Innovation and sophistication factors

Country/Economy	Innovation and sophistication factors		Business sophistication		Innovation	
	Rank	Score	Rank	Score	Rank	Score
Switzerland	1	5,74	2	5,79	2	5,70
Japan	2	5,68	1	5,82	4	5,54
United States	5	5,54	4	5,58	5	5,49
Chine	33	4,14	43	4,38	32	3,91
Russian Federation	75	3,54	86	3,79	65	3,29

There are two dominant points of view to the government place in innovational processes in Russian economic science. According to the first of them government has to proceed amplification of the direct impact to the economical subjects. Partisans of this statement (V.Makarov, S.Stepashin, V.Zatonsky) adduce following arguments for benefit of government sector extension: reintegration of justice as a result of privatization process outcomes review; opportunity of purposive impact to the reforming of economical sector key enterprises forming its basic structure; considerable extension of budget revenue at the expense of profit and rental incomes capitalization and dividend payments from the assets of holding companies with government interest.

Partisans of “strong government” conception in which, as rule, representative of authoritative structures are interested, aim at consolidation of the main income issues centralization, first of all – from the implementation of the nature resources, and their redistribution to the different social and economical development goals. [4,5] Versus to the development references goals there are could be defined different economic scripts. In the case of proclaiming as a priorities a social field and a budget economy segment assistance the most effective strategy of economical development is so called strategy “Renter”, which extended due to popular coalitions of the XX century. From the one side, its main results are rise of the most low-income population gainings and social inequality level reduction. It stimulates an expansion of domestic demands for the national and imported goods and positively affects on the condition of national

commodity-producers. From the other side, priority investment of the social field draws away material and financial resources so necessary for the large-scaled injections in the manufacturing economy basis, which technical features will change too slowly, what is not corresponding with an idea of innovational revolution.

The other target key point of the economy development at issue conception is priority national production segments support, first of all those that are orientated on primary goods, machine-building and some of high-tech economical branches. Their investment presupposes withdrawal of assets from social and culture spheres, scarcity of accounting enterprises supplying home customers demand and salaries of budget economy segment workmen and, as a result, diminishing of the most attackable population groups returns. [6] Thereby economical “breakthrough” in selected production complexes will be based on amplification of the government distributional functions, its more active participation in production and economic processes with the help of direct enforcement methods or the measures of public relations field to reduce social intensity.

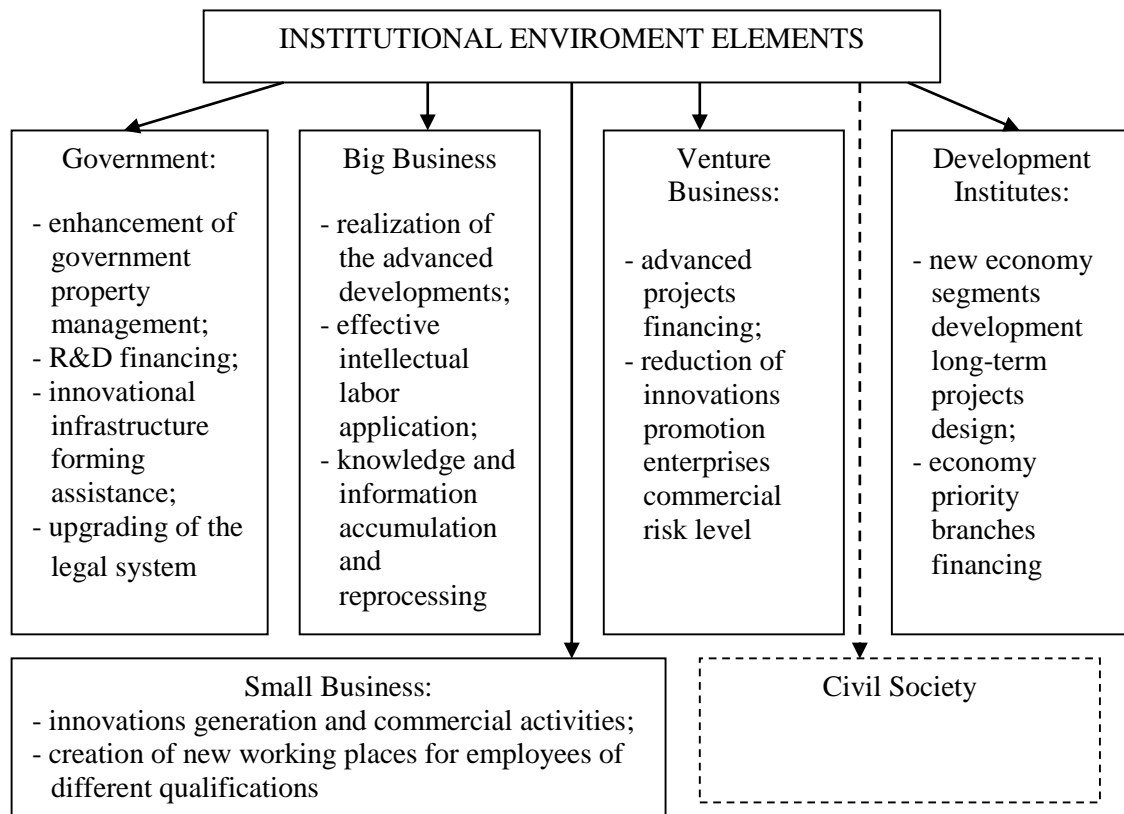
The main problem of the dirigistic model is complexity of creating government structure able to realize the mission of innovational development and large-scaled technological modernization of economy. The basic feature of centralized management chart is preferred orientation to the system of vertical unilateral connections transmission control impulses from centralized authority to coordinated economic subjects. Though realization of the modern innovational projects for the most part is orientated on the complex analysis of the feedbacks and different effects appearing as a result of creating new science intensive and advanced technology products, what is not corresponding with the government constructions logic. As a result the probability of formal approaches to the transformation processes application increases, authorities’ corruption rises and increases the role of economical-political lobbying, and all this doesn’t correspond with the principles of long-range economy development.

Associates of the second conception (E.Jasin, E.Gaidar, V.Mau) propose to act with the orientation on indirect methods through economy institutional structure consolidation, including institution of governmental authorities. They suppose that

expansion of government sector is inexpedient, first of all, because it is characterized with low economical efficiency in comparison with the private property subjects. Increased load on the state run public authorities will lead further enlargement and, as a consequence, deeper bureaucratization of the economic decisions making system. Above all assets centralization will imminently be attended by information closure enhancement of determinate branches of economical activity and weakening of their control from the general public. Growing level of government spending in the final analysis will be displaced to the subjects of real economy sector, what leads to their business activity slowing-down.

4. Results

To our opinion the main propulsive forces of institutional reforms and modernization of the industrial basis of Russian economy are government and large-scale business (Pic.1). Representative element of social-economic system of developed capitalistic countries, called “civil society”, without active assistance of which realization of any essential transformations is impossible, doesn't to act the determinative part in our society. Usually it is manipulated according to the interests of authority structures, or society conscience remains absolutely indifferent to the current economical changes.[7,8] So special attention should be paid to forming of competitive corporate subjects, to the particularity of managing them and also to the government role in the further national economy reforming.



Picture 1. Perspective elements of Russian economy institutional environment

Current processes of government participation in economical activity extension require development of special instruments system, directed on enhancement of government property managing efficiency according to principles of economic practicability then domination of political motives.[9] Consolidation processes will satisfy requirements of innovational transformations way only in case they increase competitive ability of national real economy sector enterprises and assist them to develop pursuant to scientific and technological progress demands. As mentioned V.Mao [10], government assistance should be first of all administer to the projects orientated on the development of national infrastructure, creation and education innovational system elements, and also innovational reformation acceleration.

According to authors' opinion government, that for the first time enlarge amount of budgetary financing of scientific and technological sphere and credit enterprises that are orientated on R&D activity, have to transgress lately to indirect assistance

mechanism. Promotion of innovational infrastructure and information exchange channels development, forming of advantageous investments conditions and a framework for entrepreneurial activity extension could in perspective produce greater economical effect than goal-orientated government programs of innovational projects financing that are really rationally implemented only in the spheres of special state interests in a form of government R&D contractual work.

Essential role in modification of prevalent new innovational companies financing system appertains to creation of different venture funds the main issue of forming which could be free market capitals as well as resources of bank economy sector. The basic obstruction on the way of their accumulation in Russian economy conditions is not only the lack of financial recourses, which could be gained due to enhancement access to the pension funds, insurance companies and private individuals deposits assets, but the absence of professional investors, increasing their purses at the expense of participation in the ownership of newly established enterprises and their comprehensive support in the marketing researches realization and management system optimization. Extended involvement of foreign investments to the purposes of innovational sphere development will permit, from the one side, considerably multiply capital inflow to the leading branches of national industry, and from the other side, to study mechanisms of venture financing system activation in associated activity process. In this case it is necessary thoroughly analyze a practice of venture capital implementing as the main source of investment financing in such countries as USA and Great Britain that possess more than half century experience in this private industry sphere. Establishment of venture funds will allow directing investment resources for innovation purposes, providing science intensive projects that have perspectives from the efficiency of their further realization point of view with capital.

Russia already has got an experience of using venture capital. Though venture funds, first one of which began to appear in 1994 according to European Bank of Reconstruction and Development initiative and joined in 1997 into Russian Venture Capital Association (RVCA) are in need of financial and organization assistance from the government side.

According to the Decision of Russian Federation Government № 516 from August 24, 2006 was made a decision to establish Russian Venture Company (RVC) out of proceeds of Investment Fund assets as a government fund of venture RF funds. It ought to be a source of newly appeared investment companies financing. RVC is financing private venture funds giving them investment resources in amount of 49% from their own assets and has to invest capital to the development of nanotechnologies, extended leasing schemes in advanced technology products manufacturing implementation and their attainment contracts crediting. At September 21, 2007 first national venture fund “RVC – Venture Fund” with Co Ltd “Russian Venture Company” interest net wealth cost reached 3mlrd. 61 mln. Rubles.

Besides allocation of assets to the listed above target and creation of innovational companies and funds it is necessary to realize a package of measures to harmonize institutional sphere of venture business activity, including system of efficient normative acts development and precedence on the financial market changing. Government has to develop a package of measures to form favorable tax treatment and to simplify firm with venture capital registration processes. Also it is necessary to introduce add-ins into legislation, coordinating ventures activity, including property rights insurance arrangements in patent law, protection of the stockholder rights and other spheres. Only in this case fundamental basis for solving problem of accelerated scientific and technical development will be created by force of principally new investor groups formation which are orientated on innovational economy sectors supporting.

Let notice that only in this case fundamental basis for solving problem of accelerated development by forming of special investors groups orientated on innovational economy sectors assistance will be created. For this purpose, as noticed T.A.Ismailov and G.S.Gamidov [11], it is necessary to create national innovational-engineering-investment networked infrastructure widely-distributed in all country regions. Its creation is aimed on provision of effective science intensive innovational-investment service production at the expense of equity circulating capital with follow-

up investments into projects in which executives orientated on eventual result will take active part.

In addition to enumerated above instruments of financing different economical fields it is also necessary to optimize so called “development institutes” activity directed on solving specific economical growth problems and rendering selective assistance to certain economical subjects groups. As an example of such institutes could be mentioned The Bank for Development RF which was established according to concurrent budget concept and is aimed on the development of new economy system segments. Non-profit character of this organization prejudices economical effectiveness and reasonableness of made decisions and also doesn’t eliminate probability of lobbying different industrial-manufacturing groups interests to the prejudice of general economic prospects of reforming real economy sectors. So for authorizing immediate purposes of Bank for Development creation it is important to provide a package of measures supporting credit receiving objects selection clear scheme and assignable assets purpose-oriented usage supervision.

Summarizing stated in this article analysis, we can make a conclusion that generation of innovational economy is possible only on the assumption of government, political forces and business partnership effectiveness based on their not opposition but association with distribution of economical functions and each partner responsibility.

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