

DEVELOPMENT STRATEGY

Glazyev S.Yu., Fetisov G.G.

On the strategy of sustainable development of Russia's economy *

The article contains the main provisions of the authors' report on the economic development strategy and presents a system approach to the analysis of the state and prospects of Russia's economic development in the conditions of worldwide instability. Furthermore, the article considers the proposals for the implementation of an integrated system of government policy measures aimed at the development and modernization of economy on the advanced structural and technological basis, the implementation of which will enhance economic growth rates and promote the transition to innovation development.



Sergey Yu.
GLAZYEV
RAS Academician



Gleb G.
FETISOV
RAS Corresponding Member

On the methodology of elaboration and implementation of the priority development strategy

The transition of economy to innovation development, the enhancement of investment activity and other measures of curing 'black oil addiction' have been constantly declared at the top governmental levels and in the programme documents of state authorities.

However, it is already clear that these measures are impossible to implement in time without a sound economic policy.

We are convinced that the goals of transition to innovation-driven development and the recovery of investment activity should be and can be achieved within 5 – 10 years. And the tasks of economy modernization, connected with the establishment of competitiveness and

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progress at the world level, can be implemented gradually over the next 15 – 20 years, with the first results of high-tech modernization to be expected in 3 – 5 years already.

We would like to point out that socio-economic policy should be primarily aimed at achieving significant results, and not only creating favourable conditions for modernization relying on the actions of market mechanism. In all the importance of institutional reforms, the key condition of successful economic development consists in the creation of technologically advanced processing industry with powerful export potential, consisting of high-tech and innovation-active companies, which get the bulk of their revenue from the sales of high-tech products.

In order to achieve significant success in carrying out the necessary structural and technological modernization, the policy and government management of economic development should be carried out systematically, pragmatically and creatively, without artificially narrowing down the field of possible measures by far-fetched rules, the theoretical substantiation and practical applicability of which in Russian conditions is highly doubtful. In particular, it concerns the following untenable requirements: sterilization of oil and gas budget revenues and ‘excessive’ money supply; removal of export duties; the state’s renunciation of the ownership of enterprises or their shares; the rejection of well-known instruments of prices regulation, currency exchange regulation and target-oriented lending policy. It is necessary to abandon many other principles of market fundamentalism that are based on the superficial conviction of its adherents that economy seeks the ideal state of market balance, in which maximum efficiency is achieved through the optimal use of resources. And although theory and practice long ago proved the inconsistency between the axioms this approach is based on and, consequently, the conclusions made hereto and

the characteristics of real economy, the above mentioned approach is still used to justify the estrangement of the state from handling the tasks of economic development. This approach results in systematic errors in economic forecasting, incorrect formulation of reform goals and failures in achieving the declared objectives, simplification of the structure and deterioration of the technological level of economy, loss of its integrity and its break up into fragments, absorbed by better organized external entities¹.

Judging by the forecasts of global economic changes and the analysis of the state of the economy, the perspective directions of its development and measures for their implementation should be clearly defined, and the necessary conditions should be created. At that the main attention should be focused on the key issues that can’t be handled in the framework of market fundamentalism policy.

State and prospects of development in the conditions of structural changes in the global economy

The restoration of pre-crisis production volume is not yet accompanied by the modernization and elimination of structural impediments to the country’s further economic development. The growth without development, which took place in the pre-crisis decade on the basis of production and technology potential left after the 1990s reforms, has exhausted itself completely and its revival can’t be long-lasting and sustainable. This is proved by the experience of post-crisis industrial production recovery, which in manufacturing industry branches is characterized by a very rapid growth of prices given a slow revival of production, the volume of which has not reached the pre-crisis level.

For overcoming the structural constraints to economic growth, it is necessary to boost investment and innovation activity on the basis of priority development of the new technological mode, which is possible only with maintaining

average annual GDP growth rate at the level not lower than 8%, industrial output – 10%, investments in fixed capital – 15%, R&D funding – 20%.

The necessity for the growth rates increase is conditioned not by a desire to 'catch up' with other countries, but by the logic of creating the basic prerequisites for intensification of investment and innovation processes for implementing structural and technological modernization in order to expand the socio-economic development opportunities in the long-term. At that, the singularity of the current situation consists in the fact that, due to the relatively high savings rate, the volume of capital investment can be increased 1.5-fold without reducing the level of consumption. But the investment breakthrough is hampered by the fact that the state and business export hundreds of billions of dollars, accumulating them in almost profitless Western financial instruments, given the fact that business then borrows them at the world market under 6 – 9% per annum.

The policy of economic modernization and development should proceed from a clear understanding of the structural changes and prospects of global socio-economic development, revealing national competitive advantages, the promotion of which can ensure the sustainable and rapid growth of production under the emerging new wave of economic recovery. Measures for overcoming the consequences of the global crisis should be coordinated with the strategic objectives of socio-economic development.

When evaluating the global economic development prospects, one should understand the structural component of the crisis, which is determined by the change of technological modes and their corresponding long waves of economic growth. The way out of this crisis is connected with the 'storm' of innovations, paving the way for the establishment of the new technological mode.

At that, not only the technological structure of the economy, but also its institutional system will change, as well as the list of leading firms, countries and regions. Those will thrive, who will be the first to enter the path of the new technological mode and catch up with its new productions in the early stages of its development. And, vice versa, along with the formation of new technological paths, entering them will become more and more expensive.

At present, the new technological mode in its development is shifting from the 'embryonic' phase to the phase of growth. Its expansion is constrained by a small scale and continuing adjustment of relevant technologies, as well as the unpreparedness of socio-economic environment to their wide application. However, despite the crisis, the expenses on the development of state-of-the-art technologies and the scope of their application are growing in the advanced countries with a rate of about 35% a year. Stock indices of high-tech companies grow faster than average. According to estimates, the crisis will end up with the flow of a large part of the capital, remaining after the collapse of financial bubbles, into the productions of the new technological mode².

After the structural adjustment (which will last for 3 – 7 years) of the economies in the leading countries on the basis of the new mode, a new long wave of economic growth will begin. At the same time, the balance of negative and positive effects will be determined by the growth rate of new productions, which compensate for the compression of obsolete parts of the economy.

The peculiarity of Russian economy, impeding its modernization, is its technological heterogeneousness, which manifests itself in the considerable differentiation in the profitability indicators of different economic sectors. In market conditions, the low yield of the majority of industries in manufacturing, including its high-tech sector, hampers economic modernization.

Overcoming this barrier is impossible without active state policy. Delay in the transition to such a policy leads to the increasing backwardness of Russia's economy concerning the dynamics of establishing the new technological mode, the development of which will determine the development of the world economy in the 20-year perspective.

The volume of national wealth that Russia possesses, its available scientific-production, personnel and intellectual potential allow using the opportunities, which opened in the conditions of the global crisis, for a breakthrough to the new wave of economic growth. It is this period of the global structural crisis that gives the lagging countries a chance to work an 'economic miracle', i.e. a fast leap to the level of developed countries through the priority development of key industries and factors of the new technological mode. This, as the world experience of overcoming similar structural crises in the 1970s and 1930s proves, requires a powerful impetus of fixed capital renovation on a fundamentally new technological basis.

For staying on the crest of the new wave of economic growth, investments in the development of productions of the new technological mode should increase annually not less than 1.5-fold, while the share of R&D expenditures should reach 4% of GDP.

It is necessary to point out that the level of investment and innovation activity required for successful development, as a minimum, twice exceeds the available capabilities of the current financial and investment system. In our opinion, the headstrong policy of quantitative limitation of money supply (monetary base) on the part of the Central Bank was the main impediment to the development of Russian economy during the post-Soviet period.

This monetary policy artificially narrowed down the possibilities of the financial sphere on the funding of capital accumulation, also by attracting the savings of population and enterprises, while the accumulation ratio

remained 1.5 times less than the savings rate. These capabilities did not meet the requirements of modernization of the real sector, the profitable part of which in the absence of the mechanism of refinancing from internal sources refocused on the external loaning sources, and the remaining part shifted to the fixed capital decumulation.

The policy of 'excessive' revenues sterilization actually meant the exchange of the state's cheap long-term money for expensive short-term loans of foreign banks. Net loss from such a policy was measured in tens of billions of dollars a year, not to mention the loss of profits from the artificial freezing of investment and innovation activity.

The restrictive policy of the Bank of Russia leads to the exclusion of Russian banks from the loan market and traps the country's financial system into foreign dependency. The gap between the external and internal rates on the money market causes domestic borrowers to shift toward foreign credit sources. It is followed by the continuing increase of external debt and the involvement of the national financial system in a vicious circle of inequitable external economic exchange.

As it was mentioned earlier, the restrictive monetary policy was accompanied by taking abroad a significant part of budget revenues from export duties. Meanwhile, if the budget surplus provided by export revenues were directed to the goals of modernization, development of advanced innovation technologies existing in Russia's scientific-technological environment, enhancement of development institutions and stimulation of investment activity, then by the onset of the global crisis the economy would form the advancing structures of the new technological mode, capable of preventing capital depreciation and enhancing economic growth. In this case, it could not only be possible to avoid capital flight and the crisis compression of production, but also to attract international investment in the development of new perspective niches for the sales of domestic products in the world market.

Unfortunately, we missed these opportunities – the inflow of petrodollars has been redirected to support American financial pyramids, while the expenditures for the development of Russia's economy remained significantly below world standards.

The results of the policy carried out in the pre-crisis period indicate that the mechanism of market self-organization can not provide the rate of accumulation required for economic modernization. In the absence of the state policy of stimulating progressive technological shifts, Russia's economy was used as a donor of the U.S. financial system, while continuing to stagnate due to the lack of investments, which was compensated only to a small extent by direct foreign investments and long-term loans.

Under the crisis, financial authorities had to change their policy by resorting to unprecedented monetary emission in order to save the banks and corporations that have found themselves in the grip of external debt. And although since then the refinancing of commercial banks has become the main channel of monetary emission, the extent and timing of loan resources granting are not adequate for the transition to sustainable economic growth.

At present, the total amount of collateral that is accepted by the Bank of Russia (the Lombard list), is about 3.5 trillion rubles, which is less than 10% of the banking system assets. This limits the banks' capacity to refinance the economy crediting, forming the difference between long-term and short-term rates, which sharply reduces the enterprises' demand for loans, since the rates exceed the profitability level of many economic sectors, generally increasing the level of system risks (interest, credit and exchange risks) in the country's financial system. Today, even top Russian borrowers pay 10 – 12% per annum on loans and more, which puts them in a worse position compared to international corporations, which pay from 1 to 2 – 3% per annum for attracting financial resources.

Under all the global crisis scenarios, *Russia's economic development opportunities will depend not so much on external factors, as on internal economic policy.* By implementing the following measures, Russia could substantially improve its position in the world economy, having achieved:

- priority formation of a new technological mode and economic revival in the long wave of its growth;
- considerable enhancement of domestic banking and investment system efficiency;
- economic stabilization and creation of a sustainable development zone in EurAsEC and in case of favourable political conditions – in CIS as well.

Priority directions of development policy

From the *science and technology* viewpoint, the priorities must comply with the perspective guidelines of formation of the new technological mode. From the *macroeconomic* viewpoint, they should give an impetus to the growth of demand and business activity. From the *structural and reproduction* viewpoint, main productions should, from a certain point, enter their own development path of extended reproduction, serving as 'engines of growth' for the economy. From the *socio-economic* viewpoint, their implementation should be accompanied by the expansion of employment, increase of actual wages and salaries and improvement of employees' qualifications, the general growth of public welfare.

Science and technology forecasting allows pointing out the key directions of forming the new technological mode: biotechnology, based on the achievements of molecular biology and genetic engineering, nanotechnology, artificial intelligence systems, global information networks and integrated high-speed transport systems. These should be supplemented by the spheres that bear the new technological mode and that are the major consumers of its products: space technology, manufacture of construction materials with predetermined properties,

aircraft industry, nuclear industry, solar power engineering. Reserves in atomic, space-rocket, aircraft and other science-intensive industries, in molecular biology, genetic engineering and nanotechnologies provide Russia with actual opportunities for priority development of the new technological mode and chances for leadership in the respective areas of formation of a new long wave of economic growth.

Naturally, when choosing the priorities, one should not only proceed from breakthrough technologies the country possesses, but also take into account its current position in the global division of labour. A significant part of the domestic industry, including high-tech branches, will, in the foreseeable future, work for the needs of extraction and processing of raw materials.

Agriculture, services sector, especially housing and utilities and transport, as well as education, health care and public administration possess huge reserves for technological modernization.

The formation of a new technological mode will be accompanied by the intellectualization of production, transition to the continuous innovation process in most industries, and lifelong education in most professions. There will be a shift from the mass consumption society to the society of development, in which paramount importance will be attached to scientific-technological and intellectual potential, as well as life quality and environment. Energy and material consumption of GDP will reduce sharply.

The consumption structure will be dominated by information, education, medical services. It implies that science, education and health care, being the basic branches of the new technological mode, will play a crucial part in economic modernization.

Key issues of the long-term economic development strategy should comprise:

- establishment of the strategic planning system, capable of identifying the prospective directions of economic growth, as well as

directing the activities of state development institutions for their implementation;

- provision of macroeconomic conditions necessary for the priority growth of the new technological mode;
- formation of institutions aimed at financing the projects for creation and development of production-technological complexes of the new technological mode and the spheres of consumption of their products.

Creation of a strategic planning system

Strategic planning methodology envisages a system of long-, medium - and short-term forecasts of socio-economic development, the choice of technological-economic development priorities, their implementation mechanism and tools, which involve a system of long-term concepts, medium-term programmes and indicative plans, institutions organizing the related activities, as well as methods of control and measures of responsibility for achieving the necessary results.

In accordance with the system approach, the documents on socio-economic, sectoral and territorial strategic planning should make up a single complex and they should be developed on a common methodological basis for ensuring coordination and hierarchical integration of the elements of the strategic planning system.

At the federal level, such a system might include the following documents:

- the long-term (25 – 50 years) forecasts, which provide various scenarios of economic development depending on the options of changes in external and internal objective factors, as well as the options of socio-economic policy;

- the medium-term (10 – 12 years) socio-economic development concept coordinated with the general scheme of production forces development and distribution that determine the main goals, tasks and priorities of the country's socio-economic development, the composition of state target programmes of different levels;

– the indicative plan of socio-economic development for a three-year period that sets development indicators and measures for their achievement (the term ‘indicative’ means that the indicators of this plan serve as guidelines for non-governmental authorities, but are compulsory for all state power bodies, also when determining the directives for state representatives in the companies’ managing bodies); medium-term state programmes: federal, regional and branch-wise, that are coordinated in investment issues as well, and that ensure the achievement of the set goals;

– annual budgets and three-year budget plans (on a sliding basis), which are formed on the basis of the target indicators set in a concept, indicative plan and medium-term programmes.

It is also necessary to establish standards of responsibility for the achievement of planned results and the use of the necessary tools of macroeconomic policy, in addition: to set the legal norms of economic responsibility of organizations and management responsibility of the leadership for the performance of target development indicators established by the government.

This requires the adoption of the efficient federal law ‘On the state strategic planning’ that determines the development procedures and the status of planning documents, which need to be taken into account when planning the budget, monetary policy and making other managerial decisions. The implementation of development strategy should include active *industrial policy*, which supports the expansion of core branches of the new technological mode and enhances ‘points of growth’.

All the main sections of the unified strategic planning system should reflect spatial peculiarities. This will allow additional restrictions of potential economic growth to be revealed and also the measures on its enhancement to be developed through the optimization of the regional structure of the economy³.

The coordinated system of regional policy institutions requires appropriate legislative framework. First of all it is necessary to finalize and adopt the *RF spatial development concept*, which would form the system of spatial priorities, and marked the place of territorial development strategies and programmes in the system of strategic management. Besides, it is necessary to finalize and adopt a *federal law on the regional policy*, which should stipulate the following points: a hierarchical system of coordinated levels, institutions and powers of the regional policy (Federation – federal district – federal subject – municipality); a common normative and legal framework for drafting and approval of planning and forecasting documents on the regional development, which allows different levels to retain their independence while remaining the structural elements of a single management system; the mechanisms for monitoring the implementation of coordinated obligations and ensuring the liability of the subjects of management.

Maintenance of macroeconomic environment for sustainable development

Macroeconomic conditions promoting the successful development of economy are stipulated by the requirements of its fundamental modernization on the advanced technological basis. They include: extended reproduction at the promising directions of the new technological mode; the maintenance of favorable price proportions for this purpose; the formation of the system of support of innovation activity; creation of the mechanisms providing long-term crediting of investment projects.

To implement the above conditions, the state uses the tools of fiscal, monetary, antimonopoly and pricing policy.

The *orientation of fiscal policy toward development objectives* stipulates the reduction of tax burden on all kinds of innovation and high-tech activities, as well as the priority allocation of budget funds for supporting the productions that are crucially important for the establishment of the new technological mode.

Along with budget revenue sources mobilization for boosting innovation activity, it is necessary to expand the financial opportunities of enterprises: to give them the rights for capital assets revaluation at the replacement cost and for establishing accelerated depreciation standards for machinery and equipment; to restore the accumulation accounts for depreciation deductions and establish obligatory control over their proper use; to exempt the enterprises from paying property tax on the assets side of the acquired fixed capital during the first three years of their usage; to set standards for the recovery of profits tax paid in the current period in the part of funds, allocated for technological re-equipment.

The main reason for constant shortage of funds for development purposes consists in the fact that financial policy is oriented toward the available resources of the state budget, which are insufficient for maintaining the current socio-economic stability and carrying out structural and technological modernization at the same time. The latter problem can be solved only through the development of bank loaning. The loan fund has been created for this purpose, it is a tool of the RF Central Bank, which, at present, is not used for implementing the country's socio-economic policy. Its active application and the development of credit requires extensive use of targeted refinancing of commercial banks in line with the objectives of budgetary, industrial and structural policy along with significant increase in the role of internal sources of money supply.

Monetary policy instruments should ensure adequate money supply for the extended reproduction and sustainable development of the economy.

In order to eliminate artificial limitations of the monetary policy conducted by the RF Central Bank, its functions should be expanded and completed with the objectives of stimulating economic development, investment activity and

promoting employment, as it is done in many developed and successfully developing countries.

The theory of economic development and the practice of developed countries justify the expediency of a comprehensive approach to the formation of money supply linked to economic development objectives and the tasks of budgetary, industrial and structural policy relying on the internal sources of money supply and mechanisms of credit institutions refinancing, provision with current liquidity, expansion of opportunities for creating 'long money', ensuring the direction of liquidity into priority spheres.

The terms, on which commercial banks gain access to the RF Central Bank refinancing, should be linked with the obligations on using credit resources for the financing of industrial enterprises taking into account the priority directions of economic development. This will create efficient money supply mechanisms focused on the crediting of the real sector of economy and promote investments in the priority directions of its development. This can be effected by using a combination of certain methods of the RF Central Bank's money supply formation. Such well-known methods have been tested and employed by developed countries and include indirect (refinancing secured on bonds, bills of exchange and other liabilities of solvent enterprises) and direct (co-financing of state programmes, provision of state guarantees, provision of loans to development institutions) methods. Accordingly, the refinance rate should not exceed the *average profit ratio of manufacturing industry*, and the timing of loans should comply with a typical duration of an R&D and production cycle in the real sector of the economy (3 – 7 years)⁴.

The main funding source of economic modernization and growth should be found in the issuing mechanism of providing refinancing to commercial banks by the Central Bank under their claims to the enterprises of the real sector

and with regard to the increasing demand for financing in the priority directions of developing economy. The refinancing of commercial banks and development banks by the Central Bank should provide the banking sector with current liquidity and the opportunities of forming 'long-term money', and it should provide the state with a source of long-term crediting of priority development directions.

Using such tools as the refinance rate, the Lombard list of the RF Central Bank, development corporations, state guarantees on the loans taken by enterprises for implementing priority investment projects, and subsidizing interest rates, the government can selectively influence monetary and credit flows, providing the extended reproduction of enterprises, as well as creating favourable conditions for the growth of economic activity in the priority directions of development. The RF Central Bank should become a lender of last resort, which will require great work on the monitoring of the borrowers' solvency, and which will also demand higher requirements to the performance of banks in analyzing and selecting investment projects.

In order to avoid the pumping of unsecured money into the economy, the RF Central Bank can refinance commercial banks on the security of long-term corporate bonds and promissory notes of enterprises with the adjustment coefficient of 50%, and under the guarantees of the government and regional authorities – with the adjustment coefficient of 70 – 80%, which would make the sale of these debt obligations by the banks unprofitable. Under this condition, the Lombard list of the RF Central Bank can be significantly expanded, including the promissory notes of solvent enterprises operating in priority directions of establishing the new technological mode according to the list, approved by the RF government, the collaterals of sponsoring agencies of federal target programmes, as well as the bonds of development institutions and state-owned corporations.

We think that the admission of foreign securities and foreign assets of Russian banks as the collateral for lombard and other loans of the RF Central Bank should be gradually abandoned.

It is also expedient to stop the refinancing of banks against the pledge of debt financial instruments that do not direct investments in fixed capital and innovations. We consider it useful to establish the limit of financial and credit leverage not only for banks, but also for non-banking companies, limiting it to a double value for the latter.

When calculating the liquidity, capital adequacy and other indicators, the RF Central Bank should not consider the obligations of foreign states and non-residents to be more reliable and liquid, than the similar obligations of Russia and its residents.

For expanding the resource base of the banking system it is expedient to cancel the reservation of long-term deposits of natural persons, subject to obligatory insurance: now there is a 'double encumbrance'. In addition, the RF Central Bank could provide banks with unsecured loans in the amount equal to the part of population's funds represented by fixed-term deposits in rubles, provided that the banks will use these loans for crediting investments in the fixed capital of industrial enterprises, which will promote the creation of 'long money' sources.

The policy of development should include another important element, which is the *long-term stabilization of the real exchange rate of ruble*. Otherwise, it will not be possible to reduce the interest rates and extend the lending of the real sector of the economy because the banks might transfer credit resources on the exchange market trying to gain super-profits on the ruble devaluation. It is reasonable to ensure the constant adjustment of the nominal ruble exchange rate in proportion to the relative decrease in its purchasing power.

At the same time, one should avoid excessive pressure on the ruble exchange rate on the part of the participants of foreign trade, as well as the speculative capital.

For enhancing the sustainability and power of the Russian currency and finance system, the use of its own currency should be expanded, supporting the expansion of national financial institutions on the markets already explored by Russia.

For expanding the use of rubles in international settlements, the share of payments in rubles should be consistently increased in foreign trade, including in the export of raw materials, metals, military equipment; it is also necessary to ensure the ruble export crediting of Russian goods, and reduce the cost of exchange operations for the national currencies of the states that are closely integrated with Russia economically. The last task can be solved with the help of the CIS Interstate Bank, which, due to its correspondent relations with the central banks of the CIS states, reduces manifold the transaction costs of currency exchange operations.

The expansion of the domestic market through the creation of the Customs Union and, subsequently, the EurAsEC common economic space is an important direction of the development strategy. The creation of integration associations expands the development opportunities of the national economy, enhances its resistance to external shocks, increases the scale of activities and competitive advantages of enterprises. Implementing a common anti-crisis strategy, the EurAsEC states raise their chances of overcoming the crisis and entering the path of accelerated development.

It should be pointed out that the proposed policy of money circulation does not imply the abandonment of inflation targeting. It stipulates the establishment of guidelines and, if necessary, restrictions concerning the price index, exchange rate fluctuations, interest rates,

the dynamics of money supply at the levels necessary for ensuring economic modernization and development.

The implementation of these measures will provide the necessary level of money supply for the recovery of investment and innovation activity for modernization and economic development. Unlike the current issuers of world currencies, the crisis that Russia is experiencing is not caused by the excess of money supply and related financial bubbles, but it is a structural crisis, caused by the low efficiency and resource dependence of the economy, complicated by its constant insufficient monetization. Experiencing an acute lack of investment and credit, the country's economy have been working flat out for a long time. In order to recover the domestic market, enhance innovation and investment for modernization and priority development, it needs a substantial increase in monetization level, and the expansion of loaning and the capacity of the banking system.

It should be pointed out that an important measure of ensuring economic security is to abandon the practice of employing major foreign rating agencies, which proved their partiality, bias and prejudice, for evaluating the borrowers' reliability. The regular shift of their ratings in favor of American companies and underrating of the companies of developing countries trigger off the destabilization of the latter, artificially downgrade their investment attractiveness, entail enormous unjustified losses and pose a threat to the national financial systems. Obviously, the Bank of Russia should use only the ratings of the Russian agencies, as well as the results of its own monitoring, including the refinancing of banks and their implementation of prudential regulation standards. The performance standards should be set up for rating agencies, the ratings' evaluation standards should be determined and the development of domestic rating agencies promoted.

It is expedient to establish a rating agency under EurAsEC that uses the model of sample economy without budget deficit and balance of payments, with a steadily low refinance rate and a reliable mechanism of financial market regulation. It is also necessary to create domestic financial infrastructure as related to consulting, audit, valuation and other analytical organizations. For these purposes, it is advisable to introduce the mandatory use of their services by state-owned companies.

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The breakthrough strategy differs from the programmes offered by governmental and other 'system-related' experts in the fact, that though it deals mainly with the economy, it overcomes the 'macroeconomic determinism', by integrating this important area of the

state's responsibility into the global and Russian historical context: science, technology, culture, rational nature management, political and civil relations – these 'productive forces' are as important as finances or entrepreneurial initiative.

We are sure that only the policy, which considers all the complexity of the modern world and raises development issues with scientific responsibility and diligence, can lead the country and each of its residents to success.

Therefore, the breakthrough strategy concerns everyone. But its drafting and implementation is the ultimate priority of the top state authorities in the first place. A swift breakthrough to the advanced development level is the only way to save and strengthen Russia in the world where no one can be guaranteed a bright future.

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² Perez C. Technological revolutions and financial capital: the dynamics of bubbles and golden ages. Moscow: Delo, 2011.

³ Fetisov G.G. Monetary policy and the development of Russia's monetary system under globalization: national and regional aspects. Moscow: "Ekonomika", 2006.

⁴ Fetisov G.G. Russian monetary policy: objectives, instruments and rules. Voprosy Ekonomiki. 2008. No. 11.