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STRATEGY TO REFORM THE ECONOMY
IN RUSSIA

by

a group of scientists
under leadership of
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The issue of economic reform, its necessity and future, has attracted a great topical interest nowadays. Deep crisis, which has ridden Russia, failure to reform the economy and increased poverty of many strata of the population have caused strong criticism of the path of reform and evoked doubts about its expediency.

Under the circumstances the researchers of the Institute of Economics of Russian Academy of Sciences consider it their professional duty to point out that one should not confuse a necessity of radical economic reform with these rather significant mistakes in its strategy and tactics.

1. Reforming the Economy - Historic Inevitability

The analysis shows a radical economic reform still started in the last years of the Soviet Union, has deep roots and is an integral part of transformation of the socioeconomic model, which had been in our country. It signifies a transition to a new quality model of management on the basis of both the global tendencies and the specifics of Russian society - its history and culture, geopolitical position and its human values.

You can not say that there have been no real changes in Russia over the last four years:

- the monopoly of public ownership has been undermined, the process of formation of a multi-structured economy, though inconsistent, but has already gained momentum;
- mechanisms of centrally planned command management and distribution have been destroyed, though not yet completely;
- the infrastructure of a market economy is being gradually organized, especially in the field of finance and banking;
- a certain equilibrium has been achieved in the sphere of goods consumption, although it has been achieved due to imports and consumption by social groups of relatively high income;
- a rather big number of russian "new wave" entrepreneurs,
with market motivation, has appeared and has been mastering its strength, even though there is instability in the process.

In such a situation negative consequences of the strategy and tactics, chosen by the government, are displayed vividly. Industrialization of the economy decreases, its technological core is being destroyed, the number of low income individuals is increasing rapidly and is accompanied by an increasing differentiation in income levels, the national genetic bank of Russian society is being weakened, the self-reliance of the country as a food producer is under threat of collapsing, the environment worsens, the culture and the morals degrade, criminals are more insolent.

In view of all outward appearances, where the situation looks well (slowing down of production decline, decrease of the inflation rate by the end of 1995, reduction of relative sizes of the budget deficit), there was no real improvement of the economy in 1995, if there had been, then we could have spoken about stabilization.

Indicated changes are not considered the result of a real economic improvement, or as tendencies of long duration, they are the results of great social sacrifices.

2. Ripened Changes in Strategy and Tactics

It becomes evident that there is a need for a large structural maneuver which is intended to activate profound and long-range resources for economic reform, revival of entrepreneurship, stimulation of science and technology, strengthening of the social basis of the reform.

The first step in this direction is turning attention to a real idea behind the reform - creation of a socioeconomic model which can provide effective development of the Russian economy with its social orientation, flexible adaptation of innovations in science and technological joining into the world economy. Therefore, national interests and priorities must be clarified as stable orientations of the economic policy.
Changes in strategy and tactics of the reform have ripened and the need for them is dictated by the life itself. They are not connected with any existing political predilection and attachments. In general, the essence of these changes means it is essential:

- to include state regulating functions in the mechanism of fulfilling the economic reform;
- to transfer the gravity center to the process of stimulating entrepreneurship in the real sectors of the economy, including investment without regard to different forms of ownership and types of management;
- to enhance attention to social aspects of the reform, to introduce social indicators into the system of management - clearly defined threshold features, where exceeding or just reaching them would signal an onslaught of a crisis and an urgent need for additional, extraordinary measures;
- to fill federal relations with real economic content.

The enumerated reorganizations get out of the current of the events and internal logic of the reform. They are to become indispensable elements of the reform strategy and tactics, and to come to life irrespective of any changes in the bureaucratic establishment.

All the applied problems of economic reform have to be solved consistently with the accepted directions. With such an approach, a scenario of further development and deepening of the reform in Russia is seen clearly enough. Departure from the mentioned requirements may give the reform chaotic and uncontrolled order that might lead to appearance of social tenseness zones and danger of a deviation from certain directives.

Necessity to further enhance the reform in its special directions, strategy and tactics, requires big "break-through" moves towards its scientific-theoretical understanding and substantiation. Here are many unsolved problems among which the following ones have particular importance:
1. The practice assessing Russian reforms apart from a context of the world changes;

2. Simplified views on the aims of the reform (creation of the market as a single objective) and lack of clearness, while the reform is under way, of what the organized socioeconomic model of the society should look like;

3. Absence of accurately formed system of national interests and, respectively, priorities of structural and investment policies;

4. Consideration of specific solutions as the acts of the highest virtue, impulsive activities and absence of a precise well-regulated mechanism of management of the economic reform process;

5. Underestimation of the Russian economy peculiarities, its history and culture, the popular mentality;

6. Lack of accurately defined regional aspects of economic reform, given the federal formation of Russia and development of the foundation of local self-government.

In addition to this, such problems as deeply rooted politicizing and idealizing while considering and resolving the economic matters as well as mythical indoctrination of the massive consciousness (receding from necessity of the state regulation, the view that all the forms of state ownership are not effective, naive belief in absolute power of the market self-regulation, groundless hopes for help from the West) should be pointed out too.

3. Present International Tendencies

The authors of the paper believe that it is impossible to estimate the current situation in Russian economy, to find a way out of the crisis, to shape a system of goals and its development priorities, without a consideration of present tendencies of the global economic development. In the number of major imperative signs of the World economic transformation there are some of principal importance:
a) transfer to new technological means of production on the basis of versatile informatization of the society, restructure of the economy, ecological purification of the production;

b) increase the social subject of the economy with an emphasis towards expenditures for development of the social infrastructure, including social partnership;

c) existence of varied forms (pluralism) of ownership and economic structures;

d) complicity of the mechanism of economic regulation, the combination within it competitive, corporate and public methods;

e) reinforcement of integration processes, both regionally and globally.

Deep crisis, which hit Russia, is a result of the economy developing within the framework of the previously existing planning system has come into contradiction with the world trends which had appeared due to scientific-technological revolution and which reflect a civilized big turn of human development. On the one hand, a critical condition of the economy is caused by a long postponement of ripened reorganizations and, on the other hand, by discrepancy between shock monetary measures, taken from 1992, and the nature of a structural-economic and institutional crisis, experienced by the country.

The changes, which took place in the international sphere lately, resulting in Russia's loosing a status of the Super Power, put the country in front of a historical choice - either to become reconciled to the condition of a semi-peripheral part of the developed nations, or to seek transformation of the state into the prosperous Great Power with the modern economy, high-quality living standards, a shaped system of democratic institutions, evolving into a union with the republics of ex-USSR and other countries.

The second version is not only more suitable but also of vital importance for the nation. There are objective prerequisites for such a strategy: unique natural conditions, a strong industrial basis, human resource potential, rather
big breakthrough in the post-industrial technology, and a choice for democracy made in the last years.

4. Necessity to Take into Account National Traditions

Russia has always been an area of interaction of many civilizations and cultures. It is open to the positive experience, but, at the same time, its distinction excludes any mechanical replicating. From this point of view, the concepts of "run-after modernization", meaning blind following of the liberal models, for instance the chinese, the japanese or the other, are vulnerable and not acceptable.

The thing is to find forms and motivations adequate to the conditions, the values and the traditions of the country, for realization of the world economic trends. Here is both an essential role of external economic success, moral and spiritual incentives for work, ability to sacrifice in order to achieve the common goals. And it's traditions of collectivism and mutual assistance, the equality and the social justice, that had been shaped by the centuries. In people's minds, there is no aversion to private ownership, but there is no attitude to it as a universal life-saving facility, a cure for all the diseases. The Russian tradition is quite alien to the liberal-utopian projects of full separation of the economic management by the state regulation. The paradigm of the developing nation suits the tradition more.

5. Conceptual Principals of Russian Model of the Reform

Social goals have to be the basis of the reform concept - quality and duration of the people's life, protection and improvement of the environment, social guarantees and justice, preservation and multiplication of the moral and spiritual values. Under the circumstances of present severe crisis, there is a need for some limit points of the social indicators
that show wider spectrum of the social goals while the economy recovers.

The concept foresees a transition to a technological basis of the post-industrial society, structural reformation of the economy. Obviously, it takes several decades long. Now, just a simple collapse of the economy should be prevented, and its recovery should be ensured.

The main aim of the systematic-industrial reorganization is to create an effective stimulus for entrepreneurs and other labor activity forces, to shape the modern system of the market regulation economy with its all basic attributes - free prices, competition, market infrastructure, monetary system, etc. At the same time, the market economy should have built-in social indicators and components in order to regulate by the state the economic and particularly social processes.

The role of the state as expressing and assuring the common national interests is quite appropriate to both the all-world trends and the historic tradition of Russia. Its strengthening is dictated by a need for quick getting over the crisis and for broad structural changes. The issue is not about returning to those functions carried out by the state in the command economy, but about a fundamental transformation of them applicable to the conditions of a market economy. It is not allowed to lose sight of the danger of using the government bodies to gain selfish interests of smaller groups.

A federal aspect has special importance, concerning the concept of the Russian economic reformation. On the one hand, it is essential to develop and reinforce the common-federal beginnings in socioeconomic regulation with inadmissibility of the unitarian tendencies, on the other hand - to create conditions for maximal self-reliance and self-finance of the federal units, excluding arbitrary, separate activity on the issues of the federation interests. On these grounds, the objects of public ownership have to be demarcated between federal, regional and municipal levels; the problems of the federal budget have to be solved; equal social protection has to be provided regardless of the environment.

Under the circumstances of the world transformation trends, geopolitical and national-historic specifics of Russia, its capable resources and spiritual potential, a process of successive movement to a Russian model of information-industrial society with the multy-structured and socially-oriented market economy that provides the world quality living standards, may become a main vector of national socioeconomic development. This process brings about the state strategy of the economic and social shaping into establishment of political and economic relations with the world around for the seen future - 35-40 years.

The nearest decade (till the year 2005) - the first and the most difficult period of the Russian strategy realization. It has to get over the deep economic and social deformations; to stop breakdown of the scientific-technological, productivity, working and spiritual potentials; to prevent rapid rolling down into a category of the poorly developed nations and getting a status of raw-material, energy, cheap labor force addition to the world community. All this has to be done by widening the market reforms, developing competitive relations, creating adequate forms of state and social regulations, improving the market infrastructure.

In the number of the main tasks of the Russian economic strategy for the nearest decade - formation of the internal market of Russia within the framework where the taxable and monetary regulators are adjusted to the real parameters of domestic production efficiency and promote its modernization on the basis of resources-saving and high technologies.

The first stage of long-term strategy (approximately the years 1996-1997) - a stage of the structural maneuver in the management system and the real sectors of the economy: solution of the problem of the cash flow deficit, removal of the unsolvency crisis, production revival.

The solutions: regulated stop of the increase of prices on natural resources (or even decrease) at the expense of real
reduction of the surplus value tax rates, elimination of the excise tax in the certain economic branches. Elimination of the federal budget debt to the economy.

The outcome: revival of the current output, stabilization of unemployment level, to put an end to decline of the living standard, increase of domestic output, and on these grounds, to expand taxation applications.

The second stage (apx the years 1998-2003) - a stage of broadened increase of domestic production, completion of restoring the destroyed by the crisis economy and more-and-more active joining the process of modernization on the new technical basis, preferably by the powerful means of national machine-building industry.

If the Russian undertakings restore their circulating capital by the beginning of the second stage, if the inflation decreases to 35-40 % per a year, then the grounds for ready-to-produce potentials of agriculture and industries oriented to general demands of the low and middle income groups will appear.

To remove the threat of loosing by Russia the scientific-technical potential before the second stage starts, it is required restoring a pre-reform share of expenditures of the all-level budgets for fundamental and applied science, high and middle education and support of R & D organizations.

Active innovation and industrial policy must be directed to spreading among the massive production branches of resources saving technologies at first, and then post-industrial ones. Russia has the task of breaking through the closed circle: output increase of manufacturing industries on the basis of the resources-capacious technologies needs investments which are used to widen raw-material and energy-material production. Only by the way of weakening the production reliance on excessive resources expenditures, it is possible to have financial, material and labor means for the socioeconomic development on the new technological basis, be liberated.

Big capacity of machine-building and construction
industries is the reason for the growth in the light of material aspect. Given that the foreign machine-building and construction, in some cases, are more competitive than the domestic ones, it needs to take protective work on orientation of investment demand to the Russian invested industries. Simultaneously, it needs to take efficient measures towards eliminating our traditional gap between scientific-technical, innovation and investment policies.

With mobilization of all the sources of financing the investments, it should expect an investment boom in Russia, beginning with the year 1998. Modernization of the building machinery will let to solve successively the problems of energy saving reduction of material resources requirements at first, and then of the labor saving. It should be noted that a policy directed to save the resources is closely connected with the ecological problems.

The third stage (apx the years 2004-2005 and further) - a stage of active Russia's entering into the world market on equal rights of large-scale development of the post-industrial type technologies and, at the same time - creation of the internal market dominated by the medium-international parameters of efficiency. Concerning the social aspect, this stage is to be completed by a noticeable improvement of the living standard level and overcome massive poverty.

7. Indicative Management of the Economy

The coming period of the economic development presumes that new economic mechanisms of the reform strategy realization will be elaborated. Working on this, there is a need for attention to a system of public indicative management. The system is formed little-by-little with use of new achievements of the economic thoughts, practice and last experience. The basic structural links of the system are: economic development forecasts, indicative planning, strategic management, programm-special management, a plan of corporate management.
The system of the public indicative management may be imagined as the whole system of correlated and stipulated indicators of quantative & qualitative parameters of the economic processes, that allow to provide coordinating functions in order to achieve essential parameters of the development.

In general, the indicative management suggests: definition of the socioeconomic development parameters, adaptation of all the elements of the economic mechanism, subjects links and the turning out state of the market in the field of production and distribution; choice and establishment of the economic development priorities with account of long-term tendencies of scientific-technical progress and market demand. Practical realization of the indicative regulation requires acceleration of work on the Law "On Indicative Planning" and the respective organizational and methodical facilities.

8. Mechanism to provide employment

Implementation of the proposed strategy of economic reforming in Russia causes the need for correction of the existing mechanism for employment provision, to make it in line with the priority criteria of the national-state interests. The priority direction of the employment strategy is to be the policy of stimulation of demand for work force in all the economic sectors, on the one side, and slackening of proposals on the part of labour, on the other side.

The key targets to provide correspondence of the mechanism for employment to the strategic goals of the economic reforming converge to the following:

- creation of a flexible amortization system to smooth the consequences of production volumes fluctuations and activation of the process for release of workers in the periods of slumps, restructure and modification of production, etc.;
- development of competibility in the Russian people to be fitted for work under market conditions and to be in
line with the dynamic demand of various employers (including individuals, foreign companies and firms) at the Russian labour market and abroad:

- remodelling and recollection of the psychology of the Russian people from expecting minimums of social benefits from the state being forcefully unemployed to active behaviour in the labour activity when choosing trades and forms of professional training.

The income policy of people should proceed from indispensability of growth of real incomes as a condition for forming solvent demand for manufactured goods, personal savings for investment purposes, basic means to fight against mass poverty, main motivation to make people interested in reforms. The policy of growth of labour payment positively requires measures of accurate setting, balancing between expansion of money supply and inflation.

9. Budgetary-taxation levers

In order to actively use the budgetary-taxation mechanism it is necessary to carry out:

- adjustment of the entire system of taxes and payments taking into account the total rational level of taxes and payments in the GDP scope, the state of the art of the circulating assets of the economic activity agents as a whole;

- strategic orientation towards reduction of the indirect taxes rates of consumer market for the purpose of price stabilization, diversification of exemptions on profit tax and income tax levied on physical persons with making emphasis on providing investment benefits; more active utilization of the investment tax credit based on expansion of its forms, specifically through imparting the investment tax credit the form of participation of the state in financing virtually effected capital investments.
10. Credit and Monetary Policy

The strategy of the state domestic debt and the adequate policy in the field of financing the deficit of the state budget are the elements to balance the entire scheme of the budget strategy as a whole. The credit and monetary policy aiming precisely at economic stabilization should not be carried out in the framework of the narrow and low efficient link "monetary contraction - reduction of relative budget deficit - falling off in demand - slowdown of inflation" but in the system of "capital accumulation - expansion of demand - growth of production and employment - rise in budgetary receipts - reduction in budget deficit - slowdown of inflation". It is necessary to turn over the "pyramid" of the policy of stabilization and to start up with improvement of finances of enterprises and industries, with problems of forming and targeted utilization of the investment productional potential, replacement and accumulation of capital on a new technical basis.

The basis of the banking strategy is viewed in securing and developing existing positive principles and trends in the activity of the Russian banks and step-by-step elimination of the negative practice accumulated during the past period. The strategy of forming and active inclusion of the banking capital into the structural reforming of the economy requires, first of all, to give up the current policy of "blocking" the growth of productive capital, on the one side, and encouragement of trade and banking capital, on the other side. There is a need to implement the policy of active usage of money and credit regulation tools for the purpose of making the process of the balanced capital growth in all its forms more active.

11. Securities Market

The market of securities is an important element of the market relations system. A specific importance is attributed to the problem of interrelation of the system of share market indicators with the other most important indicators of the whole
market mechanism.

The major problem is to choose such parameters of the share market performance for the indicators as volumes of sales of this or that type of securities, their price quotations or regional and branch peculiarities, that allow to foresee appearance of negative trends on the share market long before they show up and lead to crisis consequences.

Aiming at reducing the degree of risk for investors and stability of share market it is essential to include the following normatives into the system of regulation: normative of sufficiency of ownership capital, normative of ratio of the ownership and debt capital, normative of reliability of operations according to the types of investments, normative of reservation. In order to make the share market accessible for information it is essential to introduce rules of public announcement of emission prospectuses, annual reports of shareholding companies, possibility for an ordinary shareholder to get acquainted with the situation at an enterprise; to set up limits for inside activity. Thus, the question is not so much concerned the transformation of the share market indicators as creation of a new unified system of indicators with consideration of influence of the share market on the finance and industrial sector of economy and vice versa.

12. Currency Policy

One of the most principally important directions of the currency policy of Russia both in strategic and current operational plan is opposition to foreign currency expansion in the monetary sphere of the country and in the economy as a whole. Liberalization of the foreign economic currency-credit and financial relations carried out in accordance with the planned long-term currency strategy has formed the currency market with a sufficiently strong dominating force of the dollar. The position of the American dollar was not faltered by introduction of a currency corridor last summer either.

To overcome the foreign currency invasion into the Russian
economy there is a need to strengthen the role of the state in regulation of the currency relations and to carry out a number of measures that could be fitted into the economic reform program and could become its integral part. To overcome this currency situation in the economy completely it is required to bring to order foreign currency clearing and to control rigidly the circulation of currency in cash.

13. Foreign Economic Regulation

Active work is being carried out in Russia lately for creation of a new system of foreign economic regulation. The main emphasis is made on expansion of the practice of economic, tariff methods of regulation with reduced role of quantitative restrictions on export and import. One of the principal trends of the export-import policy is the preparation of prerequisites for a stage-by-stage replacement of commodity import by the import of capital. The state should play the role of an organizer of agreements on prices for all basic mass types of raw materials, energy-carriers. Such agreements should be made between producers and consumers concerning the level of prices and procedure of their amendment.

14. Institutional Forms and Directions of Socio-Economic Reforming

Privatization on the second stage of its conducting and in perspective. Speeded up regime of destatization of property had a far from unequivocal consequences for the economy and society. The new stage of privatization for cash does not relieve the recorded problems. Along with it such developments should not be considered fatally unavoidable provided that a number of important corrections are entered into the adopted scheme of privatization.

The threat of a further destruction of the state sector requires urgent correlation of the legislative and organizational management issues of the privatized enterprises. It signifies the following:
- exclusion from the sales list of those enterprises that are to be entered into the state sector according to the set criteria;
- coming back to the question of expediency of privatization of all the unitary enterprises and possibility of reconsideration of some adopted decisions;
- granting the rights to the federal subjects, on whose territory the privatized enterprises are located, to propose additional terms for auctions on credit, mortgage and commission agreements.

No less complex are the problems that continue to exist in the nonstate sector of economy. At the monetary stage of privatization the negative factors causing the recession of production are taking a new spiral.

The following measures could contribute to the improvement of the situation: scales for sale of state owned block of shares even to the extent of adopting legislative decisions providing limits and contents of the state sector; transforming the investment competitions into the main form of sale of share packages with introduction of mechanisms of strict legal responsibility for fulfilment of the accepted investment commitments; excluding from the sphere of competence organizations that make decisions on bankruptcy of strategically essential enterprises. Imposition of a regulation on independent noninstitutional control over financial procedures and anti-corruption mechanisms at bankruptcy proceedings into the law on bankruptcy.

**Organizational-legal forms of large-scale production and financial-industrial group.** Emerging of holding companies provided a chance to a great extent to sustain manageability in the industrial and technologically linked systems. The ideas of necessity to develop updated forms of large-scale production have found its realization in the growth of financial-industrial groups (FIG).

Creation of large and extra-large FIGs is, practically, the only feasible opportunity to draw foreign investments into the national industry, to form advanced and reliable investment
infrastructure, to reach the level of compatibility with the similar foreign corporations.

For the development and effective functioning of FIGs it is necessary:
- to form FIGs and holding structures on the basis of the existing forms of large-scale production (concerns, unions, association, etc.) in order not to disrupt established technological, productional and economic ties established and labour collectives;
- to lift tight restrictions for the state's share in the charter capital and the order of depositing the state's property into shareholding companies comprising the FIGs;
- to widen the presentation of the state's interests in the management structures of shareholding companies imparting this right to different organs of the state authorities and regional self-government that regulate development of the respective branches and types of activity.

Small business development. Inspite of a visible progress the small business continues to encounter serious difficulties. Resolving of the majority of problems directly depends on the state support of this social sector. However, the actual potential of the state support of small business has not yet been actuated.

There has to be a radical intensification of the financial and credit role and investment support in the strategy of the state small business regulation.

This will require in the nearest years (for the period of 1996-1997):
- to lay investment incentives and benefits into the tax system for investors and creditors who invest money into small business development;
- to stimulate formation of a wide net of specialized companies for leasing services and franchising;
- to form systems for insurance and security of investment risks in the small business sphere;
- to create reliable sources for financing of expenditures of the Federal Fund and projects to sustain small business by
introducing normative share from the profitable portion of the federal budget (up to 0.5%).

In a more remote perspective there might be a transition to a universal single-channel or patent system of taxation for the total small business sphere.

Enterprises with foreign capital. In the past, as well as today, great hopes were laid on attracting outside sources of financing. However, there was neither any valuable credit loans nor inflow of foreign investments as a matter of fact.

The change of the situation can be made possible only on the basis of a clear-cut, oriented at national interests, conception of foreign capital participation in the Russian property privatization. It is inevitable to complete creation of a firm legislative base to regulate legal and economic status of foreign capital in the Russian economy: its scale, forms, permitted levels of shares concentration in the share capital (specifically, regarding nonresidents), priority and, to the contrary, undesirable spheres and fields of its application.

15. Improvement of Economic Management - the Key Target

Improvement of efficiency of the state regulation system depends, to a great extent, on organizational restructuring of management at every level of executive authority - federal, subjects of federation and local self-management.

At the federal level the basic organizational principles for the activity of industrial and interindustrial organs could become the following ones: conformity of organizational units to the targets of development and implementation of economic strategy and economic reforms; provision of effective cooperation of the central and regional organs; separation of state management and regulational functions from the economic ones; taking into account transformation of the property structure; assurance of reliability and stability of state management structure, overcoming unjustified differences in the status, construction and nature of activities of the state administration
In compliance with the above principles it is expedient to make changes in the organization, methods of management and regulation in the state administration bodies giving priority to the system of industrial management. The tasks of the industrial bodies should cover development and putting the state policy into practice in the corresponding sphere of economy, preparation and realization of the federal projects, state plants and corporations management.

Organizing management at the federal subject level one should proceed from distinctive division of the activity areas, rights and accountability between the central and regional executive administrative bodies, adjusted mechanisms of interaction when solving problems referred to a joint management area. Division of authorities between the federation and its subjects should be utilized, first of all, on the legislative ground. Besides, it is expedient to use flexible forms of delegating authorities considering political notions and actual demands and regional capacities. Regional activity within the range of their own authority should be controlled by federal executive administration on a law basis but within the range of delegated authorities - the basis of expediency is also foreseen.

The system of municipal organs of local self-management is an integral part of a democratic state structure. The organs of local self-management are empowered with wide range of authorities on complex socio-economic development of municipal entities, formation of local budget, levying of local taxes, management of municipal property. Practical fulfilment of local self-management authority will demand complex decisions on a number of issues, there are some basic ones among them - distribution of property objects between subjects of the federation and local self-management, regulation of proceedings with land and other natural objects, creation of a system of local self-management taxes, drawing up and spending of local budgets. When solving these problems it is essential to proceed from the fact that the resources basis of local self-management administration should be essential and sufficient to perform legally commissioned
minicipal authorities.

Public economic management requires radical reforming. The forms and the methods of management are to be different depending on organizational and legal forms of enterprises. Unitary state owned enterprises can be directly managed by sectoral executive administrations. Principal significance is being acquired by management using blocks of shares of shareholding companies. It is necessary to use varied forms of presenting interests of the state, property-holder, in a shareholding company management. One of the variants is to appoint by authorised ministries and departments their representatives to the organs of management - meetings of shareholders, board of directors. It is important to have different people to represent the interests of the state at shareholders' meetings and boards of directors which will make it possible to provide necessary control. The state block of shares may be managed on a trust basis by business structures, regional management organs. It is expedient to use also the variant of presenting the state's interests on the contract basis by qualified specialists, professional managers.

16. Terms and Conditions for Realization of the Strategic Course

It is principally important to have also in mind that a historical chance to achieve crucial shift in economic development of Russia in the turn of the XX and XXI centuries, implementation of the aggregate measures planned for the purpose will become possible only when observing a whole set of conditions of a fundamental nature. Such conditions, as the domestic and the world experiences have proves, are as follows:
- social accord and political stability in the country;
- mass social support of the accepted strategy and the economic course;
- clear-cut and unequivocal distribution of duties, functions and responsibilities between the executive and legislative authorities, between the federation and its subjects, the state and the economic spheres;
- indispensability and inevitability of practical
application and unconditional fulfilment of laws, normative acts and adopted decisions;
- goal oriented and massive opposition to organized criminal relations;
- unceasing demand for science and for taking grounded decisions;
- reliance upon scientific research and development findings, upon professional expertise and experience, upon comprehensive analysis of the ongoing processes;
- foreign political and economic support for realization of the accepted strategy of economic stabilization and provision for stable growth.