

Title: Institutional Prerequisites of Innovative, Technological and Structural Dynamics (Russian case).

Author: Rustem Nureev

State University - Higher School of Economics Moscow, Chief of the Department of Economic Analysis of Markets and Organizations, Professor;

rustem@voxnet.ru, nureev@hse.ru

Pokrovkiy Boulevard, Bld 11, office 606 Moscow, 109028, Russia

Tel: +7 (495) 621-96-01

Fax: +7 (495) 772-95-90 *2104

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The economic crisis has uncovered three negative Russian tendencies that created institutional obstacles for market economy growth during the last decade: deepening of raw materials specialization, wear and tear of the equipment, gap in scientific and technical progress, and strengthening of the government. To stop these negative tendencies and overcome economic crisis it is necessary to reform developed institutes.

The major problem of the Russian economy is its low performance level. Overcoming development gap in comparison with developed countries will become possible only with the help of innovations. This means that process of generating and using Schumpeterian-type innovations should become the key factor of economic development. It is necessary to note that innovative activity of businessmen can be present in various forms. Depending on existing game rules business activity can get not only productive (J. A. Schumpeter's creative destruction), but also unproductive (rent seeking) orientation.

The "Concept 2020" analyses the global challenges which Russia faces in its development that amplify high level of social inequality and regional differentiation, preservation of barriers to conducting enterprise activity, weak interrelation of education, science and business, absence of necessary competition in various markets and low level of social capital development. Under these conditions, as A. Gerschenkron wrote, the government becomes the leading factor of economic modernization, and it is its representatives that try to shape the concept of long-term socio-economic development of the country.

It is supposed that gross national product growth will be provided, mainly, by means of priority development of labour productivity and large capital assets investments. Our calculations show they considerably advance growth of productivity and gross national product, and that will lead to increase in a capital intensity of production and falling yield on capital investment. The arising gap between export and import, according to authors of the Concept, will be covered by the accruing inflow of foreign capital.

However the main drawback is the mechanism of maintaining economic growth. Defining concrete aims of development is an important, but an insufficient condition. The institutional mechanism of private sector development stimulation is not developed at all. Meanwhile, sharp increase of expenses on social sphere will raise the question about budget spending. It can be reached either by increase in taxes or by public sector expansion.

In the report it is critically considered not only the official point of view, but also Porter M., Ketels K. "Competitiveness at the Crossroads: Choosing the Future Direction of the Russian Economy", «The forecast of innovative, technological and structural dynamics of Russian economy till 2030», and RAND Corporation report "The Global Technology Revolution 2020: Trends, Drivers, Barriers, and Social Implications" devoted to tendencies of development of 16 technologies in 29 countries and other forecasts.

In this paper we analyze institutional preconditions and possibilities of application of the concept of social market economy in the 21st century Russia. Basic elements of social market economy are personal liberty, social justice, and economic efficiency.

Personal liberty assumes trust strengthening between agents, development of guarantees of private property, and regular economic policy promoting freedom.

With **social justice** present market economy promotes social development and strengthens middle class. Democracy will allow to break administrative barriers and to create public control. Social justice also includes address support of vulnerable regions of Russia.

Economic efficiency should be directed towards creation and maintenance of competitive order, strengthening of antimonopoly activity and improving fair entrepreneur's image. This will make Russia more attractive for workers from abroad and help it develop integrative relations with neighboring countries.

All these measures will raise economic efficiency while creating preconditions for a fast overcoming of the crisis and increasing the well-being and the acceleration of economic development of Russia.