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**STATUTORY REGULATION IN PLANNING BUDGET SYSTEM
OF RUSSIAN FEDERATION**

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Abstract

The main stages towards the establishment and development of the planning system in the USSR and the main reasons for its collapse are highlighted in the paper. The need to restore the main planning body of Russia that would resemble the USSR State Planning Committee but have functions adapted to features of a market economy is substantiated. The definition of budgetary policy is given that is referred to as the systemic management of the budgeting process, based on development of budgetary relations, as part of a common economic policy aimed at implementing all functions of the budget so as to achieve the economic and social effect determined at the respective stage. The classification of the budgetary policy is given according to relevant criteria. It is justified that statutory regulation of planning implementation varies in different economic systems. It is noted that since the process of economic development is dynamic, fundamentals of planning methodology change respectively. Therefore, the planning principle is implemented in different ways. Planning principle implemented in result-oriented budget planning is a continuous process that involves a closed cycle made up of “strategic planning – tactical planning – result – evaluation of result” stages. It is justified that the principle of planning integrated in the budgeting process is one of the most important prerequisites for maintaining macroeconomic stability that ensures a long-term balance and sustainability of the budget system, which contributes to economic growth, investment development and enforcement of the competitiveness of the Russian financial and economic system.

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1. Introduction

The current development of the budgetary policy in the Russian Federation, aggravated by the sanctions imposed against Russia, requires the planning process to be further improved when drawing up the budget of the Russian Federation. The analysis of the bibliography available in the field of statutory regulation in planning the budget system of the Russian Federation indicates the depth and scale of research conducted by domestic scientists on this issue. However, serious differences were found among the authors towards the idea to make budget planning more streamlined. The principle of planning applied in the budgeting process remains challengeable and calls for a conceptual and legal cost planning framework to ensure the rational and efficient use of budgetary resources allocated to the growth of the economic and social sphere of the Russian Federation in conditions of increased sanction risk and a high level of environmental uncertainty.

2. Problem Statement

Following the collapse of the USSR in 1991 and until very recently it was at least undesirable, if not prohibited, to mention such terms as “plan”, “planning”, “planning principle” that represent the most important economic institution of the Soviet economy. In post-reform Russia, it was considered that the market would be able to adjust itself. The misconception of the first-wave reformers to focus on the market forces led to the inhibition of the socio-economic development of the country. The further adherence to this course along with the total disregard of the role of the planning principle in the economy threatened the country's security and could lead to the destruction of Russian statehood. In modern budgetary relations in the Russian Federation it is rather urgent to overcome an ambiguous use of the planning principle in the budgeting process. New approaches and improvements are needed to evaluate the planning effectiveness when budgeting various sectors of the Russian economy.

3. Research Questions

The modern anti-sanctional stage of budgetary development in the Russian Federation requires further enhanced planning of the RF budget and arrangement of existing knowledge and new approaches to managing the budget planning system with the priority of the planning principle. The object of the research is the system of statutory regulation in financial planning of the RF budget system. The subject of the research is public financial and legal relations arising between the budgetary agents when planning the budget system of the Russian Federation.

4. Purpose of the Study

The purpose of this work is to develop some aspects of the theory and methodology of legal regulation in planning the budget system of the Russian Federation in order to improve the efficiency and rational use of public financial resources.

5. Research Methods

The methodological basis of the study was composed of some general scientific and special methods of cognition: analysis and synthesis, deduction and induction, historical, logical, structural-functional and comparative analysis.

6. Findings

It is difficult to find another term that would be defined in such a coordinated and uniform manner as the principles of law. According to the consensus of legal scholars, they are thought as some fundamental principles, guiding ideas that determine and reflect the basic content of law and are embodied in the norms of law. If the allegory of justice is a woman with scales, the allegory of the principles of law, in the authors' opinion, may be the banks of a mountain river that is rapidly plunging its waters on the plains, and if there were no banks, it would swell to many kilometres in width, never reaching the sea. Another allegory can be met in construction. The principles of law here serve as clamps like reinforcement that, being fixed in concrete, develop the focus of a construction object and provide seismic and other stability of a building or structure. In turn, in human anatomy it is undoubtedly person's spine that performs the function of the most important structure of the human body (Ibragimov & Ibragimova, 2016).

In the modern post-reform period (1991-2000), the first-wave democrats, guided by the erroneous advice of Western economists, completely dismantled the institution of planning that was the most important driving force of the economy of the former USSR. In post-reform Russia, it was considered that the market would be able to adjust itself. The misconception of the first-wave reformers to focus on the market forces led to the inhibition of the socio-economic development of the country. The further adherence to this course threatened the country's security and could lead to the destruction of Russian statehood. The data of the Levada-Center survey on political and economic models mostly preferred by Russians in 2016 showed the following situation: 52% are in favour of the economic system based on state planning and distribution, almost 25% support the economic model based on private ownership and market relations, more than one fifth (22%) find it difficult to answer (Pavlikov, 2016). In the modern period of post-reform Russia since 1990, politicians and scientists considered it at least undesirable, if not dangerous, to use the terms "plan" and "planning" in scientific literature. And only since 2000, when it became obvious that the economy could not develop without planning, and our "western consultants" had a plan that dominated the economy, some scientists began to vote in favor of elaborating a special planning law. Truly speaking, the first endeavors were shy but gradually they began to gain power. One of the first authors who declared this from the housetops was professor of the Moscow State University E.P. Gubin. According to him, "a single planning process in a market economy objectively involves the development and adoption of a single legal act defining the sequence of planning stages, their interconnection and interdependence, timing, procedure for developing and adopting planning acts, determining their responsibilities in relation to certain agents, etc." (Gubin, 2005).

In defiance to unreasonable criticism towards the principle of planning supported by bourgeois economists, the English magazine *The Economist* in the 20th century noted: "Contrary to widespread statements, the historical development of the Soviet economy is one of the greatest success achieved in the twentieth century" (Faleev, 2017). This socio-economic success was achieved in the USSR through the

principle of planning. It is well known what importance was attached to the centralized planning in socialism time by the leader of the October Revolution V.I. Lenin. He pointed out that planning is the main feature of socialist economy management. In March 1918 at the VII Emergency Congress of the RCP (b) Lenin noted: “The transformation of the entire state mechanism into a single large system, into an economic organism operating so that hundreds of millions of people would be guided by one plan — this is the strategic organizational task that falls on our shoulders” (Lenin, 1918).

The soviet economist N.I. Veduta characterizes the planning in the USSR as follows: “For many years, planning was improved through the combination of directivity and democracy. When confronting planning to “freedom,” market leaders did not seem to notice that long ago the compilation of national economic plans began from the bottom, in labor collectives (Veduta, 1999). Therefore, one should welcome a scientifically grounded and balanced position justified by modern public authorities in Russia. They have learned useful experience from the recent negative past, and restored the unequivocal priority of the planning principle “in the process of goal setting, forecasting, planning and programming the socio-economic expansion of the Russian Federation.”

The adoption of the Federal Law “On State Strategic Planning ...” in 2014 launched a new phase in the development of the national planning institution since this Law set up a system of strategic planning to state the principles, tasks and identify agents in the strategic planning process, predicted coordinated engagement of RF authorities in the field of strategic planning and outlined the organizational and legal foundations of strategic planning at the federal, regional and municipal levels. Thanks to the endeavors of public authorities, the country's economy has recently been shifting the economy towards long term planning. Thus, the Main Directions of the Budget, Tax and Customs Tariff Policy for 2018 and for the Planning Period of 2019 and 2020 stated: “In 2016, a return to a three-year budget planning was carried out. Clear medium-term benchmarks of budgetary policy contributed to improving the predictability of business conditions, which was reflected in reducing economic uncertainty, improving business sentiment and restoring investment activity. ... In view of improving the efficient provision of targeted intergovernmental transfers, a set of measures has been implemented aimed at: ... enhancing the quality and culture of budget planning”.

Meanwhile, in modern budgetary relations in the Russian Federation it is rather urgent to overcome the ambiguity of management tools in budget planning, which, in turn, requires the amendment and streamlining of knowledge in the development of quantitative and qualitative methods for planning and recognition of budget expenditures (Lukyanova, 2012).

To ensure a prompt and comprehensive solution of this problem, the authors consider it reasonable to restore the main planning body of Russia that would be similar to the USSR State Planning Committee but have functions adapted to the features of a market economy. This is also emphasized by many contemporary scholars. For instance, V.M. Ivanchenko writes: “In the wake of the Russian territorial scale and its mixed economy, it is necessary to create a central institution of methodology, technology and organization of state dialogue, market and business-planning interaction to develop policies and strategies aimed at purposeful and effective management and control. Such a central state institution, according to V.M. Ivanchenko, should unite all central financial and economic divisions and organizations, including the Academy of Sciences of the Russian Federation and other scientific structures (Ivanchenko, 2009).

The above challenge concerning the legal framework to ensure the implementation of the principle of planning in the financial activities of our state was urgently raised as early as the Soviet period. There were serious reasons for this. Many legal scholars appealed to the fact that the financial planning process (in a broad sense, from the development and approval of plans to their execution) “remains one of the least regulated in the legal spheres of socialist economic management” (Abova & Boguslavsky, 1975). The authors of the present paper believe that budgetary policy is a continuous, consistent process of budgeting in the economy and the social sphere, based on the conceptual priority of the principle of planning in order to achieve a certain economic and social effect envisaged at this stage of the country's development.

The need to apply the principle of planning in the budget process is caused by a number of reasons, namely: the uncertainty over the future; the need to coordinate the activities of an enterprise; attempts to address the economic and social spillover effects generated by possible disruptions in the implementation of plans. Due to the uncertainty over the future, planning should be based on forecasting that help reduce the degree of uncertainty, thus making the planned outcomes more reliable (Androshina, 2018).

The economic and social impact resulted from the implementation of the principle of planning should be deemed as the achievement of the indicators planned in the country's budget to follow up the all-around needs of the population, economic entities and other stakeholders in essential public goods. The classification of budgetary policy as per the following criteria is as follows: 1) upon temporal (temporary) goal-setting basis – strategic and tactical, 2) upon target orientation of the budget process –income, expenditure, income-expenditure and mixed 3) upon the content of budget regulation – encouraging and limiting; 4) upon the basis of territorial budgeting – federal, regional and municipal.

The authors present the main elements of the fiscal mechanism. It incorporates the actual budget planning, the organization of the budget process, budget regulation as well as budget control and monitoring. The dichotomy of the budgetary mechanism is revealed, which implies simultaneous regulation of two types of social relations: financial and organizational-legal, on the one hand, and administrative-legal (motivation, restrictions, methodical and methodological techniques, etc.), on the other hand.

Following the collapse of the USSR, domestic and foreign scientists began searching for the causes of this event. The reasons for the destruction of the USSR planning institution are well delineated in the work of N.I. Veduta. Thus, the immaturity of civil institutions brought about the personality cult, the suppression of dissent; putting in place the market mechanism supported by M.S. Gorbachev contradicted ... the most important provisions of the Marxist-Leninist doctrine. Therefore, it is not surprising that the system collapsed. Some authors explain the decline of planning policy in the USSR by the failure of planning system to update production capacity (Veduta, 1999). In this regard, Günter Rohrmoser was absolutely right asking: “Why did socialism collapse? ... Because the system was against the changes. It failed to learn and take lessons from the experience” (Rohrmoser, 1996). However, hardly any of the scientists speaks of serious US subversive activities against the USSR. 36 years ago, on June 17, 1982, in a speech at the UN General Assembly, US President Ronald Reagan called the USSR an evil empire (Raegan, 1982). It was the United States that significantly accelerated the collapse (but not “disintegration” as some “pseudo-liberalists” like to claim) of socialism in the Land of the Soviets.

The world superpower, the first to launch a man into space, could not “disintegrate” or “fall apart” on its own. It was an orderly destruction that had been executed for many years. ... The destruction of the

USSR did not make the United States happy. They, along with the entire West, entered an era of a profound crisis that they will quite likely never to get out of.

7. Conclusion

It is justified that statutory regulation of planning implementation varies in different economic systems. It is noted that since the process of economic growth is dynamic, the fundamentals of planning methodology change respectively. As a consequence, the planning principle is implemented in different ways. The main advantages of integrating the budgeting system into the budget process are provided. All of them rely on the outcome, i.e. the priority is given not to a costly method of planning expenditures, but to an efficient one that being based on goal-setting, forecasting and planning of expenditures ensures their highest efficiency. The advantage of the budgeting process is also the information openness of the budget process that it provides to all parties concerned who may take part in evaluating the effectiveness of measures envisaged in the area of budgeting expenditures. Moreover, the authors believe that planning principle implemented in result-oriented budget planning is a continuous process that involves a closed cycle made up of the “strategic planning – tactical planning – result – evaluation of result” stages. These requirements are implemented on the basis of current legislation and fiscal policy pursued by the Ministry of Finance of the Russian Federation. It is argued that in view of the restrictive sanctions, the integration of the principle of planning in the budgeting process is one of the most important institutions to guarantee fiscal resilience that, in turn, determines the stability and balance of the entire budget system of the country for a long term. According to the authors, this is precisely the main significance of the principle of planning, since it is the long-term stabilization of the budget system that functions in synergy with the fundamental principles of economic growth based on the investment attractiveness of economic programs and enforcement of the competitiveness of the country's economic complex. This facilitates the creation of basic conditions for economic growth, investment development and expansion of competitiveness of the Russian financial and economic system. The modern challenges of the RF budget system are revealed. Firstly, the country's budget sphere still tends to be seriously dependent on oil and gas revenues as well as other types of natural raw materials. Secondly, both the formation and implementation of budget until recently have not been subject to public scrutiny. Thirdly, the budget efficiency is seriously torpedoed by tax deficiencies. Fourthly, there is no reliable method for assessing the efficiency of the budgetary policy implemented in the Russian Federation. The authors show that the financial and economic resilience of the state budgetary policy, along with the extensive use of the principle of planning, is also supported by a long-term forecast for the development of the state's economy and the social sphere. It is substantiated that it is necessary to develop new benchmarks aimed at improving the integration of the principle of planning in the budget system of the Russian Federation. In this regard, the authors pay special attention to new theoretical and methodological approaches to the principle of planning in the budget process, its major impact on ensuring the sustainability of the budget system. It is justified that one of the most important conditions for ensuring the sustainability of the budget system in the conditions of market relations is the correct integration of the principle of planning in the budget process. The interrelation of the principle of planning in budgetary and tax law is shown. It resides in the unity of the planning framework based on a scientific concept of building

the budgetary and tax systems of the state, its composition and structure corresponding to the economic transformations carried out in the country. .

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