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**CONSTITUTIONAL REFORM WITHIN THE CONTEXT OF
INDIVIDUAL ECONOMIC FREEDOM SECURITY IN RUSSIA**

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Abstract

The article refers to constitutional reform and its critical role in the individual economic freedom security as well as enhancing the organization effectiveness and functioning of public authority in modern Russia. The constitutional amendments of 2020, while not altering the foundations of the constitutional order, are essential for the development and implementation of an appropriate constitutional and legal framework, personal economic freedom guarantees, creation by State an enabling environment to ensure the economic growth and well-being of citizens. The special role of the Russian Federation Government and its agencies in fulfilling these tasks is recalled. However, attention is drawn to the certain deteriorating trends in implementation of some state programs and projects in the economic sphere and, as a corollary, the failure of Russia to meet planned growth targets. To ensure the regulatory framework for this purpose – the state responsibility to create conditions for sustainable economic growth, it is urged to establish a unified, integrated strategy of economic growth in Russia based on up-to-date scientific advances, which would be adopted by the legislative body – the Federal Assembly of the Russian Federation. Under crisis conditions marked by international tensions, public authorities must carry out new socio-economic reforms in the Russian Federation in a consistent and prudent manner with a greater participation of competent professionals and scientific community. This is necessary since in the context of new challenges and solutions, economic growth and improved human welfare are directly and indirectly related to the public authorities' effective action and individual economic freedom security.

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1. Introduction

Regulatory issues of individual economic freedom, respect for fundamental economic human and civil rights are topical at the current stage of Russian democratic statehood. With the adoption of the 1993 Constitution, Russian society has embraced the values of socially liberal development model based on the ideas of European constitutionalism on the arrangement of power and property, which presupposes both freedom of economic activity, equal status of all forms of property and the implementation of effective socially oriented economic policy.

In 2020, the constitutional text was supplemented by the provisions concerning the conditions being created in the Russian Federation for the country's sustainable economic growth and improvement of the population well-being (Art. 75.1). The labor of citizens is respected and their rights are protected (Art. 75 part 5). Art. 114 was amended to extend the powers of the RF Government concerning the promotion of entrepreneurship and private initiative; the principles of social partnership in a sphere of social-economic relations.

This regulation corrected the constitutional principles contained in 1st Chapter of the RF Constitution, which established economic foundations of constitutional order. Furthermore, this regulation corresponded to essential social-economic rights (including the freedom to do business, the right to private property, the right to private property of land, the right to employment, etc.).

Some of the needs were being growing in Russian society when the constitutional amendments of 2020 adopted. Among these needs are the theoretical-methodological problems of constitutional principles such as division of powers and federalism; the problems of social justice; the problems of constitutional provision of human freedom. It should be emphasized that the 2020 constitutional amendments, without changing the fundamentals of the constitutional order, have a significant bearing on the further realization of individual economic freedom guarantees.

2. Problem Statement

The economic freedom of the individual in a democratic state is one of the values of constitutionalism, which predetermines the fulfilment of respective functions by the public authorities in promotion of entrepreneurship, private property, freedom of labor, creation of conditions for economic growth and improvement of the well-being of citizens. Implementation of these values is one among the main missions of Russia Government and its institutions. However, ensuring economic freedom and sustainable economic growth in the long run remains one of the main unresolved problems of Russia's transforming economy.

3. Research Questions

Let us discuss the new two constitutional provisions in more depth. Russia is creating enabling environment for stable economic growth of the country and rise of wellbeing of its citizens (Art. 75.1); the RF government supports development of entrepreneurship and private initiative (part 1, art. 114 of the Constitution of the Russian Federation).

1. These provisions are closely interrelated since entrepreneurship, as a sector producing jobs and services, is a key factor in economic growth, which in turn ensures the improvement of the well-being of citizens. Economic growth enables the guarantee of various goods and services high availability and enhancement of the material and social situation of each society member as well as raise its overall standard of living. It also affects the long-term financial stability of the country (Tanchev & Todorov, 2019). It is clear that economic growth is one of the main objectives of modern governmental policy of any state. Public authorities must design and implement effective stimulative measures since they are directly related to social welfare.

2. The category of economic growth in science is mainly considered as economic term. The research of Schumpeter (1982) is one of the most important works on this sphere. In his view, the economic growth is to increase in population and wealth. In his theory, the driving force of economy development is entrepreneur. The source of business profit as the main type of economic dynamism is entrepreneur innovation and innovation in economy (Schumpeter, 1982).

3. Economic growth is measured in quantitative rather than qualitative terms. Economic growth is viewed as a long-term increase in real gross domestic product, expressed both in absolute values and per capita (Papava, 2020). Gross Domestic Product (GDP), in turn, is the total volume of products and services of a particular country. GDP calculated for each individual is also used for economic growth profile measured as a ratio of the country's population to GDP (Goodfriend & McDermott, 2021; Loubochkin, 2018). Different ways of generating economic growth are as follows: extensive – by involving large number of resources and intensive – through effective use of resources and improving the capability of production inputs. Some experts believe that Russia is characterized by the extensive rather than intensive way of economic growth (Gubanov, 2013), unlike countries with high per capita GDP.

For example, according to the report of German Federal ministry for economic and energy, the objectives of the FRG economic policy in addition to holding and extending its leadership among the innovation-based countries are to create the key technologies of future. That is why the policy of long-term growth of German economy focuses on new technologies, scientific research investment, training of workers. The base of German economy growth (increasing of social welfare and rates of employment, etc.) is industry. The FRG industry is well known as very respected in high technologies, innovation production and other spheres. This guarantees the fundamentals of the FRG export potential.

4. Economic growth is primarily the responsibility of executive authorities. The high executive institution of Russia is the Government, which provides unified social focused governmental policy, entrepreneurship development and the private initiative development, favourable living conditions for the population, scientific-technological development of Russia (Art. 114), the regulation of economic activity according to Russian Constitution, to the federal constitutional law, to the federal law and to the acts of the RF President. We note that neither the Constitution of the Russian Federation, nor the latest law on the Government of the Russian Federation reflects the need to ensure the innovative dimension of Russia's economic development, i.e., the intensive way of its economic growth. This aspect has a highly significant importance to the transition economy, which is confirmed by the experience of the leading world economies. Russia had already adopted a program directly related to economic growth: “Structural

Reorganization and Economic Growth 1997–2000”, which set goals for its sustainable achievement (at least 5 percent a year) by the end of the century.

This target was met and GDP growth was 10 percent in 2000. The GDP growth rate, according to the World Bank, then remained at 4.7 to 8.5 percent until 2008. An appreciable slowdown in growth began in 2013 – 1.8 percent and continued in 2014 – 0.7 percent. In 2015, economic sanctions imposed by foreign countries led to a negative trend with GDP falling by 2.5 percent. Then there has been some progress in 2018 and in 2019. (In 2019, Russia ranked 11th in the world in terms of nominal GDP volume). However, the physical volume index of GDP for the third quarter of 2019 was 96.6 percent, relative to the second quarter of 2020 (according to the Federal State Statistics Service of the Russian Federation), that is, there was a drop of 3.4 percent. Thus, the GDP growth rate is not sufficient to achieve sustainable economic growth in Russia – just over 2 percent in the reporting period of 2019 and a decline for 9 months in 2020. However, famous Russian economist and politician Kudrin (2016) believes that to solve the issues of social support and poverty reduction economic growth in the country has to be at least 5 %.

5. According to the World Bank report, in 2019, Russia was in 50th top in per capita GDP-related calculations with 29181.4 \$. By comparison in 2018 (28764 \$ per capita), although there has recently been some growth. However, this ratio by comparison with the USA and Switzerland, Norway more than doubled lesser; with Germany, Austria, Denmark – in 1.9 times lesser; with Czech Republic – in 1.4 times lesser. By the report of Rosstat RF, Russia is still a state with the high level of poverty and unequal distribution of income. For example, the number of people whose incomes are below the subsistence level (10890 RUR) composed of 18100000 persons (12.3 % of the population). Almost 50 per cent of them receive incomes that cover only food and clothing.

6. What were the reasons for the sharp slowdown in Russian economic growth? Kudrin and Gurvich (2014) believe that the main problem facing the Russian economy is the weakness of market mechanisms, among which low competition, inadequate protection of private property, excessive government regulation. All these factors blocking the development of a market economy create disadvantageous business environment. By way of illustration, let us take the following examples. In 2014 the Government of the Russian Federation adopted the State Program of Russia "Economic Development and Innovative Economy", which has a sub-program “Small and Medium Enterprise Development” with a target date of 31 December 2020.

The expected outcomes of the document were: increasing the Russian Federation’s position in the ranking of the World Bank “Doing Business” from 120th place in 2012 to 20th place by 2018. However, in May 2019, Russia ranked 28th in the World Bank’s 2019 “Ease of Doing Business”. In 2019, a decree of the Russian government extended the term of this state program until December 31, 2024, planning for the same World Bank's rankings. At the time the adoption of the aforesaid program long-term blueprint for socio-economic development up to the year 2020 was in force, with the following targets: the entry of Russia into the top five countries in terms of GDP by 2020, increase in GDP per capita by more than \$30.000. Nevertheless, these figures were not met in 2020.

The list of acts on economic and business development measures could be extended. But all of this measures are constantly being changed and such measures are insufficient. In addition to the previous

example, let us demonstrate such situation on the Presidential Executive Order On National Goals and Strategic Objectives of the Russian Federation through to 2024 dated May 07, 2018. Article 1 stated the objective of reducing poverty on 50 percent through to 2024. However, the Presidential Executive Order dated July 21, 2020 abrogated this Article and changed time limits of reducing poverty on 2030.

4. Purpose of the Study

The purpose was to demonstrate the relevance and timeliness of the constitutionalization of provisions on creating conditions for sustainable economic growth of the country for the effective exercise of the economic freedom of the individual, the special role of the Russian government in performing these functions. The purpose also was to examine the definition of “economic growth” as a legal term and to research the reasons of insufficient economic growth in the RF. The task was to note the negative trend in the execution of certain state economic programs and projects; to stress the need for an integrated approach to economic growth in Russia; to adopt an appropriate state program and to determine the responsibility of public officials for failure to perform this program.

5. Research Methods

The main methods of research are formal-logical methods, methods of comparative, system, functional, statistical analysis. It is based on the analysis of constitutional novelties, works of national and foreign researchers, legal acts, statistics, which were devoted to the governmental policy aimed at economic development in Russia and foreign countries.

6. Findings

Currently, the Russian Federation is more characterized by an extensive rather than intensive way of economic growth. There is a negative trend in the implementation of some state programs and projects when the targets are not met so the terms are extended.

Constitutionalization of the principle – the state's obligation to establish conditions conducive to sustainable economic growth and consolidation of the RF Government's authority to promote enterprise development – is vital at the current stage of the Russian State development. This implies treating the category of “economic growth” as legal, disclosure of its regulatory content, detailing the responsibilities of the RF Government in the economy.

The constitutional provision on the creating an enabling environment for sustainable economic growth of the country is:

- 1) a normative principle defining the development goals and objectives of a state with a programmatic nature;
- 2) a normative obligation, since it obliges the state to create enabling environment for sustainable economic growth and increasing citizens' prosperity. This also raises the question of the responsibility of the state and its bodies, in the event that this obligation is not fulfilled.

This provision as a principle should provide a direct impact on constitutional policy in economy. It is necessary with it to guide: state lawmaker on adoption of laws with stimulating measures of economic

growth; executive bodies on implementation of these rules, preparation of programs for development in social and economy spheres and their performance, responsibility for it.

For the purposes of the regulatory modulation of the above provisions, first of all, it is necessary to generate a unified, comprehensive strategy of economic growth in Russia, based on modern scientific progress, to be adopted by the supreme legislative body – the Federal Assembly of the Russian Federation. The strategy then requires the approval of scientifically sound state programs in the economic sphere by separate federal laws, providing the report of the RF Government to the State Duma on the implementation of these programs and, accordingly, collective and individual responsibility of the Government and its members for their non-implementation.

7. Conclusion

At the present stage of its development, the Russian Federation is facing the challenges of concretizing existing legislation and implementing constitutional provisions in the sphere of economy, overcoming the extensive mode of economic growth, development of a new economic policy with the broad participation of competent experts and scientific community. It is necessary to constant the fundamentals of Russia constitutional order. In the face of the new challenges economic growth and improvement of human welfare are directly related to the effectiveness of public authorities, which continues to actualize the identification of constitutional and legal prerequisites and incentives to ensure economic freedom of the individual.

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