

# MODERN DEVELOPMENT STRATEGY REQUIRES TURNABOUT TO PLANNING

*Sergey Dmitrievich Bodrunov*



Sergey Dmitrievich Bodrunov is the President of the International Union of Economists, President of the Free Economic Society of Russia, and Director of the S. Y. Witte Institute for New Industrial Development, St. Petersburg, Russia. His research fields include Russia's technological development, reindustrialization, the concept of the new industrial society of the second generation, and the concept of noonomy. He has authored *Future: New Industrial State: Reload* (2016, in Russian, by S. Y. Witte Institute for New Industrial Development: Saint-Petersburg) and *Noonomy* (2018, in Russian, by Cultural Revolution: Moscow). Email: [inir@inir.ru](mailto:inir@inir.ru)

---

**Abstract:** The article raises the issue of using the historical experience of planning initiated by the establishment of the State Planning Committee in Soviet Russia in 1921. Of course, literal borrowing of the Soviet directive planning model is out of the question. However, it has also been proved in actual practice that planning methods can be successfully applied in countries with market economies. These methods are especially efficient for ensuring accelerated development and deep structural transformations in the economy. Therefore, turnabout to using planning experience is not a step back to the past, but on the contrary, a step forward to ensuring deep transformations of the modern economy. Today's economic development has been facing deep contradictions, first and foremost of which is the obvious gap between opportunities created by the latest technologies and increasing risks and threats to the development of human civilization. The traditional market model, especially in its neoliberal version, does not open up opportunities for resolving these contradictions and often even exacerbates them. Thus, it is necessary to transition to a different socio-economic model that is based on the latest trends in technologies and allows using them to overcome the crisis of modern civilization. The author considers such a model in the framework of the noonomy concept developed by him, i.e., a non-economic way of meeting people's needs. In this regard, planning methods act as one of the necessary tools for the transition to such a model.

**Key words:** planning; strategic planning; Gosplan; Russia; reindustrialization

## Introduction

It is right now, in the present day, that the interest in the institution of planning is significantly increasing. Over the past few decades, the application of neoliberal

development methods has ultimately led the economy to a “new normality” impasse where it is actually anything but normal. The economic development rate is slowing down, investment activity is dropping, market volatility is increasing, and standard methods of macroeconomic regulation are losing their efficiency. This is why a turnabout to planning—without ideological clichés and connotations, but as to an institution that allows structuring and organizing human activities for achieving goals set—is quite natural.

It is this way, clear of ideological layers, that one must view one of the world’s largest experiments on the introduction of planning methods into the economy of an entire country, i.e., Gosplan (the State Planning Committee) established a century ago, on February 22, 1921, which initially functioned as the State General Planning Commission under the Council of Labor and Defense of the Russian Socialist Federative Soviet Republic (Decree of the Council of People’s Commissars [1921] 1944, 161–162).

At the same time, it should be noted that the potential of the institution of planning turned out to be so powerful that even today Gosplan is mainly perceived to have become a symbol of the Soviet economic model. Moreover, it is no coincidence that the economy of both the USSR and the economies of the rest of the world’s socialist system countries, which covered a third of the world’s population in the second half of the twentieth century, were and still are called planned ones, since the institution of planning formed the core of that system’s economic model.

The world system of traditional socialism is a thing of the past, but planning methods live on. As it turned out, they are not at all an attribute of exclusively Soviet socialism. Furthermore, many countries—from France to South Korea—have applied various types of planning in their development in different periods, especially at the stages of modernizing the economy and mobilizing it for achieving national goals, and this has given them the opportunity to make a quick and effective breakthrough in their progress. Today, planning methods are still widely used by many countries. The most striking example of this is China, whose economy is leading the world in an increasing number of parameters.

And it is far from coincidence that it is today—in a time of the global transformation of our civilization caused by a transition to a new state of society, which we call the new industrial society of the second generation (abbreviated as the NIS.2), a transition to a new world economic order based on the new technological one—that the scientific community, business structures, and authorities turn their eyes back to the past, again and again, more and more often, to the experience of planning accumulated by humanity. Back? Or forward?

I believe, it is forward. Planning is becoming highly demanded in the future life of society.

So, what is the “secret” of planning? Why doesn’t it remain a thing of the past? In order to understand why planning turned out to be in demand not only in the Soviet economy, and why the need for planning is getting more and more relevant at present, we must consider a number of theoretical and methodological prerequisites. Without analyzing them, it is impossible to assess the significance of those modern trends in the development of the economy that make planning methods of regulation even more desirable.

## Materials and Methods

The answer to this question involves considering the global transformation over recent decades and, in particular, problems of the noonomy as a non-economic way to meet the real needs of people in the course of development of the NIS.2. I have devoted a lot of previous texts to this subject (Bodrunov 2013, 2016, 2018), and now I will only briefly highlight the key aspects.

Today, the world is overwhelmed by problems: The destitution of hundreds of millions and poverty of billions, unexampled inequality in access to public goods of not only individual strata of the population but also of entire countries, artificial inhibition of human development, instability of the world economy to shocks of various etiologies, etc. The problem of sustainability of social development has become so significant and obvious that it has brought to life well-known UN documents on achieving the Sustainable Development Goals (The United Nations 2015, 2000), multiple discussions at various levels, from Davos to Beijing (World Economic Forum 2020; New Economy Forum 2019), from G7 summits to World Social Forums (G7 Summit 2020; World Social Forum 2021).

At the same time, the global level of social production reflecting the realities and achievements of the current technological progress allows for starting to solve these problems right now just as well. However, today, things are still right where they started.

This is the global contradiction of the present, and it is exacerbated in the course of the technology development while maintaining outdated economic models that are becoming more archaic by the minute, under which the achievements of technological progress do not serve to solve the problems mentioned but rather, on the contrary, aggravate them. Inter alia, the dominant neoliberal model of modern capitalism, which is regressing toward conservatism, can be fully attributed to such.

On the other hand, escalating the contradictions in this process is fraught with multiple global risks. For a long time, since the reports to the Club of Rome, threats of disturbance of the global ecological balance in pursuit of unrestrained and not always reasonable growth in consumption volumes have become obvious.

Now the scale of these threats is even more frightening (Earth Overshoot Day 2020; Zalasiewicz et al. 2017; The United Nations 2019). Less explicit, but no less dangerous, are threats of thoughtless interference in the way of life and in the very nature of man with the use of the latest technologies. With increasing property inequality and income disparity, the slowdown in economic growth is fraught with social conflicts (Piketty 2014; Bodrunov and Galbraith 2017).

Still, a negative resolution of the conflict between the accumulated economic and technical potential and the growth of pending global problems is not the only option. The most modern economic method of meeting needs, which many people think is “natural” and “everlasting,” is hidden in its possible end—a transition to a different form of meeting the needs of man and society. It is the transition to the non-economic way of meeting needs, under which the man’s production activity is focused not on increasing the volume of production and consumption in monetary terms but on the degree of satisfying the specific needs determined by criteria of reason and culture instead of profit.

The noonomy genesis is an objective process maturing in the depths of the modern economic system and indicating a possible (although not the only possible one) and optimal solution for global problems facing humanity. Its four basic reference points are scientific and technological progress and new, knowledge-intensive production, increasing socialization of society, intensifying process of property diffusion, and solidarity as a platform for the implementation of consolidated global development goals. These areas were discussed in detail at the St. Petersburg Economic Congress, the largest three-day international forum held in December 2020 by S. Y. Witte Institute for New Industrial Development (Joint International Congress 2020).

## Results

However, the objective need for transition to the new type of social structure of man’s production activity will not be implemented by itself. It is impossible to do without focused work to support this process. It is necessary to change the current trajectory of development, which is fraught with impasses, and mark out a different course that allows resolving the growing contradictions and moving step-by-step toward noonomy.

And this is exactly the course determined by planning. Planning is part of the strategy of transition to the new state of society.

At the same time, we must understand that there is a concept of development. There is a strategy defining the long-term prospects, global goals, and main means of achieving them in the framework of the concept adopted. And planning should be viewed as the institution determining the system of rules, the sequence of steps,

actions, and turning points on the way to a strategic goal. At the present stage, they are ones to complement and correct the market, whose “invisible hand” often leads toward financialization and regression instead of progress.

But can planning, as an institution, be in demand in the present circumstance? We believe it can. And, in our opinion, in the current situation, planning is an objectively determined complement to market self-regulation, but not the only alternative to it. Planning methods allow combining advantages of market self-regulation and of systematic development. This, on the one hand, increases the efficiency of business models in economic processes, and, on the other hand, it simultaneously allows setting and purposefully solving the tasks of reducing negative consequences of the applied business models in the interests of society and stimulating the development of noo-trends in the economy. And it is right now, as we have proved, that this becomes an urgent need, the condition, we dare say, for survival and reasonable development of society.

This is the real reason for the growing interest in planning methods of economic management. Russia has rich experience in this matter. At the same time, Russia, now more than ever, needs to determine both its path in the changing global world, development goals, and the use of rational ways for achieving these goals.

Therefore, it is important for us to realize the need to find such methods. Shaping up the development concept, plus the country’s development strategy for the future, plus using the institution of planning in one form or another to achieve these goals, I believe, is exactly the triad that can, if implemented, bring our country to the forefront of civilizational development.

Do we already have the tools for such work right now?

Yes, we have a lot of them (but not everything).

It should be noted that during almost the entire post-Soviet period, the country has been developing with neither a clearly defined strategy nor good-quality tools for its implementation.

Now we have, in spite of all its shortcomings, the law on strategic planning. The goals of national development have been set, from which it can be understood that, in general, we intend to build a socially-oriented society with a developed economy based on the new technological paradigm. There are many sub-goals of these national goals. There are national projects. And there are also a lot of sectoral, regional, and other strategies. There are many various so-called “plans” (in this case, I’d rather put this word in quotes).

However, to date, the quality of our strategic planning is much to be desired (Aganbegyan 2021; Kleyner 2021; Klepach 2016, 55–57). Its problems and necessary areas for its improvement are described in sufficient detail in the book written by me in collaboration with a Foreign Member of the Russian Academy of

Sciences, Professor of Lomonosov Moscow State University, V. L. Kvint (Kvint and Bodrunov 2021). I would like to emphasize that there is an urgent need for developing our main strategy, i.e., the country's development strategy, and using planning as the key tool in its implementation. To put it in other words, revitalizing the institute of planning in practice could provide for modern conditions.

I want to focus on the latter in more detail.

The government is currently working on a draft strategy for the development of Russia. The strategy's horizon is 2035 and, as they say, a more distant prospect, up to 2050 (The Federation Council of the Federal Assembly of the Russian Federation 2019). There are several working groups created; options, mechanisms, and resources are being analyzed. It is expected to determine the goals and outline the key areas for, so to speak, the main strike.

Following the call of the President of Russia to engage in a meaningful debate on this extremely important issue, in the course of comprehensive discussions and exhaustive consultations, experts of the Free Economic Society of Russia (and this is a quite representative group of the country's leading macroeconomists) have prepared and sent to the government the document titled "New Paths of Russia" (on the issue of the Development Strategy of Russia) (The Free Economic Society of Russia 2021).

Here I'd like to describe this document at least briefly.

It highlights five main areas for outlining the strategy:

The first area is a new social model of development. The document defines an absolutely specific goal as the main one: reducing the share of the low-income population and increasing the share of the middle class. Among the measures are not only a rather extensive package of traditional methods but also radically strengthened actions to support low-income and needy strata and social groups, for example, the introduction at a sufficiently high level of the all-Russian standard of public and budget sector services and wages, with a significant increase in the share of labor costs in the national product, actions to reduce the interregional and inter-sectoral differentiation in wages, adjustment of monetary policy, and actions of tax regulation of the citizens' material inequality level.

The second area implies a transition from lagging behind to a scientific and technological breakthrough and taking leading positions in the global scientific and technical competition. In this area, the goal is to double the technological development rate and, by 2035, entering not the top 10, as previously assumed, but the top-5 of global leaders in science and technology in the basic areas of the 6th technological paradigm; the most important tools for achieving this goal are technological re-equipment of the industrial sector, investments in infrastructure, etc.

The third area is sustainable development and the creation of an economic framework based on the preservation of the environment. At the same time, and I

want to stress this point specifically, the priority here is given not so much to implementing the reduction of the so-called “carbon footprint” (which the United States and especially the EU have focused on in recent years and have now severely stumbled on) but to find integrated use of natural resources along with adoption and implementation of high environment preservation standards within such concepts as “clean air,” “clean water,” and “rational forest management,” and to solve the problem of industrial and household waste, etc., with support of introducing environmentally friendly technologies in the energy sector traditional for Russia.

The fourth area is the new model of spatial development aiming at the uplift of central Russia and the new turn to the East and to the Arctic. It is proposed to create new levels and mechanisms of territorial management and financing of regional development, a gradual step-by-step transition from the current—almost completely subsidized—financing system to the normal one that implies self-sufficiency, self-financing, and—on this basis—self-government, formation of budgets for the development of regions and territories, redistribution of taxes, and other measures.

And, finally, the fifth area is related to the Eurasian challenge. In the coming decades, global centers of the world economic development will inevitably relocate to the East, the Asian continent. This must be taken into account. At the same time, there are strong economic re-structurization and reintegration of the Eurasian space underway, and Russia can and must both contribute to this process and receive certain benefits from it. Hence, Russia faces the task of formatting, in the countries of our Asian neighbors and economic partners, centers for economic, educational, scientific, and social cooperation, with the creation and development of appropriate institutions, which are currently absent or poorly functioning.

## Discussion

In general, according to experts of the Free Economic Society of Russia, the Development Strategy of Russia should be aimed at forming an attractive model, I would say, of the Russian citizens’ life, at implementing the opportunity (and there is one!) of balanced, sustainable development that ensures the integrity of goals of significant progress in the economy associated with the transition to the new state of society, with the simultaneous growth of human wealth and environmental preservation.

Such a strategy is obvious to require revitalizing the institution of planning in one form or another. It is necessary to design the system of forecasting and indicative planning of the country’s socio-economic development in accordance with the law on strategic planning. Meanwhile, based on features and patterns of the

current stage of scientific and technological progress and the level of the country's socio-economic development, there appears to be a need for various types of forecasts and foresight: long-term ones, for periods of 15 to 20 years or more, refined medium-term ones (for up to 10 years), and specific short-term ones, for 1 to 3 years. And such short-term forecasts could be considered as the basis for the formation of annual and three-year indicative plans for the country's development, which would include descriptions of all the main macroeconomic parameters and tools for implementing the state policy and the public sector development programs, and which should be taken into consideration in putting together the state budget. As S. Yu. Glazyev, Academician of the Russian Academy of Science, rightly pointed out in one of his publications, the recommendatory nature of the indicative plan should be combined with its directive nature for officials and public administration bodies at all levels (Glazyev 2005).

So, what is necessary for creating such a system of planning, the contours of which I have outlined? Many colleagues, and I would agree with them, believe it is appropriate now, in the year of the 100th anniversary of Gosplan, to return to the idea of recreating, reincarnating, and giving a second life (of course, in a form corresponding to the current situation) to a new Gosplan—a certain body coordinating this work. Such ideas have also been put forward earlier (Klepach 2016, 52), which is a logical conclusion from the historical experience of both the USSR and foreign countries that have used methods of planning. The existence of an economic strategy implies strategic planning as a tool for its implementation. And the application of strategic planning tools is impossible in the situation of departmental disunity of state bodies that could develop plans, provide them with resources, take measures for target-oriented economic incentives for business, and, finally, are responsible for achieving strategic goals.

It is worth noting, however, that for a long time, not only the idea of planning but even the idea of active industrial policy has been anathematized in our country. It was believed that market self-regulation was the universal and most effective method for solving all problems at all times and under any conditions, and that state intervention only distorted the market balance (Yasin 2003, 2004).

I would like to note that proposals submitted by the Free Economic Society of Russia to all main state administration bodies in the summer and autumn of last year contained the idea of creating a supra-departmental body to coordinate the development of science and technology (in terms of functions, something similar to the State Committee for Science and Technology under the Council of Ministers of the USSR). This idea may not have been expressed by us exclusively, but we, nevertheless, have expressed it as well, and the President has recently charged the government with the corresponding instructions. This is a good sign. I would very

much like to hope that the idea of recreating the planning authority will receive the same powerful development.

In conclusion, I would like to emphasize: Russia needs a modernization breakthrough. The myths of market fundamentalism and post-industrialism have already proved their unviability. We do not propose to abandon the market economy model in Russia, but our proposal is to supplement it with methods of planning, because, I am convinced, this is the only way to ensure in Russia the resolution of problems related to the reindustrialization of the economy on the new technological basis (first of all, on the basis of knowledge-intensive production sufficient for transition to the NIS.2) at the first stage of modernization, and the progression toward the socially-oriented state with the more equitable structure of society and noonomy at subsequent stages.

## References

- Aganbegyan, A. G. 2021. "The Necessity for Planning in the New Russia." *Problems in Political Economy*, no. 2: 43–54.
- Bodrunov, S. D. 2013. *Concept of the New Industrial Development of Russia*. [In Russian.] St. Petersburg: S. Y. Witte Institute for New Industrial Development.
- Bodrunov, S. D. 2016. *The Future. The New Industrial Society: A Reboot*. [In Russian.] Moscow: Cultural Revolution.
- Bodrunov, S. D. 2018. *Noonomy*. [In Russian.] Moscow: Cultural Revolution.
- Bodrunov, S. D., and J. K. Galbraith. 2017. *New Industrial Revolution and Inequality Issues: Study Guide*. [In Russian.] Edited by S. D. Bodrunov. Moscow: Plekhanov Russian University of Economics.
- Decree of the Council of People's Commissars. (1921) 1944. "Regulation on the State General Planning Commission. February 22, 1921." [In Russian.] Accessed June 25, 2021. <http://istmat.info/node/45925>.
- Earth Overshoot Day. 2020. "Global Footprint Network." Accessed November 9, 2020. <https://www.footprintnetwork.org/our-work/earth-overshoot-day/>.
- G7 Summit. 2020. "G7 Leaders' Statement, March 16, 2020." Accessed June 25, 2021. <https://www.mofa.go.jp/files/100021631.pdf>.
- Glazyev, S. Y. 2005. *Choosing the Future*. [In Russian.] Moscow: Algorithm.
- Joint International Congress. 2020. "The Genesis of Noonomy: NTP, Diffusion of Property, Socialization of Society, Solidarism. SPEC-PNO-2020. December 2–4, 2020." [In Russian.] Accessed June 25, 2021. <https://inir.ru/spec-pno-2020-info/>.
- Klepach, A. N. 2016. "Turning to Strategic Planning: Thorns and Prospects." [In Russian.] *Problems in Political Economy*, no. 1: 44–63.
- Kleyner, G. B. 2021. "System-Oriented Planning: Russia, Twenty-First Century." [In Russian.] *Problems in Political Economy*, no. 2: 55–71.
- Kvint, V. L., and S. D. Bodrunov. 2021. *Strategizing the Transformation of Society: Knowledge, Technologies, Noonomy*. [In Russian.] St. Petersburg: S. Y. Witte Institute for New Industrial Development.

- New Economy Forum. 2019. "Beijing, November 20–22, 2019." Accessed June 25, 2021. <https://www.neweconomyforum.com/2019-new-economy-forum-beijing/>.
- Piketty, T. 2014. *Capital in the Twenty-First Century*. Cambridge, MA: Harvard University Press.
- The Federation Council of the Federal Assembly of the Russian Federation. 2019. *The Federation Council Committee on Economic Policy. Transcript of the Parliamentary Hearings on the Topic "Implementation of the Federal Law" on Strategic Planning in the Russian Federation "in the Subjects of the Russian Federation" on May 28, 2019*. [In Russian.] Accessed June 25, 2021. <http://council.gov.ru/media/files/75Yfi7H4uLDDUQkiZLZ7SQON64FUH1MI.pdf>.
- The Free Economic Society of Russia. 2021. "New Paths of Russia. Free Economy, April 16, 2021." [In Russian.] Accessed June 25, 2021. <http://freeeconomy.ru/vazhnoe/itdi-svoim-putem-k-voprosu-o-strategii-razvitiya-rossii.html>.
- The United Nations. 2000. "55/2. The United Nations Millennium Declaration." Accessed June 25, 2021. [https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A\\_RES\\_55\\_2.pdf](https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_55_2.pdf).
- The United Nations. 2015. "70/1. Transformation of Our World: The 2030 Agenda for Sustainable Development. Resolution, Adopted by the General Assembly, Dated September 25, 2015." Accessed June 25, 2021. [https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A\\_RES\\_70\\_1\\_E.pdf](https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_70_1_E.pdf).
- The United Nations. 2019. "UN Report: Nature's Dangerous Decline 'Unprecedented'; Species Extinction Rates 'Accelerating.'" Accessed November 9, 2020. <https://www.un.org/sustainabledevelopment/blog/2019/05/nature-decline-unprecedented-report/>.
- World Economic Forum. 2020. "World Economic Forum Annual Meeting. Davos-Klosters, Switzerland, 21–24 January 2020." Accessed November 9, 2020. <https://www.weforum.org/events/world-economic-forum-annual-meeting-2020>.
- World Social Forum. 2021. "Participation Guide. From January 23 to 31, 2021." Accessed June 25, 2021. [https://wsf2021.net/wp-content/uploads/2021/01/EnGuiaFSM2021version8\\_compressed.pdf](https://wsf2021.net/wp-content/uploads/2021/01/EnGuiaFSM2021version8_compressed.pdf).
- Yasin, E. G. 2003. *Non-market Sector. Structural Reforms and Economic Growth*. [In Russian.] Moscow: Liberal Mission Foundation.
- Yasin, E. G. 2004. *A New Era—Old Worries: Economic Policy*. [In Russian.] Moscow: Novoe Publishing House.
- Zalasiewicz, J., M. Williams, C. N. Waters, A. D. Barnosky, J. P. Palmesino, A.-S. Rönnskog, M. Edgeworth, et al. 2017. "Scale and Diversity of the Physical Technosphere: A Geological Perspective." *The Anthropocene Review* 4 (1): 1–12.