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## **INDUSTRY OF THE REPUBLIC OF BELARUS: PROBLEMS OF SOCIAL AND ECONOMIC SECURITY**

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## **ПРОМЫШЛЕННОСТЬ РЕСПУБЛИКИ БЕЛАРУСЬ: ПРОБЛЕМЫ СОЦИАЛЬНО-ЭКОНОМИЧЕСКОЙ БЕЗОПАСНОСТИ**

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*Abstract.* The article identifies 4 groups of economic entities, which are the basic objects of influence in the industrial sphere. Their choice is made on the basis of the presented indicators: the vector for the implementation of the domestic market, the ability to expand the scope of implementation of the state financial and economic interests, the orientation of production to the market situation, the use of high-quality (“developed”) resources and the ability to produce a product with high added value, profitability of production and the ability to guarantee progressive development on the financial and economic basis of the country. Apart from this, the formation of the mechanism and methods of state support of economic entities showed that the implementation of priority financial and economic interest is dependent on foreign investments. The provisions of the methodological approach adopted in the industry of the Republic of Belarus to the selection of state support facilities are consistent with the previously mentioned fact that it does not take into account the probability of multidirectional sectoral values and priority financial and economic interests. These results make it possible to conclude that such a methodological approach does not take into account the situation when the export-oriented unit has the ability to be unprofitable. This situation is not excluded. This is justified by the foreign economic specifics, according to which to consolidate the positions of economic entities on the external perimeter will need to take into account more points than on the internal. For example, the stability of the currency, the dynamics of the market rate of foreign monetary units, the specifics of the country's exchange rate policy, the peculiarities of the tax legislation of other countries where products are sold, etc. Means that the argument for the choice of priority financial and economic interests and the factor of the performance of the system of ensuring socio-economic security of the industrial sector of the Republic of Belarus in the vector of industry values without taking into account the rationality of the structure of these interests cannot be considered complete and exhaustive.

*Аннотация.* В статье обозначены 4 группы хозяйствующих субъектов, которые относятся к базовым объектам воздействия в промышленной сфере. Их выбор совершен по представленным показателям: вектору на реализацию запросов внутреннего рынка, возможности расширить масштабы реализации государственных финансово-экономических интересов, ориентации выпуска продукции на рыночную ситуацию, применения в производстве высококачественных («развитых») ресурсов и возможности выпускать продукт с высокой добавленной стоимостью, прибыльности изготовления и возможности

гарантировать поступательное развитие на финансово–экономической базе страны. Не считая этого, формирование механизма и способов господдержки хозяйствующих субъектов показало, что в них осуществление приоритетного финансово–экономического интереса ставится в зависимость от привлекаемых зарубежных инвестиций. Положения, принятого в промышленности Республики Беларусь методического подхода к выбору объектов господдержки, согласуется с ранее указанным фактом, что в нем не учтена вероятность разнонаправленности отраслевых ценностей и приоритетных финансово–экономических интересов. Эти результаты дают возможность сделать вывод, что такой методический подход не учитывает ту ситуацию, когда экспортоориентированный блок имеет возможность быть убыточным. При этом такое положение дел не исключено. Это обосновано внешнеэкономической спецификой, сообразно которой для закрепления позиций хозяйствующих субъектов на внешнем периметре потребуется принимать во внимание большее количество моментов, чем на внутреннем. К примеру, стабильность валюты, динамика рыночного курса зарубежных денежных единиц, специфику курсообразующей политике страны, особенности налогового законодательства других стран, где реализуется продукция и т. п. Значит, аргументацию выбора приоритетных финансово–экономических интересов и фактора производительности функционирования системы обеспечения социально–экономической безопасности промышленного сектора Республики Беларусь по вектору отраслевых ценностей без учета рациональности структуры данных интересов невозможно считать полной и исчерпывающей.

*Keywords:* socio-economic security, government, society, enterprise, employee, threat, security, interests, economics, analysis, system.

*Ключевые слова:* социально-экономическая защищенность, государство, общество, предприятие, работник, угроза, защищенность, интересы, экономика, анализ, система.

The choice of priority financial and economic interests of the industrial sector is allowed to be traced in more detail by the study of the provisions of the industrial policy based on the targeted assistance of the state of specific economic entities and industries of the Republic of Belarus (Table 1.).

See Table 1. entities are systematized on the basis stated in the Program of development of industrial or industrial of the Republic of Belarus 1998–2020 sectoral objectives. In coordination with them, 4 groups of economic entities, which are the basic objects of influence in the industrial sphere, are designated. Their choice is made on the basis of the presented indicators: the vector for the implementation of domestic market demands, the ability to expand the scope of implementation of state financial and economic interests, the orientation of production to the market situation, the use of high–quality ("developed") resources and the ability to produce a product with high added value, profitability of production and the ability to guarantee progressive development on the financial and economic base of the country. Apart from this, the formation of the mechanism and methods of state support of economic entities, belonging to 1-3 groups, showed that they are the implementation of priority financial and economic interest is dependent on foreign investments. The provisions of the methodological approach adopted in the industry of the Republic of Belarus to the selection of state support facilities are consistent with the previously mentioned fact that it does not take into account the probability of multidirectional sectoral values and priority financial and economic interests. These results make it possible to conclude that such a methodological approach does not take into account the situation when the export-oriented unit has the ability to be unprofitable. This situation is not excluded. This is justified by the foreign economic specifics,

according to which to consolidate the positions of economic entities on the external perimeter will need to take into account more points than on the internal. For example, the stability of the currency, the dynamics of the market rate of foreign monetary units, the specifics of the country's exchange rate policy, the peculiarities of the tax legislation of other countries where products are sold, etc. Means that the argument for the choice of priority financial and economic interests and the factor of the performance of the system of ensuring socio-economic security of the industrial sector of the Republic of Belarus in the vector of industry values without taking into account the rationality of the structure of these interests cannot be considered complete and exhaustive.

Table 1.

THE MAIN PROVISIONS OF THE POLICY IN THE FIELD OF INDUSTRY OF THE REPUBLIC OF BELARUS ON ASSISTANCE TO ECONOMIC ENTITIES AND PRODUCTION FOR 1998–2020

<i>Groups</i>	<i>The specificity of industries</i>	<i>Ways to support</i>	<i>Tool</i>	<i>Sector of economy</i>
1	Having prospects of development on own financial basis (self-financing)	The mechanism of taxation; attraction of foreign investments on terms that should be provided by placing a significant proportion of orders at domestic enterprises and reinvesting profits in the Republic of Belarus	Benefits in terms of payment for the use of natural resources	Oil, gas, forest, ferrous metallurgy, production of potash fertilizers
2	Having the ability to expand foreign markets in a highly competitive environment (with export-oriented production)	Mechanism of direct state investments, subsidies limited involvement of foreign investments	Creation of conditions for the formation of domestic and foreign demand; provision of state guarantees; state support for the organization of sales in foreign markets; in the form of international loans for the purchase of high-tech products	Chemical, petrochemical, woodworking and pulp-and-paper; automobile, tractor engineering; production of refrigerators and freezers; production of construction materials
3	Import-substitution	Measures to stimulate domestic and external demand for their products; protective import tariffs within the limits permitted by international standards, non-tariff regulation methods, e.g. certification of imported products	Lending to the population for the purchase of durable goods; assistance to enterprises in the formation of their own sales network; development of leasing	Agricultural machinery; machine-tool industry; light, food, pharmaceutical industry
4	Businesses that allow loss-making	Measures, including the elimination of	Legal	Various sectors of the economy

Source: author's development on data [1-3]

In order to increase the validity of the assessment of the effectiveness of measures to ensure socio-economic security, the following methodological approach is proposed. It is based on a comparison of the predictable growth rates of the scale of the productive sectors of the economy producing products with a significant share of value added with the economic rates of extractive industries; sectors of the economy with high growth rates of the fastest developing States and the industrial sector, taking into account the data of the rationality of its interests. The pace of development of the extractive sectors of the economy determines the structure of the lower contour of a safe existence because they are aimed at creating a resource base and are to some extent ready to reduce the dependence of the raw materials on the industrial sector from imports.

The pace of development of the industrial sector as a whole reflects the overall industry balance and proportionality, which makes it possible to adopt them as an average contour of safe growth. The direction of growth of the global industrial sector is largely justified by the potential of the sectors of the economy that are willing to accumulate more innovation and on their basis to guarantee a significant rate of development. As a result, the dynamics of these sectors of the economy shows the upper perimeter of safe growth. The correspondence of safe growth contours in a particular period is reflected by the coefficients of advance of growth of the industrial sector producing products with significant added value.

The study of the structure of financial and economic interests of the industrial sector of the Republic of Belarus, done in coordination with this task, shows that it has been dominated by a material element in recent years. Under its influence, the practice of ensuring social and economic security has developed, aimed at reducing the resource dependence of the domestic industrial sector on imports to the maximum extent possible. The proof of this is the implementation in the country of an array of measures carried out on import substitution of products, protectionism, state support of domestic producers, the development of the resource base at the expense of domestic sources (own resource base), etc. as a result of the application of this approach, the economic component in the selection of priority financial and economic interests was assigned a secondary role, which at the stage of 1998–2016. restrained both the pace of financial and economic growth and overcoming the dependence of the natural industrial sector on the import of resources. In particular, according to experts of the Research Institute of the Ministry of economy of the Republic of Belarus is an integral index of competitiveness of industrial economic entities, which is in the jurisdiction of the Ministry of industry of the Republic of Belarus amounted to 41% against 100% taken over country index [1, p. 87; 4].

The importance of increasing the economic component in the structure of financial and economic interests of the industrial sector of the Republic of Belarus is justified by the policy of supporting financial and economic development, which provides for the intensive involvement of foreign investments. The relevance of the complexities of investing in fixed assets of the industrial sector for the Republic of Belarus is determined by the fact that the state has few internal sources. This is justified by the low rate of renewal of fixed assets due to the irrationality of the structure of its funding sources. As a result, the technical base of the industrial sector is becoming obsolete, which reduces the probability of production by a competitor in the global market. The level of depreciation of the main Fund in the industrial sector by 2016 reached 62%, and in the sectors of engineering and Metalworking — 65% (2). If we take into account that the price of fixed assets of the industrial sector of the Republic of Belarus is more than 5.24 billion rubles, and the profitability of economic entities in the industrial sector — 2.62 billion rubles (2, p. 18), over time, there will be a shortage of sources for updating and expanding the technical base of the industrial sector at the existing level of its deterioration. A similar situation is typical not only for the Republic of Belarus but also for other CIS countries. This is illustrated by the resulting investment structure in fixed assets capital, which is reflected in Table 2.

Table 2.

DYNAMICS OF THE INVESTMENT STRUCTURE IN FIXED ASSETS BY SOURCES OF FINANCING  
 IN SOME CIS COUNTRIES for 2013–2016, %

Countries	Funding sources, by year											
	Budgetary funds			Funds of enterprises and organizations			Funds from the public			Funds of foreign investors		
	2013	2015	2016	2013	2015	2016	2013	2015	2016	2013	2015	2016
Belarus	19	26	27	56	44	43	13	8	8	6	3	1
Kazakhstan	12	12	12	60	53	56	...	3	4	22	24	20
Moldova	6	10	10	70	62	58	4	2	2	15	20	20
Russia	19	20	17	46	48	45	3	...	...	5	5	...
Ukraine	11	10	9	61	57	58	4	3	5	7	10	3

Source: Elaboration of the author based on (3, с. 42).

Data Analytics of Table 2. demonstrates that in the considered States the prevailing source of financing of renewal of fixed assets is considered cash assets of economic entities. Their volume as of 2016 is within the range of 43% (Belarus) to 58% (Moldova and Ukraine). The second most significant source in 2016 included funds from the budget: from 9% (Ukraine) to 27% (Belarus). The amount of funds of foreign entities allocated to fixed assets varies from 1% (Belarus) to 20% (Kazakhstan and Moldova). For comparison, in one of the busier developing countries of the world — China (the GDP growth rate in the early 21ST century was 5.8% against 3.4% in developed countries) — the volume of attracted foreign investment in the number of financial resources amounted to 11.7% [4; 5]. During the 2013–2016 period, the Republic of Belarus has seen an unfavourable change in the structure of investments in fixed assets, which is caused by a decrease in the number of funds of economic entities and an increase in the number of budget funds (see Table 2.). If this trend continues, it is possible to wait for the strengthening of investment and economic dependence of the industrial sector. All in all, the industry of the Republic of Belarus will become increasingly involved in international investment processes. The consequence of this process, on the one hand, is expected to increase the number of foreign entities in the production sphere of start, and on the other — is expected to expand the scale of foreign investments and involvement in international production structures. The current circumstances of the functioning of the public industrial sector contribute to the strengthening of communication between the industrial sector and the external economic factor.

So, for the stage from the mid-90s of the XX century to the beginning of the XXI century, there was a change not only external but also internal criteria related to the formation of socially–an oriented market model of the economy of the Republic of Belarus. This determined the importance of social moments in the development of the industrial sector of the state and influenced the choice of priority financial and economic interests. The social aspects are shown in the fact that state aid is taken into account primarily for those business entities that are in small settlements (the factor of town formation), promote employment (the factor of employment), apply local raw materials (the factor of a raw material alternative to imports). A reference to the market component of the model of the economy of the Republic of Belarus requires a fresh approach to the selection of industry values, putting its independence on 2 factors. From the competitiveness factor (export-oriented industrial sector, import-substituting products, the involvement of local raw materials in the economic turnover). In-2, from the innovative component of the economic sector, through which competitive advantages are formed in the industrial sector (production of value-added products, the introduction of innovations in the production process, the costs of innovation, energy

in the implementation of innovative proposals) [6; 7]. The main factors for selecting priority sectors and financial interests proposed in addition are presented in Table 3.

Table 3.

THE MAIN POINTS OF THE CHOICE OF PRIORITY SECTORS  
 OF THE ECONOMY AND FINANCIAL INTERESTS

<i>Selection factors</i>	
<i>Priority sector</i>	<i>Priority of economic interests</i>
<i>Existing</i>	
–intensive production; –export potential; –innovative potential; –innovative perspective; –creation of import–substituting industries	–development of scientific and technical sphere; –production of competitive products; –development of intellectual potential; –sources of fuel and energy resources
<i>Proposed by the author in addition to the existing</i>	
–the future competitiveness of the industry	–population employment; –the level of profitability of products; –rudoobrazovanie; –raw material alternative to imports

*Source:* elaboration of author

Comparison of the moments given in the table testifies that they are located in one plane. But, as confirmed above, they have different saturation, which in the political documents and calculations of the industrial sector is not displayed. This means that the composition of priority financial interests formed in coordination with the above reasons is only to some extent able to support the regulatory function of the security system of the industrial sector. In order to solve this problem, it will be necessary to increase the role of priority sectors of the economy and financial interests in ensuring socio-economic security.

The results of the analysis of the specificity of the structure, tasks of socio-economic security and growth goals of the industrial sector of the Republic of Belarus demonstrated that in its security system it makes sense to form a structure that will support the regulatory function — the optimal structure of financial and economic interests. The point is that the principle of rationality, which is used in the formation of the designated structure, assumes the following circumstances: the formation of the priority sector of the economy should be provided with the resource potential of the country's economy. In the context of socioeconomic security, this means that assistance to the formation of certain sectors of the economy cannot significantly increase the import dependence of the state. By the resource factor, it makes sense to note the material–intensive, Fund–intensive and labour-intensive sectors of the economy. Material–intensive and Fund–intensive sectors of the economy in the planning of the structure create a material component, and labor–innovative. As the criteria determining the ability of growth of material-intensive sectors of the economy, it is proposed to apply the dependence on imports and the prospect of competitiveness. Due to the fact that the aspect of competitiveness of economic sectors in international practice is adopted in the assessment of the "vitality" of the industrial sector of the state and the degree of financial and economic dependence, it makes sense to apply it to the formation of the economic element of the structure of financial interests. In compositional planning of the components of the optimal structure of financial interests it is correct to apply the principle of correlation of the need for resources in the priority sectors of the economy and the size of the available resource potential in the country.

In accordance with this principle, the volume of material-intensive sectors of the economy that do not have raw material dependence on imports is crucial for the material element; for the

group of Fund-intensive sectors of the economy with a significant degree of depreciation of funds (more than 50%) — an element of foreign investment. In the intellectual element, a significant sense contains the volume of labour-intensive sectors of the economy, among which highly qualified employees dominate. The importance of this factor is formed by the availability of education in the Republic of Belarus. If this is not taken into account, the problem of inefficient use of the high-quality potential of the labour force is reproduced. In the economic element of financial and economic interest, reflecting the effectiveness of the use of production resources, an essential point of effective communication with the external environment, which is oriented through the competitiveness of the sectors of the economy. So, in relation to the emerging situational changes in determining the rationality of the structure of financial interests of the industrial sector, it makes sense to assess the symptom "resources — the result of the use of resources".

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