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## Prospects for the reproduction of Human Capital and ensuring the economic security of the state in the Russian Federation

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# Prospects for the reproduction of Human Capital and ensuring the economic security of the state in the Russian Federation

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**Abstract.** Competitiveness of the Economy and the potential for future Socio-economic development is determined by the development of the Human Capital of the Nation, primarily via Education System, responsible Government Policy, Culture, Arts, Healthcare and Fitness.

This substantiates the requirement for the State funding of above mentioned sectors.

The presented article provides a review of the current threats to the successful renewal of the Human Capital, nested mainly in the Education System: fees system, limiting accessibility of educational services for children from low income families; reduction of in-class hours in Universities, leading to the low level of professional education; significant changes to the values in the Russian society, loss of moral and ethical principles which were based on healthy patriotism, collectivism, personal and working relationships formed responsibly and with good will.

The author believes that the spiritual values of the Nation form an essential part of the Economic and National Security.

## 1. Introduction

An Intellectual Capital of the Nation is the most valuable component of the National Wealth of a modern State. And it plays a key role in determining the competitiveness of the Economy and the potential for future Socio-economic development.

An Intellectual Capital is developed primarily via Education and Early Childhood Education Systems, and includes responsible Government Policy, where Fundamental and Applied Science are predominantly State funded.

Culture, Arts, Healthcare and Fitness also play significant and important role in the development of an Intellectual Capital.

It is a common practice for modern developed countries to provide an adequate State funding of those sectors.

## 2. The role and importance of Budgetary Policy in the formation of Human Capital

In order to emphasize the significance of such funding, most Western European countries call their Budgets "Socially-oriented", with up to 70% of the Budget allocated to social sector [1].

The situation in Russia, in the post-reformation period, is, unfortunately, quite the opposite.

Leading Russian economists, upon review of the Government Policy on social funding, have become deeply concerned at the significant reduction of the State funding of a Human Capital in the last



decade. And, as a result, sharp decline of the competitiveness of the National Economy and loss of the economic growth potential [2, 3].

The situation became even worse in the following years. "Percentage of the Budget that goes to Social sector, Healthcare, Culture ... has been reduced. This is also the case with the Fundamental Research funding" [4, 5].

The forecast also looks worrisome "The percentage of citizen science spending in the Budget will be the following: 2018 – 2, 22 %, 2019 – 2, 18 %, 2020 – 2, 04 %" [6].

According to the proposed 2018 Federal Budget, 4,0 % will be allocated to Education, 2,8 % - to Healthcare, 0,4 % - to Sport and Fitness, 0,6% - to Culture and Cinematography development [7].

### **3. Significant factors of the decline in the quality of education in the Russian Federation**

Nowadays there are also other threats to the reproduction of the Intellectual Capital of Russia - in the area of Education.

Firstly - no free education for the vast majority of students in the Tertiary Education Sector. But also - the necessity to pay for a number of services provided by the Primary and Secondary School Education.

In this situation, as the number of hours of free basic school hours will be extremely limited, parents will have to pay for additional classes to develop the educational material necessary for the further continuation of studying, including Tertiary education.

Taking into account the level of income of the average Russian family, it can be argued that not every family will be able to find resources for additional expenses for educational purposes, which will mean, in general, reduction in school hours even for basic subjects [8].

It is obvious that with a reduction in the number of classroom lessons at school there will inevitably be a further decline in the quality of school education, a decline, in the foreseeable future, of the level of general literacy of school graduates, including those entering universities and secondary vocational schools.

If in the near future the situation with the budget financing of education in Russia will not change dramatically for the better, then after a few years there will be a massive decline in the level of training of different profiles specialists, their competence and professionalism, which will mean further degradation of the human capital of the nation and, consequently, reducing the competitiveness of the national economy.

An unfavourable trend in the current reform of the educational sector in Russia is also the reduction of classroom hours in universities.

It seems that the increase in the hours of self-studying provided by the educational programs is not an equivalent replacement for the reduction in the number of lectures and seminars.

Actively developing distance learning technologies offer a variety of educational materials, including electronic resources.

Even the most advanced computer technology cannot replace the student's personal communication on the subject of study with a competent and responsible educational professional.

During classroom work with students, the teacher has an opportunity to present the information clearly and logically, promptly answer any questions from the students, control the volume and the context of the presented information, to monitor reception by the audience, i.e. to provide the high quality of the educational process.

### **4. On the theoretical and practical consistency of neoclassicism as a theoretical platform of the Economic disciplines**

Unfortunately, over the years of reformation, the level of training for the economics specialists in Russia has decreased, which is noted in a number of publications, where the authors state the general low level of intellectual and qualifications training of employees [9].

It seems that the decrease in the quality of basic vocational education of economic specialties is largely due to the questionable scientific and practical consistency of the theoretical background of the

system of economic disciplines – scientific concepts and theory, the basis of existing educational programs in economic theory. In accordance with the current teaching standards in the Russian Federation in the educational literature interpretation within the neoclassical direction dominates.

The author of this article has already noted some theoretical inconsistencies and contradictions of educational material presentation in this area of economic science in one of the previous publications [10].

### **5. The spiritual and moral values of the people and the quality of Human capital**

The professional and educational potential of people as a component of Human capital is extremely important, but not less important is its spiritual potential. The importance, definition and place of people's spiritual values system has been repeatedly discussed and emphasized in the works of famous, including Russian, philosophers and economists of different historical eras.

«...The Russian psyche, the core of life, in relation to which the state itself is only an outer shell and an instrument...» [11].

«It is important to emphasize that national and state interests are inseparable from the entire history of a country,..., from the culture, traditions, system of values and spiritual essence of its population, which have developed over the centuries» [12].

«Another difficulty faced by almost all researchers of national and state interests problem is the impossibility of their purely rationalistic explanation. There are some forces that go beyond this explanation - social feelings and national pride, the memory of ancestors and the call of blood. Ignoring them does not bring science closer to understanding the realities of the modern world and developing a holistic concept of socio-economic progress» [12].

The system of spiritual values of people seems appropriate to be considered as a necessary component of the intellectual potential and human capital of the nation, as well as its national wealth. Spirituality and virtue, high moral and ethical qualities are instilled in younger generations through the system of education and training and this spiritual heritage is priceless.

We are deeply convinced that the preservation of spiritual values is an essential condition of the economic and national security of a state.

The importance of spiritual and moral values for the implementation of progressive socio-economic development of countries and peoples is emphasized by a number of contemporary foreign authors: «...the basis of not only intra-country, but also all epochal events are and have always been mechanisms of value influence...The reason for the effectiveness of the values of culture they are the same – the values of civilization rooted in the fact that they are not something superficial; these are the deep foundations of the fate of people and countries, and hence the behavioral stereotype of any human community...».

The great philosopher Teilhard de Chardin believed that «values are something very deep; deeper than just genes» [13].

To illustrate the validity of this statement, the article cited an example of modern China: «...the main thing that Deng Xiaoping did... was to revive Eastern values. He unlocked Confucianism, encouraged the traditions of Buddhism and Taoism. These three dimensions, complementing each other, gave a synergistic effect, which ensured China's current success» [13].

However, there is also an important warning in the authors arguments: « ... the values of society can experience different conditions: they can breathe in the creative obsession of people, and they can also degrade, expanding the space of destructive processes, the decline of spirit and decomposition» [13].

That is why spiritual, moral, cultural and aesthetic components of the educational process in the formation of human capital are so important.

It is disturbing that over the last quarter of a century a fundamental change in the system of value orientations of Russian society has happened, to some extent the system of moral and ethical prin-

ciples which was operating in the Soviet period oriented to healthy patriotism, collectivism, mutual assistance, friendly support in working together and interpersonal relations has been lost.

Extremely important were the cultural, aesthetic and patriotic education of children and young people for the country's government in the Soviet period. The amazing content and artistic embodiment of cartoons and movies, massively created in the post-war decades, which are excellent examples of cinema, specially focused on the children and youth of the population of the country, asserting the means of art eternal truths that broadcast the spiritual experience of previous generations eloquently testifies it.

Each age group of population should have its own cultural and information space, its own spiritual interests. This is especially important for emerging personalities of children and youth audience.

In the context of the problem discussed, the abundance of entertainment television programs in modern Russia of at least dubious cultural and aesthetic value is disturbing. It is unlikely that such products of TV industry can be considered a complete replacement for the quietly departed from the screens of scientific and educational, literary, artistic, musical and other programs that gave food for the mind and soul. It seems that the processes of moral decay, ethic and mental oppression of the Russian people, including and above all, using the media, the Internet, the television industry has now reached dangerous intensity.

Is it any wonder that over the past two decades, the moral and ethical principles and norms of behavior have undergone dramatic changes, the level of the national culture has decreased?

But the most vulnerable victims of all these information diversions are children and young people – part of the population with the least reserve of «ideological immunity». Is this not where the causes of teenage promiscuity and crime are rooted?

In this situation, a responsible youth policy of the state, consistent with the national and state interests of the country and censorship-competent, intelligent, delicate. Children and youth should be protected from destructive information «infection»!

The importance of quality school and vocational education and its full financing from the budget has already been mentioned in this article. It is also necessary to create conditions and financial opportunities for the development of children's creativity and sports and mass work, to instill in children an interest in these activities, to fully support children's artistic development.

In addition to educational tasks, such an organization of the case will be at the same time the best prevention of child and adolescent offences. It is necessary to take into account child and adolescent psychology: if children do not create, then protest!

The creation of opportunities for children and adolescents to try themselves in different types of developmental activities is significant simultaneously in terms of their professional orientation in the future.

Of particular importance is the quality of sports and mass work with children, because, in addition to the above, it will contribute to the health and proper physical development of the younger generations, which in itself is extremely important for solving the demographic problem of modern Russia. At the same time, it is crucial that classes in creative and sports activities are conducted under the guidance of highly qualified teachers.

It is very important to provide mainly budgetary funding or significant sponsorship of all these activities, so that children from families with low incomes also have the opportunity to engage in creativity in hobby groups, developing and improving their skills and abilities in different areas.

## 6. Conclusions

Responsible policy of the state in the field of science, a well-established and scientifically sound strategy for improving school and vocational education, full budget financing of social spending in general, the preservation of spiritual and moral health of the nation are the most important conditions for the formation of its human capital and compliance with the national and state interests of the country.

In our opinion, modern course of economic theory should be based on theoretical heritage of scientifically wealthy and having practical significance of schools and directions of economic science, ob-

jectively setting out and explaining the essential economic processes that ensure the integrity of the perception of socio-economic society life, allowing to develop scientifically sound and effective solutions on socio-economic policy of organization and state. Such is the classical school of political economy in its most systematic and scientific Marxist version developed and later supplemented by studies of Russian and Soviet economists. Some ideas proposed in the framework of the historical school of Germany, American classical institutionalism of the early twentieth century, Keynesian economic theory in terms of the justification of state regulation, German ordoliberalism are also useful and significant.

It is necessary to support the spiritual and moral health of the Russian society through the formation and implementation of high-quality youth policy of the state, in which spiritual, moral, patriotic, cultural, aesthetic and sports as well as labor education of children and youth should take proper place.

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