

## Economic Policy of Russia in the Context of Macroeconomic Instability

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**Abstract:** In study, the budgetary problems arising in the conditions of turbulent economy and to offer effective tools of budget planning which will allow to provide long-term stability and stability of the federal budget of Russia in the next budgetary cycle. The nature of economic turbulence is opened and its influence on balance and stability of the federal budget of Russia is revealed. It is proved that in such conditions broad application of strategic planning as carefully formulated budgetary strategy and precisely developed budgetary policy will promote an adequate choice of the priorities of the federal budget of the Russian Federation answering to dynamically changing situation in the conditions of economic turbulence is necessary can become effective and effective instruments of permission of the appearing economic contradictions and ensuring stable economic growth of the country. In this regard, the Budgetary strategy has to provide predictability of reactions of the budgetary system to calls and opportunities which can arise within various options of development of world economy, provide application of necessary measures at negative impact of external economic factors.

**Key words:** Budget planning, turbulent economy, budgetary policy, budgetary stability, budgetary cycle, economic growth

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### INTRODUCTION

Economic turbulence to which emergence, we are in many respects obliged to financial crisis of 2008, leads to emergence of sharp unpredictable fluctuations in the global markets that leads to emergence of new serious budgetary problems and can affect balance and stability of the federal budget very adversely. Economic turbulence blocks possibilities of the short-term measures of the budgetary policy applied to smoothing of fluctuations of economic activity. All this demands adequate response measures and use of effective tools of budget planning for ensuring long-term budgetary stability.

### MATERIALS AND METHODS

In the real work as way of statistical supervision the main problems when forming were revealed and performance of the federal budget under the influence of economic turbulence, besides, on the basis of functional and dynamic approach the most perspective instruments of budget planning which are expedient for applying when forming the federal budget are defined.

### RESULTS AND DISCUSSION

The term turbulent economy has been increasingly used after the 2008 crisis. What does it mean? To understand this, we propose to go back to the classics and recall the nature of the economic cycle. First of all, we would like to note that the cyclical development is a motion (upward) in a spiral and the cycling itself is viewed as:

- A form of progressive development
- One of the main ways of market economy self-regulation

In this regard, the economic cycle which manifests itself with regularity (and imminence) in terms of influxes and reflexes is nothing but a form of market economy motion and development. However, there is also unpredictability as each cycle:

- Is unique?
- Has its duration?
- The characteristics of its phases are unique in their specific manifestations

We suggest not to consider the Marxist approach and go directly to the present-day ideas concerning the economic cycle, consisting of 4 phases: revitalization (economic expansion), the top (peak, the boom), contraction (recession, downturn) and the bottom (depression).

However, starting from a certain point of time, a serious failure occurred in that kind of economic cycle. Again, referring to the theory, let recall main crisis scenarios, whose development is denoted by the four letters of the alphabet: V, L, W and U (Table 1).

All these more or less familiar scenarios do not correspond to the current situation, where the modern world is regarded as the era without regularities. In this regard, many economists argue that the today's economy has a turbulent nature of development (Shash, 2011; Shash and Afanasyev, 2014a; Borodin *et al.*, 2015).

What is the effect of the turbulence? Turbulence is chaotic and unstable motion and in this regard, we can say that economic turbulence is a phenomenon of self-organization associated with regular or chaotic transitions from disorder (chaos) to order and vice versa. This leads to strong deviations in the economy under increasing the intensity of the impact of various factors (which strengthens under the influence of crisis). A balanced system of commodity-money flows was changed by a turbulent system with "hot money" ferment, the abundance of bad debts and chain reactions of contractual delinquency (often forced). Thus, we cannot hope that the global economy will move to the bottom out phase. In terms of further strengthening of turbulence, the economic situation in different countries can become polar: some nations will be able to ensure rapid economic growth while others will not be able to get out of deep depression. As for Russia, since the beginning of this year the negative effects became increasingly aware and the events in Ukraine (annexation of the Crimea to the Russian Federation) played here not the last role.

Naturally, this has not the best impact on country's fiscal policy, since the EU and the US are threatened by the extension of economic sanctions and this may cause the emergence of new (in addition to existing) no less serious (and maybe even more serious) challenges of fiscal policy in Russia (Shash and Afanasyev, 2014a; Shash and Borodin, 2014; Shash *et al.*, 2014) not to mention the direct impact on the federal budget due to the need to provide financial assistance to the new Russian region.

According to the Russia's Ministry of Finance, the federal budget deficit by the end of 2013 was by 0.3% lower than expected and amounted to 0.5% of GDP (instead of the predesigned 0.8% of GDP). However, since

Table 1: Crisis development forms and scenarios

Form	Development scenario
V	Best-case scenario Begins with a steep drop but quickly reaches a bottom and returns back to a higher level
L	Rapid decline with the "lengthy tail", unable to rise to the previous level Worst-case scenario: does not offer hope for recovery
W	Begins with a steep fall, quickly reaches the bottom and returns back, turns back, after showing false signs of economic recovery drops again and returns to the bottom "Double-dip recession"
U	Begins with a steep fall, quickly reaches the bottom and returns back, turns back, after showing false signs of economic recovery drops again and returns to the bottom "Double-dip recession"

the beginning of this year (even before the Crimean events) the Russian economy has clearly shown not quite positive phenomena such as the weakening of the national currency, the decline of stock indices and the outflow of capital that to some extent is due to existing imbalances. Unfortunately, the close relationship between political and business spheres (existing as we see not only in Russia) has aggravated the situation even more. Are there any prospects for maintaining stability of the Russian economy? Here we should first of all mention the possibility of reorientation to other markets (for example, to a very promising Asia-Pacific region) and the need to shift to another more adequate model of the national economic development. However, it should be understood that such stability may be accompanied by relatively low growth rate of the country's economy. And we should agree with that.

How the Russian budgetary policy should be changed in relation to these new challenges (and whether the change is necessary)? The answer is: "Definitely yes". New economic realities increasing the risk of inflation, accelerating the circulation of money, causing a reduction in the growth of incomes of the population, increased rates of borrowing and the increase in non-oil budget deficit (up to 10% of GDP) necessitate appropriate changes to the budget strategy and budget policy of the country.

Under circumstances where Russia is not able to constantly increase the budget expenditures, to stimulate public demand, even at high oil prices and a favorable foreign-economic environment, we need to mobilize all possible budget reserves, which are not so great in volume, as wished it to be. To a great extent, this "sagging" of the revenue part of budget was predictable (Shash and Borodin, 2014). The volumes of the two budget-generating taxes (profit tax and VAT) were influenced by the completion of several major investment projects, primarily, the preparation and holding of the Olympic games in Sochi as well as the construction of

several gas and oil pipelines, the development of a number of new oil and gas fields as well as improvement of oil fields requiring modernization. Turning to the figures, revenues to the consolidated budget from income tax in 2013 amounted to almost 2.1 trillion rubles (i.e. by 12% less than in 2012). With regard to VAT, the reduction amounted to about 1.9 trillion rubles (or 99% from the level of 2012). However in 2013, the problem with filling the revenue part of budget was managed to solve due to the high oil prices. Yet, the question remains whether it is possible to avoid essential federal budget shortfall in the current year at the expense of revenues from other incomes. Therefore, the number of budget problems has not yet reduced. In this regard, the tools of strategic planning should be used more actively as demonstrated by vast international experience (of the USA, Canada, Germany, France, Italy, Japan, South Korea and China) on implementation of strategic planning at the state level (Anonymous, 2001, 2002; Khan, 2008). Strategic planning gives a real opportunity to change qualitatively the socio-economic situation and enhance efficiency of the state budget policy (Kelly and Rivenbark, 2010; Lee *et al.*, 2012; Miller *et al.*, 2010; Anonymous, 1988), applying, naturally, the effective methods of such planning. In particular, we must develop and adopt a quality budget strategy as soon as possible as we have almost exhausted the potential for short-term fiscal measures of government policy, smoothing fluctuations in economic activity.

Since 2012, we see an upsurge of interest in developing the budget strategy of the Russian Federation. It was assumed that legislative regulation of the Russian Federation budget strategy formation will be formalized by making the appropriate changes to the Budget Code, providing that the budgetary strategy is subject to clarification with due consideration of socio-economic development, approved annually by the Government of the Russian Federation and the law on the federal budget (for the next financial year and schedule date) without changing the period of its validity.

The task on formation of the budget strategy of the Russian Federation in official documents was made in the Budget message of the President of the Russian Federation on budget policy for 2008-2010. One should note that the first draft of the budget strategy was developed by the Russian Ministry of Finance as far back as 2008. The relevant budget strategy draft for the period up to 2023 has been prepared by the Ministry of Finance in 2008 and presented in the Internet, however, it received no official status. Moreover, the document proved to be poorly adapted to the conditions of the crisis and limitation of all resources, no matter whether this was affected by the outbreak of the financial crisis or the used methods were chosen wrongly.

Taking into account the feasibility of the extension of the long-term budget planning period, the draft resolution of the government assumed that the budget strategy is being developed on an 18 years period (or every 6 years). Special emphasis on the need to develop a budget strategy as the fundamental document establishing the long-term prognosis of the budget system parameters and conditions of its functioning was made in the Program targeted to increase the efficiency of public finance management for the period until 2018, adopted on December 30, 2013.

Today, when no one is questioned about the need for the budget strategy, its development and adoption is constantly delayed; next term for reviewing 2030 budget strategy was named spring of 2014. This delay was justified (according to the Minister of Economic Development) by the need to prepare long-term forecast of socio-economic development of the Russian Federation until 2013, taking decision with respect to tariffs of natural monopolies as well as the financial support of state programs. It is hoped that the discussion of these important issues and documents will increase the quality of the budget strategy which is foundation to ensure long-term budget balance of the country.

In this regard, the Federal law No. 172-FZ "About strategic planning in the Russian Federation" which was formed by the Ministry of Economic Development and adopted at the end of June 2014 does not find full application. To some extent, the complexity of its application in the budget process is due to the fact that this law does not define the coordination mechanisms of strategic and budget planning. And this is its important drawback, since in most countries of the world which use a long-term budget forecasting, the problem of short, medium and strategic budget planning integration is being solved.

Such an approach implies that the corresponding parameters of the tax, fiscal and debt policy, presented in the short-term budgets should be based on the guidelines developed as part of strategic planning (Rabin, 2006; Shah, 2007; Wildawsky and Caiden, 2003). At the same time, long-term plans (and budget strategy is no exception) must be periodically adjusted to reflect actual conditions of economic development, the possible revision of the priority socio-economic problems and changes in the external economic and political conditions.

Since, carefully stated budget strategy and precisely designed fiscal policy will contribute to the adequate choice of priorities of the federal budget of the Russian Federation which meet the dynamically changing environment in the face of economic turbulence, they can become forceful and effective tools to resolve emerging economic contradictions and ensure stable economic

growth of the country (Shash *et al.*, 2013). Therefore, the budgetary strategy should ensure predictability of the budget system reactions to the challenges and opportunities that may arise under the various options of the world economy development to provide for the application of the necessary measures at a negative impact of external economic factors (Norvik, 2006).

It should be mentioned that the budgeting on the basis of state programs was a major step in expanding the use of tools for strategic budget planning. This is due to the fact that exactly this budget format provides an opportunity to link short- and medium-term budgeting with strategic budgeting. This will ensure an integrated approach and transparency in spending the budget funds, reallocation of responsibility and coverage of all activities of the program participants that increases the effectiveness of their activities (Norvik, 2006; Orsoni, 1998; Shah, 2007). At that main task to be addressed is to determine the priorities of fiscal policy under different scenarios of Russian (and global) economy development, since the state programs within the program budget of 2015-2017 should be implemented exactly in the framework of budgetary strategy for the period up to 2030. In this regard, it is essential that state programs are effectively fit into the pyramid of strategic management and at the same time serve as working documents detailing key figures and indicators down to the level of particular program executives. Thus, we should focus on the quality of state programs adoption as this directly effects on whether the program budget will remain just a formality or will turn into an effective tool for long-term sustainable development (Shash and Afanasyev, 2013, 2014a).

The federal budget is the main tool, influencing the development of the national economy, since its parameters directly determine the quantitative and qualitative parameters of socio-economic policy of the state, i.e., they represent a vector of socio-economic development of the country. At that the state budget should not be just a means of adaptation of the state to constantly changing economic conditions but rather a tool to proactively respond to new challenges of the external macroeconomic environment. To what extent the prepared draft of the federal budget for 2015-2017 meets these requirements? Thus, on September 18, 2014, the Government of the Russian Federation approved the draft federal budget for the next budget cycle. At that as known, macroeconomic parameters used in budgeting, are significantly different from forecasted parameters of socio-economic development of the country (made last year) because of increased risk of the Russian economy destabilization due to geopolitical tensions in connection with the situation around Ukraine. All this could not fail

to have a significant impact on key fiscal indicators of the Russian budget for 2015-2017. At the same time, according to the developers, the budget for 2015-2017 meets all appropriate principles. Beyond that in accordance with the budgets accounting equation, "budgetary rules" were used when planning the federal budget. On the one hand, these rules limit the excessive growth of budget expenditures in the event of a favorable price conjuncture and on the other hand do not allow the sharp reduction of budget expenditures with the appearance of short-term negative shocks in the economy. This should be considered a definite "win" because any deviation from these "budgetary rules" (including that for the purpose of maintaining the economy through the budget funds in the context of new macroeconomic challenges for Russia) carries very high risks. These risks may be caused by potential narrowing of possibilities for financing the budget deficit under the conditions of simultaneously increasing needs for additional oil and gas revenues, shrinking domestic and external borrowing and declining revenues from privatization of state property (Shash and Afanasyev, 2014b).

As to innovations, the Ministry of Finance has prepared a draft federal budget for 2015-2017 without waiting for the budget message, i.e., the document which traditionally defines the budgetary policy of the country for the next year. This happened for the first time in the newest Russian history and in all likelihood because the new (yet not adopted) version of the budget code of the Russian Federation frees the President from the obligation to prepare a budget message every year.

Although, according to the Russian leadership, the main innovation consists in optimizing the budget relating to significant redistribution and partial reduction of some costs in order to finance several programs on the development of individual territories and infrastructure projects without sacrificing socially significant articles.

When planning the expenditures of the federal budget, formed as part of the "budgetary rules", it was assumed that in the years of 2015-2017 base price of oil will be 96 USD/barrel. Thus as we can see in 2017 budgets expenses of the budgetary system of the Russian Federation in relation to GDP will decline by 1.1 percentage points of GDP compared to 2014 (Table 2).

Generally the share of expenses, directed to the areas related to developing human capital, namely, social policy, education, healthcare, culture, physical culture and sport, i.e. to social protection of the citizens and the provision of socially important services, amounts for >58% of the total expenditure of budgets of the Budgetary system of the Russian Federation in 2015-2017. At that in 2017, the

Table 2: Budgets expenditure of the Budget system of the Russian Federation by the basic sections of the budgetary expenditures classification\*

Indicators	2014		2015		2016		2017		Changes in 2017 to a total of 2014 (%)
	bln rubles	Total (%)	bln rubles	Total (%)	bln rubles	Total (%)	bln rubles	Total (%)	
National issues	1,545.8	5.7	1,655.1	5.6	1,702.1	5.4	1,837.8	5.6	-0.1
National defense	2,472.4	9.1	3,033.3	10.3	3,341.9	10.7	3,523.4	10.7	+1.5
National security and law enforcement activity	2,172.8	8.0	2,251.6	7.6	2,236.7	7.1	2,096.9	6.4	-1.7
National economy	3,749.3	13.9	3,767.6	12.7	3,621.2	11.6	3,675.6	11.1	-2.7
Housing and utilities infrastructure	1,014.4	3.7	1,022.9	3.5	994.2	3.2	1,000.7	3.0	-0.7
Environmental protection	77.5	0.3	71.7	0.2	73.8	0.2	70.4	0.2	-0.1
Education	3,085.9	11.4	3,282.4	11.1	3,503.9	11.2	3,748.2	11.4	0
Culture and cinematography	430.4	1.6	478.8	1.6	541.2	1.7	606.1	1.8	+0.2
Public health service	2,547.6	9.4	2,718.6	9.2	3,082.9	9.9	3,386.5	10.3	+0.8
Social policy	9,081.5	33.6	10,379.6	35.1	10,800.6	34.5	11,153.1	33.8	+0.2
Physical culture and sport	242.8	0.9	268.0	0.9	272.0	0.9	268.6	0.8	-0.1
Mass media	113.2	0.4	94.6	0.3	89.3	0.3	102.2	0.3	-0.1
State and municipal debt servicing	523.6	1.9	552.7	1.9	623.2	2.0	692.4	2.1	+0.2
Conditionally approved expenses	-	0.0	-	0.0	399.4	1.3	841.4	2.5	+2.5
Total Expenses	27,057.2	100.0	29,577.0	100.0	31,282.3	100.0	33,003.2	100.0	0

\*website of the Russian Ministry of Finance <http://minfin.ru>

volume of expenses in nominal terms will be substantially higher than that in 2014 in areas, such as “National defense” (42.5%), “Culture” (40.8%), “Education” (21.5%), “Public health service” (32.9%) and “Social policy” (22.8%). The largest volume of budgets expenses of the Budget system of the Russian Federation (>1/3 of total costs) will be channeled towards social policy. According to the Russian leadership, the prepared draft of the federal budget includes all social obligations and commitments necessary for the execution of decrees, including the funds which should be directed to maintain in social sphere of new constituent entities of the Federation, i.e., the Crimea and Sevastopol.

The second highest expenditure is accounted for the “National economy” section, comprising of among others, expenditure on development of infrastructure, support of economic growth and diversification of the economic structure. In addition, it is believed that next year recourses from the National Welfare Fund (NWF) will be allocated for implementation of major infrastructure projects. It is expected that the volume of NWF will grow from 3.164 trillion (trn) rub. at the end of 2014, 3.334 trn rubles at the end of 2017. In this regard, it should be noted that to date the Government of the Russian Federation has already approved the assignment of NWF resources in the amount of up to 414.96 bln rub. for financing of a number of priority infrastructure projects. At the same time, spending spree is expected for “State and municipal debt servicing” (32.2%). At that it is proposed to reduce during 2016-2017 the budget level on funding of approved state programs by 2%.

As for the “New spending”, it is stated that the funds that are needed for economy revitalization and development of new Russian constituent entities

would be found within the budget without changing macroeconomic parameters. This will be partially do neat the expense of the capital redemption reserve, accumulated in the current year. This reserve will be also used to finance the programs on the development of Crimea and Sevastopol.

As for the budget deficit, it will increase from year to year. In the draft budget, approved by the Russian Government, we can see that in the next year of 2015 the expected income will amount to 15.082 trn. rub. at the expenses of 15.513 trn. rub., i.e., a deficit will be nearly 431 bln. rub. which corresponds to 0.6% of GDP (instead of 0.4% of GDP as it was expected originally, though <1%, declared in Main Directions of budget policy for 2015 and planned period of 2016 and 2017). In 2016, the deficit will amount to 478 bln. rub. and in 2017 to about 544 bln. therefore, it is planned to gradually increase the deficit, which will be covered by government borrowings and privatization proceeds. According to the draft federal budget in 2015 it is planned to involve in the domestic market almost over 1 trn. rub. In 2016 and 2017 800.7 bln. and 932.7 bln. rub., respectively as Russia does not abandon its plans to attract from foreign markets about 7 bln. rub. annually during the years from 2015-2017. Revenues to the federal budget from privatization without considering the shares value of the largest companies are established by the privatization program in the amount of 3.0 bln. rub. annually. In general, privatization revenues are forecasted at amount of 158.5 bln. rub. in 2015, 99.9 bln. rub. in 2016 and 3 bln. rub. in 2017 (privatization program for 2017 is not approved so far).

At the same time, we should pay attention to the fact that in the next budget cycle Russia may face certain difficulties in the placement of government securities,

which may take place in terms of the number of negative factors. We have already faced such factors this year and they have led to the need to change the program of borrowings towards the substantial reduction due to the refusal of state foreign borrowings in connection with adverse market conditions caused solely by the deterioration of the international situation.

Negative perception of Russia's image actually brought "to naught" the efforts, aimed at increasing the attractiveness of the Russian debt market for a wide range of investors, while the modernization of its infrastructure, reduction of transaction costs and maintenance of high liquidity allowed in 2013 implementing the "record" volume of mobilizations from domestic market borrowings (Shash and Afanasyev, 2014b). In total this amounted to 821.7 bln. rub. or about 92% of financial target of domestic borrowing program at redemption of 463.3 bln rubles in terms of some lowering in yield (by 1.0%) and increasing of repayment period (0.6 years). Thus, as for the future period, the problems caused by the failure of a borrowing program in conjunction with a possible shortfall of planned budget revenues from privatization of state property can become highly relevant in the years of 2015-2017.

Thus, to restraint the growing of budget deficit in the next 3 years, it is necessary to conduct vigorous activity on further optimization of budget expenditures because we may encounter some problems concerning financing sources of the budget deficit.

The predicted total amount of incomes of the federal budget for 2016 is 15 trn and 725.621 bln. rub. (including projected additional oil and gas incomes to the federal budget in amount of 354.094 bln. rub.) while for 2017 16 trn. and 438.982 bln. rub. (including projected additional oil and gas incomes to the federal budget in amount of 356.128 bln. rub.). According to calculations of the Ministry of Finance, federal budget revenues as a percentage of GDP in 2015 will amount to 19.4% of GDP and then will decline to 18.9% of GDP in 2016 and to 18.3% of GDP in 2017. Whereas expenditures as a percentage of GDP in 2015 will amount to about 20.0% and then in 2016 will decline to 19.5% of GDP and further to 18.9% of GDP in 2017. Due to substantial revision of the socio-economic forecast for the next budget cycle, the federal budget of the Russian Federation will lose in 2015 about 80 bln rubles in 2016, 220 bln rubles and in 2017, 270 bln rubles. In the baseline scenario, GDP in 2015 will grow by 1% (previously an increase was estimated by 2%), in 2016 by 2.3% and in 2017 by 3%. Presumably, in 2014 the Russian economy will add just 0.5% of GDP.

This raises serious concerns that in the long term the Russian budget can cause serious problems with the formation of its revenue part. Thus, for example, the Ministry of Finance notes that there are still risks of oil and gas revenue shortfalls as well as risks on borrowing funds (external and internal) and revenues from privatization.

It is hoped that the new major deposit of light oil, (surpassing oil and gas provinces such as the Gulf of Mexico, Brazil offshore, the Arctic shelf of Alaska and Canada and comparable with the entire current resource base in Saudi Arabia), similar in quality with Siberian Light extra-grade which was discovered in the Kara sea in the territory belonging to "Rosneft" will support the revenue part of the Russian budget. However, this does not absolve us from the need to seek additional sources of revenue because we cannot count on a large influx of additional funds, since new fields are developed on concessional terms. Thus there is very little opportunity to increase the revenue part of the budget given the international economic situation as well as the internal indicators of the Russian economy.

As for the Russian Ministry of Finance, its leadership is concerned about a possible decrease in revenues from the oil and gas sector, considering different possible compensation options for lost income, including the imposition of excise taxes on gas exports to Turkey and increase of the excise tax on expensive tobacco varieties. One should pay attention to proposed increase of the tax on dividends for individuals (from 9-13%) and to waive the VAT refund when accomplishing public investment that is contrary to previous intentions of the government not to increase the tax burden until 2018. Among other innovations we may note the increase of the retirement age, additional taxation of small businesses and the use of resources from the Social Insurance Fund (SIF), whose income in 2015 will exceed 600 bln. rub. and can grow up to 700 bln. rub. in 2017. At that according to preliminary estimates, next year the SIF expenses will be slightly lower than revenues.

The extent to which the increase in tax burden will allow to balance the state budget will become obvious in the nearest future, when concrete steps are taken.

The draft budget was formed on the basis of the macroeconomic forecast. According to this forecast higher growth of the economy is anticipated in the years of 2015-2017 after the expected slowdown in 2014. Thus, GDP growth rate will accelerate from 0.5% in 2014 to 1.2% in 2015 and then to 3% in 2017. The scenario of the socio-economic development of the Russian Federation,

which is laid the basis for budget planning, assumes relatively stable conditions, under which large-scale economic sanctions against Russia will not be applied. Moreover, it may indeed be the case that Foreign policy tensions weaken in the second half of 2014 and growth of investments in fixed capital will resume. At the same time, it should be understood that the introduction of new sanctions against certain sectors of the Russian economy may lead to a deterioration of their financial condition, borrowing conditions, the growth of “bonuses” for risk and increased capital outflows. This may lead to a further weakening of the exchange rate, escalation of inflation and deterioration in consumer confidence. Thus for example in the first quarter of 2014 (compared to the same period of previous year) GDP growth was 0.8%, investment fell by 4.8% and real household disposable income by 2.4%.

By the end of 2014, inflation was expected at the level of 7.5% (compared to 6.5% in 2013). By 2015 it would have been reduced to 5.5% and by 2017 down to 4%. However, the new economic reality has led to a doubling of these indicators. The price of Urals crude oil in 2015-2017 was projected at the level of 100 USD per barrel against 104 USD in 2013. To date we see a two-fold drop in oil prices. Despite the fact that in the short to medium term Russia has still enough reserves to compensate for the larger part of the possible economic losses, associated with the sanctions, at the same time, the escalation of tensions may reduce real GDP growth to 0.2-0.3% as early as in 2014. This could seriously increase the risk of economic development and stability of the budgetary system of the Russian Federation.

**Summary:** The nature of economic turbulence is opened and its influence on balance and stability of the federal budget of Russia is revealed. It is proved that in such conditions broad application of strategic planning as carefully formulated budgetary strategy and precisely developed budgetary policy will promote an adequate choice of the priorities of the federal budget of the Russian Federation answering to dynamically changing situation in the conditions of economic turbulence is necessary can become effective and effective instruments of permission of the appearing economic contradictions and ensuring stable economic growth of the country. In this regard, the Budgetary strategy has to provide predictability of reactions of the budgetary system to calls and opportunities which can arise within various options of development of world economy, provide application of necessary measures at negative impact of external economic factors.

## CONCLUSION

The conclusion that in the conditions of economic turbulence possibly to provide long-term budgetary stability only on the basis of introduction of strategic planning at the state level that means that the corresponding parameters of tax, budgetary and debt policy presented in short-term budgets have to be based on the reference points developed within strategic planning is drawn. It demands expansion of use of program and target tools as program format of the budget allows to coordinate short and medium-term budget planning with strategic that will allow to provide an integrated approach and transparency of an expenditure of budgetary funds. In this case, the state budget can don't become simple means of adaptation of the state to constantly changing economic conditions and more likely the instrument of pro-active response to new calls of the external macroeconomic environment.

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