

*Materials of Conferences***INVESTMENT PROCESS AND ITS PECULIARITIES IN RUSSIA**

Matveyev Yu.V., Matveyev K. Yu.
*Samara State University of Economics
 Samara, Russia*

There are a lot of different opinions about the definition of the notion "investment process" in modern economic theory.

F. Sharp gives the following definition: "the investment process is the process of making decisions by investors about securities in which investments were made and about the amount and investment period"¹.

In this case the author reduces the definition of the object of investment (in the frame of securities) and the essence of investment process is accepted as "making decisions by investor". In other words it is a thought process that has a purpose to make investment decision and it's not a comprehensive characteristic of considering category.

Some of the authors consider that the sense of investment process is in the increment of invested capital², others identify the investment process with investment activity³ and the another says that the investment process is a mechanism of transportation of means from somebody who has free money to person who wants to get it only from financial institutes and finance markets. These interpretations of consideration categories don't discover the essence of investment process which shift the accents and constricts the semantic meaning of the notion.

In our opinion we can proceed from a definition that the investment process is a system of ecological, social and economic relations in a frame of expanded reproduction of all elements of national wealth.

Investment base of reproduction was started on a market stage of the development of economics for providing expanded reproduction of commodity production. Because of complicated challenges the investment process is difficult and multifaceted and it has its own specifics and restrictions.

One of the main restrictions is connected with definition of substance of investment relations which imparts them the peculiarity and makes them distinctive. According to system and functional approach this substance, in the opinion of the majority of economists, is a tangible product: the capital value of which

moves in different forms and brings an income to the owner and user. A special movement happens - from investor (owner and decision-maker) to subject - user where investment resources are concentrated and then converted into capital investments (costs). In this process increments of capital value begin which transform to additional profit with production and realization of commodities. Investments before resources return to investor as dividends and the rest of the profit enlarges the private means of user (businessman).⁴

Not refusing the traditional approach, in which the notion of investment commodity is connected with the means of production and the category of investment is considered as an equal notion to capital investments, we consider that the investment process includes not only capital investments but also all different types and forms of investments of financial means with a purpose of earning income in the future with simultaneous rejection of usage of these means on current consumption.

Another restriction, which defines the distinguishing content of investment process, is connected with special forms of movement of investment resources between subjects in financial form and in real (natural) form. If the first form is quite clear, the second one demands a specification.⁵ In the process of real investment, we believe, capital is invested not only for the creation of capital goods (reproductive capital), but also to increase the amount and quality of human capital (knowledge, health, advanced professional training) and natural capital.

In this way the investment process are full of many economic relations between its parties on the occasion of movement of the investment resources with a purpose of increasing the quality and quantity of economic growth, and investments are a hereditary category of reproduction and saving the capital, category of the basis of postindustrial paradigms (the soci-

⁴ See: Kalashnikov I. Investment system: reproduction aspect//Economist, 2002.№9. P.29. It ought to be remarked that investments in economic theory is connected with accumulated capital (savings) that is its economic essence. Only investing the capital as accumulated value is involved in economic process. This interrelation performs the essence of capital as economic resource destined for investment"/See: Marenkov N.L. Investments. Series "Textbooks of MSU". Rostov-on-Don: "Fenics",2002. P.5-16

⁵ For e.g., O.V. Petko writes: "On a microlevel the investment process begins from the moment of investing finance, tangible and labour resources in preparation and realization of the investment projects and finishes by achieving set targets". On a microlevel investment process can be considered as an important form of realization of saving on the public level which provides expanded reproduction of basic capital and current capital". /Prtko O.V. The Problems of refreshing on investment process in Russia./Russian State committee of Fishing industry; Murmansk State Technical University. Murmansk,2001. P. 112

¹ Sharp F., Alexander., Beili D. Investments. - translation from English M.:Infra-M,1997. C.10

² Igonin N.V. Investments: organization of administration and financing: Text book for student of economics specialties. M.:Finances; Unity,1999. P.48

³ McConnell K.R., Brue S.L. Economics: principles, problems and politics. T.2 M.:

ety based on knowledge), as a condition of making of reproduction process in complicated conditions.

We should notice that the new tendencies in development of investment process are set which influence the formation of the external surroundings for the economy, on the development of national investment processes.

The most important tendencies are: the concentration of investment flows in main directions of world technological development; the growth of in-

vestment character of the capital, stipulating the structure of consumption of investments; increasing investments to the human capital; strengthening liquidation function of investments.

In this connection the question about structure of investments is more clear. Evidently that economy exists for human, but humans don't exist for economy. More increments of national wealth are provided owing to use of human capital (table 1).

Table 1. National wealth and structure of capital of the world in the start of the XXI century

Countries	National wealth		Including, due to types of capital, billion dollars			Including, due to types of capital, %		
	Sum total billion dollars	Per head, thousand of dollars	human	natural	reproducible	human	natural	reproducible
World sum total	550	90	365	90	95	66	16	17
Countries of the «seven» and European Union	275	360	215	10	50	78	4	18
Countries of OPEC	95	195	45	35	15	47	37	16
Countries of the Commonwealth of Independent States	80	275	40	30	10	50	38	13
Including Russia	60	400	30	24	6	50	40	10
Other countries	100	30	65	15	20	65	15	20

Source: L.Nesterov, G.Ashirova. National wealth and human capital // questions of economy. 2003. №2. P.103

The main importance of human capital as a main productive force in relation to material capital is explained by constantly augmentation and not expenditure in the process of the adaptation (knowledge, theory, ideas, projects and etc.) in contrast to material capital (physical), which is without these features.

Human capital is formed as a result investments and accumulation by humans of certain stock of health, knowledge, skills, capabilities and motivations which are used in other spheres of public reproduction, which cooperate to growth of the productivity of labour and efficiency of the production.

Human capital in a similar base capital requires its improvement and exposure to physical and moral amortization. The physical amortization of the human capital is influenced by consumed production by humans, the situation of the environment etc. The minimization of the level of the amortization of human capital and the provision of its development possibilities is owed to investment in human, social sphere and socialization of all economic progress.

Thus investment processes can be changed as in structure of the investments but also in organization. There occurs a change of the type of reproduction of forms of the accumulation and representations about criterion of the efficiency of the development of economy. Real accumulation occurs when there are increasing densities of the human capital in structure of the public wealth. At the same time analysis of the investment process in Russian economy showed that the biggest part of the structure of the investments is investments in financial assets, but it's noticed that statistical analysis has not provided the allocation of the part of investments in human capital.

Orientation of the investments is defined firstly by the interest of the investor of the receipt of profit and the possibility of the receipt of profit in other spheres. However until investments, for example, in changing of the property, gives profitability more than innovative business, interest in the redistribution of the property rights will be more than its preservation,

therefore the struggle against «reiderstvo» and appeals for «innovative behavior» will unsuccessful.

The necessity of the orientation to the interests arises in connection to the course of Government of Russian Federation to the modernization of the economy by concentration of resources in the state and controlled by government corporations. Not denying the importance of this concentration of resources in base directions of modernization and at an active role of government, representatives of the economic science are interested in the following: does the management of these corporations need innovative in business or not? If certain interest is absent then the government is compelled to take the management functions in relation to created corporations, and that finally inevitably leads to loss of the real control for their adaptation to the completed system of the economic relations, which don't derive interest in innovations⁷.

Therefore, in our opinion, the statement is that the absence of the positive vision of changes to innovation for the decade of current economic growth in Russia is connected not only with economic politics, but also the completed system of the economic relations and its institutional embodiment. Therefore the social systems of the state and state institutes must change (develop).

The work was submitted to international scientific conference «Prospects for the development of university science», Dagomys (Sochi), 20-23 September 2008, came to the editorial office on 16.07.2008.

ECONOMICS IN THE CONTEXT OF SOCIAL DEVELOPMENT

Osik Yu.I., Aymagambetov E.B.

Karaganda Economic University of Kazpotreboysuz

There was different correlation between ethics and economics in different periods of time. In Aristotle philosophy ethics, politics and economics are included in one system. Later in XVIII-th century, in order to please some politicians, moral feelings were disregarded by the model "economic personality". The results of it are the following: firstly, economics and ethics still have been studied separately; secondly, ethical standards and principles are often ignored by economics. This is the way of modern society development.

In general, development is interpreted as the process of regular changing, the transfer from one condition to another more perfect one; the transformation from old qualitative condition to new one, from simple to difficult, from inferior to superior [1]. Social development is qualitative and directed changing.

These features distinguish development from other forms of measuring. There is the opinion that directivity of the development can be ascending, progressive and descending, regressive; both progress and regress is natural. The work [2] is devoted to the speculation of criteria for social progress on the basis of the authors, who admit progress existence, division into three groups.

The first group thinks that social progress is the progress of production, as economic relations are fundamental for any social-economic formation, so the criterion of the progress should be still found in the field of economic relations, production and economic interests of a person.

The second group considers that there are several equitable subsystems in society; each of them has its own criteria of progress. This point of view, occurred in the course of historical materialism in the criticism of vulgar-economic understanding of progress, was also popular in Russian philosophy of the late XX-th century [3]. Above mentioned authors distinguish five criteria for five subsystems, although, according to the point of view of the another philosopher, the author of the discussion [2], using this approach one can find more than fifty criteria. That is why the latter is offered the third point of view: criterion of social progress is the level of people's freedom, living in this society.

Defining freedom as realized necessity, we come to the conclusion, that modern development of society is regress, because up-to-date person is more and more becoming a slave of things – commodities, services, means of communication, advertisement and signs. It prevents us to solve the problem.

We offer to substantiate the fourth point of view consisting in the following, that criterion of the progress should be found in unity and harmony, economics and ethics congruency. The main initial points for this substantiation are cybernetic approach to the research of the complex systems managing theory as the general scientific approach and multilevel interpretative approach to the research of the theoretical economic unity laid in institutional economics. The main assumptions, accepted in this work, are: a) economics is regarded as complex "system in system", consisting from a number of subsystems and being a society subsystem; b) ethical standards and principles are embodied in socio-economic activity of a person through the organizational culture.

Let's examine the economics managing from the position of general, cybernetic approach as the managing of complex open systems. R.F.Abdeev in the work [4] offered a mechanism with double-outline feedback for illustration of the process (fig. 1): outline, responsible for dynamics, development, adaptation to the changeable environment, is represented as managing of economics through formal institutions (economic regulation outline). The second outline, responsible for stability, the system integrity, its long-

⁷ D.Sorokin. Reproduction sector of the Russian economy: 1990-2007 years // Questions of economy. 2008. №4. P.105, 106.