**SOCIAL STATE AND INNOVATIVE ECONOMY IN MODERN RUSSIA**

The report examines the social (welfare) state in its relationship with the development of an innovative economy. The social state was facing the challenges of a systemic crisis of modern capitalism, in which the ability to produce new surplus value was threatened. The crisis is also manifested in areas outside the economy itself. Russia and its economy have all the attributes of a deep systemic crisis, while the social state in Russia is much weaker in a number of parameters than in the West states.

An innovative economy is seen as a necessary condition for the preservation and development of the social state, overcoming inequality and poverty. The emergence of new economic relations, property relations in the subjects of the innovation economy, are analyzed from the political economy positions. These relations determine the vector of development of the modern economy and the state.

This vector of development is based on the search for new forms of socio-economic and production relations, taking into account the objective conditions of fundamental changes in the material and technical base of the modern economy. The essence of these changes is increasingly determined by the concept of "knowledge economy".

The problems of the formation of an innovative economy in Russia require their political and economic comprehension. The nature of an innovative economy requires fundamentally different relations, which imply collaboration in the process of production and distribution of the results of labor by an economic relations participants. These relations follow from the thesis of J. K. Galbraith that “power passes to the factor of production that is least accessible replace” Modernization of the economy on the basis of innovation can lead to the approval of new relations of participation in social production

The development of the knowledge economy, the new role and position of labor as a subject of innovation activity objectively lay the institutional foundations for the integration of the social state and the innovative economy.