

THE SLOW RUSSIAN ECONOMIC GROWTH AS A CRISIS

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March 13, 2019



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- ▶ «Speaking of Economics
- ▶ How to get in the conversation»

ARIJO KLAMER, ROUTLEDGE 2007

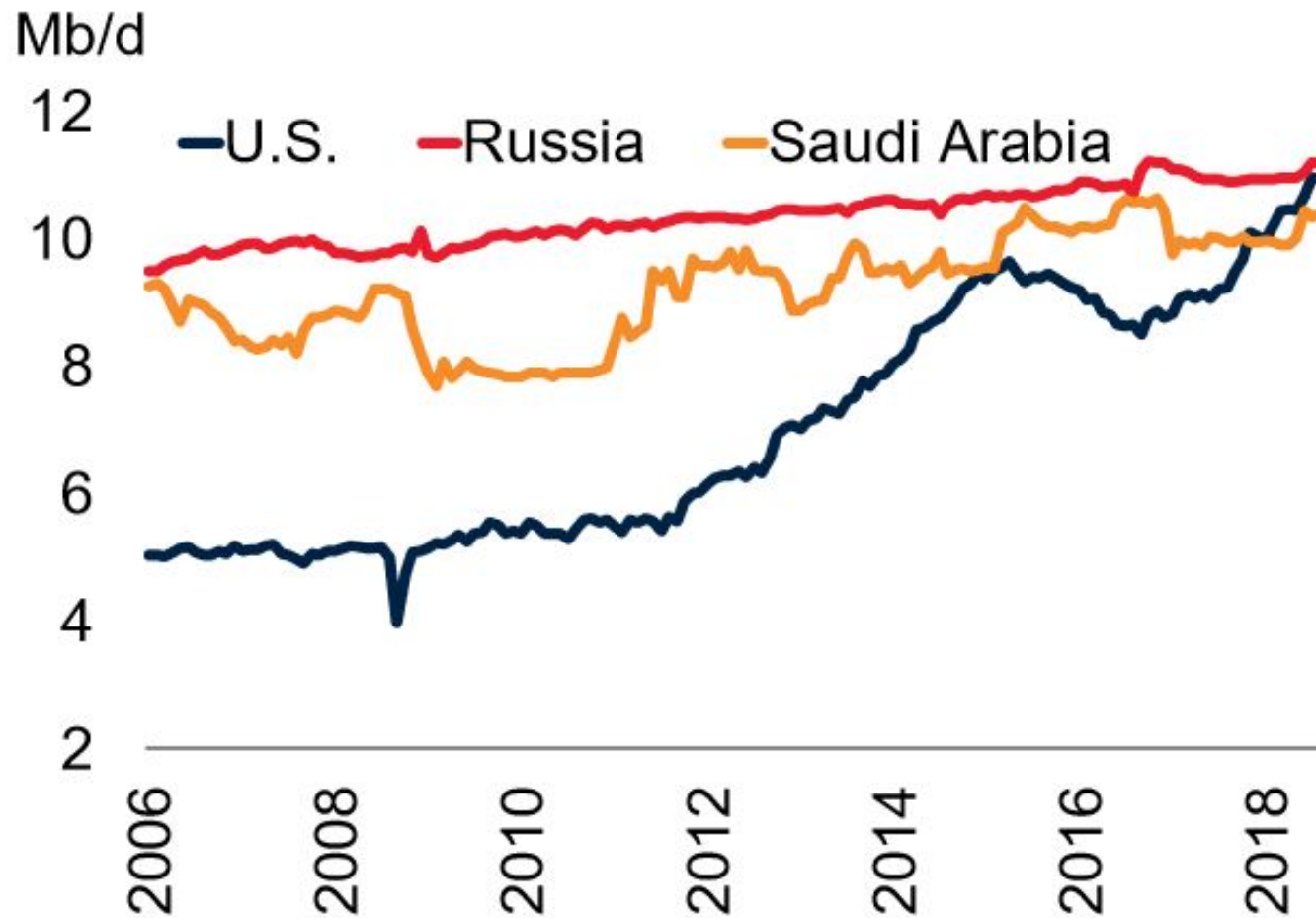
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- ▶ “Russia’s growth prospects for 2018-2020 remain modest, forecasted at 1.5 to 1.8 percent” World Bank Group. Russia Economic Report #40

RUSSIAN ECONOMIC GROWTH

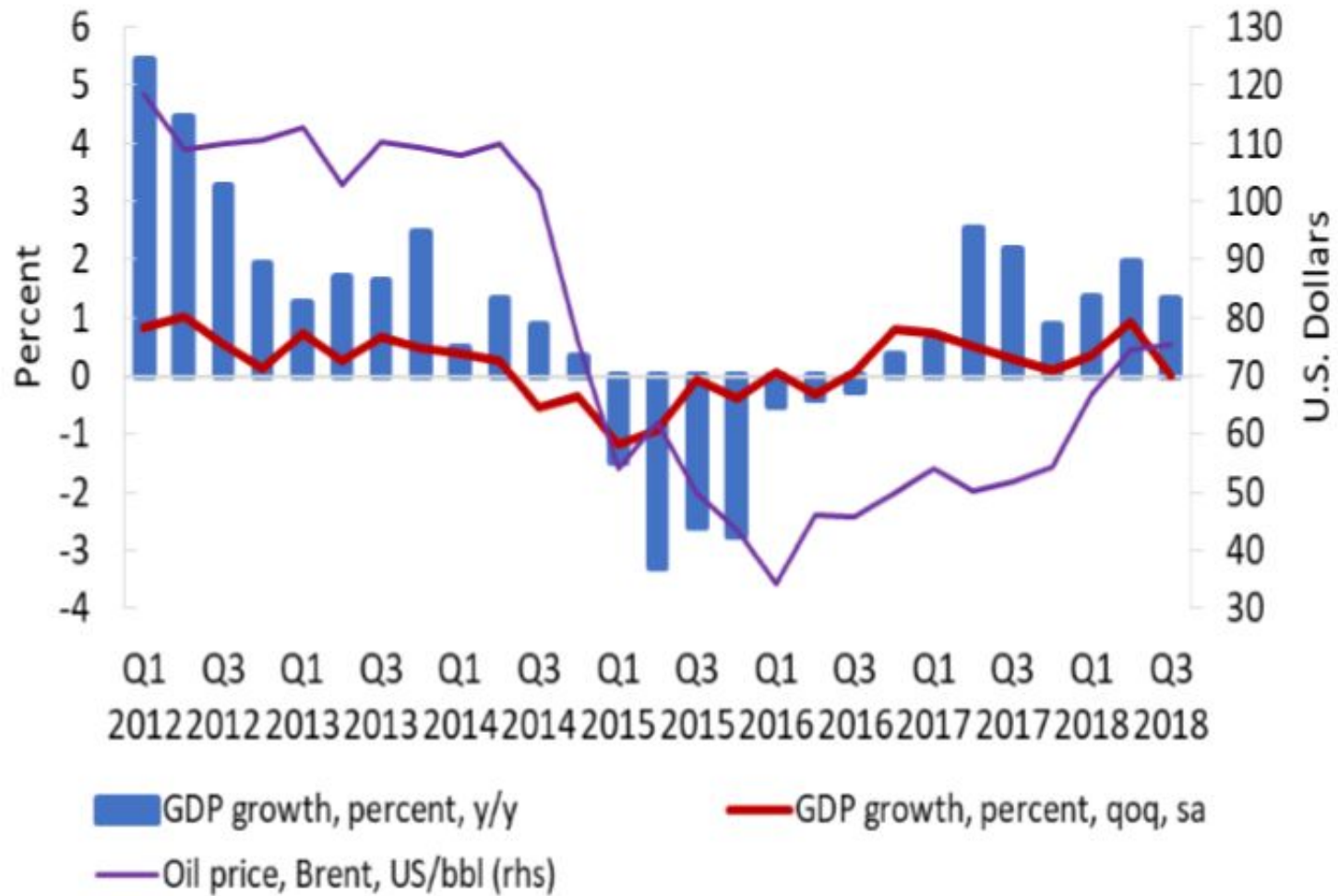
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Figure 3a: Russian production of hydrocarbons has reached record highs



Source: International Energy Agency.

Figure 4a: Growth momentum has slowed



Source: Rosstat.

A SHORT HISTORICAL OVERVIEW

2009: the period of high oil prices ended by the great fall

Russian government cured the problems by the “Fund of stabilization” (oil money was spend to keep social stability), mitigated the damage. We avoided a social shock then.

Extensive model of the growth does not work anymore.

After Crimia reunion Russia has a very limited access to cheap money from abroad, but the government works with Asia...

	Index of industrial production (2010=100)
2017	
January	105,8
February	102,3
March	116,6
April	111,7
May	113,7
June	115,2
July	112,9
August	117,3
September	120,9
October	125,9
November	127,3
December	136,7

	Index of industrial production (2010=100)
2018	
January	108,3
February	105,6
March	119,8
April	116,1
May	117,9
June	117,7
July	117,3
August	120,4
September	
October	
November	
December	



STUDENTS' REFLECTIONS OF ECONOMIC CRISES

- ▶ Afraid to start business
- ▶ Prefer to go for internships to own parents
- ▶ Low priority to visit large enterprises
- ▶ 2 out of 38 are interested to go for internship on a regional enterprise



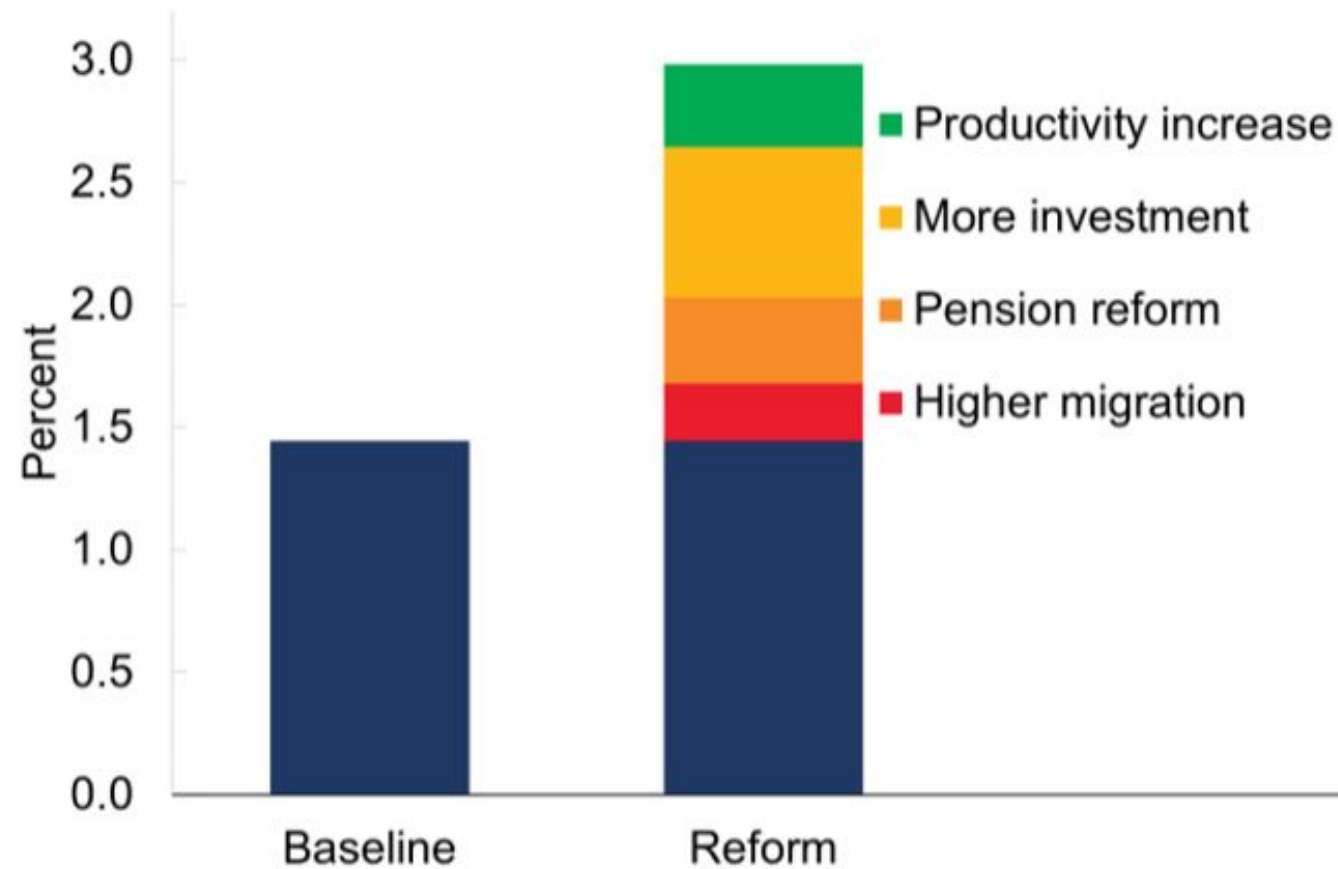
INDUSTRIAL ENTERPRISES

- ▶ Companies report:
 - ▶ Low internal demand
 - ▶ difficult conditions to work with the state [gosoboronzakaz]
 - ▶ Jobs cuts in the industrial sector
 - ▶ People did not agree with Pension reform

FACTORS OF GROWTH

- ▶ Cheap labor as a weak and notworking factor
- ▶ Innovations are not productive yet
- ▶ Only government and private investments, but high risks sustain
- ▶ The external debt was minimalized recently, so the economy was again stabilized on the low level of development

Figure 11a: Comprehensive reforms can raise Russia's potential growth



Source: World Bank.

- ▶ Internet restrictions
- ▶ More military financing
- ▶ Economic plans are not developed basically

- ▶ Vladislav Surkov
- ▶ Putin's state understands and works for the "deep people" - a concept that is antithetical to the "deep state" of Western democracies

“LONG” STATE BY PUTIN (SURKOV’S INTERPRETATION)

DURING CRISIS PEOPLE ARE RETHINKING THEIR FUTURE

Economists have a chance to contribute their suggestions
Slow growth as a consequence of weak institutions in Russia





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THANK YOU FOR YOUR ATTENTION!



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