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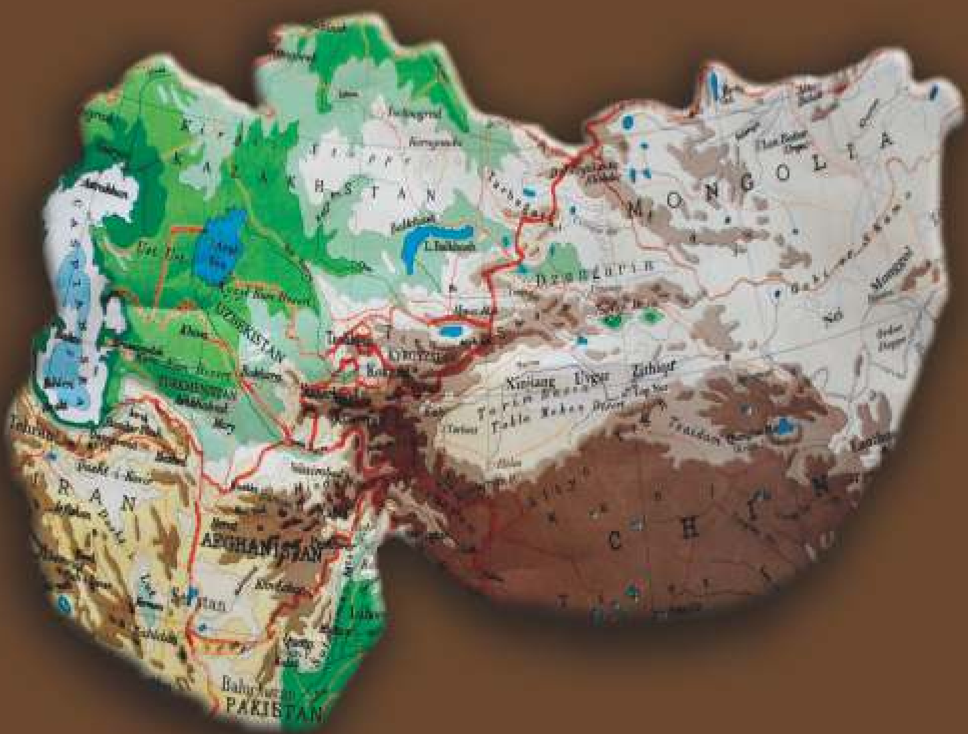

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Russia in Transition: A Study of Economic Reforms

Dr. Raj Yadav*

Abstract

This study tries to cognize the trajectory of economic reforms that took place in Russia from many centuries back till the present time Russia. The study also tries to trace the trend of how the Russian economy has passed from the state of a traditional economy with the agricultural sector predominating to an economy that is an upper-middle income mixed economy with state ownership in strategic areas of the economy. Economic reforms introduced from time to time have aided the country to come out successfully from difficult times. The COVID-19 Pandemic affected the global economy negatively; the Russian economy, which is the world's largest energy exporter, contracted less than many of its peers because of timely required state policies adopted to combat this crisis. Reforms in general and economic reforms in particular have and will always remain prerequisite while playing an indispensable role in the economic growth and development of any country and as well as Russia.

Keywords: *Czarist, Muscovite, Petrine, Economic Reforms, Soviet Union, Russia, Liberalization, Privatization, Economic Growth*

Introduction

Every ephemeral century has provided immense significant inventions and milestones to humanity. Mankind has passed through many testing and decisive experiences: cultural shocks, wars, religious dominations, human sufferings faced with elimination or being eaten alive against opponents, Renaissance, Industrial Revolution, colonialism, exercises of democracy, and autocracies (Bahramian, 2012). A few of the centuries are well-known, like the fifteenth century for Columbus, the Seventeenth century for the scientific revolution, the Eighteenth century for the French Revolution, and the Nineteenth century for communication. Other than these well-acclaimed centuries, it is widely recognized that the dissolution of the Soviet Union and the process of transition from a Soviet-type system to a market-oriented economy are debatably acknowledged as the most imperative development in the last phase of the twentieth century (Alexeev & Weber, 2013). One aspect that is common in this voyage of eras is that the world has continuously evolved over the ages, transforming the socio-economic and

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political topography, making it evident that reforms are crucial and influential. Russia is one such region that cannot be ignored while studying the reforms in its growth and development. While studying Russia, one can sense that undoubtedly historical developments have played an indispensable role in metamorphosing Russia into the present day. Reforms, particularly economic reforms, have been inducted that have helped Russia to evolve from Pre-Czarist, Czarist, and Soviet Russia to present-day Russia. This article, thereby, delves into Russia's noteworthy historical periods and economic dynamics that prevailed in the respective periods. Further, it attempts to understand the historical backdrop of the economy to present-day Russia. It tries to trace a trend of reforms connecting the past with the present and the role the economic reforms played in present-day Russia's development trajectory.

Accordingly, this article is divided into two broad sections. The first section provides a brief historical introduction to Russia and examines its historical backdrop of the economy and economic reforms centering on pre-czarist, czarist, Leninist, Stalinist, Brezhnev, and Gorbachev eras. The second section analyzes post-1991 Russia's journey of market economy and the role economic reforms played in its present-day growth track.

Russia's Economic Reforms: Historical Backdrop

Reforms, specifically in the economic sphere, occupy a significant place in the development of any economy. Russia's landscape, for centuries, has thrived from one form of the economic system to another form, embracing a series of economic reforms and thereby experiencing economic growth and development.

Economic growth in an economy has always been an integral part of society (Price, 1997). Rostow (1960:4). Postulated that in every country, economic growth trend moves through five basic stages: 'the traditional society, the preconditions for take-off, the take-off, the drive to maturity, and the age of high mass-consumption. It is interesting to note that Rostow (1960) illustrated that the take-off period for Russia was from 1890-1914, and the drive to maturity year was 1950. Nevertheless, Russia's historical backdrop is incomplete without the reference to Kievan Rus' and the rise of Muscovite and Petrine Russia and the existing dynamics of economic reforms that prevailed during the period expounded in a subsequent section.

The phase known as early Rus' (or Kievan Rus') and the rise of Muscovite rule dates from 900 to 1462. Kievan Rus was a loose federation of East Slavic and Finnic peoples in Europe from the late ninth to the mid-thirteenth century under the reign of the Varangian Rurik dynasty, and contemporary nations of Belarus, Russia and Ukraine claim Kievan Rus' as their cultural ancestors (Plokhy, 2006). Literature available on the pre-czarist economy is reasonably limited. Nonetheless, an edited book by Maureen (Perrie, 2006)

The existing literature narrates that historically, economy of Russia (Kievan era) was simple, and trade and transport largely depended on systems of waterways that played an indispensable part in the economy (McNeill, 1979). Hellie (1999:14), elaborately narrates that the 'people of Rus' experienced a period of great economic expansion, opened trade routes with the Vikings to the north and west and with the Byzantine Greeks to the South and West; traders started to travel south and east, eventually making contact with Persia and the peoples of Central Asia.

Franklin (2019) discusses an interesting aspect of historical Russia, emphasizing its 'long early modernity' from the late fifteenth to the early nineteenth century. He discusses that the reign of Ivan IV Vasilyevich saw the beginning of a large-scale influx of West European 'Thaler' into Muscovy. This era also saw that the Muscovy government could easily change the dynamics of price level by handling the silver currency's value and mass (Hellie, 1999).

Hellie (2006) makes it evident that the economy under the First Romanov (1613-1689) period was not simple rather it was quite sophisticated. Hellie (2006:545) further discusses that the 'leaders of the hypertrophic Muscovite state were basically monetarists like Milton Friedman' (p. 562). He also discusses the dynamics of the economy that cash or barter centered dominated all trade and business. Hellie (2006) maintains that mercantilism came to Russia in the mid-seventeenth century, and Fedor Rtishchev was the first mercantilist, and A. L. Ordin-Nashchokin, a native of Pskov, was its major spokesman who wrote the Pskov merchant charter of 1665 and the New Trade Regulations of 1667. He advocated Western-style efficiency and gaining an outlet in the Baltic to the West. Inter alia, he was a mild protectionist who advocated keeping as much specie as possible in Russia, which may have been partially responsible for the general decline in the price level between 1663 and1689.

Hellie (2006) also focuses on the dynamics of financial institution penetration and makes evident that no bank existed in Russia till mid-eighteenth century; merchant's professional norms and ethics lacked Rothschild-type characteristics accompanied by deceitful character and low credibility. The existing literature narrates that since the existence of the merchant class was in a nascent stage, monasteries acted as mercantilist centers engaging in production and trade. During a similar phase, the practice too prevailed that the government would borrow from monasteries, but there was hardly any evidence that such loans were ever repaid.

The period of the 'Russian Empire' is also known as 'Petrine Russia'. The year 1682 stands tall in history as 'Peter the Great' (1682-1725) took over as the new Tsar of all Russia. As Russian historian Nikolai Pogodin wrote:

The Russia of today, that is, European Russia, diplomatic, political, military, commercial, industrial, scholastic, and literary - is a creation of Peter the Great…Wherever we look, everywhere we meet this colossal figure, who casts a long shadow over our entire past (as cited in Riasanovsky (1992:111).

Hughes (2009), while discussing the Petrine Russia, explains that although Russia was exhibiting the signals of modernization, it was viewed as 'backward' by West European criteria. Significant reforms were inducted by Peter the Great to develop relations with Europe, and he implemented great changes in the Russian army, which enabled him to achieve great military victories. Peter observed that the countries like Netherlands, England, and France were ahead and progressing in the field of market economy, while the Russian economy was relatively weak because of the poorly developed industrial sector and a feeble national economy management system. A reform focused on introducing new taxes on several commodities was initiated by Peter the Great to improve the condition of the deteriorating state treasury.

The existing literature exhibits that transformations accompanying reforms were introduced from time to time in the historical phase of present-day Russia, and the benchmark was largely based on the West. Alexander II, an emperor of Russia (1855-1881), receives due credit for introducing well-acclaimed reforms. Russia's defeat in the Crimean War highlighted that the Russian army and economy were highly backward in comparison to the West. Lipman (2017) elucidates that the economy that Alexander II inherited was largely disarrayed, burdened with debt, and unable to compete with foreign opponents, especially with the West. Resultantly, Alexander II, in 1861, introduced 'Great Reforms' (Field, 2009) that aided modern capitalism to develop through the policy of rapid industrialization of society. The reforms expanded the Russian industrial sector, helped economic growth to rise, and aided in catching up with leading industrial nations.

The above-mentioned literature explains that although Russia made efforts and began catching up with the West, a significant gap remained. The literature also attests that the structural composition of the Russian economy was traditional, in which agriculture dominates both in terms of the national product and in employment.

The Soviet Union

The Soviet Union phase covers the First World War, the Civil War (1914-1923), Leninism, Stalinism, the policies initiated by Khrushchev and Gorbachev, and the collapse of the Soviet Union. Vladimir Mau and Drobyshevskaya (2013) reflect on the health of Russia's economic condition in the early years of the twentieth-century (1914-1921) that witnessed and dealt with the First World War and the Civil War. This period witnessed a decline in production and productivity, economic deterioration, and a degeneration of the political establishment. Centralized redistribution of scarce resources and domination of state control, initiated during the First World War, gave rise to 'War Communism' that resulted in a catastrophic fall in output to 40 percent of the level of 1913. Davies (1998) opined that Russia's journey to industrialization was undoubtedly tough, and the First World War, the 1917 revolution, and the Civil War resulted in an appalling fall in production from which the economy did not recover until about 1927. So far as the structural employment scenario was concerned, Maddison (1995) illustrates that Russia was largely an agricultural economy, with 70 percent of the population employed in agriculture, timber, and fisheries in 1913 in comparison to the USA (27 percent) and France (41.1 percent).

Popularly, Vladimir Lenin is credited for introducing a set of economic policies known as the New Economic Policy (NEP) in 1921 that embraced a free market and capitalism, both subject to state control. However, it is interesting to note that nationalized state enterprises could operate on a profit basis. Scholars opined that the initiation of NEP was considered an essential post-Russian Civil War (1918-1922) measure to nurture the economy that had suffered seriously since 1915. Under NEP, a system of mixed economy was introduced where private individuals could own small enterprises, and banks, external trade, and major industries were kept under state control. NEP not only brought in taxation reforms by replacing 'prodrazverstka' (forced grain-requisition) with 'prodnalog', a tax on a farmer that was payable in the form of raw agricultural product, but also restored the market mechanism partially. The reforms introduced brought the economy back to the pre-WWI level of GDP per capita in both agricultural and non-agricultural sectors (Markevich &Harrison, 2011).

Stalin, who emerged as a successor of Lenin, terminated the New Economic Policy with a 'Great Turn' (or a 'Great Break'), under which he introduced the five-year plans and collectivization of land. The Great Turn charted a struggle at the utmost levels of power (Khlevniuk, 2009). The policy of collectivization was crucial to Stalin's industrialization policies as those were based on the confiscation of agricultural surplus to subsidize industrialization and to move labor out of agriculture. The policy of the 'price scissors' was also introduced by Stalin, in which peasants were compelled to sell grain to the state at below-market prices, and the state then sold the grain to industrial workers at higher prices or exported grain to pay for imports of industrial equipment. The burden of the price scissors is reflected in the level of violence that was involved in implementing those policies. Cheremukhin, et al. writes: in 1929, there were 1300 peasant riots with more than 200, 000 participants. This was a significant increase compared with the New Economic Policy period when the total number of riots for the two years of 1926-27 was just 63. In March 1930 alone, there were more than 6500 riots with 1.4 million peasants participating .

The Stalinist state paid little attention to the welfare of its citizens, and the state budget focused on the war economy. As a result, the country was too exhausted by war, terror and poverty, and there was a desire for the establishment of normality that had not existed since the 1920s. Maddison (1995) illustrates that despite Stalin's reforms, the service sector in Russia during the 1950s remained underdeveloped, with the percent of the population employed merely 25 percent, in comparison to the USA and France, where 54 percent and 37 percent of the population were employed, respectively.

After the death of Stalin in 1953, Soviet Russia experienced a political crisis over the gaining of leadership, and finally, Nikita Khrushchev attained full power in 1957-1958. Khrushchev introduced 'Sovnarkhoz' reform in January 1957 as a major organizational reform of the economic and political hierarchy (Swearer, 1959: Ballis, 1961: Markevich & Zhuravskaya, 2011) to rectify the loopholes of the ministerial system and introduce competition between local officials (Hoeffding, 1959). The spirit with which the reform was initiated was the eradication of the production branch industrial ministries and establishment of the regional bodies, called 'Sovnarkhozes', i.e., Soviet councils of the national economy, which were supposed to oversee and manage industry and construction in the regions (Markevich & Zhuravskaya, 2011).

Khrushchev initiated the route for 'de-Stalinization' to liberate the Soviet society from suppression and oppression. Accordingly, he liberated political prisoners, welcomed creativity, imposed checks on the powers of the police, allowed foreigners to visit the Soviet Union, and inaugurated the space age in 1957 by launching the satellite Sputnik. Kenez (2006) states that Khrushchev provided agriculture a higher preference, and so gave people greater independence in deciding what to plant and how to carry out their work, encouraged peasants to take advantage of the private plots, and initiated the 'virgin land program'. Results of agricultural harvest were mixed, of which weather conditions played a role, and it is interesting to note that agricultural failure was one of the contributing factors to Khrushchev's ultimate political defeat. Kenez (2006) further states that the industrial sector performed better than the ever-troubled agriculture sector during Khrushchev's era.

In the post-Khrushchev period, a treadmill of reforms was introduced by Premier Alexei Kosygin in 1965, then by Leonid Brezhnev and Yuri Andropov, and finally by Mikhail Gorbachev to reform the centrally planned Soviet economy inherited from Stalin (Schroeder, 1990). As Gorbachev took the reign as the general secretary in 1985, the soviet economy was not in crisis but was poorly managed, evident with declining growth rates. Hence, he tried to reinvigorate the economy by providing the needed energy and direction. Among others, an important effort he made was to restructure the decision-making authority through the establishment of state committees and legislation on individual economic activity. As Levine et al. (1987:41) state that the 'most striking early moves by Gorbachev involved recentralization, together with the creation of a new level in the hierarchy: the complexes. These are either biuros or state committees. Gorbachev went for the anti-alcohol campaign to improve labor productivity by cutting down drunkenness. This policy proved useful yet met with criticism, and the biggest problem that arose was that the anti-alcohol campaign left a huge hole in the Soviet budget (Mehta, 2020). Feeling the pulse of the soviet economy that lacked dynamism, Gorbachev introduced innovative political and economic reforms in the form of 'glasnost' (openness) and 'perestroika' (restructuring) with a belief to bring the Soviet economy on a similar footing with that of Western economies.

By the year 1989-1990, people living in the USSR had completed seven decades of experiencing the ideas and ideology of socialism. During these decades, the Soviet people witnessed the fall of the czarist regime, the October Revolution, Bolshevik rule (Lenin's NEP), Stalin's policy of collectivization, Khrushchev's policy of de-Stalinization, and Gorbachev's policies of 'Glasnost' and 'Perestroika' that finally paved the way for the Union's disintegration. Besides Gorbachev's reforms, the issue of oil prices and economic inefficiency and the emergence of ethnic tensions also played a significant role in the collapse of the Soviet Union (Timofeychev, 2018).

Post 1991 Russia: Transition in the Making

In the world's history, the year 1991 stands tall for pronounced significance. The fall of the Berlin Wall and the collapse of the former Soviet Union loosened the way for additional radical thinking to create a market system rather than reforming the existing socialist economy. During a similar phase, terms, namely 'market economy' or 'transition economy', became pronounced in Russia and post-Soviet states (Feige, 1991, 1994), and efforts were made to adopt the same by post-communist states. The plethora of literature on 'transition' suggests that transition in any aspect has never been an easy phenomenon. It has been argued that in any transition, the transition strategies and advocates, opponents and theoretical underpinnings in relation to a transition play a major role in its success or failure. This approach has emerged as neoliberal thinking that has dominated policymaking in advanced market economies, embracing the benefits of deregulation, privatization, greater emphasis on the use of the free market, limited role of the state, reduction in subsidies, and reduction in the level of taxation.

Against the backdrop of falling production, rising inflation, budget deficit, and liquidity crisis in post-communist Russia (Granville, 1993a), an attempt, by employing 'shock therapy' approach, was made to reform the former centrally planned system in order to change the role of the state and to embrace market economy (Wang, 1994). This was pronounced on October 28, 1991, when the elected president of post-communist

Russia.

Boris Yeltsin announced to conduct radical economic reforms decisively, abruptly, and without wavering, and the Yegor Gaidar (in consultation with IMF, World Bank and the EBRD advisors) was asked to lead the team (Hough, 2001). Privatization, which became a buzzword in the initial phase of post-communist Russia, was not a novel reform under Yeltsin's regime in that it first appeared under Gorbachev's reform policy of Perestroika that was dominated by spontaneous privatization and leasing out (including lease-purchase agreements) in an attempt to reform socialism and to build a 'mixed socialist economy' (Parks, 1988; Lieberman, et al. 2007). While making efforts to establish private ownership, Yeltsin, during the period of 1992 to 1994, privatized 75,000-100,000 small-scale enterprises and also undertook the mass (voucher) privatization of some 16,000 medium to large-scale enterprises. By mid-1994, almost 70 percent of the Russian economy was in private hands. From September 1994 to 1995, further efforts were made in the direction of privatization that focused on the sale of residual shares (Lieberman, 2007). Further, by September 1995, the Russian government partially privatized Svyazinvest (national telecommunications company) and carried out the loans-for-share auctions, utilizing the 'case-by-case method'. During 1997–2000, most privatization cases, either through loans-for-share auctions or suitable owners, were selected for state-owned companies by the government (Lieberman, 2007). The loans-for-shares program accelerated the consolidation of a few large financial groups, led by so-called 'oligarchs', enjoying great political and economic influence (Shleifer & Treisman, 2005).

The effective transition from a command economy to a market economy demands not only reforms like privatization but also stabilization and liberalization in an economy. Russia's stabilization reforms aimed at stabilizing high rates of inflation and unemployment, curbing rising budget deficits, introducing price liberalization, and balancing the currency exchange rate system. Price liberalization not only symbolized the end of the system of regulated or fixed prices but was also essential to a stabilization program concerned with fiscal consolidation and tight monetary policy. Price liberalization also meant eliminating subsidies, with an immediate effect on the budget (Granville, 1993b). Russia moved from a regulated price system towards deregulation of domestic prices through various stages. The initial stage was introduced on January 2, 1992, but proved unsuccessful, and a wide range of consumer and some industrial inputs prices remained regulated. By the second stage, during March 1992, prices that were previously regulated by the state were liberalized, and some administrative decisions were moved from central to local levels, thereby affecting the prices of consumer goods like bread, milk, etc. By the third stage, the decree of the president of the Russian Federation abolished the ceilings on the prices of oil and natural gas as of September

1992. Nevertheless, the prices of oil and gas in Russia were well below world prices.

Finally, in June 1993, prices of coal were liberalized and an important part of budget subsidies was reduced. A similar case was adopted for the prices of bread in October 1993. At the end of 1993, all margins imposed on the prices of monopolistic enterprises were abolished. This led to a sharp increase in the prices of consumer goods making life hard for consumers. According to Granville (1993a), the causes responsible for hyperinflation, which Russia experienced by the end of 1992, were an uncontrolled increase in the money supply related to budget deficit, and central bank credits to enterprises, and to the rouble zone. He (1993a:29) concludes that 'though macro-economic stabilization is not a sufficient condition for the market-oriented transformation of the Russian economy, it remains a necessary one, without which the reform will fail'. Under Yeltsin's stabilization policy, a tight and restrictive monetary policy was adopted with high interest rates to restrict credit, thereby curtailing rising inflation. To achieve fiscal stabilization and to check fiscal deficit issues, Yeltsin raised new taxes heavily, curtailed government subsidies to industry and construction, and reduced state welfare spending (Granville, 1993b; Rytila, 1994).

Besides the reforms of stabilization and liberalization at the domestic level, Russia, in the initial years, also made efforts to increase trade and balance the terms of trade and currency's exchange rate. As a result, foreign exchange policies also changed. The ruble, a currency of Russia, remained non-convertible throughout the Soviet period. However, by 1987, authorities began to experiment with multiple exchange coefficients that, too, got replaced by a commercial exchange rate on November 1, 1990, that could be used for most current account transactions. In July 1992, the exchange rate was unified, and current account convertibility was introduced. Under the Soviet Union prior to 1990, no foreign exchange markets existed, and banks were not allowed to deal in foreign exchange and to take foreign currency deposits. However, in January 1991, a presidential decree introduced a free foreign exchange market, and on January 8, 1991, MICEX began weekly auctions of foreign exchange (Balino et al., 1997).

An initial decade of post-communist Russia's transition from a command economy to a market economy experienced not only the launching of economic reforms but also Yeltsin's second term of presidency experienced a political and economic crisis when Yeltsin's government defaulted on its debts, causing a crisis in financial markets and collapse of the ruble in the 1998 Russian financial crisis (Gaidar, 1999; Kharas et al., 2001).

Contours of Economic development Under Putin

A major milestone arrived in the history of post-communist Russia in 2000 when Vladimir Putin came to power as President. Soon after he came to power, the Russian economy started recovering from the general economic mess of transition and the financial (debt) crisis of 1998, during which GDP fell by 5 percent. Subsequently, the economy grew by more than 10 percent, largely due to rising oil prices (Becker, 2019), as Putin completed his initial years of office. Sakwa (2004) has comprehensively particularized Putin's era in Russia in various aspects. He (2004:182) writes that Putin modified 'the close and unhealthy relationship between the state and the economy that had developed under Yeltsin'. Explaining the wave of reforms introduced by Putin to bring the Russian economy on track, Sakwa (2004:206) states.

Putin built on this [advantage of high prices for oil] by ensuring greater political stability and transparency in government–business relations, new tax, labour and land codes, a new criminal code and attempts to debureaucratise the environment for small businesses. Building on the 'Moscow Consensus', he eschewed the excesses of shock therapy [oligarchic capitalism] while not reverting back to Soviet-style autarchy. His model was a controlled extension of market relations (p. 206).

The trajectory of Russia's economic growth and development since Putin took over the reign from Yeltsin has always been a focal point of discussion among scholars. Dabrowski (2019) focuses on dynamics defining Russia's elongated stint of growth. According to him (2019), Russia, since 2000, has overpowered a serious and nearly decadal transformation-related output decline. The lobal commodity boom, specifically high oil prices and structural and institutional changes in the 1990s, facilitated Russia to experience rapid economic growth in the first decade of the 21st century. Russia not only experienced a boom but also suffered blows of the 2008-2009 global financial crisis, also later hit by the currency crisis and related recession in 2014 (Dabrowski, 2016) largely due to a decline in international oil and commodity prices. In addition to the decline in hydrocarbon price, Russia's internal structural and institutional vulnerabilities and geopolitical factors in relation to Russia's engagement in territorial conflict with Ukraine resulted in international sanctions against Russia and Russian counter-sanctions. Korhonen (2019) points out that the Russian economy suffered negatively because of Western sanctions and Russia's import bans.

Thus, since 2014, the Russian economy has been in a state of stagnation (Aslund, 2020). The major macroeconomic dynamics in Russia have got affected, revealing many weaknesses in its banking sector. As a result, the number of credit institutions was reduced from 956 in 2012 to 561 in 2017, and the Central Bank of the Russian Federation (CBR) took over several faltering top 50 banks, and many more were assigned to the Deposit Insurance Authority for rehabilitation. It is important to note that the Russian banking sector was able to survive the global financial crisis with generous state support. According to Russia's official figures, real disposable incomes dropped by 13 percent from 2014 to 2018. As a result of the Western financial sanctions, Russia's total foreign indebtedness fell from $732 billion in June 2014 to $455 billion in December 2018, which limited Russia's investment and consumption and, thus, economic growth (Aslund, 2020). Aslund (2020) states that Putin, instead of focusing on economic growth (or economic reforms) to accelerate growth, focused on macroeconomic stability. The move to a floating exchange rate from December 2014, which means the Russian exchange rate floats with the price of oil, aided this stability. Russia's budget has also stayed close to balance. The country's public debt remained unchanged. Russia has also kept its budget close to balanced. Russia steadily increased its foreign currency reserves to $560 billion in March 2020, and its public debt remained at 13 percent of GDP (Aslund, 2020). The year 2020 had been a hard year across the globe and Russia is no exception.

Conclusion

The trajectory of the contemporary Russian economy is deeply associated with economic reforms introduced by the leaders of Russia, such as Ivan IV, Romanov, Peter the Great, Alexander II, Lenin, Stalin, Khrushchev, Brezhnev, Gorbachev, Yeltsin, and leader Putin (present leader), in different epochs of Russian history. It is the result of these reforms that the Russian economy has transformed from a traditional economy with the agricultural sector predominating to an upper-middle income mixed economy with state ownership in strategic areas of the economy. Russia’s progress and economic magnitude under Putin’s regime can be assessed through the size of an economy and how well off the citizens are in comparison to the other countries’ citizens. Russia’s GDP was US $ 279 billion in the year 2000. It has increased to US $1281 billion in 2016 and to US $ 1464.08 billion in the year 2020 (Becker, 2018). In the world rankings of countries’ GDP, its ranking too has improved from 19 in 2000 to 12 in 2016 and 11 in 2020. Hence, undoubtedly, Russia has progressed under Putin’s regime. Nonetheless, if one compares Russia with world economies and even with BRIC countries, then the data shows that Russia is still lagging behind China and India. The second parameter is Russia’s GDP per Capita, which has increased from 1906 in 2000 to 8929 in 2016 and to 9,972 in 2020 (Becker, 2018). Nevertheless, when compared with world economies, then Russia is far behind the Western and Asian high-income countries in terms of GDP per capita. Table 1 also shows Russia’s growth picture for the last three decades and various macroeconomic dynamics. It shows that although Russia has achieved success in various parameters, its economic dynamics are still affected by external factors to a substantial extent. Hence, reforms in general and economic reform in particular have played a major role and will continue to play an important role in times to come for the Russian economy and the world as a whole.

Table 1. RUSSIAN FEDERATION: SELECTED ECONOMIC INDICATORS, 1990-2019

Year	**1991**	**1993**	**1995**	**1997**	**1999**	**2001**	**2003**	**2005**	**2007**	**2009**	**2011**	**2013**	**2015**	**2017**	**2019**
Economic Growth[1]	-5.05	-8.67	-4.14	1.4	6.4	5.1	7.3	6.4	8.5	-7.8	4.3	1.76	-1.97	1.83	1.34
GDP per Capita, PPP	20,402 .53	15,919 .29	13,34 9.03	13,068 .18	13,23 0.26	15,425 .27	17,48 8.29	20,10 4.3	23,71 9.81	23,01 0.07	25,04 8.69	26,41 3.18	25,566 .29	26,005. 98	27,04 3.94
Percent of World GDP[2]	2.18	1.7	1.29	1.3	0.61	0.92	1.11	1.62	2.25	2.03	2.79	2.97	1.83	1.96	--
Savings (% of GDP)	-	-	28.02	21.95	28.25	32.51	28.27	30.55	31.27	20.88	28.76	24.28	26.37	25.67	27.58
Investment as percent of GDP(Q1)	-	-	12.77	15.05	11.31	13.91	13.19	13.1	14.08	16.14	13.82	15.2	15.37	15.46	14.39
Consumption as percent of GDP(Q1)	-	-	55.54	57.44	60.95	50.52	53.08	52.5	50.85	58.85	52.46	53.61	55.53	54.6	51.68
Share of Industry	45.86	40.53	34.54	34.69	33.5	31.84	28.65	32.63	31.22	29.33	29.41	28.19	29.79	30.67	32.17
Share of Manufacturing	-	-	-	-	-	-	14.37	15.68	15.11	12.9	11.47	11.06	12.38	12.31	13.09
Share of Services	36.71	42.85	52.23	50.6	49.89	51.47	53.82	48.81	50.67	53.77	53.8	56.12	56.14	56.03	54.03

Inflation (%)	160.40	874.2	197.4	14.8	85.7	21.5	13.7	12.7	9	11.6	8.4	6.8	15.5	3.7	4.5
Exchange Rate, USD[3]	-	-	-	5.7848	24.6199	29.168	30.6920	28.2844	25.5808	31.7403	29.3823	31.8371	60.9376	58.3428	64.7376
FDI, net inflows (% of GDP)	-	0.2782	0.5222	1.2013	1.6622	0.9286	1.8423	2.0298	4.2989	2.9921	2.6923	3.0193	0.5026	1.8140	1.8697
Trade (% of GDP)[4]	26.257	68.698	55.183	47.257	69.393	61.111	59.128	56.713	51.706	48.435	48.035	46.287	49.359	46.877	49.074
Oil rents (% of GDP)[5]	4.056	3.859	4.17	4.428	7.846	9.765	10.594	13.141	10.576	8.407	11.396	9.112	5.919	6.456	-
Net domestic credit (current LCU)[6](trillion)	-	-	-	-	-	2.301	3.682	4.498	7.952	13.242	22.156	32.234	47.825	54.038	58.149
UEDI[7]	-	-	-	-	-	-	-	-	8.2	8.1	7.6	7	6.4	6.2	5.6
EDI[8]									3.9	4.6	4.6	3.5	4.4	5.2	4.6

Notes

1. https://www.theglobaleconomy.com/Russia/Economic_growth/
2. https://www.theglobaleconomy.com/Russia/gdp_share/
3. Official exchange rate (LCU per US$, period average); https://data.worldbank.org/indicator/PA.NUS.FCRF?locations=RU
4. Trade is the sum of exports and imports of goods and services measured as a share of gross domestic product. https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?view=chart
5. Oil rents are the difference between the value of crude oil production at world prices and total costs of production. https://data.worldbank.org/indicator/NY.GDP.PETR.RT.ZS?view=chart&locations=RU
6. Net domestic credit is the sum of net claims on the central government and claims on other sectors of the domestic economy (IFS line 32). Data are in current local currency.
7. UEDI: Uneven Economic Development Index; https://www.theglobaleconomy.com/Russia/uneven_economic_development_index/
8. EDI: Economic Decline Index: https://www.theglobaleconomy.com/Russia/economic_decline_index/

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