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Anti-crisis measures or structural reforms: Russian economic policy in 2015☆

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Abstract

This paper addresses the trends and challenges of 2015 for social and economic policy in the near future. The analysis of the global crisis includes uneven developments between the leading advanced and emerging economies, new models of economic growth that look differently across different countries, the prospects of globalization and the challenges of "regional globalization," currency configurations of the future, and energy price trends and their influence on the political and economic prospects of particular states. The current challenges are discussed in the context of the previous 30 years. Among the main topics on Russia, there are approaches to a new growth model, structural transformation (including import-substitution issues), economic trends, budget and monetary outlines, and social issues. Priorities for economic policy are also a topic of discussion.

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1. Global trends — the general and the specific

Today, the world is looking for the new equilibrium that should occur after the global structural (systemic) crisis that began in 2008 and still more or less continues. We are witnessing the formation of a new macroeconomic (including the nature of monetary policy and economic growth potential) and institutional growth model, a change in the roles of certain economic sectors, the emergence of a new model for globalization and international trade, and a re-thinking of the role of inequality in the economic and social development of the leading

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states.[1] The situation remains unstable, although the global crisis itself is nearing completion.

Nevertheless, the end of the *global* crisis will not necessarily mean that the situation in all affected countries and regions will improve. It will depend on the ability of countries to "exploit the crisis," i.e., to find institutional solutions to help them adapt to the new reality — technological, economic, social, and even ideological. Some countries may come out of the crisis renewed and more competitive, but others will continue trying to overcome the negative trends. However, this will no longer be a global crisis, but rather a crisis of specific national models.[2]

We can identify a number of features that were characteristic of the global crisis during the past year and that will remain relevant in 2016.

The first is the staged nature and lack of geographical synchrony to the global crisis. Although the crisis affected almost all developed and leading emerging economies, its progress was asynchronous across the countries and regions of the world. At first, it seemed that the crisis might engulf the majority of the leading countries, and therefore, global economic coordination institutions were created in 2008: the G20 was formed, and the mandate of the Financial Stability Board was expanded.

The decoupling hypothesis appeared, arguing that the leading developing countries were, to a certain degree, independent of the trends in developed countries. This provided a basis for the idea that emerging economies would drive the world out of the crisis. The highest hopes lay with the BRICS countries. However, the crisis soon began to accelerate in Brazil and Russia, and then in other major developing countries. In 2015, it became clear that even China was affected by the crisis, as its growth rate dropped below 7% for the first time in 35 years (since 1981). Although China demonstrates a high rate of growth relative to other countries and that growth contributes much more to the global GDP than it did in the early 1980s, the impact of a slowdown will be felt globally. We should also note the unprecedented volatility of the Chinese stock market, the USD 513 billion contraction in international reserves, and the aggressive (on the Chinese scale) movements of the yuan. The Brazilian economy is also declining, and only India managed to keep growth at approximately 7.3%.

The BRICS countries showed more political unity last year, and provided increasingly fewer reasons for economic positivism. The unity turned out to be more political than economic (as observed 15 years ago, when it was "invented" by J. O'Neil, chief economist at Goldman Sachs).

The second is overcoming the crisis by developed economies. The crisis is aggravated in developing countries, whereas developed economies are recovering. First of all, we can point to the United States, where macroeconomic conditions (growth rates and low unemployment) enabled the Federal Reserve to increase interest rates for the first time in nine years. Undoubtedly, the crisis is not yet over: past experience has proven that such large-scale transformations could

[1] These issues are discussed in detail in Mau and Ulyukaev (2014).

[2] In fact, the crisis with the Soviet system during the 1980s and 1990s represented this particular kind of deferred crisis. It was a result of the failure of the Soviet elite to adapt to the new reality that emerged during the crisis in the 1970s. Thus, the crisis in the Soviet system was not part of the structural crisis in developed countries but undoubtedly arose as its consequence.