

Macro-economic development of the post-Soviet  
Russia from 1991 to 2002  
Dissertation project proposal

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September 23, 2002

## 1 Aims and objectives of project

The objective of the dissertation project described herein is to acquire knowledge and skills required to analyze the contemporary macro-economic situation of the Russian Federation. Upon completion of the dissertation project the author should be able to

- Identify key problems of Russian economy
- Propose solutions for these problems
- Justify the proposed solutions by a variety of methods commonly used in macroeconomics
- Provide information of how the proposed solutions can be implemented under conditions specific to Russian Federation

This list contains the questions to be answered by the dissertation. In order to be able to actually answer them, broad knowledge of newest history, macroeconomics and econometrics is required.

Thus, the subject of the project is located at the intersection of history and economics. In spite of the fact that the historical part makes up a substantial part of the dissertation, the goal of the project is *not* to analyze the past, but to propose well-founded, concrete steps toward solution of most important problems in future.

## 2 Expected outcomes or deliverables

The outcome of the project is a report containing a detailed treatment of the topics discussed in 1 and possessing the structure laid out in 9.

## 3 Methodology

The main research strategies are literature research, logical reasoning and (optionally) econometric analysis.

## 4 Resource requirements

The following resources are needed for completion of this project:

- Personal computer
- Fast Internet connection for downloading large scientific papers
- Free time for reading, preparing the report and visiting lectures
- Financial resources for covering tuition fees
- Books and journals

## 5 Information sources

### 5.1 Printed resources

The following books were identified as potentially useful for completing the project (see section *References* for the meanings of the abbreviations):

- [Luks(2000)]
- [Stöckl(1997)]
- [Kappeler(1993)]
- [Biermann et al.(1996)Biermann, Einig, and Hesse]
- [Torke(1997)]
- [Bolten(1995)]
- [Aigner(1999)]
- [Gurkow(1993)]
- [Twining(1993)]
- [Pindyck and Rubinfeld(1997)]
- [Ericson and Ickes(2000)]
- [Sutela(1999b)]
- [Ericson(2000)]
- [Komulainen(1999)]
- [Pirttilä(2000)]
- [Zashev(2001)]
- [Bank of Finland Institute for Economies in Transition(2000)]
- [Sarajevs(1999)]
- [Solanko(1999)]

- [Stroutchenevski(1999)]
- [Komulainen and Korhonen(2001)]
- [Mau(1999)]
- [Koch and Korhonen(2000)]
- [Sutela(1999a)]
- [Backé and Fidrmuc(2000)]
- [Sutela(1998)]

## 5.2 Institutions

The following institutions are known to publicize materials related to the topic of the project:

- *Bank of Russia* (<http://www.cbr.ru/eng/>)
- *Russian-European Centre for Economic Policy* (<http://www.recep.org/>)
- *The World Bank Group in Russia* (<http://www.worldbank.org.ru/>)
- *Carnegie Moscow Center* (<http://www.carnegie.ru/english/index.htm>)
- *Bank of Finland* (<http://www.bof.fi/>)
- *The Executive Committee of the Commonwealth of the Independent States* ([http://www.cis.minsk.by/english/engl\\_home.htm](http://www.cis.minsk.by/english/engl_home.htm))
- *European Bank for Reconstruction and Development* (<http://www.ebrd.org/>)
- *Stockholm Institute of Transition Economics and East European Economies* (<http://www.hhs.se/site/Publications/workingpapers/workingpapers.htm>)
- *Institute for Advanced Studies* (<http://www.ihs.ac.at/departments/tec/pub/trseries.html>)

## 5.3 Online resources

Following resources available on the Internet were identified to provide or link to the information valuable for the dissertation project (see section *References* for the meanings of the abbreviations):

- [Central Intelligence Agency(2001)]
- [The US Model Workbook()]
- [Macroeconometric Modeling()]
- [Fair(1984)]
- [Gonzalez(2000)]

- [Diebold(1997)]
- [Armstrong(1985)]
- [The World Bank(2002)]
- [UNICEF(2001)]
- *The Biz/ed Internet Catalogue* (<http://catalogue.bized.ac.uk/>)
- *red-stars.com/financial* (<http://www.rsf.ru/>)
- *Transitions Online* (<http://www.tol.cz/>)
- *JISCMail* (<http://www.jiscmail.ac.uk/lists/BALTIC-SEA.html>)
- *Industry News* (<http://www.interfax-news.com/FSUIndustryNews/industry.html>)

## 6 Risks

- Work overload of the student
- Failure due to lack of a professional guidance and coaching
- Isolation of the student from the outer world due to required reading and data processing
- Lack of appropriate literature
- Lack of data

## 7 Timetable/Plan

A coarse-grained project plan is attached to this document. There are following important milestones:

**December 1st, 2002** Completion of chapter 4 (*General information about the Russian Federation*)

**January 1st, 2003** Completion of chapter 5 (*Soviet/Russian history from 1985 to 1991*)

**June 1st, 2003** Finished implementing the prototypes of econometric evaluations for section *The future: possible development scenarios of Russian economy*

**July 1st, 2003** Completion of chapter 6 (*The transition from command to market economy*)

**December 1st, 2003** Completion of chapter 7 (*Extraneous influence factors*) and first draft of section *The future: possible development scenarios of Russian economy*

**July 1st, 2004** Completion of chapter 8 (*Seeking solutions*)

**September 1st, 2004** Completion of proof-reading of the dissertation

**October 1st, 2004** Copying and binding the dissertation complete

## 8 Budget

The estimated expenses associated with the preparation of the dissertation equal EUR 3.203,76 (ATS 44.084,70). The composition of this number is described in the paper *Project budget* which is attached to this document.

These expenses are planned to be covered by student's part-time (20 to 30 hours per week) work parallel to the study, which results in a monthly income of approximately EUR 1.000,-- to approximately EUR 1.500,--.

## 9 Overview of the planned report content

It is planned for the report to have the following (coarse-grained) structure:

1. Abstract
2. Acknowledgements
3. Index
  - (a) Table of Contents
  - (b) List of Tables
  - (c) List of Figures
4. General information about the Russian Federation
  - (a) Overview of the Russian history
  - (b) General information on Russian Federation
  - (c) Russian peoples
5. Soviet/Russian history from 1985 to 1991
6. The transition from command to market economy
  - (a) Theoretical aspect of transformation
  - (b) Gorbachevian reformation attempts from 1985 to 1991 and their results
  - (c) The starting point: condition of the Soviet economy in 1991
  - (d) First steps towards the market economy (*the "young reformators" age*)
  - (e) Analysis of economic reforms from 1991 (*dissolution of the Soviet union*) to 1993 (*replacement of Gaidar as prime-minister; excluding the latter*)
  - (f) Analysis of Russian economic policy from 1993 (*replacement of Gaidar by Chernomyrdin as prime-minister*) to August 1998 (*economic crisis*)

- (g) The roots of 1998 economic crisis
  - (h) Recovery from the crisis: from 1998 to 2001 (*election of Vladimir Putin as president of Russian federation*)
  - (i) Current state of Russian economy
  - (j) Future expectations and challenges
  - (k) Comparison with other economies in and beyond the CIS and eastern bloc.
7. Extraneous influence factors  
*This will be an investigation on how different external factors influence the course of the development of Russian economy. These factors include, but are not restricted to:*
- (a) inner-Russian political forces at federal level
  - (b) inner-Russian political forces at regional level
  - (c) Russian CIS<sup>1</sup> foreign policy
  - (d) The Western world: Enemies or Investors?
  - (e) International economic institutions (world bank, the Paris club, etc)
  - (f) Russian contacts to the third world
8. Seeking solutions
- (a) Key Problems of Russian economy
  - (b) Possible solutions to main problems of Russian economy  
*This section should include a list of well-founded proposals for the solution of the problems of Russian economy including a detailed description of the probability that the proposed measures will work.*
  - (c) The future: possible development scenarios of Russian economy  
*This section should include at least three (best case, most probable case, worst case) different scenarios for the development of Russian economy in the next 5 years. Optionally, the predictions can be complemented by econometric analyses, computer simulations or some quantitative surveys.*
9. Conclusions
10. Appendices
11. Bibliography

Generally, the entire dissertation project can be divided into two parts, as shown in figure 1. The descriptive part, which mainly consists of reading books and summarizing relevant information covers the chapters

- 4. General information about the Russian Federation
- 5. Soviet/Russian history from 1985 to 1991
- 6. The transition from command to market economy

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<sup>1</sup>CIS = Commonwealth of Independent States

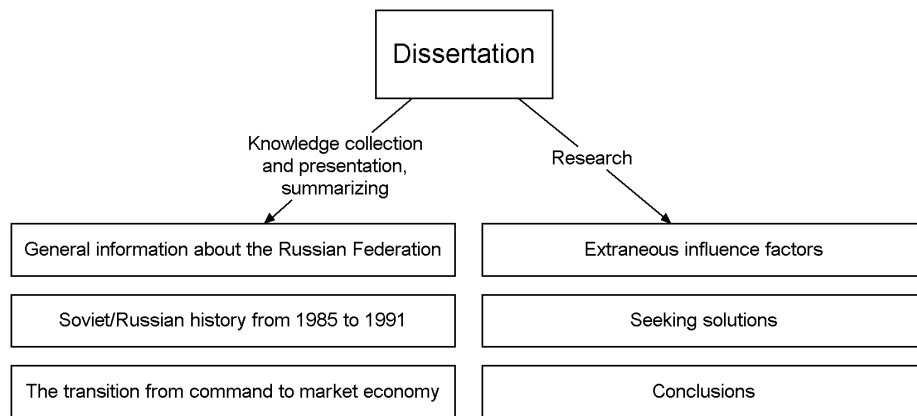


Figure 1: Logical structure of the dissertation

This part should ensure that the student has a broad knowledge about Russian Federation, its history and the history of Russia’s transition to market economy. This part does not extend the knowledge of the scientific community, but only the knowledge of the student. Research in terms of acquiring new knowledge is not undertaken here.

The research part of the project covers the last chapters and should primarily answer the following three questions:

- What are the key problems of Russian economy of present?
- How can they be solved?
- How is the Russian economy likely to develop in future (maximally 5 years) ?

Answering these questions requires a comprehensive literature research, (potentially) interviews, logical reasoning, econometrics and a variety of other scientific methods. The research part is the most challenging and difficult part of the dissertation project. In this part, actual research is carried out.

In the following sections, the proposed content of individual parts of the dissertation will be given.

### 9.1 Overview of the Russian history (chapter 4)

Highly compressed summary based on the works [Torke(1997)] and [Stöckl(1997)].

### 9.2 General information on Russian Federation (chapter 2)

This section will be based upon the works [Central Intelligence Agency(2001)] and [Twining(1993)].

### 9.3 Russian peoples (chapter 4)

Main source for this section is [Kappeler(1993)].

## 9.4 Soviet/Russian history from 1985 to 1991 (chapter 5)

This will be a highly compressed summary of [Luks(2000), pp. 507–546], [Stöckl(1997), pp. 832–893], [Torke(1997), pp. 241–247, 256–258], [Gurkow(1993)].

## 9.5 The transition from command to market economy (chapter 6)

The coverage of the theory of system transformation will be based upon the work [Biermann et al.(1996)Biermann, Einig, and Hesse, pp. 70–159].

The remaining parts of this chapter will summarize various texts from textbooks as well as newspaper and journal articles etc on the history of transition in Russia, some of which are contained in the work [Bolten(1995)].

## 9.6 Extraneous influence factors (chapter 7)

This section will be prepared primarily by reading the appropriate sources (journals), probably interviews with specialists and logical analysis.

## 9.7 Seeking solutions (chapter 8)

The sections *Key Problems of Russian economy* and *Possible solutions to main problems of Russian economy* will be prepared using the knowledge gained while writing previous sections.

In order to be able to prepare the section *The future: possible development scenarios of Russian economy*, substantial knowledge and experience in the domain of *macroeconomic forecasting and modeling* is necessary. This knowledge will be gained continuously throughout the 2 years of the PhD study, that is, reading introductory papers related to this topic will begin immediately after the start of the study. During the first phases of the dissertation project, data collecting and summarizing tasks and acquiring macroeconomic forecasting tasks will run in parallel. Afterwards, the work will focus on the macroeconomic forecasting and modeling part.

In order to complete this most difficult and challenging part of the project, following measures will be taken:

- Reading introductory textbooks ([Pindyck and Rubinfeld(1997)], [Armstrong(1985)], [Fair(1984)]) descriptions of existing forecasting systems ([The US Model Workbook()]), those of non-classical approaches such as neural networks ([Gonzalez(2000)]).
- Analyzing current publications on this topic (see section 5).
- Visiting lectures on macroeconomic modeling and forecasting at the University of Vienna as part of the PhD programme.

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