



---

# Review of Economies in Transition

## Idäntalouksien katsauksia

---

1994 • No. 7

21.6.1994

---

Reprint in PDF format 2002

Jouko Rautava

Interdependence of Politics and  
Economic Development:  
Financial Stabilization in Russia

Bank of Finland  
Institute for Economies in Transition, BOFIT

---

ISSN 1235-7405  
Reprint in PDF format 2002

Bank of Finland  
Institute for Economies in Transition (BOFIT)

PO Box 160  
FIN-00101 Helsinki  
Phone: +358 9 183 2268  
Fax: +358 9 183 2294  
bofit@bof.fi  
[www.bof.fi/bofit](http://www.bof.fi/bofit)

The opinions expressed in this paper are those of the authors and do not necessarily reflect the views of the Bank of Finland.

## Interdependence of Politics and Economic Development: Financial Stabilization in Russia<sup>1</sup>

### 1 Introduction

In Russia, the transition from the old communist regime to a system based on the principles of democracy and a market economy only got underway in practice at the beginning of 1992, after the dissolution of the Soviet Union in December 1991. However, the road to democracy and a market economy, whatever we like to call them, has so far been relatively painful. If we compare Russia's situation with other transition economies outside the former Soviet Union or with the Baltic states, one of the most striking differences concerns stabilization policies – in Russia inflation will remain at a three digit level for at least the first three years of reform (1992–94). At the same time, the decline of production in Russia has been about the same magnitude, or in some cases even steeper, than in those countries which managed to curb inflation at the beginning of their transition.

Financial stabilization, ie curbing inflation by reducing budget deficits and employing tough monetary policies, is a crucial part of the transition process because there are good reasons to believe that it serves as a basis for permanent recovery of these economies. Thus, due to large public sector budget deficits there is a substantial risk that deficits will have to be financed by direct central bank credits which will in turn result in high or even accelerating inflation, lower savings and, consequently, lower investment and poor growth prospects. Even though current budget deficits could be financed in a non-inflationary manner, in a very unstable economic environment there is a considerable danger of the public sector debts accumulating so, in the medium term, as to cause serious problems for and restrictions on economic policy. Moreover, large budget deficits in any case tend to crowd out the private sector which, however, is the most important source of growth potential in these countries.

In this paper, we will focus on stabilization policies in Russia. In the next chapter, a framework to describe the interdependence between politics and economic development in general is given. After which, we shall make use of this framework to highlight the most important issues relating to stabilization policies in Russia before taking a look at actual developments in terms of inflation and production. This will be followed by some remarks on the situation in the early summer of 1994. Finally, we will conclude with some comments on the reform strategies in Russia and assessments regarding the current policies and economic

---

<sup>1</sup> The author is an economist in the Bank of Finland. This paper was prepared during his visit in the Austrian National Bank in May 1994. The author is grateful to his colleagues in the Austrian National Bank for valuable discussions and comments. The views expressed in this paper are those of the author and do not reflect the views of the Austrian National Bank or the Bank of Finland.

development. Thus, our subject is related very closely to that of the political economy.

## 2 Interdependence of political commitment and programme outcome

To illustrate the importance of policy commitment to economic reforms, we will make use of the international financial institutions' experiences with adjustment programmes. For that purpose, we refer to a World Bank study concerning 81 adjustment operations completed in 38 countries before 1992<sup>2</sup>. Although there would also have been other ways or examples to show the interrelationship between politics and economic development, the strength of the method used here lies in the number of cases the conclusions are based and the general framework it gives us to analyze and describe the situation in Russia<sup>3</sup>.

Table 1. **Dependence of adjustment programme outcome on political commitment; absolute number of cases in parenthesis**

POLITICAL COMMITMENT	PROGRAMME OUTCOME			
	Highly satisfactory	Satisfactory	Unsatisfactory	Very unsatisfactory
Very high	47 % (9)	18 % (6)	0 % (0)	8 % (1)
High	32 % (6)	44 % (15)	13 % (2)	15 % (2)
Low	21 % (4)	29 % (10)	40 % (6)	23 % (3)
Very low	0 % (0)	9 % (3)	47 % (7)	54 % (7)
Total	100 % (19)	100 % (34)	100 % (15)	100 % (13)

In Table 1, which is based on the aforementioned World Bank study, the vertical axis measures the pre-reform commitment of the political leadership to reforms and the horizontal axis indicates how well the targets of the reforms were met. The measurement criteria used for political commitment include, inter alia, (i) who made the initiative for formulating and implementing the adjustment programme – the government or the IBRD/IMF; (ii) was there a consensus among key decision-makers about the nature of the crisis and the necessary policy measures; (iii) how the top leadership expressed its commitment to reform and (iv) what kind of efforts towards consensus-building among various executing agencies were made.

The clear message of Table 1 is that the success of any adjustment programme is highly dependent on how the political system is committed to the reforms. If commitment is very low, it is almost impossible to achieve good

<sup>2</sup> World Bank (1992), World Bank Structural and Sectoral Adjustment Operations: The Second OED Overview.

<sup>3</sup> One obvious way to illustrate our problem could have been, for example, to compare developments in transition economies in general, since it is rather clear and well known fact that those countries, like Estonia, Czech Republic or Slovenia, with strongest commitment to financial stabilization have also achieved the most remarkable results, despite preconditions and policies may have differed.

reforms. If commitment is very low, it is almost impossible to achieve good results in economic development. On the other hand, although high borrower ownership helps to achieve the programme targets, there can be some external factors outside authorities' control which could force the economy off track. Thus, a necessary, but an inadequate, condition for any successful reform is that the key decision-makers are themselves strongly committed to the policies announced.

In general, there seems to be no mutual understanding on how effectively it is possible to manage social and economic reforms of the magnitude one has in the former socialist countries. In this connection we can refer, for example, to the debate on speed and sequence of a transition process. On the other hand, no one seems to question that, notwithstanding the chosen reform strategy, unless all major policy-makers back the chosen strategy, it is very likely that reform's outcome will be poor.

Next we will turn to look at how the foregoing framework can be used to describe developments in Russia.

### 3 The roots of inflationary policies in Russia

Looking at Table 1 and bearing in mind Russia's political turmoil during the last few years, it is hardly surprising that Russia's economic performance has been so miserable. One of the major problems related to reform policies in Russia has been the extremely bad relations and policy coordination between the most important decision-makers, ie between the president, the parliament, the government and the central bank. Thus, until the parliamentary elections in December 1993, the overall commitment to reforms, measured as explained earlier, was extremely low, if not totally lacking. Moreover, the effect of bad policies on poor economic development has been so evident, that we do not need any external factors to describe the outcome. Consequently, it is hard to believe that, for example, the lack of western finance has had any major contribution to the current situation. It is just the opposite, the major financial flows, ie those from private sources, can only be expected after the domestic situation becomes more stable.

The trade-off between low commitment by the political leadership to reforms and poor economic development in Russia is perhaps best manifested by high inflation. There are at least three remarks to be made on low commitment by the authorities and politicians on the one hand, and high inflation on the other.

First, there has been no consensus concerning the roots of inflation. Thus, there has been a disagreement as to whether current inflation in Russia is a monetary phenomenon related to growth of the money supply caused by budget deficits and excessive credits to state enterprises, agriculture and the other former Soviet republics, as the more reform oriented economists and politicians are inclined to think, or whether it is a structural phenomenon related to, in particular, a monopolistic industrial structure, an argument most usually made by those Russians who tend to support the slow pace of reforms. The latter argument also seems to be widely shared also by the general public.

Second, there has been a severe disagreement concerning the rationality of using inflationary financing as a means to limit the collapse of current production. Those arguing for subsidised loans seem to think that without additional financing many large enterprises must close their doors and, as a consequence, there will be a huge increase in unemployment. This argument is followed by the claim that given the lack of a social safety net, Russian society could not withstand high unemployment. Those arguing against subsidised loans and inflationary financing, assess the situation from a somewhat broader perspective emphasizing the overall effects of inflation on savings, investments and economic growth. Thus, there is no disagreement whether tougher fiscal and monetary policies would or would not put old loss-making firms in a more difficult position. On the contrary, reform-oriented economists and politicians deem it necessary to close down many loss-making firms which are incapable of adjusting or for whose products there is simply no longer demand (eg many military goods), and, hence, release resources for new businesses<sup>4</sup>.

---

<sup>4</sup> Incidentally, there are good reasons to believe that, as a heritage of the Soviet era, Russia is overindustrialized at least in the sense that the service sector is underdeveloped, and the current industrial structure does not meet the demands of a market based economic system. Consequently, there is a huge demand for all kinds of new services and consumer goods and also demand for

Third, and perhaps most important, there are huge vested interests related to inflationary policies. In other words, there is a considerable clash of interests between powerful industrial and agricultural lobbies, who have received most of the subsidised loans, and those who have to pay the inflation tax related to those loans, namely households and small and medium size enterprises. Accordingly, in 1992 the inflation tax paid in 1992 corresponded to 31 per cent of GDP. Of this, the enterprises paid 19 and households 12 percentage points. However, a large part of inflation tax (16 per cent of GDP) was returned to the enterprise sector. The other sectors benefitting from inflation tax were the government (4 per cent of GDP) and the other former Soviet republics (2 per cent of GDP). The residual (8 per cent of GDP) reflects, in addition to statistical discrepancies, the additional profits of the banking sector (including the central bank) stemming from high inflation. Indeed, the Russian inflation tax in 1992 was higher than any inflation tax on financial assets recorded in surveys of country experiences<sup>5</sup>.

---

labour by these new businesses which will alleviate the unemployment problem.

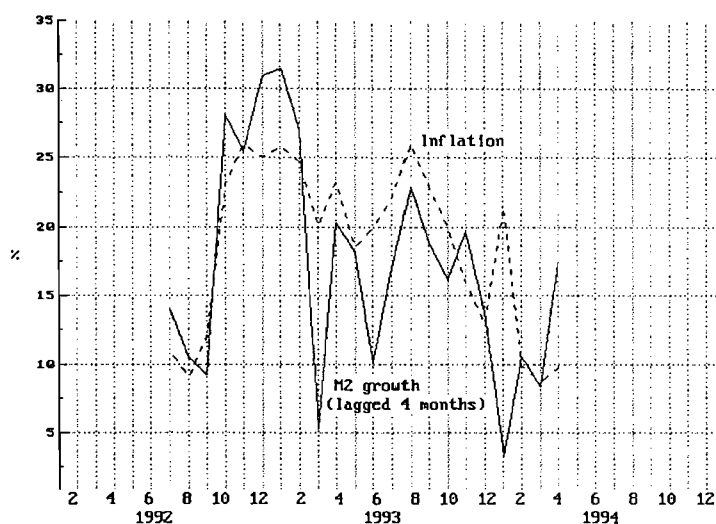
<sup>5</sup> See Easterly and Vieira da Cunha (1994) more on inflation tax and inflation dynamics in Russia.



## 4 The outcome of inflationary policies in Russia

Next we will look at how the economic developments in Russia coincide with the aforementioned debate. As for the first remark on the character of current inflation in Russia, it is rather easy to show that inflation in Russia today is primarily a monetary phenomenon related to a growth in the money supply. This link can be described by drawing in the same graph the monthly inflation figure and a figure for the growth of M2 lagged by four months, as can be seen in Figure 1<sup>6</sup>.

Figure 1. **Inflation and money growth in Russia**  
1992:M7 - 1994:M4

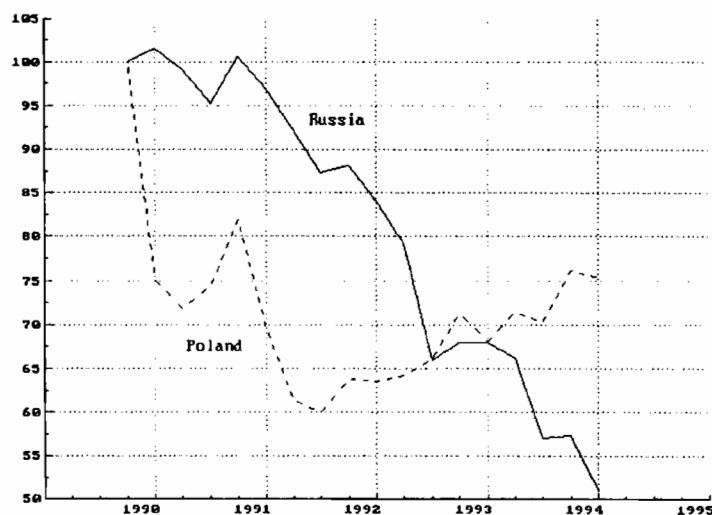


---

<sup>6</sup> Similar comparisons can be found in Easterly - Vieira da Cunha (1994), Russian Economic Trends (3/1993) and Titkov - Wörgötter (1994). This relation, however, is likely to be broken during the disinflationary period when, due to lower inflation and real interest rates, the willingness to hold money increases. Hence, during disinflationary process the growth of money (M2) may reflect willingness to hold roubles rather than to be an indication of the future inflation.

Figure 2.

**Industrial production in Russia and Poland  
1990:Q4 – 1994:Q1, (1989 = 100)**



Owing to the general weakness of the political system, industrial and agricultural interest groups have succeeded in dominating politics and, consequently, inflation in Russia has been very high compared to other transition economies<sup>7</sup>. As is well known, the price of this policy has been very high as the rouble has partly lost its functions as money (means of exchange, numeraire, store of value). Due to lack of confidence in the rouble, savings have declined, there has been a considerable capital flight from Russia and, as a result of these trends, investments have been very low, in addition to which, the environment in general has not been favourable for investments<sup>8</sup>. Thus, the government and central bank have been unable to halt the decline in production by inflationary policies, as can be seen in Figure 2.

However, at this point we have to comment on the interpretations based on Russian statistics. Although there has been a significant improvement in the field of statistics in Russia, we have to be very cautious in making too far-reaching interpretations based on production statistics. There are several reasons for this: in addition to difficulties in compiling price indices, high inflation also makes it difficult to compile reliable volume indices; with the breakdown of central planning and the old reporting system, enterprises may feel that they now have more freedom in their reporting obligations; there are good reasons to believe that enterprises tend to underreport their production figures in order to avoid taxation or other interventions by the authorities; there is no tradition of measuring the production of services which is very likely a fast growing sector; there are

<sup>7</sup> Naturally, also politicians own hesitance to let, in particular, open unemployment increase has contributed to outcome.

<sup>8</sup> According to Viktor Melnikov, head of the central bank's currency control department, overall capital flight from Russia is about USD 30 billion since the start of 1990 and about USD 10-15 billion in cash dollars are currently circulating in Russia (Reuter, 19 May 1994).

technical difficulties related, for example, to the aggregation of data from different types of enterprises<sup>9</sup>.

Thus, the overall situation is not as bad as one could think based on industrial production shown in Figure 2. So, despite the lack of reliable statistics, we can assume that there are already many new enterprises and a lot of new production in Russia, although less than there could be due to inflationary policies and an unstable business environment coupled with the related distrust concerning future prospects. This latter point can be illustrated, for example, by the huge difference between planned and realised direct investments into Russia<sup>10</sup>. From the policy making point of view the problem is, however, that one has to live with the figures which are published and it is rather difficult to convince policy makers or the general public if there are no 'concrete facts' to show.

Although there are many structural differences between Russia and Poland, the rather similar economic situations in terms of financial stability in Poland at the end of 1989 and in Russia in late 1991, enables us to make an interesting comparison between two different types of economic reforms and their impact on production<sup>11</sup>. As is well known, at the beginning of reforms the Polish policy was based on an idea of a rapid pace of reforms and tough monetary policies to stabilize inflation. This contrasts very clearly with the Russian policies described above.

As shown in Figure 2, in both countries, industrial production decreased sharply during the first two years of reforms. In Poland, however, the decline has not been as steep as in Russia, and Poland also managed to get back on the positive growth path sooner than Russia. Thus, this comparison indicates that even from the point of view of economic growth in the short or medium-term, not to mention long-term prospects, policies aimed at maintaining financial stability are very likely to be better than inflationary policies.

---

<sup>9</sup> See Koen (1994) for more on problems related to current Russian statistics.

<sup>10</sup> According to Russian balance of payments statistics, cumulative direct and portfolio investments in 1992–93 were about 1.5 billion dollars while the news related to, for example, oil field projects reveal that even in a single oil field development project the foreign contribution could be expected to be several billion dollars.

<sup>11</sup> In Poland, inflation accelerated from 60 per cent in 1988 to 250 per cent in 1989 and the government's financial situation deteriorated from a balanced budget in 1988 to a deficit of over 7 per cent of GDP in 1989. In Russia, the corresponding figures for inflation are 6 per cent in 1990 and 95 per cent in 1991 and for budget deficit 4 per cent of GDP in 1990 and 20–30 per cent of GDP in 1991.

## 5 New economic policy stance in Russia?

Although the foregoing conflicts and disputes on inflation remain, there are some indications that from an economic policymaking point of view, the situation in Russia has improved during the first part of 1994. First of all, due to the referendum and parliamentary elections in December 1993, Russia now has a new constitution and a parliament which, at least for the time being, has behaved in a more responsible manner than many thought after the elections. Second, the relations between the main decision-makers, namely the president, government, parliament and the central bank, seem to be much better than they used to be before the December elections. Consequently, there is a better understanding concerning the division of work in the field of economic policy between the main players. Third, and related to the second remark, there is some evidence that the central bank has changed its policy by decreasing subsidised lending and by introducing credit auctions. Fourth, the real lending rates have become positive which, *inter alia*, helps to avoid a threat of hyperinflation.

Moreover, in March 1994 the government was able to agree on an economic programme, the main objectives of which are to reduce monthly inflation to 7 per cent by the end of 1994 and to continue liberalization and structural reforms<sup>12</sup>. As is well known, the programme has been prepared together with the IMF which will also support the programme financially by releasing the second tranche of the \$3 billion systemic transformation facility (STF).

On the other hand, due to the notorious record of failures of economic programmes in Russia in recent years, there is room for justified pessimism concerning developments in Russia. Moreover, even though the Russians managed to keep to the policy lines demanded by the current economic programme, it is difficult to say whether the given targets will bring positive results early enough, so that long-term progress is not once more jeopardized by political turmoil. In this sense the risks are still considerable, since we know that there are still considerable risks related also to fulfilment of the programme targets. Thus, there is cause for concern, in particular, about the failure of the government to meet the budget targets set since there are still severe problems relating to both budget revenues and expenditures. Closely related to this question, there will be additional problems for some time to come because, due to tighter fiscal and monetary policies, loss making state enterprises will face additional problems and, at least reported, production is likely to decline further which will put heavy pressure on politicians<sup>13</sup>. One other big and worrying issue concerns relations among the former Soviet Union and the possible enlargement of the rouble area which could endanger stabilization in Russia.

---

<sup>12</sup> It is only a matter of judgement if one should call the latest arrangement a new programme or not. Russians themselves say that the underlying reform programme they follow was accepted already in August 1993 (Chernomyrdin, *Financial Times*, 16 May 1994).

<sup>13</sup> On May 1994, the Russian parliament approved the major lines of the budget law for 1994, according to which the budget deficit is slightly more than was agreed on in March. According to the State Statistics Committee, Russia's budget deficit was 9 per cent of GDP in the first quarter of 1994, up from 7 per cent in the same period last year.

Returning to Table 1 describing the link between political leadership's commitment to reforms on the one hand, and economic performance on the other, there seems to be good reasons to believe that Russia, despite the considerable problems still prevailing, has moved from the bottom right hand corner upwards to a more promising position. However, it remains to be seen if the improvement in borrower ownership in Russia will prove to be high enough to ensure a better performance in terms of production too.

## 6 Conclusions

Owing to the struggle during 1992–93 around the constitution and parliament left over from the Soviet era, it is understandable that Russia was unable to make use of society's higher than normal level of readiness to accept radical reforms during the period of 'extraordinary politics' immediately after the dissolution of the former Soviet Union at the end of 1991. This development contrasts sharply, in particular, to developments in the Czech Republic, Estonia, Slovenia, or even Poland, in the early times of their reforms. Thus, in Russia a larger part of the transition is going to take place under less favourable circumstances, ie during the period when society's readiness to accept reforms has fallen to a more or less normal level, than in most of the other transition economies<sup>14</sup>. This notion can have some important implications for the reform strategy too. Thus, it has been argued that at this second phase of transition, instead of trying to push ahead with large reform packages, which will lead to an intensified head-on conflict with interest groups hostile to change, one should concentrate on promoting measures that strengthen the position of efficient economic actors, ie measures which dismantle existing barriers for the private sector and new entrepreneurship. Also the still weak organisational capability of the government bureaucracy in Russia would speak for 'stroke-on-pen' measures rather than any reform strategy based on sophisticated interventions by the government<sup>15</sup>.

Contrary to the situation in 1992–93 and owing to some recent positive developments in Russia, there now seems to be room for some optimism. The most important thing behind this cautious optimism is that the decision-makers in Russia have, at least in their words, realised the importance of money in any market economy<sup>16</sup>. Thus, there is some hope that financial stabilization via stricter fiscal and monetary policies could strengthen the basic functions of money for the rouble as well. Naturally, re-establishment of the basic functions of money for the rouble will only be a necessary condition for a market-based economic system in Russia, and much more will have to be done. Owing to an already long period of very high inflation, it is also very likely that the latest positive signs in Russia are simply not enough to lead to a much improved situation and, thus, Russia will continue to 'muddle through' with relatively high inflation for years to come.

---

<sup>14</sup> The only field in which Russia probably has been faster than the other transition economies is privatization.

<sup>15</sup> See Winiecki's (1994) article for more on relations between reform strategy, changes in political capital and organisational capability (eg 'extraordinary politics', 'stroke-on-pen' measures, etc).

<sup>16</sup> See, for example, prime minister Chernomyrdin's policy statement in Financial Times, 16 May 1994. In general, the change in attitudes among the decision-makers could be seen as a result of a learning-by-doing process.

## References

Easterly, William – Vieira da Cunha, Paulo (1994) **Financing the Storm, Macroeconomic Crisis in Russia 1992–93**. Policy Research Working Paper No. 1240, the World Bank.

Koen, Vincent (1994) **A User's View on National Accounts in Russia**. Working Paper WP/94/6, International Monetary Fund.

Centre for Economic Reform (1993) **Russian Economic Trends 3/1993**. Government of Russian Federation.

Titkov, Vladimir – Wörgötter, Andreas (1994) **Inflation in the Russian Federation: Dynamics and Causes**. East European Series No. 5, Institute for Advanced Studies, Vienna.

World Bank (1992) **World Bank Structural and Sectoral Adjustment Operations: The Second OED Overview**.

Winiiecki, Jan (1993) **The Political Economy of "Big Bang": Free Market vs. New Keynesian Perspective**. Quarterly Review No. 187, Banca Nazionale del Lavoro.

# REVIEW OF ECONOMIES IN TRANSITION

from number 4 ISSN 1235-7405

- 1/92 Pekka Sutela: **Neuvostoliiton hajoamisen taloudelliset aspektit.** 24 s.  
Jouko Rautava: **Suomen ja Venäjän taloussuhteet Suomen EY-jäsenyyden valossa.** 12 s.
- 2/92 Seija Lainela - Jouko Rautava **Neuvostoliiton talouskehitys vuonna 1991.** 15 s.  
Seija Lainela **Viron taloudellisen kehityksen lähtökohdat.** 9 s.  
Merja Tekoniemi **Yksityistäminen itäisen Euroopan maissa ja Baltiassa.** 7 s.
- 3/92 Kamil Janáček **Transformation of Czechoslovakia's Economy: Results, Prospects, Open Issues.** 20 p.  
Sergey Alexashenko **General Remarks on the Speed of Transformation in the Socialist Countries.** 25 p.  
Sergey Alexashenko **The Free Exchange Rate in Russia: Policy, Dynamics, and Projections for the Future.** 19 p.  
Jouko Rautava **Liikaraha, inflaatio ja vakauttaminen.** 16 s.
- 4/92 Stanislava Janáčková - Kamil Janáček **Privatization in Czechoslovakia.** 8 p.  
Sergey Alexashenko **The Collapse of the Soviet Fiscal System: What Should Be Done?** 45 p.  
Juhani Laurila **Neuvostoliiton ja Venäjän velka.** 23 s.  
Jukka Kero **Neuvostoliiton ja Venäjän ulkomaankauppa.** 24 s.
- 5/92 Pekka Sutela **Clearing, Money and Investment: The Finnish Perspective on Trading with the USSR.** 26 p.  
Petri Matikainen **"Suuri pamaus" - Puolan talousuudistus 1990.** 22 s.
- 6/92 Miroslav Hrnčíř **Foreign Trade and Exchange Rate in Czechoslovakia: Challenges of the Transition and Economic Recovery.** 39 p.  
Terhi Kivilahti - Jukka Kero - Merja Tekoniemi **Venäjän rahoitus- ja pankkijärjestelmä.** 37 s.
- 7/92 Seija Lainela **Baltian maiden rahauudistukset.** 23 s.  
Seija Lainela - Jouko Rautava **Baltian maiden poliittisen ja taloudellisen kehityksen taustat ja nykytilanne.** 14 s.  
Sergei Alexashenko **Verojen ja tulonsiirtojen jakautuminen entisessä Neuvostoliitossa.** 17 s.
- 1/93 Pekka Sutela **Taloudellinen transitio Venäjällä.** 11 s.  
Pekka Sutela **Venäjän taloudellinen voima 2000-luvulla.** 9 s.  
Pekka Sutela **Itäinen Eurooppa integraatiossa: ottopoikia, sisarpuolia vai ...** 11 s.
- 2/93 Inkeri Hirvensalo **Changes in the Competitive Advantages of Finnish Exporters in the Former USSR after the Abolition of the Clearing Payment System.** 35 p.  
Miroslav Hrnčíř **The Exchange Rate Regime and Economic Recovery.** 17 p.  
Gábor Oblath **Real Exchange Rate Changes and Exchange Rate Policy under Economic Transformation in Hungary and Central-Eastern Europe.** 31 p.  
Gábor Oblath **Interpreting and Implementing Currency Convertibility in Central and Eastern Europe: a Hungarian Perspective.** 19 p.
- 3/93 Jouko Rautava **Venäjän järjestelmämuutos ja talouskehitys 1992.** 19 s.  
Seija Lainela **Baltian maiden talous vuonna 1992.** 25 s.  
Pekka Sutela **Itäinen Eurooppa vuonna 1992.** 14 s.
- 4/93 Jouko Rautava **Monetary Overhang, Inflation and Stabilization in the Economies in Transition.** 17 p.  
Jarmo Eronen **Manufacturing Industries before and after the Collapse of Soviet Markets: a Comparison of Finnish and Czechoslovak Experience.** 19 p.



- 5/93 Pekka Sutela **Uusi hanke entisen rupla-alueen kaupankäynnin monenkeskeistämiseksi.** 8 s.  
Juhani Laurila **Venäjän velkakriisin kehitys ja nykytilanne.** 10 s.
- 6/93 Jouko Rautava **Yritystuesta sosiaaliturvaan: Julkisen tuen muutospaineet Venäjällä.** 7 s.  
Jarmo Eronen **Venäjän uusi hallinnollinen aluejako.** 7 s.  
Aleksei Tkatchenko **Pienyrittäjäisyys Venäjällä: Nykytilanne ja kehitysnäkymät.** 35 s.
- 7/93 Tuula Ryttilä **Russian Monetary Policy Since January 1992.** 20 p.  
Inkeri Hirvensalo **Developments in the Russian Banking Sector in 1992-1993.** 22 p.
- 8/93 Seija Lainela - Pekka Sutela **Introducing New Currencies in the Baltic Countries.** 26 p.  
Inna Shteinbuka **The Baltics' ways: Intentions, Scenarios, Prospects.** 27 p.  
Inna Shteinbuka **Latvia in Transition: First Challenges and First Results.** 33 p.  
Inna Shteinbuka **Industry Policy in Transition: the Case of Latvia.** 30 p.
- 9/93 Jouko Rautava **Venäjän keskeiset taloustapahtumat heinä- syyskuussa 1993.** 10 s.  
Merja Tekoniemi **Venäjän parlamenttivaalien poliittiset ryhmittymät.** 3 s.  
Jarmo Eronen **Venäläinen ja suomalainen periferia: Permin Komin ja Kainuun luetaloudellista vertailua.** 29 s.
- 10/93 Seija Lainela **Venäjän federatiivisen rakenteen muotoutuminen ja taloudellinen päätöksenteko; Pietarin asema.** 14 s.  
Inkeri Hirvensalo **Pankkitoimintaa Pietarissa.** 14 s.  
Juhani Laurila **Suoran sijoitustoiminnan kehittyminen Venäjällä ja Suomen lähialueella.** 29 s.  
Juhani Laurila **Suomen saamiset Venäjältä. Valuuttakurssimuutosten ja vakautusten vaikutukset.** 8 s.
- 1/94 Pekka Sutela **Insider Privatization in Russia: Speculations on Systemic Change.** 22 p.  
Inkeri Hirvensalo **Banking in St.Petersburg.** 18 p.
- 2/94 Aleksei Tkatchenko **Pienyritysten yksityistäminen Venäjällä.** 23 s.  
Jarmo Eronen **Konversio Venäjällä: tulosten tarkastelua.** 10 s.
- 3/94 Juhani Laurila **Direct Investment from Finland to Russia, Baltic and Central Eastern European Countries: Results of a Survey by the Bank of Finland.** 14 p.  
Juhani Laurila **Finland's Changing Economic Relations with Russia and the Baltic States.** 11 p.  
Jouko Rautava **EC Integration: Does It Mean East-West Disintegration.** 8 p.  
Eugene Gavrilenkov **Macroeconomic Crisis and Price Distortions in Russia.** 20 p.  
Eugene Gavrilenkov **Russia: Out of the Post-Soviet Macroeconomic Deadlock through a Labyrinth of Reforms.** 22 p.
- 4/94 Jouko Rautava **Venäjän järjestelmämuutos ja talouskehitys 1993.** 16 s.  
Seija Lainela **Baltian maat vuonna 1993.** 19 s.  
Jouko Rautava **Suomen idänkauppa 1990-93.** 7 s.
- 5/94 Pekka Sutela **Production, Employment and Inflation in the Baltic Countries.** 22 p.  
Seija Lainela **Private Sector Development and Liberalization in the Baltics.** 14 p.  
Seija Lainela **Small Countries Establishing Their Own Independent Monetary Systems: the Case of the Baltics.** 17 p.
- 6/94 Merja Tekoniemi **Työttömyys ja sosiaaliturva Venäjällä.** 31 s.
- 7/94 Pekka Sutela **Fiscal Federalism in Russia.** 23 p.  
Jouko Rautava **Interdependence of Politics and Economic Development: Financial Stabilization in Russia.** 12 p.  
Eugene Gavrilenkov **"Monetarism" and Monetary Policy in Russia.** 8 p.

- 8/94 Pekka Sutela **The Instability of Political Regimes, Prices and Enterprise Financing and Their Impact on the External Activities of the Russian Enterprises.** 31 p.  
 Juhani Laurila **The Republic of Karelia: Its Economy and Financial Administration.** 37 p.  
 Inkeri Hirvensalo **Banking Reform in Estonia.** 21 p.
- 9/94 Jouko Rautava **Euroopan unionin ja Venäjän välinen kumppanuus- ja yhteistyösopimus - näkökohtia Suomen kannalta.** 7 s.
- 10/94 Seija Lainela - Pekka Sutela **The Comparative Efficiency of Baltic Monetary Reforms.** 22 p.  
 Tuula Ryttilä **Monetary Policy in Russia.** 22 p.
- 11/94 Merja Tekoniemi **Miksi Venäjän virallinen työttömyysaste on säilynyt alhaisena?** 19 s.
- 1/95 Jouko Rautava **Venäjän järjestelmämuutos ja talouskehitys 1994.** 19 s.  
 Seija Lainela **Baltian maat vuonna 1994.** 21 s.  
 Vesa Korhonen **Itäisen Euroopan talouskehitys 1994.** 19 s.
- 2/95 Urmas Sepp **Inflation in Estonia: the Effect of Transition.** 27 p.  
 Urmas Sepp **Financial Intermediation in Estonia.** 32 p.
- 3/95 Vesa Korhonen **EU:n ja Venäjän kumppanuus- ja yhteistyösopimus.** 31 s.  
 Jouko Rautava **Talousintegraatio ja Suomen turvallisuus - Suomi Euroopan unionin idän taloussuhteissa.** 21 s.  
 Jouko Rautava **Suomen idänkauppa 1985-94.** 10 s.
- 4/95 Nina Oding **Evolution of the Budgeting Process in St. Petersburg.** 29 p.  
 Urmas Sepp **A Note on Inflation under the Estonian Currency Board.** 12 p.  
 Pekka Sutela **But ... Does Mr. Coase Go to Russia?** 14 p.
- 5/95 Urmas Sepp **Estonia's Transition to a Market Economy 1995.** 57 p.
- 6/95 Niina Pautola **The New Trade Theory and the Pattern of East-West Trade in the New Europe.** 21 p.  
 Nina Oding **Investment needs of the St.Petersburg Economy and the Possibilities to meeting them.** 20 p.  
 Panu Kalmi **Evolution of Ownership Change and Corporate Control in Poland.** 21 p.
- 7/95 Vesa Korhonen **Venäjän IMF-vakauttamisohjelma 1995 ja Venäjän talouden tilanne.** 37 s.  
 Inkeri Hirvensalo **Maksurästit Venäjän transitiotaloudessa.** 30 s.  
 Seija Lainela **Baltian maiden omat valuutat ja talouden vakautus - pienten maiden suuri menestys.** 14 s.
- 8/95 Pekka Sutela **Economies Under Socialism: the Russian Case.** 17 p.  
 Vladimir Mau **Searching for Economic Reforms: Soviet Economists on the Road to Perestroika.** 19 p.
- 9/95 Niina Pautola **East-West Integration.** 33 p.  
 Panu Kalmi **Insider-Led Privatization in Poland, Russia and Lithuania: a Comparison.** 16 p.  
 Iikka Korhonen **Equity Markets in Russia.** 14 p.  
 Jury V. Mishalchenko - Niina Pautola **The Taxation of Banks in Russia.** 5 p.
- 1/96 Juhani Laurila **Payment Arrangements among Economies in Transition: the Case of the CIS.** 23 p.  
 Sergei Sutyurin **Problems and Prospects of Economic Reintegration within the CIS.** 17 p.  
 Viktor V. Zakharov - Sergei F. Sutyurin **Manager Training - Another Emerging Market in Russian Educational Services.** 9 p.

- 2/96 Jouko Rautava **Venäjän järjestelmämuutos ja talouskehitys vuonna 1995.** 12 s.  
 Juhani Laurila **Katsaus lähialueisiin.** 28 s.  
 Iikka Korhonen **Baltian vuosikatsaus.** 10 s.  
 Pekka Sutela **Ukrainan ja Valkovenäjän taloudet vuonna 1995.** 10 s.  
 Vesa Korhonen **Itäisen Euroopan siirtymätalouksien kehitys 1995.** 17 s.
- 3/96 Niina Pautola **Intra-Baltic Trade and Baltic Integration.** 12 p.  
 Vesa Korhonen **The Baltic Countries - Changing Foreign Trade Patterns and the Nordic Connection.** 16 p.  
 Iikka Korhonen **Banking Sectors in Baltic Countries.** 22 p.
- 4/96 Niina Pautola **Trends in EU-Russia Trade, Aid and Cooperation.** 16 p.  
 Niina Pautola **The Baltic States and the European Union - on the Road to Membership.** 20 p.  
 Elena G. Efimova - Sergei F. Sutyryn **The Transport Network Structure of the St.Petersburg Region and its Impact on Russian-Finnish Economic Cooperation.** 11 p.  
 Iikka Korhonen **An Error Correction Model for Russian Inflation.** 10 p.
- 5/96 Juhani Laurila - Inkeri Hirvensalo **Direct Investment from Finland to Eastern Europe; Results of the 1995 Bank of Finland Survey.** 21 p.  
 Tatiana Popova - Merja Tekoniemi **Social Consequences of Economic Reform in Russia.** 26 p.  
 Iikka Korhonen **Dollarization in Lithuania.** 7 p.
- 6/96 Juhani Laurila - Inkeri Hirvensalo **Suorat sijoitukset Suomesta Itä-Eurooppaan; Suomen Pankin vuonna 1995 tekemän kyselyn tulokset.** 20 s.  
 Jouko Rautava **Suomi, Euroopan Unioni ja Venäjä.** 6 s.  
 Niina Pautola **Baltian maiden talouskatsaus 1996.** 12 s.
- 1/97 Panu Kalmi **Ownership Change in Employee-Owned Enterprises in Poland and Russia.** 51 p.
- 2/97 Niina Pautola **Fiscal Transition in the Baltics.** 23 p.  
 Peter Backé **Interlinkages Between European Monetary Union and a Future EU Enlargement to Central and Eastern Europe.** 19 p.
- 3/97 Iikka Korhonen **A Few Observations on the Monetary and Exchange Rate Policies of Transition Economies.** 8 p.  
 Iikka Korhonen **A Brief Assessment of Russia's Treasury Bill Market.** 8 p.  
 Rasa Dale **Currency Boards.** 14 p.
- 4/97 Sergei F. Sutyryn **Russia's International Economic Strategy: A General Assessment.** 17 p.  
 Tatiana Popova **The Cultural Consequences of Russian Reform.** 17 p.  
 Ludmilla V. Popova - Sergei F. Sutyryn **Trends and Perspectives in Sino-Russian Trade.** 11 p.
- 5/97 Jouko Rautava **Venäjän järjestelmämuutos ja talouskehitys vuonna 1996.** 10 s.  
 Iikka Korhonen - Niina Pautola **Baltian talouskatsaus 1996.** 12 s.  
 Merja Tekoniemi **Katsaus lähialueisiin 1996.** 11 s.  
 Merja Tekoniemi **Ukrainan talouskatsaus 1996.** 10 s.  
 Kari Pekonen **Valko-Venäjän talous vuonna 1996.** 6 s.  
 Katri Lehtonen **Keski- ja Itä-Euroopan talouskehitys vuonna 1996.** 13 s.
- 6/97 Niina Pautola **Towards European Union Eastern Enlargement - Progress and Problems in Pre-Accession.** 17 p.  
 Katri Lehtonen **Theory of Economic Reform and the Case of Poland.** 26 p.  
 Boris Brodsky **Dollarization and Monetary Policy in Russia.** 14 p.
- 7/97 Toivo Kuus **Estonia and EMU Prospect.** 24 p.  
 Olga Luššik **The Anatomy of the Tallinn Stock Exchange.** 23 p.  
 Riia Arukaevu **Estonian Money Market.** 20 p.

- 1/98 Iikka Korhonen **The Sustainability of Russian Fiscal Policy.** 8 p.  
Tatiana Popova - Merja Tekoniemi **Challenges to Reforming Russia's Tax System.** 18 p.  
Niina Pautola **Optimal Currency Areas, EMU and the Outlook for Eastern Europe.** 25 p.
- 2/98 Peter Westin **Comparative Advantage and Characteristics of Russia's Trade with the European Union.** 26 p.  
Urszula Kosterna **On the Road to the European Union - Some Remarks on Budgetary Performance in Transition Economies.** 31 p.
- 3/98 Jouko Rautava **Venäjän järjestelmämuutos ja talouskehitys vuonna 1997.** 11 s.  
Merja Tekoniemi **Keskuksen ja alueiden välisten suhteiden kehitys Venäjällä 1992-1997.** 10 s.  
Niina Pautola **Baltian talouskatsaus 1997.** 11 s.  
Merja Tekoniemi **Katsaus Suomen kauppaan IVY-maiden ja Baltian maiden kanssa 1990-1997.** 11 s.  
Tom Nordman **Kiinan talouden tila ja ongelmat.** 11 s.  
Merja Tekoniemi **Ukrainan talouskatsaus 1997.** 10 s.  
Iikka Korhonen **Keski- ja Itä-Euroopan talouskehitys 1997.** 12 s.
- 4/98 Kustaa Äimä **Central Bank Independence in the Baltic Policy.** 30 p.  
Iikka Korhonen – Hanna Pesonen **The Short and Variable Lags of Russian Monetary Policy.** 11p.  
Hanna Pesonen **Assessing Causal Linkages between the Emerging Stock Markets of Asia and Russia.** 10 p.
- 5/98 Laura Solanko **Issues in Intergovernmental Fiscal Relations – Possible Lessons for Economies in Transition.** 19 p.  
Iikka Korhonen **Preliminary Tests on Price Formation and Weak-form Efficiency in Baltic Stock Exchanges.** 7 p.  
Iikka Korhonen **A Vector Error Correction Model for Prices, Money, Output, and Interest Rate in Russia.** 12 p.  
Tom Nordman **Will China catch the Asian Flu?** 14 p.
- 6/98 Saga Holmberg **Recent Reforms in Information Disclosure and Shareholders' Rights in Russia.** 17 p.  
Vladimir R. Evstigneev **Estimating the Opening-Up Shock: an Optimal Portfolio Approach to Would-Be Integration of the C.I.S. Financial Markets.** 39 p.  
Laura Solanko – Merja Tekoniemi **Novgorod and Pskov – Examples of How Economic Policy Can Influence Economic Development.** 14 p.  
Ülle Lõhmus - Dimitri G. Demekas **An Index of Coincident Economic Indicators for Estonia.** 12p.
- 7/98 Tatyana Popova **Financial-Industrial Groups (FIGs) and Their Roles in the Russian Economy.** 24p.  
Mikhail Dmitriyev – Mikhail Matovnikov – Leonid Mikhailov – Lyudmila Sycheva **Russian Stabilization Policy and the Banking Sector, as Reflected in the Portfolios of Moscow Banks in 1995–97.** 29 p.
- 1/99 Jouko Rautava **Venäjän järjestelmämuutos ja talouskehitys vuonna 1998.** 10 s.  
Iikka Korhonen – Seija Lainela **Baltian maat vuonna 1998.** 10 s.  
Tom Nordman **Kiinan talouden tila ja näkymät.** 13 s.  
Pekka Sutela **Ukrainan talouskatsaus 1998.** 14 s.  
Iikka Korhonen **Keski- ja Itä-Euroopan talouskehitys vuonna 1998.** 10 s.