

MIAU – HU ISSN 1419-1652 – Special Edition 2020 Spring - Editorials: The papers in MIAU Nr.261 (2020.V) are products of a new education frame system “QuILT” (<https://miau.myx.hu/mediawiki/index.php/QuILT>). The goals of QuILT are supporting/conducting Students on the way of KNUTH, who said (1992): Knowledge is, what can be transformed into source code, each other human activity is a kind of artistic performance. It also means we need to leave the world of the magic of words step by step. A solid evidence that we all are capable of going this way is: creating publications behind which the human expertise and the robotized knowledge (like online engines: <https://miau.myx.hu/myxfree/coco/index.html> --- offering context free = quasi General-Problem-Solving force fields) can be integrated in case of a rational and relevant decision making scenario. The cyborg effects make possible to face the classic naïve and/or intuitive approaches and parallel the optimized approximations. This way can be realized without deep competences about mathematics, Excel (spreadsheets), statistics, etc. The new (inter/trans/multi-disciplinary) way just expects from us to be able and willing to co-operate with the best moments of the history – it means, with the already prepared robotized elements in order to build something creative one! Parallel, in the second QuILTsemester - https://miau.my-x.hu/mediawiki/index.php/QuILT2_parts - there are not only classic publication possibilities like robotizing the investigative journalism – there are further specific tasks too like 2DM-games, gamification in general, thinking experiments, etc.

Russian economy and GDP after the collapse of the Soviet Union. (1992-1998)

Pavel Vovchik R25RGS

Abstract

It became interesting for me to write on this subject, because this period in the history of the country after the collapse of the Soviet Union. My essay is based on my personal knowledge and some information sources that I used on the Internet. My task is write a real information about the consequences for the country from an economic point of view. I have identified 3 stages of development of the Russian economy in 1992-1998 and in modern time. Also, I want to express my personal thoughts on this topic.

The purpose of my work is to study the development of the Russian economy. To achieve this aims it is necessary to discuss the following tasks:

1. To consider the origins of the development of the Russian economy
2. Identify the main changes in the Russian economy after the collapse of the Soviet Union
3. Consider the main stages of development of the Russian economy.

In the history of the development of the market system in Russia as whole 3 stages:

First stage 1992-1994. This is a stage of crisis development, characterized by a large decline in production, especially investment. Recession components: the rapid demilitarization of the economy and a sharp reduction in military production, the cessation of production of civilian goods that were not in domestic demand, the collapse of the USSR and CMEA, which led to the destruction of important foreign markets for Russia, and, finally, growing difficulties associated with the real systemic transformation of the country. Prices not only increased, but their structure began to change, approaching the global level. After the August putsch of 1991, the economic crisis in the country was gaining momentum, and after the collapse of the USSR it intensified even more.

By the beginning of 1992, there was a critical situation when the consumer market was essentially destroyed, there was a threat of financial collapse, non-payments to the state budget, and the old system of state prices completely outlived itself. As a result of inflation, no one wanted to sell products at artificially low government prices. Money began to lose meaning, the transition to a natural exchange between enterprises began.

Second stage: 1994-1996 . A normal market infrastructure began to take shape, lending to the economy began at a positive interest rate (earlier it was often negative). In 1995 and 1996 managed to seriously weaken inflation. However, the government could not overcome the decline in production. An effective industrial policy was not pursued in the interests of combating recession and stimulating progressive structural shifts in production, resulting in a dangerous tendency to export Russian capital

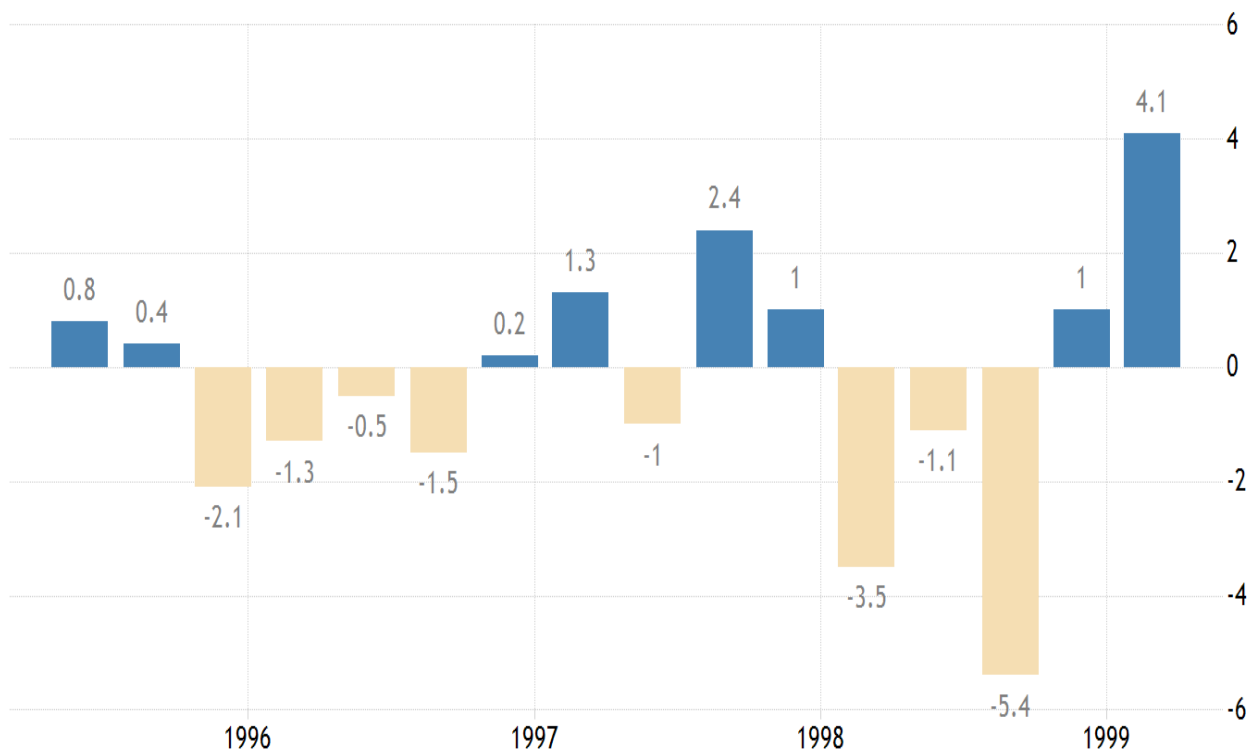
abroad and to curb foreign investment in the country's economy. Nevertheless, a stable positive balance was formed in the country's foreign trade.

Third stage: 1996-1998. The main issue was the resumption of economic growth. It was markedly reduced, and then inflation was almost defeated. The Central Bank refinancing rate has been reduced, the first signs of beginning economic growth have appeared, stabilization has been achieved at the macroeconomic level. Reform issues at the micro level, primarily at the enterprise level, have come to the fore. But in August 1998 a default occurred, which determined the transition to the next stage of reform. The default occurred when the unresolved internal problems of the Russian economy came together at one point (production decline, budget deficit, lack of the necessary gold and foreign exchange reserves and inflation). To this we must add the external pressure of the financial crisis that began in Southeast Asia and the low world prices for oil and gas. It is now clear that default could have been avoided by taking reasonable preventive measures, in particular, by conducting a tax reform.

Growing GDP after the collapse of Soviet Union.

Russia GDP	Last	Previous	Highest	Lowest	Unit
GDP Growth Rate	0.60	0.50	4.10	-5.40	Percent
GDP Annual Growth Rate	1.60	2.10	12.10	-11.20	Percent
GDP	1750.00	1657.60	2297.10	195.90	USD Billion
Gross Fixed Capital Formation	7321.30	4995.80	7982.80	1709.70	RUB Billion
GDP From Construction	708.60	1913.70	2043.80	216.40	RUB Billion
GDP per capita	11729.10	11469.70	11729.10	5505.70	USD
GDP Constant Prices	20458.70	25155.00	25155.00	10234.90	RUB Billion

Figure Nr 1 – Term-variations with descriptors (source: own presentation)



SOURCE: TRADINGECONOMICS.COM | OECD

Result

Firstly, the Russian economy has a short history. Its centralized planning, resource allocation, militarization of the economy.

Secondly, GDP growth, investment inflows, growth in foreign trade, and improving the quality of life of the population. The strategy of transition to the innovative path of development of the domestic economy was proclaimed. In general, the economy has developed at a fast, dynamic pace. Thus, we can say that the modern development of the country's economy is determined by the influence of the financial crisis, and the need to find a way out of this situation.

My personal opinion:

30 years after the collapse of the USSR, Russia has gone from one of the most potentially rich and developed economic countries in the world, to a country where more than 20 million people live below the poverty line, and 80 percent of the wealth is held by people who lead the country. This is especially clear now, during the corona virus period, when the majority of the population is sitting at home and cannot go to work, but the government does not want to help people from an economic point of view, and it is difficult to imagine what will happen to Russia in the near future.

Sources:

<https://tradingeconomics.com/russia/gdp-growth>

<http://global-finances.ru/vvp-rossii-po-godam/>

How to interpret political marketing scenarios?

Based on Figure 1 above and based on the parallel paper about the Hungarian GDP-terms (see: https://miau.my-x.hu/miau/261/GDP_political_marketing.pdf), it is also possible to adapt the logic of the parallel analysis in case of the terms with Russian contents:

Russia GDP	Last	Previous	Highest	Lowest	Unit		average	max-min
GDP Growth Rate	0.6	0.5	4.1	-5.4	Percent		-0.05	9.5
GDP Annual Growth Rate	1.6	2.1	12.1	-11.2	Percent		1.15	23.3
GDP	1750	1657.6	2297.1	195.9	USD Billion		1475.15	2101.2
Gross Fixed Capital Formation	7321.3	4995.8	7982.8	1709.7	RUB Billion		5502.4	6273.1
GDP From Construction	708.6	1913.7	2043.8	216.4	RUB Billion		1220.625	1827.4
GDP per capita	11729	11469.7	11729	5505.7	USD		10108.4	6223.4
GDP Constant Prices	20459	25155	25155	10235	RUB Billion		20250.9	14920.1
directions	0	0	0	0				
Russia GDP	Last	Previous	Highest	Lowest	Y0			
GDP Growth Rate	7%	6%	44%	-56%	1000			
GDP Annual Growth Rate	2%	4%	47%	-53%	1000			
GDP	13%	9%	39%	-61%	1000			
Gross Fixed Capital Formation	29%	-8%	40%	-60%	1000			
GDP From Construction	-28%	38%	45%	-55%	1000			
GDP per capita	26%	22%	26%	-74%	1000			
GDP Constant Prices	1%	33%	33%	-67%	1000			
Russia GDP	Last	Previous	Highest	Lowest	Y0			
GDP Growth Rate	4	5	3	3	1000			
GDP Annual Growth Rate	5	6	1	1	1000			
GDP	3	4	5	5	1000			
Gross Fixed Capital Formation	1	7	4	4	1000			
GDP From Construction	7	1	2	2	1000			
GDP per capita	2	3	7	7	1000			
GDP Constant Prices	6	2	6	6	1000			

Figure 2: Raw/relativized/ranked OAM (source: own calculations)

Figure 2 demonstrates that the 7 alternative terms can not be seen from the point of view of the political marketing as the same potentials. Compared to the Hungarian case, it is again the variable LOWEST, being responsible for the final ranking.

The Hungarian winner (among more alternatives) is the GDP growth rate.

The Russian winner (among less alternatives) is the GDP annual growth rate.

Both winners are relativized! (unit = percent)

The Hungarian winner has a lower max-min interval (consolidation potential) than the Russian winner (c.f. higher extremity).

The Hungarian winner is more dynamic than the Russian one.

A follow-up study could be compared these characteristics with other characteristics about nations... (https://hu.wikipedia.org/wiki/Hugo_M%C3%BCnsterberg – nemzet-karakterológiák)

More details: https://miau.my-x.hu/miau/quilt/2020/political_marketing_GDP_terms/