

**25**

1991-2016



CASE – Centrum Analiz Społeczno-Ekonomicznych  
CASE – Center for Social and Economic Research

# RUSSIA: A TRANSITION SUCCESS OR FAILURE? OR BOTH?

*SERGEY ALEKSASHENKO  
NONRESIDENT SENIOR FELLOW  
THE BROOKINGS INSTITUTION*

**THE FUTURE OF EUROPE  
CASE — 25TH ANNIVERSARY CONFERENCE  
WARSAW NOVEMBER 17-18, 2016**

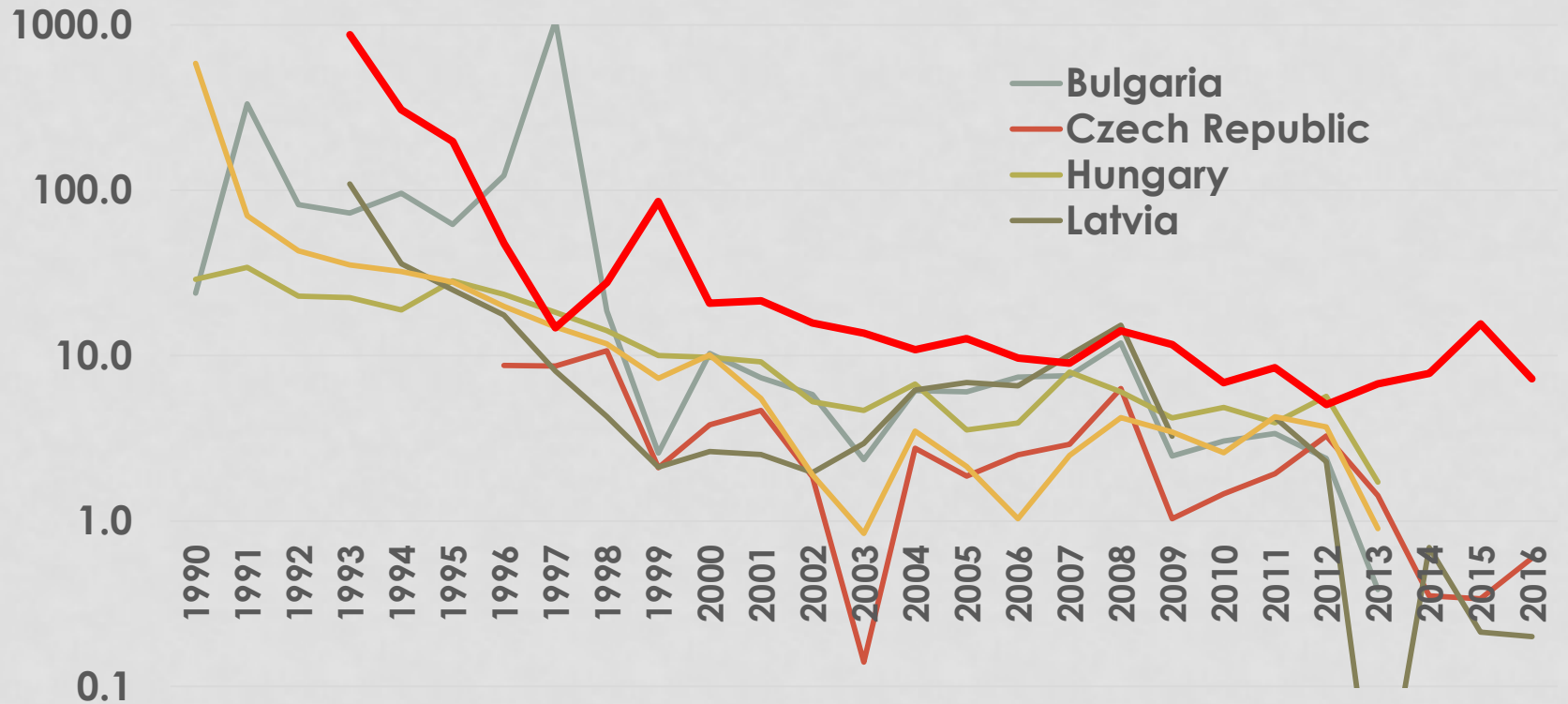
# WHAT WERE THE GOALS/ASPIRATIONS?

- Vectors of transition:
- Planned Economy -> Market
- Communist Ideology -> Western/European values
- Totalitarian Society -> Democracy
- Empire - > Republic, Federation

# WAS IT SUCCESS? ECONOMY

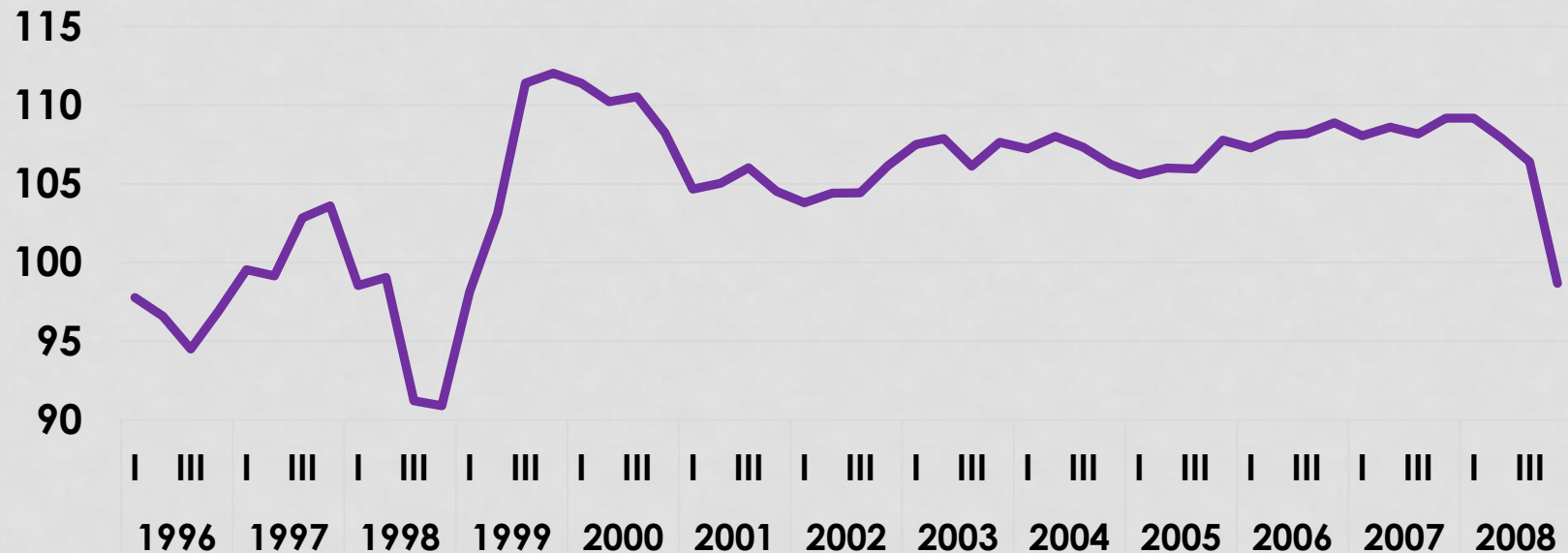
- Yes, Russian economy is market one. Free prices and free exchange rate allows economy to restore equilibrium. 2014-2015 crisis was much softer than 1998 or 2008
- But:
- Inflation is a problem. The basics of the reform – macroeconomic stabilization – is not achieved
- Privatization occurred but the role of the government in the economy grew from 35% in 2005 to 70% in 2015
- Economy is not integrated in the global chains. Raw materials and commodities remain the main pillar

# UNABLE TO FIGHT INFLATION

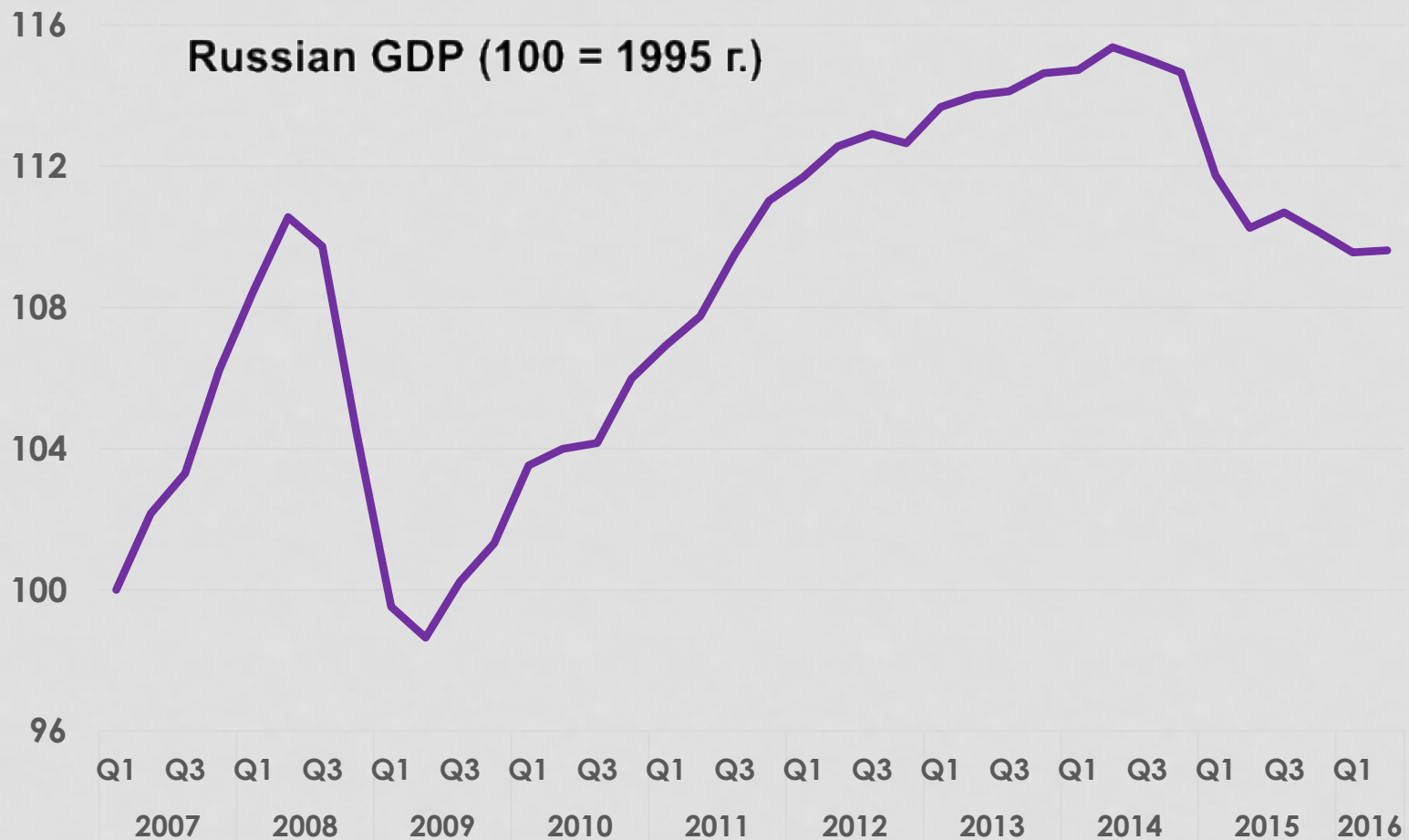


# VERY CLOSE TO BE A "RUSSIAN MIRACLE"

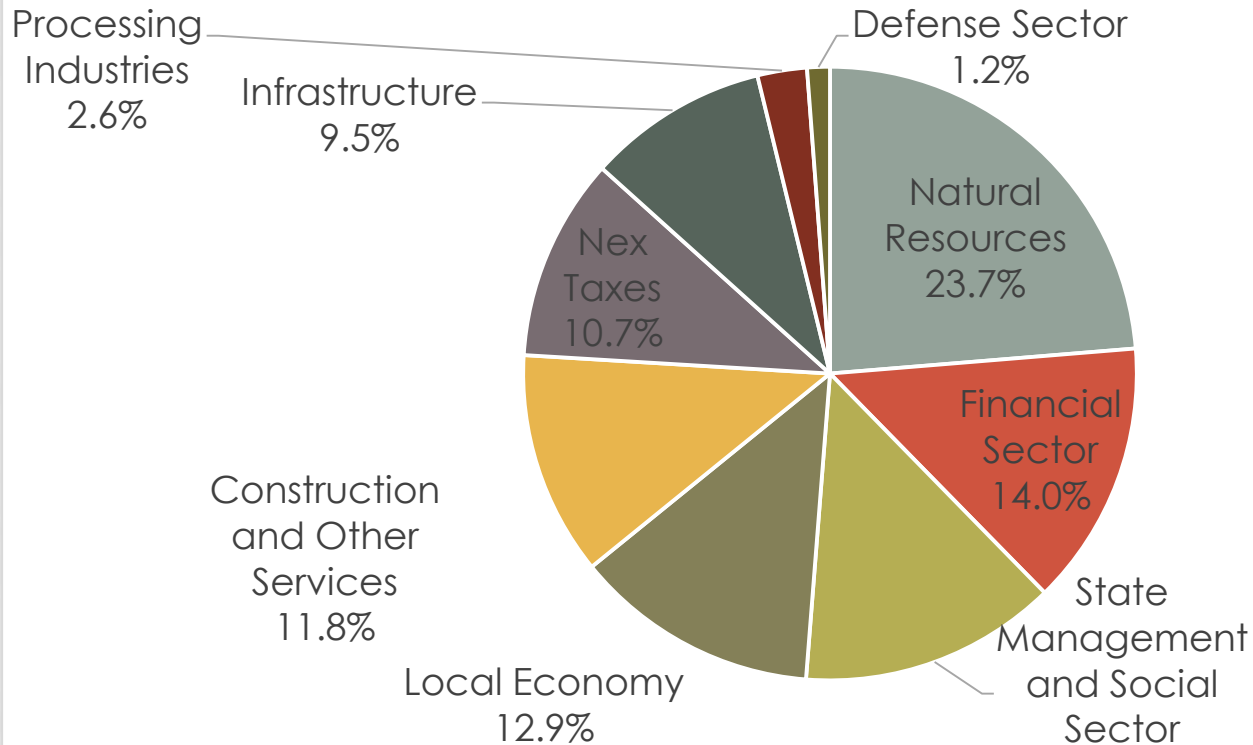
Russian GDP (100 = 1995 r.)



# ...BUT LOST MOMENTUM



# UNABLE TO CHANGE THE STRUCTURE...



# WAS IT SUCCESS? IDEOLOGY

- Yes, communist ideology had evaporated
- But starting in mid-2000s the paradigm of “Native values” had replaced the Western values



# WAS IT SUCCESS? SOCIETY

- Definitely great transition in 1990s
- But 180° reverse in 2000s
- **Dictatorship**, *form of government in which one person or a small group possesses absolute power without effective constitutional limitations.*

ENCYCLOPÆDIA BRITANNICA

# WAS IT SUCCESS? THE COUNTRY

- Ex-Soviet republics became independent states
- New Constitution and Eltsin's policy gave a lot of autonomy to Russian regions. By the end-90s it was either weak federation or strong confederation
- But the first Putin's decision was to take right to fire governors and by 2005 federation was destroyed
- Since 2006/2007 foreign policy vis-à-vis neighbors is base on imperial views and ideas
- Chubais was looking for the Liberal Empire, Putin built Russia as a Hard Power Empire

# CONCLUSIONS

- Russian economy is losing competitiveness and is more and more isolated from the rest of the world
- Russia is opposing to the West and is a threat to its neighbors
- Russia is actively exporting its values (corruption) aiming to destabilize political system in Europe
- Transition failed
- Even if transition is relaunched it will be much more complicated and will require much more time than it could be 25 years ago