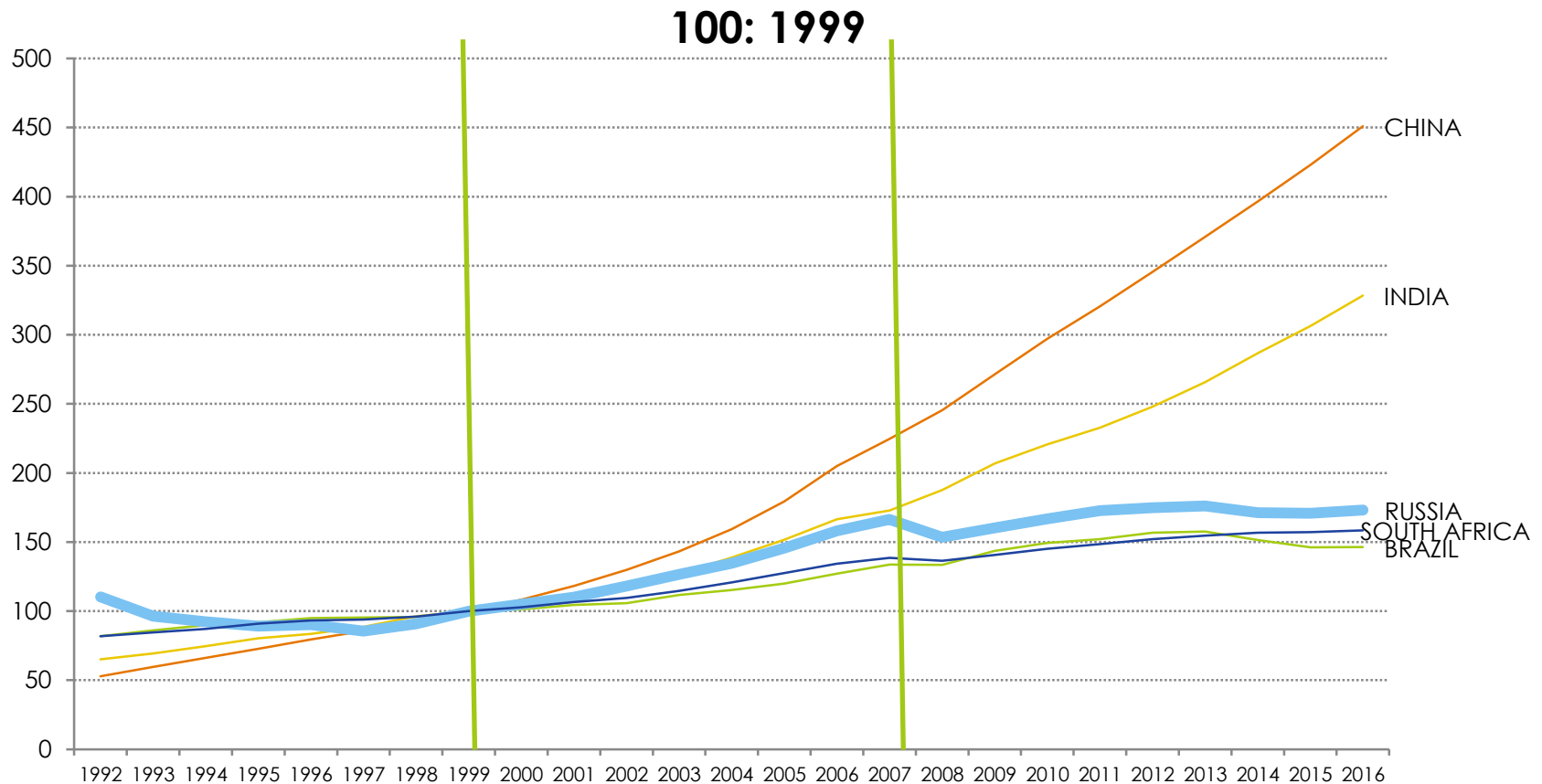


Emerging economies, emerging processes and rents: some remarks on the Russian case

Julien Vercueil, INALCO, Paris

Why Russia? The double paradox

- Russia, a paradoxical emerging country
 - Three decades of Growth: Russia's record compared
- BRICS: GDP Growth compared, 1992-2016**



Characterizing emerging economies

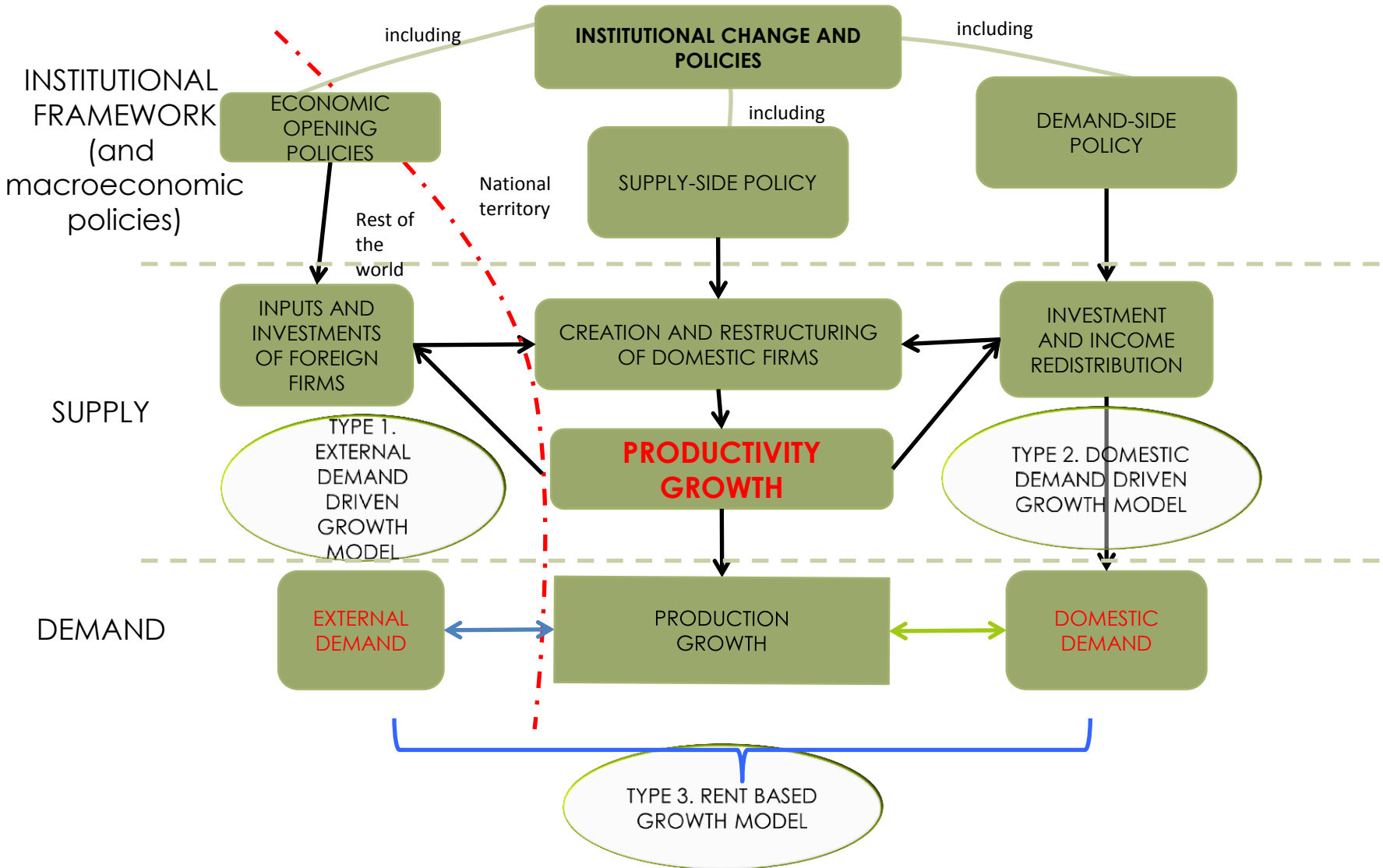
- From a list of markets to a list of criteria (Vercueil, 2010:2015)
- Criterion 1. Intermediate income (10-75 % of EU's PPP per capita GNI)
- Criterion 2. Economic catching up (during a sufficient period of time)
- Criterion 3. Institutional change (especially regarding external economic activities)
- => Growth potential (pursuit of the catching up process)
- The list of emerging economies depends on the limits set for each criterion – but only marginally
- Emerging processes must be distinguished from developing processes

Productivity growth and institutional changes

- Dani Rodrik, Joseph Stiglitz and others (Serra and Stiglitz, 2008) : debates about policies and institutional changes in developing and emerging countries. But emphasis on institutions.
- Productivity growth and institutional changes: no « one best way », but several economic trajectories (« growth models »).
- In these trajectories, co-evolution and reciprocal influences between institutions, policies and economic outcomes drive development and emerging processes - and sometimes end up with institutional lock-in.
- Question n°1: where does productivity growth come from?
- Question n°2: whom are productivity gains channelled to?

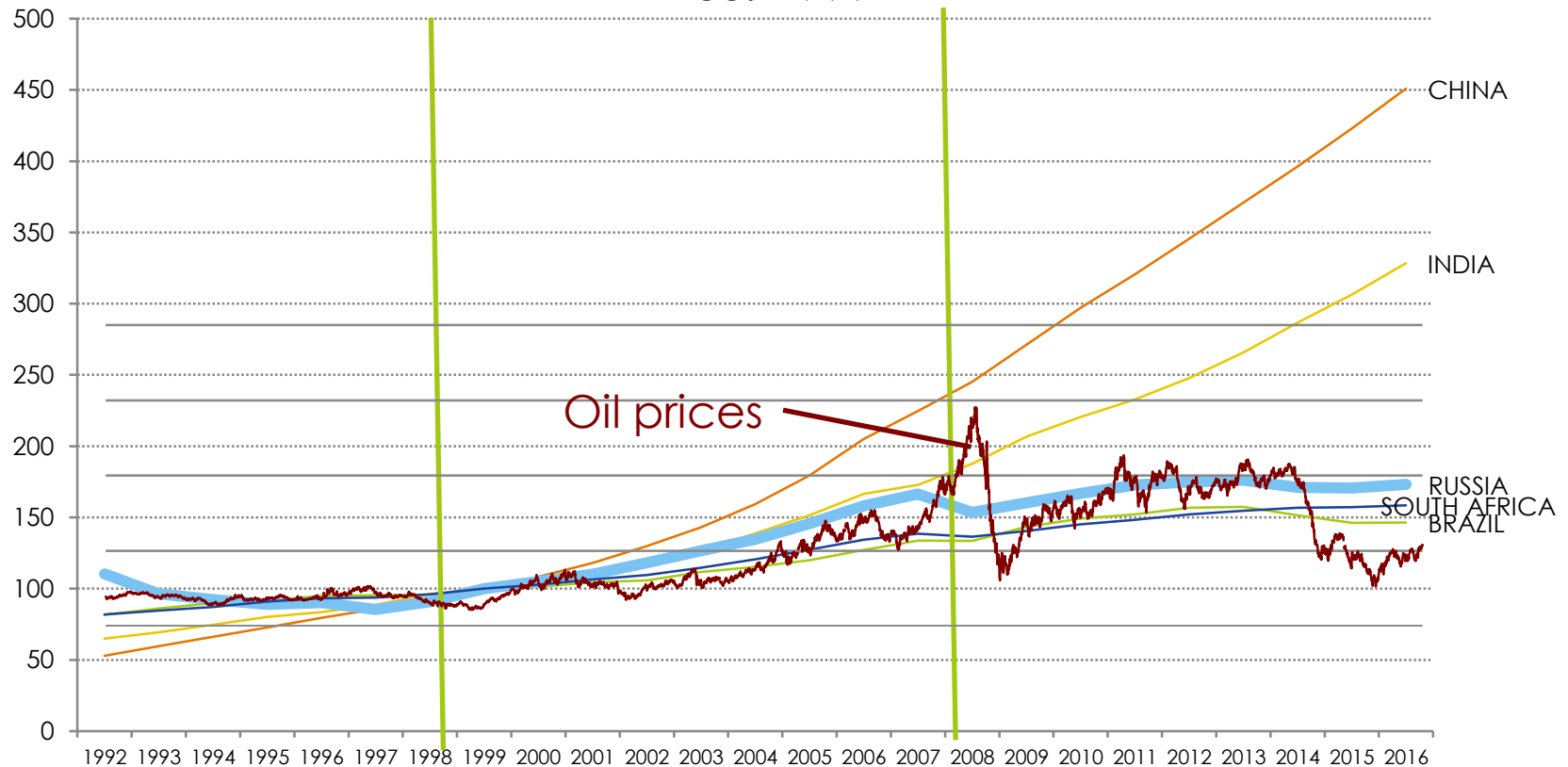
A framework for analysis

Le modèle de croissance: derrière la productivité,
des institutions et des politiques

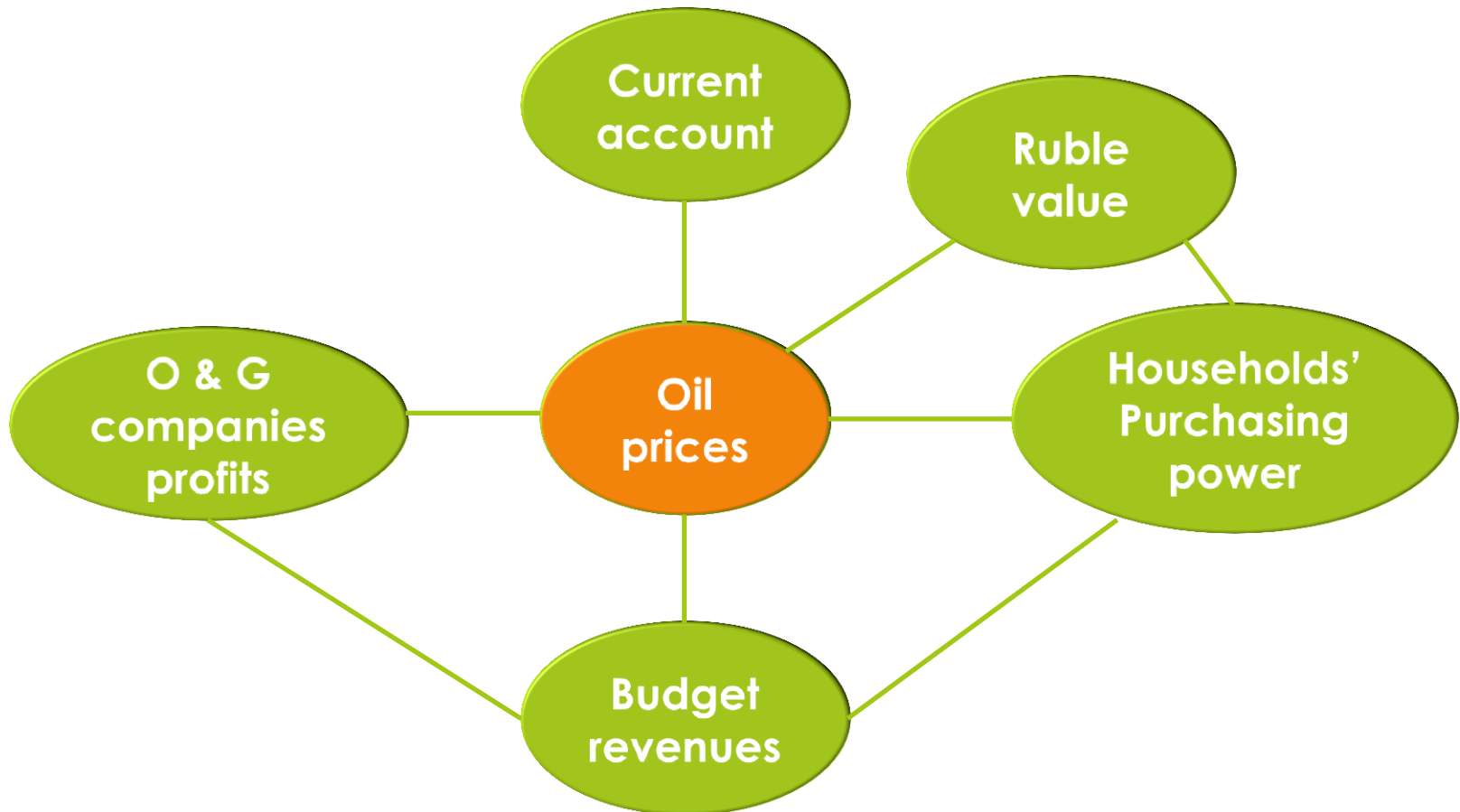


Oil prices and Russian economic growth, 1992-2016

BRICS: GDP Growth compared, 1992-2016
100: 1999



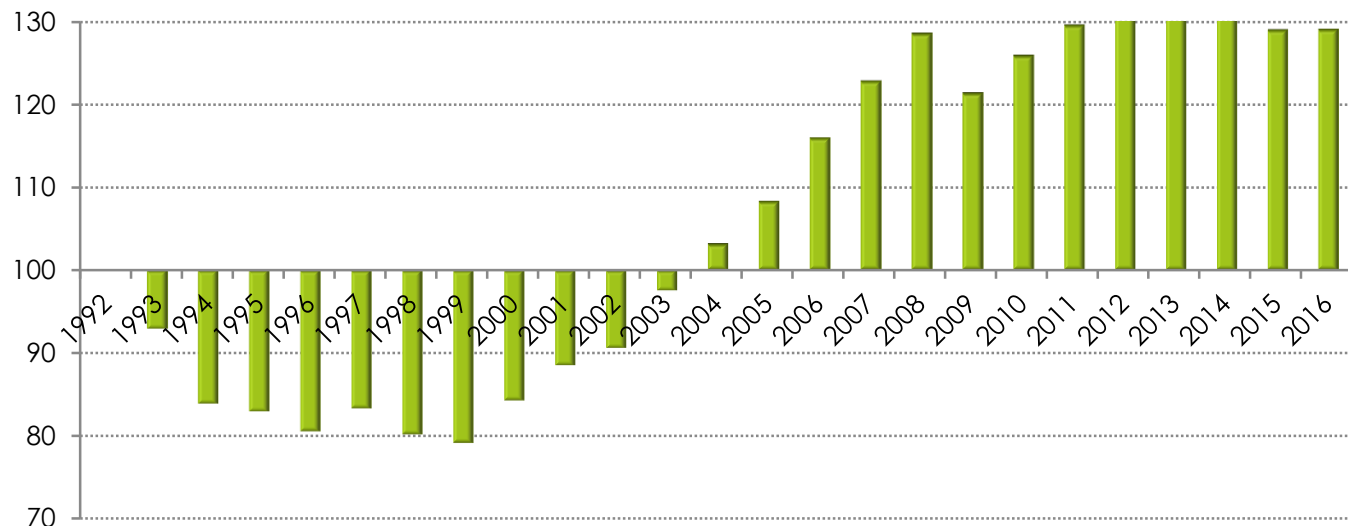
Macroeconomic impacts of oil prices within a rent based growth model: the case of Russia



From the Dutch Disease to the Rent based Disease

- The « Dutch Disease model »: a model without institutions
- Sources of productivity growth in Russia (Kudrin and Gurvitch, 2014)

**Russia: Labour Productivity Index
(Base 100:1992)**



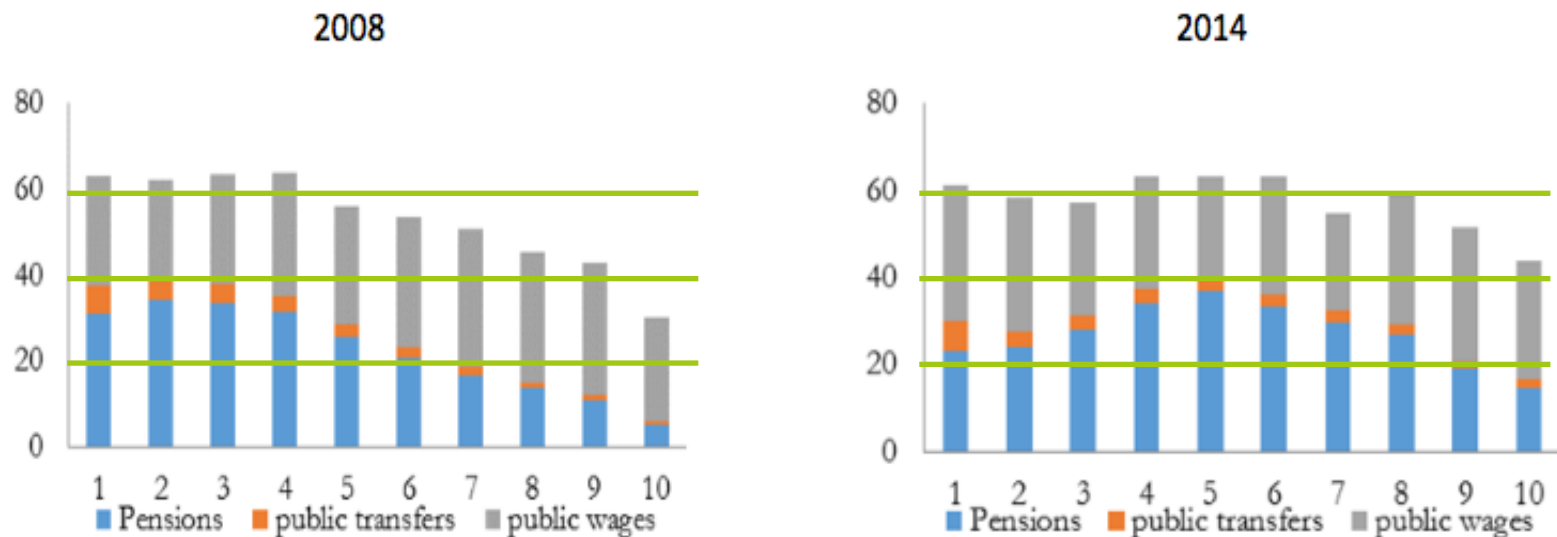
Source : Total Economy Database 2017, author's elaboration

From the Dutch Disease to the Rent based Disease (continued)

- The role of State in redistributing productivity gains (World Bank, 2016):

Figure 39: Share of total income coming from the government budget was important for all, and has increased in significance for the better-off population over time

Share of public programs in total income by decile (percent)



Source: World Bank calculations based on RLMS-HSE data for 2008-2014.

From the Dutch Disease to the Rent based Disease (concluded)

- Rent-based growth model and institutional lock-in in Russia

References

- Kudrin A., Gurvich E. (2014) : « A new Growth Model for the Russian Economy », Russian Journal of Economics 1 (2015), 30-54.
- Serra N., Stiglitz J. (Eds) (2008) : « The Washington consensus reconsidered. Toward a New Global Governance ». Oxford: Oxford University Press.
- Rodrik D. (2008) : « A practical approach to formulating growth strategies », in Serra and Stiglitz (2008), 356-366.
- Vercueil (2010:2015) : « Les pays émergents. Brésil-Russie-Inde-Chine : mutations économiques, crises et nouveaux défis ». Paris : Bréal, 2015 (première édition 2010)
- World Bank (2016) : « Russian Economic Report », n°36, November 2016.