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Editorial

Introductory note from the Editor-in-Chief

Dear readers, this is the first issue of a new international peer-reviewed English-language journal—the Russian Journal of Economics (RuJE). The journal’s founders and the editorial team are composed of renowned Russian economists and social scientists who aim to create a new international platform to discuss the theoretical and empirical aspects of economic policies (primarily for, although not limited to, Russia).

I am certain that expert analysis of the Russian economy and its influence on the post-Soviet space, as well as on other regions of the world, will be of interest to the academic community. Russia’s influence on the world economy will continue to expand over the long-term.

In my opinion, the Russian economy is still undergoing transition, with frequent shifts in its areas of focus. In 2003 and 2004, Western countries acknowledged the market status of the Russian economy and, although Russia’s market economy is still very young, it faces some very demanding challenges. According to the IMF, GDP per capita (in terms of purchasing power parity) has grown from USD 10,462 to USD 24,764 since 2000. After the initially turbulent and chaotic period, and subsequently more system-based development of a market economy and democracy, Russia has now entered a new era of understanding its role in the world. This path inevitably brings it to standstills and slowdowns. Among the causes is the rather conservative mentality of many Russians who were born and raised in the Soviet Union and, despite their criticism of the Soviet system, have not quite succeeded in finding their place in the market economy. The fact that the expectations of these Russians, who were accustomed to living in the egalitarian Soviet economy, fall short is well illustrated by the high Gini index. In Russia, it is 41.9, whereas across Europe it is 30.5.

Among other fundamental factors that irritate modern Russian society are an extremely high level of corruption and weak institutions incapable of ensuring satisfactory living standards for a middle-income country—first and foremost in the fields of education and health care and speaking of the main structural weaknesses in the Russian economy, we can also note its strong dependence on oil, the predominance of state-owned assets in many areas of manufacturing and banking, the immoderate financial obligations of the state, the poor structure of state finance, the weak pension system, highly centralized governance and the tenuous powers of the regions. Russia has not yet built a balanced political system and the role of the executive power and the president in economic policy is very strong. Coupled with a weak judicial system and a highly ineffective law enforcement system, these structural problems limit economic growth potential to an extremely low level—only approximately 2% of GDP growth rates per annum.

At the same time, a significant factor has emerged which is still difficult to assess. The country now has a middle class that acts as an economic agent and a voice for new social and political demands. In the near-term, this class will increasingly demand a civilized economic and legal environment, protection of property rights, improved public services, and transparency in political rules.

Several global factors will significantly influence both the Russian and world economies. First, the Ukrainian crisis has revealed deep-rooted, unresolved contradictions and imperfections in the world order as it has developed since the end of the cold war. This crisis, which has left a deep mark on the development of international economic relations, continues to create barriers for further collaboration between Russia and the West. It also hinders Russia's collaboration with other regions of the world, including its participation in the work of international organizations and in international treaties. The sanctions imposed on Russia not only aggravate its participation in international trade and financial affairs, but also increase the risks for the whole global economic system, making globalization more costly and less effective.

Surging nationalism around the world is becoming another new factor. In 2014, we witnessed the success of right-wing parties in European elections. The Scottish referendum proved quite challenging for the British government. Nationalism is becoming a medium-term trend in global development that hampers even stable and strong European integration. It is difficult to assess the risks and uncertainties from rising nationalism. For Russia, this factor is also crucial and will become another fundamental challenge. To tackle it effectively, Russia will need a new institutional framework. Multi-nationality was a crucial factor during the Soviet era, which, with other factors, led to the disintegration and collapse of the state. Today, it is among the key factors determining Russia's future, which is decisive for economic stability and the maintenance of a common legal framework.

Overall, Russia will remain an important center of geopolitical influence, deeply involved in many political and economic processes, both in Europe and especially in relationships with other actors of global politics such as China, the U.S., the Middle East, etc. In my opinion, the Kremlin's policy has recently focused on building a new opposition to the West and the U.S., in particular, which is in line with the wishes of many developing countries, especially the BRICS countries. This is due to their growing influence in a world economy whereas international political institutions do not always adjust to such changes in time. This can be evidenced by the stalled process for changing quotas in the IMF, for example.

However, in pursuing their policy, the BRICS states see no advantage in straining relations with the leading political and economic centers. However, the Kremlin is more determined due to its historical heritage and intentions to maintain military and political parity with the West. In addition, Russia's position remains crucial in regard to solving many global problems, for example, the situation with ISIL. We will obviously witness the creation of a new world order, the shape of which is so far obscure. In the years to come, Russia's influence can strengthen in all international forums for building consensus on global issues.

Today, the contribution by Russian economists to scholarly literature is still moderate. Nevertheless, Russia is ambitious to make up for lost time given that there was no economic science in the Soviet era. Today there are a number of advanced universities and think tanks in our country which focus on economic issues including the Higher School of Economics, the Russian Presidential Academy of National Economy and Public Administration, and Gaidar Institute for Economic Policy, which are the co-founders of this journal. Our goal is to offer a common ground to discuss pressing economic problems and challenges. To ensure the quality of this discussion, we seek to create an international network comprised of Russian scholars and their colleagues from other countries.

The RuJE is a quarterly journal that will publish high-quality research articles in all fields of economics related to policy issues. Prominent on the Journal's agenda will be original research on the Russian economy, economic policy, and institutional reform with a broader

international context and sound theoretical background. This focus is not exclusive, however, and the Journal welcomes submissions from all areas of applied and theoretical economics, especially those with policy implications. The Journal's audience will include professional economists working in academia, government and the private sector.

All submissions undergo rigorous double-blind peer review, steered by distinguished scholars from the Editorial Board of the Journal.

Alexey Kudrin

Editor-in-Chief

*Center for Macroeconomics and Finance,
Gaidar Institute for Economic Policy, Moscow, Russia;
School of Liberal Arts and Sciences,
St. Petersburg State University, St. Petersburg, Russia*