

# MACROECONOMIC DYNAMICS OF RUSSIAN FEDERATION: ECONOMETRIC MODEL - 2020

**SERGEY MITSEK**

*Liberal Arts University in Yekaterinburg, Russia*

## Introduction

The paper describes an **ECONOMETRIC MODEL**, designed to analyze current trends in **RUSSIAN FEDERATION** and the main factors that determine its development, as well as to forecast its dynamics for the coming years.

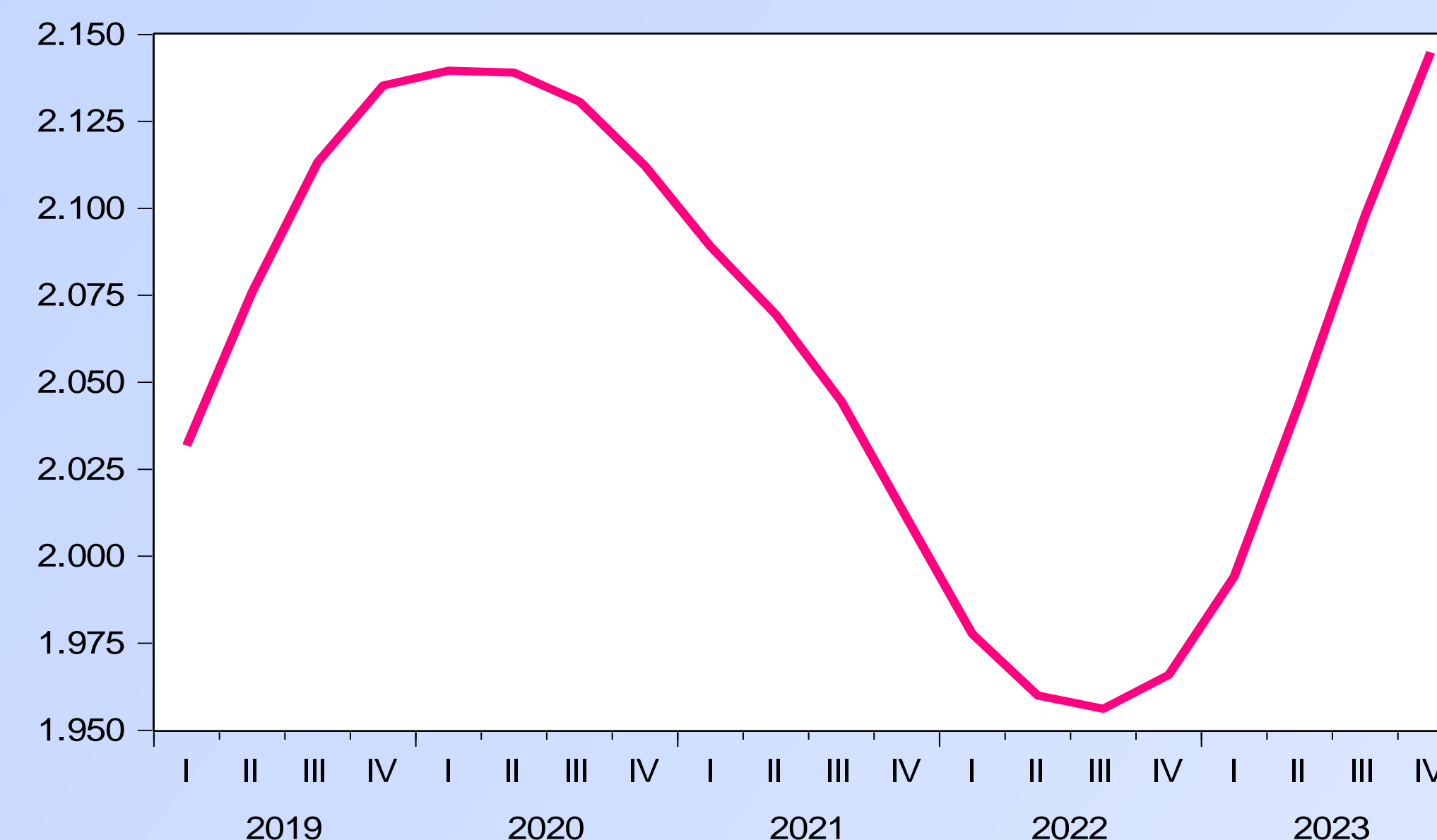
## Methods

### MODEL

24 equations	14 exogenous
66 identities	76 endogenous
90 variables	

EXOGENOUS VARIABLES	ENDOGENOUS VARIABLES
Monetary base	GDP volume;
Economically active population	Price indexes;
Export and import prices	Investment in fixed capital;
Government purchases	Households' consumption;
Capital account balance, etc	Incomes and wages;
	Bank loans and deposits;
	Export and import volume
	Dollar exchange rate, etc

## Procedures



The GDP forecast basic variant (1999Q1 = 1) HP smoothed,  $\lambda = 6.25$

## Results

### IMPULSE MULTIPLIERS

Exogenous / Endogenous	The GDP constant prices index	The GDP deflator	The gross fixed capital formation constant prices index
Economically active population	+1,37	+0,20	-0,65
Export prices	-0,03	+0,13	+0,10
Import prices	-0,01	+0,02	-0,14
Government purchases	-0,41	+0,44	-0,40
OECD GDP	+2,66	-0,52	+1,57
Monetary base	-0,01	+0,07	+0,06

**Fiscal policy** crowds out investment in fixed capital.  
**World economy** has a great impact

## Results (Continued)

Variant	Annual growth		
	Fact	Fact	Forecast
	1999 - 2014	2015 - 2019	2020 - 2023
GDP-basic	+4,4 %	+1,2 %	+0,0 %
Prices - basic	+14,7 %	+4,7 %	+3,7 %
GDP - Global Economic Recovery	+4,4 %	+1,2 %	+3,2 %
Prices - Global Economic Recovery	+14,7 %	+4,7 %	+3,2 %

## Conclusion

- **LOW DYNAMICS** of Russian economy preserves for 2020-21. It may restore only under the condition of global economic recovery
- **FISCAL POLICY** has to be more liberal in order to restore economic growth
- **EXPORT PRICES'** increase will not have strong impact on growth
- Strong dependence of Russian economy on **LABOR FORCE** limits the prospects for future.
- Strong dependence of Russian economy on **IMPORT** is a serious obstacle for economic growth; it is hard to overcome it.

## References

MITSEK S. A., MITSEK E. B. Econometric model of the Russian Federation (2020 version): estimates, forecasts, analysis. Liberal Arts University Review, 2021, v.1(32),p.6-90