The reasons of high inflation in Russia

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Even after a decade of economic growth in 1999-2008 inflation in Russia remains extremely high to world measures.
The structural factors

- The inflation of costs generated by distinction of the external and internal prices

- The inflation generated by the difference in levels of branches and enterprises technological development
• Monopoly
• In the circumstances of economic growth the technologically backward enterprises raise the wages level
• But they can not decrease the other cost articles
• It leads to a rise of prices
• The structural factor of inflation

• \[ Z = \sum |\Delta A^*a| / A \]

• Where, \( Z \) – the structural factor, \( \Delta A \) – the deviation of dynamics of branch output deflators from the deflator of total output
• \( A \) – the dynamic of total output deflator
• \( a \) – the share of the definite branch output in total output
Dynamics of CPI and structural factor

![Graph showing the dynamics of CPI and structural factor from 1999 to 2008. The CPI line is in red, and the structural factor line is in blue. The graph indicates a declining trend for both metrics over the years.]
\( r \text{ cpi} = \text{STRUCT} \)

\[
\begin{align*}
\text{SEE} & = 2.27 \quad \text{RSQ} = 0.9107 \quad \text{RHO} = -0.24 \quad \text{Obser} = 10 \quad \text{from} \quad 1999.000 \\
\text{SEE} + 1 & = 2.20 \quad \text{RBSQ} = 0.8995 \quad \text{DW} = 2.48 \quad \text{DoFree} = 8 \quad \text{to} \quad 2008.000 \\
\text{MAPE} & = 11.79 \\
\end{align*}
\]

<table>
<thead>
<tr>
<th>Variable name</th>
<th>Reg-Coef</th>
<th>Mexval</th>
<th>Elas</th>
<th>NorRes</th>
<th>Mean</th>
<th>Beta</th>
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<td>0 cpi</td>
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<td></td>
<td></td>
<td></td>
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<td>1 intercept</td>
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<td>2 STRUCT</td>
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<td>1.00</td>
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</table>

![Graph showing predicted vs. actual values over the years 2000 to 2008]
Thank you for your attention