SPRINGER NATURE Link

Log in

Special Vehicles of State Intervention in Russia and Kazakhstan

Symposium Article Published: 27 January 2011

Volume 53, pages 57–77 (2011) Cite this article



Comparative Economic Studies

Yelena Kalyuzhnova[1] & Christian A Nygaard[1]

223 Accesses 20 Citations Explore all metrics

Abstract

This paper analyses the interlink between resource revenues and financial sector management in Russia and Kazakhstan. In the absence of a well functioning private financial sector the governments can substitute for the actions of the private actors by introducing dedicated financial vehicles. Specifically, these instruments allow the governments of Russia and Kazakhstan alternatives to direct ownership in their pursuit of national economic priorities. The focus of the paper is on two examples of dedicated state investment vehicles with clear industrial policy remits and roles as agents of their respective governments. The paper distinguishes between crisis management and systemic role of these institutions.

This is a preview of subscription content, log in via an institution to check access.

Access this article

Log in via an institution →

Subscribe and save

Springer+ from €37.37 /Month

- Receive 10 units per month
- Download 1 article/chapter for 1 unit
- Get selected eBooks for 7 units
- Cancel anytime

View plans →

Buy Now

Buy article PDF 39,95 €

Price includes VAT (Poland)

Instant access to the full article PDF.

Institutional subscriptions →

Explore related subjects

Discover the latest articles, books and news in related subjects, suggested using machine learning.

Automotive Infrastructure and Services | Public Finance | Development Finance | Russian and Post-Soviet Politics | Privatisation | Russian | Youth Policy and Economic Development in Regional Contexts

Notes

1. For the role of the NOCs see Kalyuzhnova and Nygaard (2008).

The use of these revenues is debated widely in the economic literature (see

2. Acemoglu and Johnson, 2005; Brunnschweiler and Bulte, 2009; Gylfason, 2000; Papyrakis and Gerlagh, 2004), but in this paper we are more interested in the impact that resource nationalism is making on the governmental strategies in the financial sector.

3. $8.3 billion will come from the state budget and $10 billion from the National Fund of the Republic of Kazakhstan (NFRK).

4. For more details see the section ‘Special vehicles as crisis management tools’ of this paper.

5. Joint Stock Company Sovereign Wealth Fund ‘Samruk-Kazyna’ was founded in accordance with the Decree of President of the Republic of Kazakhstan dated 13 October 2008 No. 669 ‘On some measures on competitiveness and sustainability of national economy’ and by the Decree of the Government of the Republic of Kazakhstan dated 17 October 2008 No. 962 ‘On measures on realization of the Decree of President of the Republic of Kazakhstan No. 669’.

6. The key area for Samruk-Kazyna and companies shall be modernisation and diversification of national economy in the framework Annual Addresses of the President of Kazakhstan, Strategy of Industrial and Innovation Development of Kazakhstan 2003–2015, ‘30 Corporate Leaders of Kazakhstan’ Program, aims and objectives assigned to Companies and other documents.

7. Vnesheconombank resulted out of a reorganisation of a number of state-owned banks around the Vnesheconombank USSR in 2007; the latter was merged with the Russian Development Bank and Roseximbank.

8. Kalyuzhnova and Nygaard (2009) show that the overall share of SME lending constituted only a small proportion of VEB's assets in 2007.

9. Saving for future generations was compromised in 2009 when a large share of NFRK liquid assets ($10billion out of <$30billion) was used for short-run crisis management. This may have been a good use of funds but it was not an obvious goal in official statements in 2000–2008.

References

Acemoglu, D and Johnson, S . 2005: Unbundling institutions. Journal of Political Economy 113: 949–995.

Aslund, A . 2007: How capitalism was built: The transformation of Central and Eastern Europe, Russia, and central Asia. Cambridge University Press: Cambridge.

Bonin, J and Wachtel, P . 2003: Financial sector development in transition economies: Lessons from the first decade. Financial Markets, Institutions & Instruments 12 (1): 1–66.

Broadway, RW . 1979: Public Sector Economics. Winthrop Publishers Inc: Cambridge.

Brunnschweiler, CN and Bulte, EH . 2009: Natural resources and violent conflict: Resource abundance, dependence, and the onset of civil wars. Oxford Economic Papers, Oxford University Press: Oxford, Vol. 61 no. (4), pp. 651–674.

Central Bank of Russia(CBR). 2008: Banking supervision report 2007. CBR: Moscow.

Chambers, DE, Wedel, KR and Rodwell, MK . 1992: Evaluating social programs. Allyn and Bacon J.P: Boston.

Chang, H-J . (1993): The political economy of industrial policy in Korea. Cambridge Journal of Economics 17: 131–157.

Colander, S, Goldberg, M, Haas, A, Jusekis, K, Kirman, A, Lux, T and Sloth, B . 2009: The financial crisis and the systemic failure of the economic profession. Critical Review 21 (2–3): 249–267.

Domjan, P and Matt, S . 2010: A comparative study of resource nationalism in Russia and Kazakhstan, 2004–2008. Europe–Asia Studies 62 (1): 35–62.

EBRD-World Bank. (2004–2005): Business environment and enterprise performance survey(BEEPS) 2005. Data Base, http://www.ebrd.com/pages/research/analysis/surveys/beeps.shtml.

Evans, P and Rauch, JE . 1999: Bureaucracy and growth: A cross-national analysis of the effects of 'Weberian' state structures on economic growth. American Sociological Review 64 (5): 748–765, http://www.jstor.org/stable/2657374.

Fama, EF . 1980: Banking in the theory of finance. Journal of Monetary Economics 6: 38–58.

Fidrmuc, J and Korhonen, I . 2009: The impact of the global financial crisis on business cycles in Asian emerging economies. CESIFO Working paper No. 2710. Category 7: Monetary Policy and International Finance, July 2009.

Fischer, S . 1993: The role of macroeconomic factors in growth. NBER Working paper 4565, National Bureau of Economic Research Cambridge, Massachusetts.

Frye, T and Zhuravskaya, E . 2000: Rackets, regulation and the rule of law. Journal of Law, Economics, and Organization and Environment 16 (2): 478–502.

Fukuyama, F . 2004: State-building: Governance and world order in the 21st century. New York: Cornell University Press.

Greenwald, BC and Stiglitz, JE . 1992: Information, finance and markets: The architecture of allocative mechanisms. NBER Working papers 3652, National Bureau of Economic Research, Inc.

Gylfason, T . 2000: Resources, agriculture, and economic growth in economies in transition. Kyklos 53 (4): 545–580.

Hartley, P and Medlock III, K . 2007: A model of the operation and development of a national oil company. James A. Baker III Institute for Public Policy, Rice University.

Herber, BP . 1979: Modern public finance. Homewood: Richard D. Irwin Inc.
Jimoh, A.

Hilbers, P, Otker-Robe, I and Pazarbaşıoglu, C . 2006: Going too fast? Finance and Development 43 (1), http://www.imf.org/external/pubs/ft/fandd/2006/03/hilbers.htm.

International Monetary Fund. 2004: Russian federation: Selected issues. IMF: Washington.

International Monetary Fund. 2010: Concluding statement 2010 article IV consultation June. IMF: Washington.

Kalyuzhnova, Y . 2008: Economics of the Caspian oil and gas wealth: Companies. Governments Policies. Palgrave Press: Basingstoke.

Kalyuzhnova, Y and Nygaard, C . 2008a: State governance evolution in resource rich transition economies: An application to Russia and Kazakhstan. Energy Policy 36: 1829–1842.

Kalyuzhnova, Y and Nygaard, C . 2008b: Economic nationalism and the role of national oil companies in resource-rich countries: An empirical examination. Memo, The University of Reading.

Kalyuzhnova, Y and Nygaard, C . 2009: Resource nationalism and credit growth in FSU countries. Energy Policy 37: 4700–4710.

Keynes, J . 1936: The general theory of employment, interest and money. Macmillan Cambridge University Press: Cambridge.

Kohli, A . (ed.) 2004: State-directed development. Cambridge University Press: New York.

Kolodko, GW . 2000: From shock to therapy: The political economy of post-socialist transformation. Oxford University Press: Oxford.

Myant, M and Drahokoupil, J . 2010: Transition economies: Political economy in Russia, Eastern Europe and Central Asia. John Wiley & Sons, Inc.: Hoboken, NJ.

Nuttall, C . 2008: EURASIA 2009: Falling commodity prices hit region hard. *Business New Europe*, http://businessneweurope.eu/story1413/EURASIA_2009_Falling_commodity_prices_to_hit_region_hard, accessed February 2010.

Papyrakis, E and Gerlagh, R . 2004: The resource curse hypothesis and its transmission channels. Journal of Comparative Economics 32: 181–193.

Ray, D . 1998: Development economics. Princeton University Press: Chichester, UK.

Reinert, E . 1999: The role of the state in economic growth. Journal of Economic Studies 26 (4/5): 268–326.

Sinch, R . 1985: State intervention, foreign economic aid, savings and growth in LDCs: Some recent evidence. Kyklos 38, Fasc.2, 216–232.

Smith, A . 1913: The wealth of nations. Macmillan: London.

Stiglitz, JE . 1985: Credit markets and the control of capital. Journal of Money, Banking and Credit 17 (1): 133–152.

Stiglitz, JE, Jaramillo-Vallejo and Chal Park, Y . 1993: The role of the state in financial markets. World Bank Research Observer, Annual Conference on Development Economics Supplement (1993), pp. 19–61.

Stiglitz, JE and Weiss, A . 1990: Banks as social accountants and screening devices and the general theory of credit rationing. Creek Economic Review 12: 85–118. In: Courakis, A and Goodhart, C (eds). *Essays in Monetary Economics in Honor of Sir John Hicks*. Oxford University Press: Oxford, UK.

Author information

Authors and Affiliations

The Centre for Euro-Asian Studies, The University of Reading, Whiteknights, PO Box 218, Reading, RG6 6AA, UK

Yelena Kalyuzhnova & Christian A Nygaard

Rights and permissions

Reprints and permissions

About this article

Cite this article

Kalyuzhnova, Y., Nygaard, C. Special Vehicles of State Intervention in Russia and Kazakhstan. *Comp Econ Stud* **53**, 57–77 (2011). https://doi.org/10.1057/ces.2010.26

Published
27 January 2011

Issue date
01 March 2011

DOI
https://doi.org/10.1057/ces.2010.26

Keywords

state intervention | state financial vehicles | Russia | Kazakhstan

JEL Classifications

O13 | O38 | O43

Profiles

1. Christian A Nygaard

View author profile

Search

Search by keyword or author

Navigation

Find a journal

Publish with us

Track your research