Elena Vasilievna Ponomarenko

CRISIS LESSONS: THE REVIEW OF RUSSIAN AND INTERNATIONAL EXPERIENCE

***Abstract**: In this article the author provides the analytical review of the governments' measures for overcoming the consequences of the world financial and economic crisis with the description of some successful and inefficient economic tools of monetary and fiscal policy, which were used for supporting financial and real sectors in the developed economies and Russia. The contemporary economic theory – economics of the public sector, institutional economy – gives a new impulse for studying the increasing role of the government in the modern world and the strengthening of positive effects of its interaction with market structures, taking into consideration the process of economic recovery from the world financial crisis. Issues on the optimum and efficient government, scales of its economic activity, effective institutes are not only becoming the subject of sharp scientific discussions, but mainly indicate the practical needs for estimating the existing tools and institutes and working out of new ones on the national and international levels.*

***Keywords**: socio-economic crisis, government policy, economics of public sector, institutional economics*

JEL: P 16, P 35

Recovery from the crisis: leaders and outsiders. 2010 is the year of the world economy recovery from the hardest global financial crisis. This process takes a different course in various countries: the higher rates of recovery were demonstrated by "fast growing economies", particularly of China and Russia. In the mid 2010 China left Japan behind by GDP per capita and reached the second place in the world after the United States[1]. Good examples were presented by other BRIC countries as well as Turkey and South Africa. Advanced European countries and the United States showed modest rates of recovery – the best position among OECD countries is kept by Germany, with 2% GDP growth forecast by the end of 2010. Russia is showing almost double the rate, varying from 5% according to the World Bank forecast to 4% according to the Russian Ministry of Economic Development.

[1] Economists are discussing when the growing economy of China will overtake the United States. China is already the first in the world economy by number of indicators: CO^2 emissions (2007), gold extraction (2008), automobile manufacture (2009), total volume of export (2009) and electricity consumption (2010). The chief economist of Goldman Sachs Jim O'Nil believes that if China preserves the current trends of development it will become the world's largest economy, having surpassed the U.S. even in 2027.

Table 1
The selected macroeconomic indicators of Russia in comparison with the world, forecast by the World Bank and IMF experts [1][2]

	2007	2008	2009	2010	2011
Average price of crude oil Brent, Dubai, WTI and its forecast (simple average, US $ per barrel)	71.1	97.0	61.8	76.0	76.58
Growth of the world economy,%				2.7	3.2
GDP growth of Russia,%	8.1	5.6	-7.9	4.3	4.1
GDP of Russia, bln rbl	33 258	41 445	39 064	44 360	49 190
GDP of Russia, bln US $	1 305	1 671	1 240	1 488	1 690

The US economy extremely slowly recovers from the recession despite the various forms of market support from the government and the Congress: significant injections to the financial market, granting of $35 bln to automobile giants, practical "zeroing" by the Federal Reserve System of the interest rate, etc. Consequences of the crisis rest in the fact that the economy cannot function in a previous mode any more: take the credit – invest in business – receive the income – pay off the credit.

Anti-recessionary tools of monetary policy: experiences of EU countries. From the beginning of the global crisis central banks of EU countries reduced the refinancing rate several times, practically to zero-level, bought up "bad" assets, managing huge resources for the rescue of the financial sector.

Rescue of the U.K. banking sector in autumn 2009 has cost the state 1.2 bln pounds Lstg. (more than $1.8) and has caused losses of three independent banks and several housing co-operatives [3]. The British government had nationalised Bank Northern Rock in February, 2008 after the bank suffered multi-bln losses in the mortgage market. In autumn 2008 the state was compelled to rescue the Royal Bank of Scotland and Lloyds TSB, which found itself on the verge of bankruptcy. As a result the government received about 70% in RBS and 43% of Lloyds. These financial institutions will be divided into two parts: one of them is sold, and on the basis of the second one three new banks will be created.

The EU countries created the common fund for maintenance of member states' economies at the basis of payments at 1.5% of each country GDP. They accepted a large-scale programme for the state financial support not only for the banking sector (up to nationalisation of large banks in Belgium, Ireland, and other European countries), but also for real sector – the automotive industry in France, Germany, agriculture in a number of countries, companies of research sector in Saxony, etc.

This policy of governmental intervention in the economy and financial sphere, serious expansion of the public sector have been recognised as an adequate answer to the challenges of the global crisis at the forum of twenty most developed countries in the world, which took place at the end of 2008 in Washington.

Lessons from the crisis – to change the tools of regulation. *First important lesson of the crisis in the banking sphere* was the understanding of the need to expand the tools of monetary policy, moving away from the notion to regulate mainly interest rates.

The most important, if not the sole, traditional task of central banks in the vast majority of countries was to keep inflation at the lowest level to ensure sustained growth in the conditions of strengthening of the markets' "failures", and almost the unique instrument – *changes of interest rates*[2], the interest rate on short-term loans which the Central Bank influences through open market operations.

This policy is based on the assumption that monetary policy should be implemented through interest rate and asset prices rather than on the basis of a direct impact on the monetary aggregates. It is considered to be true that the interest rate and asset prices are linked through operations in the securities market, so it is enough to affect short-term rates and all others will change also.

The regulation of banking activity in general and monitoring of financial institutions were assigned to central banks and supervisory authorities of the European Union countries; however, as evidenced by the world crisis, these functions were inadequate and ineffective. Interest rate absolutisation led to the reduction to a minimum of financial intermediary maintenance, its underestimation has led to serious disproportions that, in turn, has become the main argument in favour of improving banking regulation and supervision [4].

The EU perspectives of reform in the banking sector (scheduled to launch in 2013) were discussed in 2010. It will be connected with new management tools, including the increase of reserve requirements to 4.5-5%, introduction of a new tax on international banking operations, division of "speculative" and core banking operations, as well as to strengthen the supervision of financial institutions. An important part of the reform will be the separation of powers and responsibilities between national regulators and international institutions.

*The second lesson: reforms of regulation and supervision of financial institutions in the EU***.** In order to improve regulation and supervision on financial markets in the EU it is planned to make essential changes. *Draft amendments to regulation and supervision of financial institutions* have been developed, its essence – in creation of *new structures* of the supervision with the task to monitor financial system and prevent possible crises at an early stage. The first body is the *European Systemic Risk Board (ESRB)*. It will be formed from central banks and financial markets regulators of the EU Member States. Its objective is the general supervision over EU financial system conditions and warn the European Commission about any signs that may indicate impending crisis. It is supposed to be rigidly limited in powers and be able only to prevent the emergence of new crises and give instructions to the national regulators. However, no sanctions for non-compliance by national regulators to these instructions in the Draft are provided.

The second structure – *European System of Financial Supervisors (ESFS)* – will consist of national European financial regulators of the EU Member States and

[2] In the reality of the Central Bank experts' "flexible targeting of inflation", when application of various monetary tools leads to the return of inflation to the defined level; however, not at once but after a certain period.

three new European observant agencies responsible for the supervision over banks, financial companies, insurance companies, and the pension funds. The ESFS should carry out the control over execution of pan-European banking regulations, and also over the acceptance of emergent anti-recessionary measures.

Three new supervisory agencies (based on the existing ones) are the *European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA)* and *European Securities and Markets Authority (ESMA)*. New supervising bodies are allocated with real powers. They will be able to conduct their own investigations, request information directly from the European companies and act as arbitrators in disputes between national regulators. These agencies will have the right to issue prescriptions to the national supervising bodies which should be carried out within ten days. If the national supervising bodies fail to comply with the prescriptions, the measures will be taken by the European Commission.

The final draft of the EU financial regulation reform has already been submitted for consideration and adoption by the EU Council and European Parliament. It is planned that the new supervisory authorities start working in 2010.

The UK government opposes the reform fearing that the new financial regulators have too much power, which may result in the UK's losing some control over their financial system. The British authorities claim that the plan of the European Commission may conflict with the interests of some EU countries [5].

Banking reform in Great Britain. In the UK monetary policy has been traditionally realized by the Bank of England by managing interest rate. In March 2009, the Committee on monetary policy for the Bank of England announced that in addition to managing interest rate, the Bank of England will inject money directly into the economy through the purchase of assets. Thus, monetary policy shifts from managing the price of money to the management of its quantity [5].

After the financial crisis in the autumn of 2009, the British government decided to considerably reform the banking system with the purpose to avoid future consolidation of credit institutions till the sizes which exclude their bankruptcy, because such consolidation creates a sense of impunity – banks are assured that the state will come to their rescue. Therefore large banks are more inclined to increase risky operations. The management of the Bank of England considers that measures offered within framework of the 20 most developed countries to reduce bank risk through regulation and the increase of banking capital cannot prevent failures in the future. The essence of offered reforming is to draw a line between retail functions of banks and their more speculative businesses. By means of the banking reform the state wants to create a considerable competition on the market [6].

Due to the controversy broken out in European Bank structures, one more *important conclusion* for post-crisis economic development can be formulated: there is a need for a clear division of powers and responsibilities between national regulators and international institutions.

The banking sector of Russia. The modern structure of the banking sector in Russia is characterized by a large number of small banks in terms of the volume of assets and capital. As at 1 December, 2008 there were 1228 banks in the Register of the Russian banks, with 200 largest banks accounted for 93% of cumulative banking sector assets and about 87% of shareholders' equity. About 44% of cumulative banking sector assets and 45% shareholders' equity belong to the five largest banks. In 2010, the number of operating banks decreased to 979 [7], [8].

During the crisis the state decided to use the situation for consolidation of the banking sector. As experts stated, instead of voluntary consolidation of credit institutions on the basis of market economy requirements, the emphasis was laid on compulsory acquisition of banks by the limited number of "buyers". As a result there is not much reforming of the banking system, but mainly its partial nationalisation [9].

The banking sector of Russia before the financial crisis was characterised by lack of capitalisation that did not allow it to carry out adequate financing of the largest Russian enterprises. Besides, the capital had been importing in the country not much through the banking system, but mainly directly in the corporate sector. Large corporations possessed a wide access to external financing (in foreign currency) as the country had high ratings of the state obligations, rigid regulation of an exchange rate and potential of the state guarantees.

As a result, both the Russian financial market and Russian companies are highly dependent on external funding and significant levels of external debt. And the increase of rates on global financial markets and restrictions on lending in developing countries have led to a significant increase in borrowing rates of largest Russian banks and caused a crisis on interbank credit market.

By the end of 2008 the external debt of the private sector (banks and enterprises), with the exception of equity, totalled nearly 500 bln dollars. Net outflow of capital from Russia in 2008 amounted to 130 bln dollars. [9]. In such circumstances, withdrawal of foreign investors from the Russian market should provoke liquidity crisis in the banking sector, while the share of foreign ownership in the Russian banking system is equal to 25% that is relatively low in comparison to some other European countries with emerging markets [10].

In March 2009 *The anti-crisis programme of the Russian Federation Government for 2009* was approved*,* with seven priorities offered, including: strengthening of social protection of the population, preservation of industrial and technological potential for the future growth, support for the banking sector. In the list of anti-recessionary measures of the Russian government and Bank of Russia connected to stabilisation of financial market are unsecured auctions – at the end of 2008 over 150 banks have been admitted to use them; subordinated loans – to the largest banks (Sberbank, VTB, RSHB and others); support for mortgage lending (AHML); sanitation of banks; restoration of the interbank credit. Bank of Russia has taken decision on application to banks faced with financial difficulties not only bankruptcy procedures, but other measures, more cautious, such as sanitation, merging and reorganisation.

Quick governmental measures to raise insurance premiums on population bank deposits from 400 to 700 thousand rubles, together with other measures, prevented panic and flee of cash deposits. However not all the introduced tools have proved their viability. "Unusual" dynamics of refinancing rate led to its counterbalance to global tendencies: from beginning of the crisis it was raised to 13%, and then decreased to 7.75%.

The question about targets and effective expenditures of public finances on anti-recessionary programmes is extremely important. The mechanism for monitoring the efficiency of huge budget spending deals with legislation[3] which establishes requirements for employees of the Bank of Russia, who are appointed by *authorized representatives* in credit organizations getting the state support. They should participate in the meetings of the governing bodies of these organizations, in decision-making concerning credits, in management of liabilities and assets, in receiving the information on intention to carry out the transaction and can make inquiries concerning crediting, granting of guarantees, size of compensations to the personnel, etc.

The anti-recessionary measures in Russia put the basic accent on increase in money supply, preservation of population confidence to national banks (increase in the sum of a deposit guarantee to 700 000 rbl. = $24 000), a solution of the problem of the largest Russian companies and banks external debt refinancing, and also performance by budgetary system functions of the crisis «shock-absorber».

Thus, an important lesson of the global crisis deals with diversification of monetary instruments and significant intensification of supervising functions in the monetary sphere.

Another important *lesson of the crisis* is the evidence of anti-recessionary efficiency of the fiscal policy.

Anti-recessionary measures for the real sector of the economy support (on example of automotive industry. Leading automobile producing countries have approached differently to the rescue of one of the key national branches from threats of world financial crisis, using a set of tools.

In the European Union, state support is implemented in two key areas: providing *government loans or credits* to motor-car manufacturers – for operational activity, settlements with suppliers, development of environmental technologies as well as implementing *programmes for demand stimulation,* in particular, awards for delivery in breakage of old cars.

According to analysts, direct injections are in most cases less effective than programmes for stimulation of demand: the US government has spent for the

[3] To monitor the effectiveness of support funding to the Russian financial system adopted Federal Law 30.12.2008 No. 317-FZ «On amendments to articles 46 and 76 of the Federal law of 10 July 2002, no. 86-FZ «About the Central Bank of Russian Federation (Bank of Russia)» and also to Instructions of the Russian Federation Central Bank from 2/9/2009 № 2182-U "About an order of appointment of the authorised representatives of Bank of Russia, realisation their activity and terminations of their activity", Instructions from 2/9/2009 № 2181-U "About the order of granting by credit organisations of the information and documents to the authorised representatives of Bank of Russia".

car industry more than $35 bln., but there iare no signs of real successes. In the United States loans were granted for current activity, for repayment of debts before suppliers and for development of cars-hybrids. Money has been allocated against restructuring plans, for Chrysler the support of $6 bln. has been promised only in condition of its alliance with Fiat. As a result the US for the first time has lost the first place in the world in sales of cars for the first quarter 2010, being overcome by China.

Premium for recycling old cars may be considered as the most successful measure to stimulate sales**,** when the buyer passes his old car for processing, the gets the subsidy for purchasing a new car. Such subsidy as an anti-recessionary measure for stimulating demand was introduced in Germany, France, Japan, Slovakia, Italy, Austria, Portugal, Spain. It totals from $1245 in Japan to €500 in Italy. In France it is equal to €1000, and it led to increase turnover in March 2010 by 8.1%.

The best results this system showed in Germany, where the subsidy is €2500. Although in nearly all European countries sales have plummeted, in Germany they have risen by almost 40%. It is important that for €2500 in Germany or in another EU country you can buy a good used car, so it is quite an adequate amount, comparable with the price of a new car and sufficiently relevant in terms of real savings [11].

Such a programme operates successfully also in Russia. This measure is effective enough: besides increase of demand it allows to update a motor car park that in turn raises safety of traffic, conducts to reduction of harmful emissions, improving environment, and also represents a rich source of nonferrous metals for further processing that stimulates the development of recycling. But the subsidy is not a unique support which was received by the German car industry. While the German government refuses to make direct monetary injections in car factories, the support is rendered by the European investment bank (EIB)[4]. In total, the EIB allocated about €7bln. in the first half of 2010 at the lowered rates, which motor-car manufacturers should direct on development of environmental-friendly technologies and support of its plants in Eastern Europe.

From the beginning of 2010 German motor-car manufacturers have been occupying about 70% of internal market, and also in the seventh consecutive month they have been increasing export. In April 2010 the delivery of German cars to foreign markets grew by 58% and was equal to 388.8 thousand cars. And the share of export in output has increased to 75% from the beginning of this year. In other words, three of four cars produced in Germany will be bought in the foreign markets. If last year the German automakers increased export due to growth in Chinese market, this year there is also increase in sales in the US market, where automakers from Germany showed better results than the American market as a whole.

The stimulating programmes connected with recycling of old cars will proceed in 2010 only in a set of countries. According to ACEA, till the end of the year grants

[4] EIB has already approved granting of €1.2 bln as credits for German automobile manufactures Volkswagen, BMW and Daimler. Besides, it is planned to allocate 200 mln € for German Ford factories. Opel can get from EIB 400 mln €.

will be paid in France (since July the subsidy decreased from €800 to €500) and Ireland (€1500). In Luxembourg recycling subsidy was granted till the end of June, 2010. In Romania this state programme only has begun.

Meanwhile two other large auto producing powers – China and Japan – almost did not grant financial support to the car industry. The Chinese government did not use direct subsidizing of motor-car manufacturers. Anyway, it has directed 10 bln. yuans ($1.5 bln) for car industry support: half of it was subsidies to farmers for auto park updating, another part – for decreasing taxes on purchasing of small cars and on property. Also there were some measures on reduction of fuel prices, state purchases, permissions for crediting cars purchase at any cost (earlier – only for cars more expensive than 35 thousand yuans). So it is not a coincidence that foreign companies, including Toyota, Volkswagen and Nissan, increased their production capacity and sales forecasts for the Chinese market, taking into consideration a possible rise of demand. The American company General Motors, the joint venture of which is the largest manufacturer of cars in China, is going to increase sales of cars in China from 2 mln in 2010 to 3 mln by 2015.

In the United States the car market decreased significantly, the crisis has forced "The Big Three" in Detroit ask for help from the government. Tens of blns dollars were allocated from the federal budget to Chrysler and General Motors during the presidency of G. Bush. But the new administration of the White House let concerns become bankrupt and started the programme of market support named "Cash for Clunkers", similar to the German one. It started on 23 July and worked only for one month. Conditions were pretty tough: the owner should use the car for not less than 1 year, the car could not be older than 25 years, and fuel consumption at least 25 miles per gallon. In conditions of purchasing of more "cleaner" car the owner could receive a discount from $2.5 thousand to $4.5 thousand (depending on ecological characteristics of the new car). For one month the programme was in force, almost 700 thousand Americans participated in it. The government spent $2.9 bln, but the car industry received much more.

The Russian version of anti-crisis support for the auto industry. In the anti-recessionary programme of the Russian government in 2009 it was noticed that the crisis was not an occasion to neglect from long-term priorities of the country modernisation. The main task for modernisation – change of the economic growth model: instead of one based on "oil" we should pass to innovative growth. The reliance of the state is made on stimulation of demand as a restoration basis (the state investments and the state purchases), but in the process of stabilisation the private demand (for houses, consumer goods, domestic production services) will play an increasing role.

Support for the Russian automotive industry has become a priority in anti-crisis policy. Actions can be grouped into three main blocks***:*** *protection of the internal market, support of the effective demand for products manufactured in Russia, as well as the stabilisation of the financial condition of Russian automakers and their investment activity stimulation.*

According to the Russian Ministry of Industry and Trade, in 2009 the state already spent for car industry support more than 100 bln. rbl[5]. Now there are disputes about the new aid package for "AvtoVAZ" at 70 bln. rubles. If this money is allocated, a total sum of the budgetary funds spent for the rescue of national car industry will be close to \$6 bln rubles. For comparison, in Germany the government has allocated € 5bln.

The *increase in import duties* for new and used cars became one of the temporary measures directed to the protection of the Russian market. Introduction of duties is the one of supporting measures for the Russian automobile producers located on the territory of Russia. Measures of the home market protection from import of used cars maintain not only national producers, but also the enterprises working in the mode of industrial assemblage.

Introduced during the crisis 30% duties were positively reflected on the industy's development. Efficiency of customs-tariff regulation is expressed in growth of sales of domestic cars and redistribution of the market in favour of the cars made in Russia. The new idea in struggle against competitors of the domestic car industry was involving the Russian Space Agency, which suggests raising custom charges if the car is not equipped with the GLONASS-receiver made in Russia.

As a result, the share of cars produced in Russia, including foreign brands, in the market of passenger cars increased from 38% in 2008 to 49% in 2009, and in the market of commercial cars – from 59% in 2008 to 75% in 2009. Despite the overall decline in the market and increase in import rates, the effect from introduction of duties for the budget of the Russian Federation was positive.

New conditions of *state subsidies for the purchase of domestic cars* have come into force. The maximum cost of cars which can be bought under the subsidised interest rate of autocredits increased from 350 000 rbl to 600 000 rbl, requirements for initial payment were reduced by half. Besides the Russian brands, this programme extends on the cars made within the limits of agreements on industrial assemblage, for the cars the Russian part of the cost in which is at least 50%, the cars produced by companies which participate in agreed with the Russian Ministry of industry and trade programme on localisation of auto components.

In 2010 it is planned to grant more than 100 000 preferential autocredits. Last year under the programme of preferential autocrediting there have been sold a bit less than 70,000 cars. The Russian Ministry of Finance is entrusted to provide 1.75 bln rbl for these purposes in 2011, in 2012 – 1.002 bln rbl., in 2013 – 0.5 bln rbl.

The *programme of old cars recycling* was introduced in Russia on 8 March, 2010. About 10 bln rbl were allocated for it, which will help to sell 200 thousand cars. The owners of the 10-year and older cars can participate in the programme in case they are owners of the car for more than 1 year. At car delivery on recycling the

[5] The most part of this money – 42.5 bln rbl – is the state order. State has already bought cars on 37.5 bln. Contracts for 5 bln will are concluded till the end of the year. 29.4 bln rbl have made state guarantees under the credits received by car factories (19.8 bln rbl. – for "Group GAS", 5 bln rbl. - Sollers, 4.6 bln rbl. – KamAZ). 25 bln rbl – the loan, allocated for "AutoVAZ" in the beginning of year. Also money has been spent on subsidizing of autocredits interest rates, free delivery of "AutoVAZ" production to the Far East and etc.

proprietor obtains compensation in 50 thousand rbl. for purchasing a new car made in Russia. As a result of the programme, there arose the need for the development of the vehicles recycling industry. Creation of such an infrastructure in Russia can cost 25-30 bln rubles. It is important to motivate business: additional funding of full recycling is about 100 dollars per car. Funding sources around the world are different, in the European practice it is financed by the manufacturer.

The programme of recycling old cars operates in 19 regions of Russia: Krasnodarski *krai*, Krasnoyarski and Permski regions, republics of Tatarstan, Udmurtiya and Bashkortostan, and also in *oblast* (region) – Moscow, Leningradskaya, Sverdlovskaya, Samarskaya, Rostovskaya, Kaluzskaya, Kaliningradskaya, Novosibirskaya, Nizhegorodskaya, Chelyabinskaya, Ulyanovskaya, in federal cities – Moscow and St.-Petersburg.

As a whole, in 2009 the state support of demand generated more than 40% volume of sales in automobile enterprises.

Conclusions

1 Examples of many countries show that during the crisis the state gets assets of weak companies, banks, and after that these companies and banks pass through the process of improvement, restructuring, and subsequent privatisation. The state assumes the role of the crisis managing director. Neither the economic theory, nor the practice of market management can give other recipes. According to experts, from 40 to 50% of market assets in Russia have passed to the state, both from banks and real sector.

However, for many countries the purpose is not to stop in the middle, but to improve assets, to return them on the market, not to leave them in the state ownership.

How are the states, including the Russian one – going to behave now: will they return to the markets lost in the crisis or will keep it for themselves? Will ideals, including theoretical ones – first of all the neoliberal economic theory– under current conditions be re-valuated? The practice of reforms in most dynamically developing countries (China, Asian “tigers” and “dragons”) shows higher economic achievements and perfect stability facing the current crisis under conditions of practical withdrawal from traditional neoliberal economic tools, strengthening rather than decreasing role of the state.

The question for the economic theory and practice – what will happen during the post-crisis period with those assets which now have passed in the state ownership of the countries of Europe, the USA, and Russia? In our opinion, there is no unequivocal and traditional answer to this question: we are passing through revaluation of ideals, including, theoretical ones.

2 Comprehension of the necessity for diversification of monetary tools regulation and essential strengthening of supervising functions in the monetary sphere became an important conclusion (lesson) of the global crisis.

The proof of great anti-recessionary potential of fiscal policy became the other important lesson of crisis.

For the macroeconomic policy as a whole the conclusion of the World Bank experts is important: "Current norms and institutes for supervision should be supplemented with indicators which reflect system features of business cycle phases" [4].

3 Discussion of banking sector reform directions in the EU countries, which is to start in 2013, shows a withdrawal from the limited set of traditional monetary tools (the interest rate) and transition to the expanded regulations. Among them – growth of reserve requirements to 4.5-5%, introduction of the new tax to the international bank operations, division of "speculative" and main operations of banks, and also strengthening of supervision over financial institutions activity. Important part of reform is a division of powers and responsibility between national regulators and international institutes.

4 In the European Union state support of the real sector of the economy is carried out in two anti-recessionary directions: granting of the state loans or credits for current activity, payouts to suppliers, development of environment-friendly technologies, and also realisation of programmes of demand stimulation (for example, subsidy for recycling old cars). In various countries the programme of old cars recycling has shown high efficiency.

5 The anti-recessionary measures in Russia concentrate on the growth of money supply, preservation of consumer confidence to national banks, solution of the problem of the largest Russian companies and banks external debt refinancing, and also performance by budgetary system of functions of the crisis "shock-absorber".

In the real sector the priorities are: home market protection, support of solvent demand for the Russian production, stabilisation of financial condition of Russian manufacturers and stimulation of their investment activities. Not all the measures of the Russian state support for car industry are estimated unambiguously: introduction of duties and the subsidy for old cars recycling showed high efficiency. The other measure – the state subsidising of the credit rate – has not justified itself yet.

References

[1] Доклад об экономике России №21, Восстановление без роста занятости (Всемирный банк: исследования и оценки) // «Экономическая политика», №3, июнь 2010, с. 9. (Report on Russian Economy №21 (World Bank)// "Economic Policy", №3, June 2010, p. 9)

[2] Международный Валютный Фонд. Доклад персонала для консультаций 2010 года в соответствии со статьей IV, 9.07.2010, с. 26. (The International Monetary Fund. Staff's report for consultation 2010, in accordance with Article IV, 9.07.2010, p. 26.

[3] http://delo.ua/dengi/banki/velikobritanija-reformiruet-bankovskuju-sistemu-evropy-133532- «Великобритания реформирует банковскую систему Европы» (сайт газеты «Дело») (Great Britain is reforming European banking system – newspaper "Delo")

[4] О. Бланшар, Дж. Дела'фазициа, П. Мауро. Переосмысливая макроэкономическую политику. //«Экономическая политика» №3, 2010, с. 145. (article by IMF experts: O. Blanchard, G. Dell'Ariccia, P. Mauro. Rethinking Macroeconomic Policy \\ "Economic policy" №3, 2010, p. 145)

[5] http://forinsurer.com/public/09/09/28/3912 – Д. Бондаренко «Проект системы надзора банковского

сектора ЕС» // Экономические известия» - на сайте интернет-журнала «Фриншурер» (D. Bondarenko "Project of EU banking system' supervision reform" – internet-magazine "Freeinsurer")
[6] http://delo.ua/dengi/banki/velikobritanija-reformiruet-bankovskuju-sistemu-evropy-133532/«Великобритания реформирует банковскую систему Европы» (сайт газеты «Дело») (Great Britain is reforming European banking system – newspaper "Delo")
[7] http://www.cbr.ru/analytics/bank_system/obs_ex.pdf – «Обзор банковского сектора РФ (аналитические показатели), №96, октябрь 2010» – сайт Банка России (Review of Russian banking sector №96, october 2010
[8] http://www.cbr.ru/analytics - информационно-аналитические материалы Банка России – на сайте Банка России (web-site Bank of Russia, analytics)
[9] Банковская система России в условиях мирового экономического кризиса // Вестник АРБ. 2009. №4. (Banking system of Russia in the conditions of the world economic crisis// The Bulletin of ARB. 2009 №4).
[10] Международный Валютный Фонд. Доклад персонала для консультаций 2010 года в соответствии со статьей IV, 9.07.2010, с. 37 (The International Monetary Fund. Staff's report for consultation 2010, in accordance with article IV, 9.07.2010, p. 37).
[11] РБК daily (Russian business consulting)