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Yurgens Sees Fallout From the Election

By The Moscow Times

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President Dmitry Medvedev's exit from the Kremlin would trigger a share sell-off as well as accelerated capital flight and emigration, a presidential adviser said.

If Medvedev isn't able to run for a second term next March, the July 2008 decline in Russian stock prices after Prime Minister Vladimir Putin publicly attacked coal miner Mechel will seem like a "minor event," Igor Yurgens, who heads a research institute set up by Medvedev, said in a co-authored commentary published Wednesday in Vedomosti. "That will be in addition to a rapid acceleration in already serious capital flight and emigration from Russia."

Putin rebuked Mechel owner Igor Zyuzin at a metals-industry meeting July 24, 2008. Russia's benchmark MICEX share index fell 5.5 percent during the next trading session, while Mechel's stock lost 50 percent of its value over a one-week period that month.

The Central Bank posted more than $31 billion of outflows in the first six months of the year, near the $35.3 billion for all of 2010.

"One of the sides of the 'tandem' is waging an open political campaign for a continuation of the course of stability, which has become a symbol not even of stagnation but of degradation in all areas of Russian life," said Yurgens, chairman of the Institute for Contemporary Development in Moscow. He also criticized "shameless corruption and the state's contemptuous attitude toward its own population."

Medvedev would like a second term to complete his initiatives, his economic aide, Arkady Dvorkovich, told the BBC in December.

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