The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Medvedev, Dismissing Recession Jitters, Says Don't Stockpile Food

By Guennadi Moukine

May 20, 2013

Prime Minister Dmitry Medvedev dismissed the threat of another economic crisis in an interview published Monday, and urged consumers not to stock up canned meat, salt and matches.

"I am confident we will succeed in avoiding a crisis like that of 2008-9," Medvedev told Komsomolskaya Pravda. "There is no need to stockpile canned meat, soap, matches and salt!"

He also said that he didn't want to make the economic situation look worse than it is.

"Everything is more or less acceptable," he said. However, the economy needs a different growth rate — "no less than 4-5 percent per year," he added.

Fears about a recession are growing as the economy shows signs of stagnation. The economy expanded by an annual 1.6 percent in the first quarter, the Federal Statistics Service said

Friday, prompting a new debate on whether new measures were needed to stimulate growth. The Economic Development Ministry in April lowered its GDP forecast to 2.4 percent for the year, down from the previous 3.6 percent.

In 2012, gross domestic product grew by 3.4 percent.

While "stocking up on canned meat, soap, matches and salt" may sound like a figure of speech to some, it refers to actual events in the run-up to the Soviet Union's breakup in the 1980s and early 1990s.

Kudrin said
Russia would
need three
to five years
to exit economic
stagnation.

"I remember spending hours in a line to buy food when I was a child," Pavel, a government official, told The Moscow Times. "If there was canned meat, we bought it too, because back then there were no "use by" dates and we thought we could keep it and eat it forever, if we had to."

Meanwhile, former Finance Minister Alexei Kudrin said Monday that Russia would need from three to five years to exit stagnation and build an efficient economy.

"Even if we roll up our sleeves and set to work right now, we'll need from three to five years to achieve new elements of efficiency," Kudrin said at an Open Tribune meeting held by the State Duma, RIA Novosti reported.

A month ago, President Vladimir Putin also expressed his concerns about the economic situation.

"The global crisis is taking an even more dangerous shape, which inevitably affects us as well," he said then.

However, Putin said that the economy is strong enough to withstand the threat.

"This is how it was in 2008, and now we are witnessing the same thing. However, unlike our friends and partners in Europe and other parts of the world, the Russian economy is showing vitality and prospects of further growth," he said.

The 2008 financial crisis began on the backdrop of the war with Georgia. The Russian economy, relying on oil and metals, was hit hard by the decline in the price of these commodities. The stock market declined, while foreign investors withdrew their capital from Russia and the conflict with the southern neighbor cast doubts on the political climate in the country.

In 2013, apart from being directly engaged in a military activity, Russia is not far from 2008.

In April, the oil price dropped below $90 per barrel, casting a shadow on the federal budget. Some analysts have speculated that a price below $50 per barrel would be a death sentence for the economy.

In January, the Central Bank estimated the capital outflow in 2012 at $56.8 billion, the fourth-highest annual figure since the fall of the Soviet Union.

Contact the author at g.moukine@imedia.ru

Original url:
https://www.themoscowtimes.com/2013/05/20/medvedev-dismissing-recession-jitters-says-dont-stockpile-food-a24173