

Putin's Advisors to Outline Russian Economic Reform

By [The Moscow Times](#)

May 23, 2016



Russia's latest economic reform package is set to cut state spending and raise the retirement age, the Vedomosti newspaper reported Monday.

The reforms, which are due to be discussed Wednesday May 25 by President Vladimir Putin's economic council, will focus heavily on stimulating domestic investment.

It is the first time the council has convened in several years despite Russia's current economic crisis. The council hopes to achieve four percent growth in the country's economy by 2019. The International Monetary Fund reported earlier this year that Russia's economy will contract by 1.5 percent this year.

The Center for Strategic Research (CSR) are to suggest structural reforms in a number of areas, including law enforcement, fiscal consolidation, pensions reform and lowering the state role in economy, Vedomosti reported.

One of the key problems within Russia's economy is the reluctance of companies to invest their profits and accelerate the growth, said the newly appointed head of the CSR board, former finance minister Alexei Kudrin.

Kudrin has proposed cutting the fiscal deficit to one percent, a move that would require significant cuts to state spending. The 2016 deficit could reach up to five percent depending on the price of oil, Kudrin reported earlier in April.

Pension reform is also key in keeping the rate of inflation down to between three and four percent, the CSR claim. Kudrin's proposals could see the state retirement age rise from 60 for men and 55 for women to 63 in the next several years, Vedomosti reported. Inflation could rise as high as 9.4 percent in 2016, Morgan Stanley predicted.

The Ministry of Economic Affairs has so far backed the CSR's proposed pension reform, saying that the changes are vital, Vedomosti reported.

"Investment needs to grow at seven to eight percent a year if the rate on consumption stays stable," the Finance Ministry told Russian newspaper Kommersant. "In practice, if we are to keep consumption steady, we need to cap pensions and wages in state supported economic sectors.

The economic reform package is unlikely to be adopted in its entirety, Kommersant reported. Experts expect Putin to try and form a consensus policy despite the contradictory economic views of various council members.

Original url:

<https://www.themoscowtimes.com/2016/05/23/putins-advisors-to-outline-russian-economic-reform-a52965>