

INDEX

- Accounting, creative, 17–18
Alfa Bank, 75, 103
Alfa Group, 75
Almazy Rossii-Sakha, 103
Asian contagion (1997 financial crisis), 64, 66–67, 81, 85, 93, 103, 105
Assets, comprehensive, 47

Balance sheets: 1/1/96, standard and revised, 43–52; 12/1/97, standard and revised, 76–79; monetary survey (1996–1998), 79–82
Bank for Foreign Economic Relations (Vneshekonombank), 36
Bank for Foreign Trade (Vneshtorgbank), 36
Bank of America, 90
Bankruptcy, 41, 91, 93
Banking-system relationships: budget, 52–53; real sector, 52; tax policy, 52–53
Banks, importance of, 2–3, 34–36
Bulletin Bankovskoi Statistiki, 43

Central Bank of Russia (CBR): actions in 1996–1997, 59, 63–64, 80–81; data from, 17; ersatz banks and, 2; financing government, 52–53; future role, 87–90, 95–98; ineffectiveness in 1991–1995, 27–28, 33–34; Gosbank roots, 9–10; *veksels*, 82–83
Central planning, 8, 23, 24–25
Chaebols (Korea), 76
Coase, Ronald H., 15
Collateral auctions, 60–61
Coming Russian Boom, The, 1, 98
Commercial banks: in 1991–1995, summarized, 40–53; origins, 36–38
Commerzbank, 90
Common budget, 13, 14, 32, 33, 76, 93, 94
Consumer Price Index (CPI, Russia), 22
Creative accounting, 17–18
Credit: central bank, 50; collapse (1991–1995), 38–40; compared to U.S., 38–39; household, 41. *See also* Loans
Credit-Monetary Commission, 9
CS First Boston, 59

- Current Trends in the Monetary and Credit Sphere*, 44
Czech Republic, 56, 76
- Deadweight (deadwood) assets, 47
Debanking, 28
Debt/equity swap proposal, 93–95
Deficits, budget, 57–58, 66–67, 72, 88–89, 105
Deutsche Bank, 90
Beutsche Morgan Grenfell, 68
Dialog Bank, 36
Direct foreign investment (DFI), 68–69
Distrust of banks, 96, 97
Dollarization, 28, 67–68, 96
Dollar savings, 27–28, 96–97, 101
Dual currencies, 96–97
Economic Surveys 1997–1998:
 Russian Federation (OECD), 44–46
Enterprise arrears (EAs): defined, 30; interenterprise credit/debt, 28–30, 69–71; monetization of, 32–33, 57; in 1996–1997, 69–71, 84
Enterprise Law (1988), 11, 24
Equity investment: foreign, 61–62; lack of, 42; performance in 1997, 73
Ersatz banks: conversion to real, 90–98; defined, 2; in 1991–1995 (summarized), 40–47; persistence of, in 1996–1997, 90–98
European Bank for Reconstruction and Development (EBRD), 16–17
European Commission, technical assistance program (TACIS), 16
Eurobonds, 61–62, 104, 105
- Federal loan bonds (OFZs), 65–66, 68, 73
Federal Reserve Board, U.S., 9, 104
Financial-industrial groups (FIGs): defined, 15; new model, 75–76; original concept, 74; risks, 75–76
Fiscal system, policy, 14, 24, 26, 29, 32, 58, 59, 76, 84–85, 88, 89–90, 92, 93, 96, 101
Foreign aid (to Russia), 55, 57–58
Foreign currency: private holdings, 67–68; tax on conversion, 68. *See also* Dollarization, Dollar savings
Foreign managers, 96
- Gazprom, 67, 69, 75
German model, for commercial banks, 37–38, 42
Gold reserves, 101
Gorbachev, Mikhail, 10
Gosbank, 8–10, 36
Goskomstat (State Statistical Committee), 15–16
Greenspan, Alan, 9
Gross domestic product (GDP): contraction after 1991, 21–22; and domestic debt (1995–1998), 65; productive capacity and, 5–8; and negative value added, 13–14; Socialist concepts, 16; and U.S. asset growth (1986–1996), 104
Growth potential: educated workforce, 7; and GDP, 6, 21–22; inefficiency, 66–67; natural resources, 99, 102, 106; negative value added, 7–8, 13–14; outlook in 1991, 21; productive capacity, 5–6
- Household borrowing, 41, 94, 96–97
Household saving, 27–28, 34, 38, 39, 40, 57, 67, 96–97
- Income, per capita, 5, 7
Indonesia, 64, 103
Inefficiency, 6–7

- Inflation: before 1991, 10; by 1995, 21–22, 53; control beginnings, 56–57; monetary system and, 23–24, 33–34; rates in 1991–1995, 29; scare in 1996, 80; stability of ruble, 62–65
- Inkombank, 17, 36
- Insolvency, 43–52, 60–61, 91, 92, 93
- Institute of Economic Analysis, 43
- Interenterprise arrears. *See* Enterprise arrears
- Interenterprise credit: defined, 28–29; enterprise arrears, 29–30, 69–71; policy determinant, 31
- International Monetary Fund (IMF): data from, 16–17; future involvement, 88; performance criteria (1996–1997), 55–56; proposal of Oct. 1994, 58; repayments to, 99–101; survey, CBR et al. (1996–1997), 79
- Interros, 75
- Investment privatization funds (IPFs), 12
- Israel, 56
- Joint-venture banks, 36
- Jordan, Boris, 64, 88
- Junk-monies, 48
- Keiretsu* (Japan), 76
- Korea, 64, 76
- Liabilities, comprehensive, 48–49, 52
- Libor, 101
- Literature, academic, on reform, 18–19
- Loans: banking system, 52; household, 41; interest rates, 42; performing/nonperforming, 41–42; writing off, 93. *See also* Credit
- Loans-for-shares, 60–61, 64, 75
- London School of Economics, 16
- Lukoil, 67, 69, 75
- Luzhkov, Yuri, 106
- MaCurdy, Thomas E., 1
- Malaysia, 64
- Market economy, defined, 24–26
- Menatep, 36, 75
- Menatep Bank, 75, 81
- Ministry of Finance, 17, 40, 52
- Ministry of Privatization, 81
- Monetary survey, 79–82
- Monetary system/nonsystem: banking relationships, 52–53; foreign investments, 61–62; future needs, 88; interenterprise credit/debt, 28–31; market economy, 24–26; overview (1991–1995), 23–24; prices/inflation, 23–24; production targets, 23–24; real credit collapse, 38–40; resource-based, emergence (1996–1997), 55–82; roles, 23, 25–26, 27
- Morgan, J. P. (bank), 90
- Moscow City Telephone Network (MGTS), 103, 106
- National Credit (bank), 36
- Negative value added, 7–8, 13–14
- Net domestic assets (NDA), 56
- Net international reserves (NIR), 56, 63, 101
- Nonbanks. *See* Ersatz banks
- Norilsk Nickel, 13, 75
- Options auction, 60–61
- Organization for Economic Cooperation and Development (OECD), 16–17
- Paris club, 55
- Payroll arrears, 69–71

- Per capita income, 5, 7
 Perestroika, 9
 Philippines, 64
 Plessner, Yakir, 1
 Poland, 56
 Privately issued money, 83
 Privatization: antithesis of real, 14–15; of banking industry, 93; beginnings, 10–11; ersatz, 11–15, 40; literature on, 18–19; Ministry of, 81; Savings Bank, 92; voucher, 11–15
 Promissory notes. *See Veksels*
 Property rights, 14, 15
 Pseudobanks. *See* Ersatz banks
 Public finance, 71, 89
 Quasi-fiscal deficit, 31, 57, 58, 60
 Redistribution vehicles, banks as, 40
 Reform, banking: ersatz privatization, 11–15; future, 89; under Gorbachev, 10; literature, 18–19; privatization beginnings, 10–11; proposals, 90–98
 Renaissance Capital, 64, 88
 Reserves, nonborrowed, 49–51
 Rosneft, 69
 Royal Dutch Shell, 69
Russian Economic Trends, 16
 Russian Federation (Russia), 2, 21, 40, 52
 S–Accounts, 66
 Savings Bank: CBR and (1991–1995), 27; deposits, 34–35; future role proposed, 92; loans, 41–42
 Sidanco/Uneximbank, 68–69, 75
 Sitnikov, Andrew I., 1
 Slovakia, 56
 Socialism: CBR under, 9–10; and ersatz privatization, 15; GDP/GNP concepts, 16; Gosbank's role, 8–9; inefficiency in production, 6–7; legacies, 8–10; public/private unity, 3
 Soros, George, 68
 Soviet Bank for Foreign Trade, 59
 Stalin, Joseph, 58
 State Statistical Committee, 15–16, 43
 Statistical data (Russia): from international bodies, 16–17; problems of, 17–18, 44–46; Socialist concepts, 15–16; sources, 43–44; State Statistical Committee, 15–16
 Subsidiary banks, foreign, 90
 Subsidies, 14–15, 40, 52–53, 84, 89: and subsidization, 2, 6, 9, 12, 14, 15, 34, 37–38, 40, 41, 43, 49, 60, 69, 73–74, 84, 91, 93, 96
 Svyazinvest, 13, 68
 Tax arrears, 69–71, 89
 Tax system: banks and policy, 52–53; currency conversion, 68; deficit reduction, 89; introduction of, explicit, 16
 Thailand, 64
 Trade surplus, 68
 Transition economies, 10, 25
 Treasury bills (GKOs), 53, 65–66, 68, 73, 102
 Tyumen Oil Company, 13
 Uneximbank, 36, 49, 59, 68, 75, 103
 United Energy Systems, 13
Veksels, 70, 82–83, 92
 Voucher privatization, 11–15, 40
 Wage arrears, 69–71
 Wildcat banks, 36
 World Bank, 16–17, 88, 101
 Yeltsin, Boris, 69, 73
 Yukos, 75