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РЕЦЭП

Российско-Европейский Центр экономической политики

101000 Москва, Потаповский переулок, дом 5, строение 4

Тел (+7-503) 232 36 13. факс (+7-503) 232 37 39

Институт экономических проблем
переходного периода
Директору
г-ну Гайдару Е.Т.

СРОЧНО

Уважаемый Игорь Тимурович!

Имею честь выслать Вам меморандум профессора Шарля Выплоша об изменениях в экономической политике Правительства, проведенных сегодня и о возможных дальнейших действиях. Русский перевод будет выслан в ближайшее время.



Ян Лундин
Европейский Исполнительный Директор

Charles Wyplosz
RECEP
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After the jump: a soft landing

The major changes in monetary and exchange rate policy announced today are a welcome step. The very wide 6-9.5 band, the elimination of the minibands and the suspension of markets are an excellent beginning. Debt restructuring is more dangerous as it may leave a long-lasting negative image on Russia's credit-worthiness. Barring foreigners from buying GKO's is surprising and unhelpful.

This is not the end of action as many dangerous events may still happen and lead to a terrible outcome. The following major immediate questions arise:

Soft landing

The Ruble has to find a new equilibrium point. It would be ideal to settle in the 7.5-8 range. The CBR should absolutely refrain from any statement about what it sees as a desired value but it could intervene silently and with great circumspection. There should be no official daily rate at all, the market will develop its own fixing.

The major risk is a rapid fall of the Ruble. To reduce the chance of a continued attack, speculation must be made expensive. Two instruments can be used to that effect:

- a tax on interbank and wholesale exchange market transactions
- CBR interventions designed to destabilize speculation: no CBR interventions when the market moves rapidly followed by a strong intervention when the market has slowed down.

Interest rates should be allowed to move down very slowly.

Banking system

The depreciation may hurt banks and some may find themselves on the verge of failure. The CBR's commitment is to the banking system, not to individual banks. Banks that fail should be immediately put in receivership and then up for auction sale at whatever price can be fetched on the market. Former owners and managers of failed banks should lose control of the new institutions that emerge. Foreign banks must be allowed to bid and be treated fairly.

The interbank market has to be re-established, but the CBR can take some time to do it right since the credit market is in shambles anyway. This is the time to establish bank soundness criteria as those established by the Basic Committee. Access to the interbank market should be limited to banks which satisfy pre-specified criteria.