

Government response was deeper and more extensive than elsewhere

Key actions: Putin's Crisis Plan(Nov.'08)

- Establish Sectoral Priorities with State Direction of Crediting by BR & MED(MER)
[Military-Industrial Complex; Agriculture; State Projects; Strategic Industries (esp. automobile, aircraft, agro-machinery); construction]
- Restructure consolidated budget
- accelerate State orders to strategic industries

Direct Support (over \$200 bil.; 14% GDP)

- Export tariff reduction on oil; State investment in Stock Market
- Support for VEB:
- Direct subsidy of key sectoral banks; Temporary deposits & credits to commercial banks: Mortgage Support:
- But BR widens Ruble Corridor, raises refinance rate to fight inflation [tightening credit to non-favored actors]

Centralization and reforms delayed

- Rigid centralization by strengthening the Financial Commanding Heights and credit control (state quotas) by BR and MED
- Non-priority activity closed
- Further socio-economic structural Reforms delayed