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Intermediate Inputs, Human Capital, Intangible Assets and Economic Growth in Russia

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Recent developments of the Russia KLEMS initiative shed light on the nature of economic growth in Russia in the comparative perspective (Timmer, Voskoboynikov 2014, 2016). In 1995-2012 aggregate GDP growth is driven as much by capital input as TFP growth. Mining and Retailing industries were growing fast, but had poor TFP performance. In contrast, TFP growth was high in goods-producing industries but their share in GDP declined. TFP growth was highest in those industries that were particularly underdeveloped in the Russian economy in the 1990s.

However, such important aspects of modern growth as the role of intermediate inputs, human capital and intangible assets have been not covered properly because of the data insufficiency or limitations. The present paper fills this gap, developing official benchmark supply and use tables, which have been published in 2017 for the first time since 1995, as well as newly available GFCF series and data on labour force structure. It also elaborates recent revisions of the Russian system of National Accounts, which adapt new supply and use tables of 2011-2013, and also adjusts the output series in line with standards of SNA 2008.

The paper aims to present the growth accounting decomposition of the Russian economy at the level of industries on the basis of three main data frameworks, gross output growth accounting on the basis of official supply and use tables in 2011-2016 and backcast imputations since 2003, and value-added-based growth accounting decomposition for the Russian economy in 1995-2017 on the basis of the upcoming release of Russia KLEMS 2020. The dataset will be accompanied with the extended series of labour composition.

The paper answers two main question: (1) update the story of Russian growth in comparison with (Timmer, Voskoboynikov 2014; 2016) and related literature, taking into

account the role of intermediate inputs; (2) match the story with evidences on the basis of the three alternative datasets.