วารสารวิชาการผลประโยชน์แห่งชาติ
Nationl Interest
ISSN (Online): 2730-2393

Economic development's road to the colonies

Associate Professor Dr.Shinasak Suwan-achariya
chinasak2000@gmail.com
Lecturer, Department of Economics .Faculty of Economics and Business Administration,Thaksin University
(Songkhla, Thailand)

ABSTRACT

Before the onset of the Russia–Ukraine war, the Russian economic development model, shaped by colonialism and neoliberalism, prioritized short-term capital flows, often neglecting long-term investments focused on import substitution. The ongoing decline of the ruble has created a shortage of investment resources, leading to inflation surpassing expectations. The monetary and credit policies of the Central Bank have significantly influenced the economy's condition. Export-orientated industries experienced a remarkable growth rate compared to domestic ones. However, the variety of goods became more and more restricted as the ruble's value dropped. In the long run, new technologies have the potential to replace imports, significantly boosting production competitiveness. Devaluation will, however, increase investment expenses and hinder economic growth.

KEYWORDS: Russian economic development model, central bank of Russia, colonial economic model, financial liberalism

Received : 16/12/2024
Revised : 02/01/2025
Accepted : 07/01/2025

Introduction. Subsequent to the conflict in Ukraine, Western nations imposed sanctions on the Russian economy, which promptly affected its earnings from hydrocarbon sales in the Western market. As a result, the Russian economy had to formulate an independent economic development strategy to eliminate its dependence on Western capital. The current economic growth model does not guarantee economic sovereignty. Nonetheless, given that the Russian economy has embraced liberalism for almost three decades, it will only undergo transformation when the definitive choice on its growth trajectory, made in the early 1990s, is widely recognized as erroneous. The stagnation of knowledge-intensive and high-tech industries did not substantially enhance productive forces. Moreover, the domestic machine tool industry, radio electronics, and equipment manufacturing have declined in significance. In contrast, the price of oil per barrel is a vital factor influencing the nation's prosperity. Furthermore, social disputes emerge from the division of the population between wealthy and destitute groups, alongside a Gini index far higher than that of Europe. The liberal financial model of economic development requires substantial modifications to current economic policy(Rybakov, 2011) . This paradigm advocates little governmental intervention in the economy, save during the transition to a new policy. The disintegration of the Russian economy is unavoidable, and the president must acknowledge the mistakes made over three decades of liberal economic policies. This remark is noteworthy as Russian authorities have kept silent for many years and have not endorsed alterations to Russia's stance(Provlast,2023). The United States retained its position as the unipolar global leader after the dissolution of the Soviet Union, instituting the Bretton Woods Agreement to promote the dollar's use in international transactions until Russia abandoned its liberal financial globalization policy following the commencement of the Russia-Ukraine war on February 24, 2022. A novel ideology for its economic growth model necessitates both public awareness of its existing deficiencies and a vigorous discourse among scholars and policymakers. As a result, it could potentially receive support from the public. What is the rationale for proposing an alternate economic development model? Failure to implement reform will result in an economic catastrophe for the nation. Why must we relinquish everything? Ideological influences shape the liberal financial-economic development model, determining its nature and impact on Russia's economic growth insurance. Within academic circles, Thai scholars assign minimal significance to the study of the Russian economy.

The aims of this study are as follows: 1. Analysing the economic growth trajectory in Russia 2. Evaluating the implications of the policy decisions made by the Central Bank

Methodology. Unitarian in nature, the global economic system separates nations into two broad zones: manufacturing and finance. The manufacturing states relied on exporting goods for global trade, and the IMF's advice on managing inflation resulted in a continuous lack of finance. Meanwhile, the United States and its allies (Suwan-achariya, 2023d, 47), divided the labor force into the financial zone, which is the major consumer market. Following the 1990s, the service-oriented economy forced growing nations to rely on natural resources and participate in international trade. Under the Bretton Woods monetary system, high interest rates and restricted technological access drove Western nations to keep low borrowing rates while they produced money to safeguard their resource base in economic colonies. Incorporating a mixed supply-side economic theory with a neoliberal economic approach, this study delves into the challenges of independence in the growth of the industrial economy and the oversight of the Central Bank of Russia's monetary and credit policy. We have separated the data sources into two groups:
1. Gathered statistical data from various economic agencies in Russia, both state and non-state, through official publications.
2. Thematic studies are used to explore literary documents connected to the model of Russian economic development from various sources, including online platforms, books, forums, discussion records, debates, policy decision-making advice, opinion statements, and bloggers.

Literature review. Russia regards the economic development model as the most acceptable economic and social path for a country that can see itself outside the Western framework, emulating the experience of its forefathers, who could overcome natural instability and achieve self-sufficiency (Leontyev ,1992,27). Russia is a powerful state, but it also has its own form of government rather than the widely used Western development model or framework. Viewed as a standard of living capable of producing its own prosperity, the economic development model, also known as the Russian development path, represents an alternative economic transformation. A policy proposal that has generated intense debates, the economic development model aims to improve the nation's hard living conditions, fight backwardness, and encourage modernization in the face of competition. (Klyuchevsky, 1968). As a result, deciding on the country's economic development path involves a clash of ideas, ideologies, and practices. To create prosperity, ensure economic growth, and improve quality of life, economic development policies and models must be in harmony with the country's traditional way of life. Economic problems are the most important factors determining the country's development position. Russia sees a bright future for the Russian economy and supports the restoration of the historical moral foundations, the foundations of social life, and the Orthodox Christian and beloved traditions, which are inextricably linked to this vision. The restoration of the ruling class's ideological (Danielson, 1893, 344-346)and cultural unity holds significant importance in shaping the public's perception of society. This approach is founded on the community economy. The producers own the production factors themselves, which foster a sense of ownership and common goals. The challenge in selecting an economic development model for Russia is more than just adopting Western capitalism, which caused significant difficulties for communities at the start of capitalist accumulation, blocked domestic markets, and slowed the growth of capitalist production. It is crucial to identify a development model that minimizes community losses. Russia has the chance to shift its development trajectory away from capitalism, potentially mitigating the harm resulting from community disintegration. The economic development model should look forward to the country's economic future. While the active introduction of foreign markets has significantly accelerated capitalist production growth, Russia also faces unique challenges that distinguish it from other countries. The declining competitiveness of goods, including necessities like bread; technical backwardness; losses; unfavorable climatic conditions; increased shipping costs; and difficulties in making effective use of capitalism, combined with cheap labor productivity, all contribute to relatively high product costs. The development of capitalist production has made the population poor, and this starvation threatens the basic structure of the community. The gradual integration of the development model into the peasant economy will undoubtedly benefit their well-being(Chayanov, 1989). The economic model should reveal the catalysts for economic growth by upgrading small-scale producers and trade unions, which have the potential to promote the national productive core(Belonovskaya, 2010). At the same time, it should ensure that the economic structure is perfectly optimized. The various types of assets and management, which serve as the foundation of the national economy, develop in a systematic and harmonious manner. Diverse ownership and management create an environment conducive to assessing various economic conditions. It has the potential to become a modern state by incorporating technology in its operations and employing economic mechanisms to promote growth while minimizing central control. This is the only path for the development of the Russian economy that can protect the country's economic interests. Imitating the Western capitalist model of economic development is bound to face a backlash, which undermines the trust and authority of a significant part of society (Chernov, 1997). The proposed economic development model functions as a strategic tool in the external market, encouraging the expansion of capitalist production in Russia. The Narodnik school, which is influential in the presentation of economic development models, strongly advocates the formation of internal markets. (Zhvaniya, 2010).They believe that this calls for the implementation of traditional protectionist measures to protect the domestic market from foreign competitors while promoting growth. Otherwise, production risks failing under the pressure of its own success, since the internal market cannot develop. The proposed model of the Russian economic path is a dynamic producer lifestyle (multi-sectoral structure), which flourishes through three main structures: the peasant community, the industrial mill, and the state. In the Russian economy, the state plays the main role of limiting the influence of the stock market and controlling profit-seeking financial capital, which threatens both moral and economic values. In addition, this economic system has a remarkable potential for self-development, which is characterized by the smooth transformation of small-scale agriculture into cooperative structures. The evolution of the peasant family economy through the advancement of cooperation shows that the communes and peasant farms have systematically adopted alternative approaches to transforming traditional production, which differs from the Western experience. This approach significantly increases the potential for rapid expansion of peasant farming. Russia is trying to create a model in which cities and rural areas, as well as peasants and the working class, can coexist well. The government intervenes in the economy to keep it free from the influence of bureaucracy, nobility, and monopolies, protecting the important economic traditions of Orthodox Christianity. Unlike modern capitalism, the Narodnik economic model prioritizes the protection of national economic interests over Western capitalism's principles. Instead of focusing on abstract goals, such as establishing a socialist economy or demonstrating the evolution of the Russian economy into capitalism, current economic reforms and policies focus on tangible results. What will this mean for the Russian economy globally? What are the serious consequences for the majority of the population? What should we do to avoid such consequences? In order to minimize losses and thrive amidst the modernization of neighboring countries, there is only one path: to focus on building a national economy, prioritize economic sovereignty over the advancement of private ownership, and ensure that the economy can survive independently. Similar to Germany's relationship with Russia, the unbalanced production exchange between industry, which requires continuous development, and agriculture, which serves as a resource, has led to the sacrifice and exploitation of the Russian peasantry, comprising over 85 percent of the population. We now refer to this phenomenon as imperialism. Sombart (2006, 123). As a result, nationally focused economic reforms are an appealing alternative to Russia's approach to the economy. When it comes to adapting to foreign trade and domestic economic relations, Russia, as a European country, faces unique challenges that maritime powers do not. The region is characterized by a lack of mobility in railroads, highways, pipelines, and other infrastructure. Russia faces significantly higher costs for developing its economic infrastructure, as well as a lengthy payback period. Therefore, Russia's economic policy should be coherent and focused over a long period of time(Malyushin, 2015), ideally 10–20 years, during which Russia will evolve from a purely agrarian economy to an economy that imports food from a country that used to export grain. The causes of industrial development and unequal exchange in the country's economy should be identifiable, but they must persist over time. Political and economic motivations, along with geopolitical considerations, drive long-term economic policy, exemplified by the non-commercial development of the Trans-Siberian and East China Railways during the revolutionary and civil war years (1917–1921).

Joseph Stalin implemented a policy to keep up with technological advancements while maintaining self-reliance and economic sovereignty during the 20-30s period of rapid industrial development. Stalin's self-reliant development model described a prosperous national economy independent of external markets for goods and services, independent of imports and exports. The Soviet leader laid out an ambitious plan for industrial development, listing key objectives such as closing the economic gap, strengthening the country's defense capabilities, and achieving self-sufficiency in the world market. Stalin promoted the unusual idea that economic independence was the key to preserving the sovereignty of the Soviet state, which he believed meant that the national economy should not engage in trade with the capitalist world and could avoid ensuring economic growth. Stalin enthusiastically emphasized the importance of future industrial development in ensuring the domestic production of necessary equipment. This formed the basis of a comprehensive strategy that guaranteed the country's independence from the capitalist world. The state's economic policy should prioritize the internal market over the external market, as this approach was the most beneficial and provided greater security against unforeseen events. He emphasized the importance of removing foreign capital from the domestic commodity market. In Russia, high import tariffs sparked the growth of the domestic market while simultaneously attracting foreign capital, a unique moment in modern history. One way to modernize the Soviet economy without becoming a backward capitalist society was through the use of state power. "We are 50-100 years behind developed countries. If we don't reduce our backwardness within the next ten years, we will face crushing defeat" Stalin (1931) the Soviet economy was able to consciously use the existing model of economic development to create a new one. Thus, state ownership of the basic factors of production served as the foundation for the Soviet model of economic development. The state implemented the following actions: The state planned the most important production processes. The state controls all credit through the national bank, which has state capital and a monopoly on financial transactions (Makarenko, 2020). The state is not the only production sector in the area, as other production sectors also have links with each other.

However, it is a two-sector model of the national economy, with the major components being the public and the public sector. Small economies, such as private sector production and household agriculture, will not appear in the accounts. This means that building socialism also requires the use of a traditional economy to solve the problem of lack of consumption. The state economy exerts a significant impact on society. Marxist ideas about the future economy of society, on the other hand, say that this small-scale production sector goes against the ideas and logic of communist ideology (Ryazanov, 1998, 229). Therefore, the model of national economic development does not consider this sector as an alternative. The Soviet economic development model emphasizes the growth of heavy industry by using natural resources as capital for production technologies and consumption factors from abroad. This approach results in continuous shortages of consumer goods, including important social ones. The government sets the most appropriate prices for these goods and services to ensure basic living standards and unfairly increases the prices of luxury goods such as cars, furniture, and household appliances. The government creates shortages to meet the high demand, leading to higher prices during periods of international geopolitical instability. Also, the economic development model depends a lot on the value of labor production. Physical units such as tonnes, litres, and kilowatts serve as the primary tools for planning and judging economic activities. These indicators identify the cost conditions in the manufacturing and non-retail sectors and play a supporting role in the manufacturing sector, not in increasing financial profits, but in reducing production costs (Rakurs, 2020).

Stalin's self- sufficient development model was able to overcome economic barriers, enemies, and insecurity thanks to the people's enthusiasm, the party's hard work, and the abundance of natural resources. However, due to the departure from Stalin's approach and accusations that the people did not participate in deciding how to use national wealth for their own benefit, economic growth stalled. If modern Russia is to develop rapidly, the development of economic policy is critical in determining the country's future. Understanding the definition, operation, and fundamental concepts of economic policy is critical before developing rules governing economic operations, as the Russian economy's primary goal is to protect the country from external threats while maintaining economic stability. Russian economists' work on the fundamentals of the national economic system contributed to economic theory and provided answers to specific economic questions. Following the 1990s, the Russian elite embraced neoliberalism, a model of Western economic expansion. Some state organizations, such as the Russian Central Bank, continue to use this model to determine the country's credit and monetary policy. However, after 2022, other state agencies have adopted supply-side economics, which focuses on import substitution and technological independence.

Results

1. Analysing the economic growth trajectory in Russia

The concepts of great powers and the Washington Accord influenced the economic growth patterns of nations that emerged after the 1990s. Suwan-achariya (2023c, 47) Reaganomics' failure to address the fundamental economic problems transformed the US economy into a financial hub. As a result, home consumption became the primary source of income. By stepping up the money supply via money creation, the US Federal Reserve sought to prevent the Great Depression. Nevertheless, the fall in commercial financing sources resulted in the inclusion of temporary liquidity in the commercial banking system, allowing banks to keep low-rate lending going. The US also collaborated with Saudi Arabia to offload oil. Despite the significant sacrifices made by others, the collapse of the Soviet Union provided the US political elite with an opportunity to address their own issues. Suwan-achariya (2023b, 21-22). Geopolitics helps control resource consumption when investment in a particular industry is unprofitable. The Soviet Union's economic problems were solved through a system of state interests ranking, which led to the destruction of infrastructure and the setting of monopoly prices to increase demand and lower inflation. This led to the financial sector growing without limits, causing the relocation of industry bases to developing economies. Large-scale speculative financial activities transformed the way developed countries stored capital, and financialization(Suwan-achariya ,2023a,54). led to big money getting involved in more parts of the economy. Liberal intellectuals and academics pushed for Western-style government in former Soviet states to hurt the Soviet Union's reputation(Milliardtatar, 2023). The planned economy left the Russian elite feeling dejected, and they embraced a pure market economy. The United States and the West used strategic tools to improve life for their people, such as the International Fund, to assist Russia with economic reforms and establish an engaging monetary management system. The Russian ruble is supported by foreign exchange reserves(Katasonov, 2022), highlighting the importance of a balanced and modernized economy.

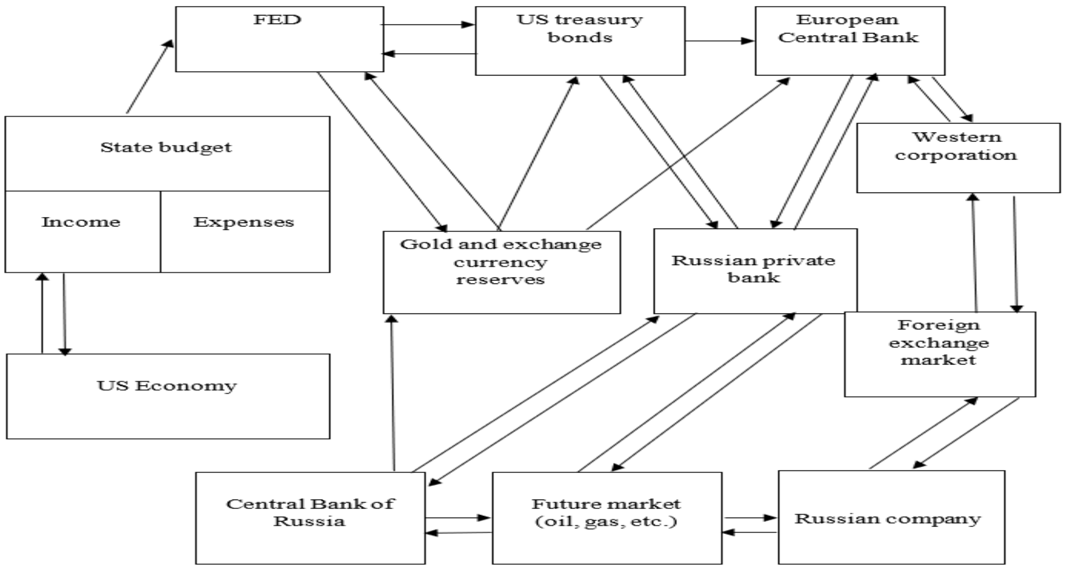

Figure 1.Colonial economic model after the 1990 .

*Noted.*From *"The end of history : a dollar -based colonial economy,"*by S , Suwan-achariya, (2023c,56)(https://www.elibrary.ru/item.asp?edn=gsogmw) In the public domain.

Despite the Russian central bank's ability to create rubles, it remains dependent on Western currencies or the sale of natural resources, using the proceeds from these sales to purchase dollars. At the same time, Western banks can print money, give it to people at low interest rates, and then use that money to make people's lives better in the country. But the West raises interest rates on loans to Russia to keep colonial control and slow down Russia's economic growth (Iznankapolitiki, 2023). As a colony, Russia's economy relied on directives from Western authorities aligned with its objectives. This made the two economies more and more dependent on each other. At the same time, capital stayed in the country of the creditor and was added to the debtor's virtual accounts using Russian labor and resources. As their credit ratings continued to decline, the debtors could only repay their debt by obtaining new loans with high interest rates(Financialmechanism, 2022). Russia trades its primary goods, such as gas, oil, food, and fertilizer, in dollars, which it then uses to purchase imported goods. The global reliance on the dollar significantly impacts Russia's economy and politics. The use of dollars has strengthened the US dollar, displacing the Russian ruble. Russia is throwing away its money and time. Western countries use their resources to produce goods within their borders. In the end, Russia pays a lot more for these goods than it should. Germany receives raw materials valued at €20 billion from Russia, which it subsequently utilizes to produce goods valued at €2 trillion, a remarkable ratio of 1 to 100. The remarkable aspect is that it achieved this feat with minimal labor.

Liberal leaders could emancipate the Russian economy from global speculators by constraining its ability to process raw materials and enhance their value (Obshchestvennyytsentrinformatsii, 2023). This trade expansion occurs with allies who harbor a negative disposition toward Russia and impedes the advancement of the Russian economy by restricting access to Western technologies. The Russian economy evolved under the colonial economic model, utilizing labor to promote Western economic expansion and functioning within a global division of labor influenced by hegemons. The US economy functions akin to a printing press, energized by electricity and generating dollars used for transactions in the global division of labor. It annually consumes 25% of the world's minerals without offering any recompense (Khubiev, 2019). The United States has enacted policies that ensure all nations share mutual responsibilities, thus promoting a dynamic interconnection among all countries within the economic chain. The financial sector in the United States is becoming more influential and functions autonomously from the real economy, thus guaranteeing the prosperity of Western economies. The West advises the Russian economy to focus on producing superior-quality goods instead of striving for self-sufficiency akin to that of the Soviet Union.

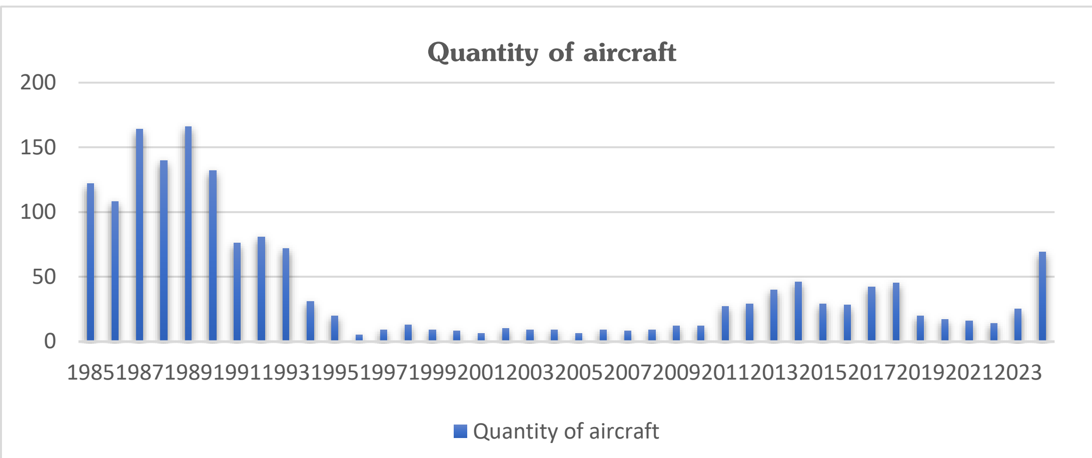

Figure 2. Production of Soviet and Russian civil aircraft, 1985–2024

Noted .The author compiled this list using information from Russianplanes.net and Federal Service state statistics.

Since 1995, Russia's economy has grown remarkably; total exports of raw materials and non-raw materials have risen from $78 billion to $492 billion. With receipts from direct payments and taxes generated from the sale of raw materials and associated activities, the balance between manufacturing expenses and the sale of raw materials generates the main income. Deposits, salaries, equipment purchases, staff wages, and more define the main outlay of expenses. The Russian economy, which mostly provides necessary materials and labor resources, is a major participant in the regional supply chain. To increase its income, the nation must rely on outside sources since almost all consumer goods—including high-tech equipment, medications, and clothes—are imports. The Russian economy, primarily providing necessary goods and labor resources, is clearly a major participant in the regional supply chain. When Russia entered the liberal financial globalization economy in the early 1990s, it struggled to compete with developed countries for advanced technologies. Russian businessmen were less likely to invest in new projects without a strategic approach to industrial development, as they found it more profitable to rely on the sale of natural resources and the purchase of cheap imported goods. These circumstances seriously hampered the general expansion of the Russian economy.

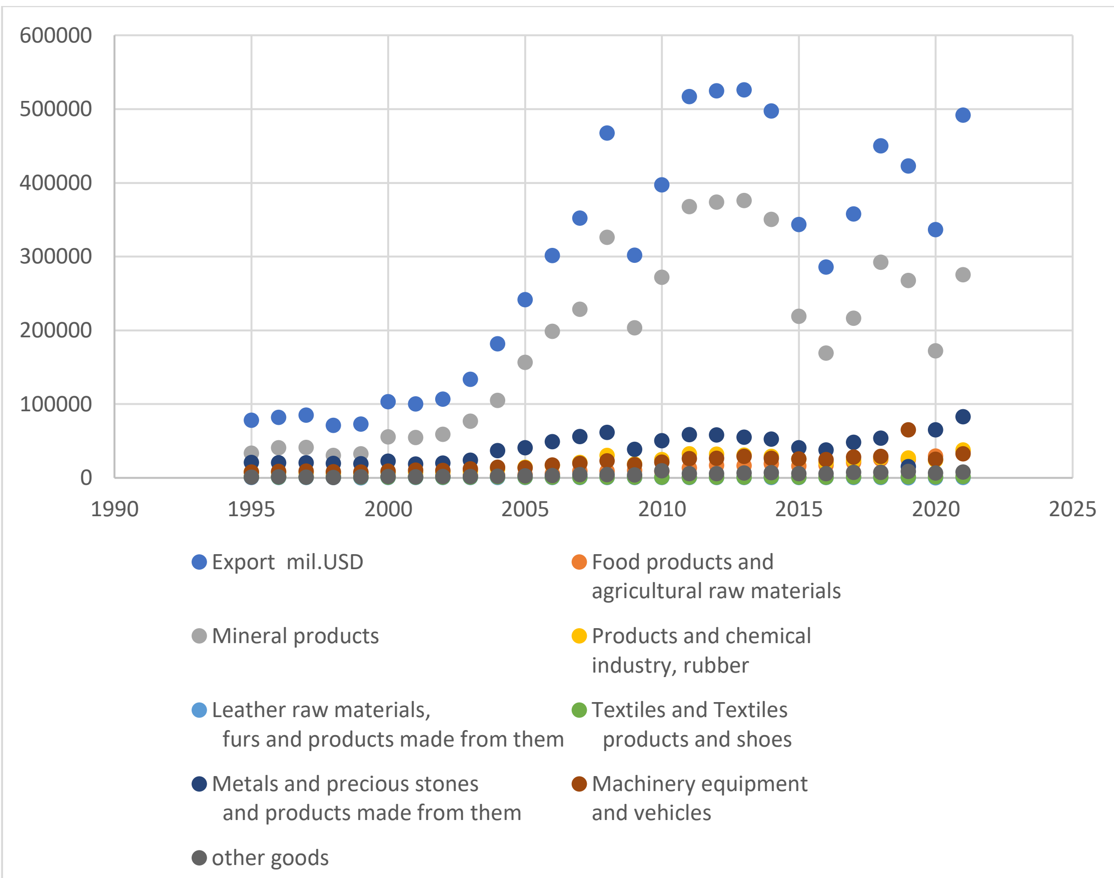

Figure 3. shows the structure of Russian exports , 1995 - 2021.

Noted . The author compiled this list using information from Federal Service state statistics

The West sets the price of Russian oil, which is all the money the economy should get if its value goes above the cut-off price. In theory, it is Russian money, but Western banks retain this excess cut-off price as cash and allocate it to foreign currency reserves (Polytalk, 2022).High-priced raw material sales generate large amounts of foreign currency purchases. Large purchases increase the value of the Russian ruble as a commodity currency. When the prices of commodities drop and export earnings need to go up, the ruble's exchange rate will go down. The ruble will not go up in value when the price of raw materials goes up. The Russian government does not want the ruble to appreciate excessively, as the budget indicates that a weaker ruble would result in higher export revenue. Additionally, importers must pay a higher price in rubles. The budget rules aim to reduce the state budget's susceptibility to fluctuations in product prices and maintain the stability of the ruble exchange rate. The proportion of oil and gas earnings in the national budget has fluctuated between 35% and 51% over the last decade(2012-2021). This was not the case in 2020 when the COVID-19 pandemic struck with unprecedented force(Matyushchenko,2022).This makes a multiplier effect when the budget goes up during the year because of foreign exchange gains.

2. Evaluating the implications of the policy decisions made by the Central Bank

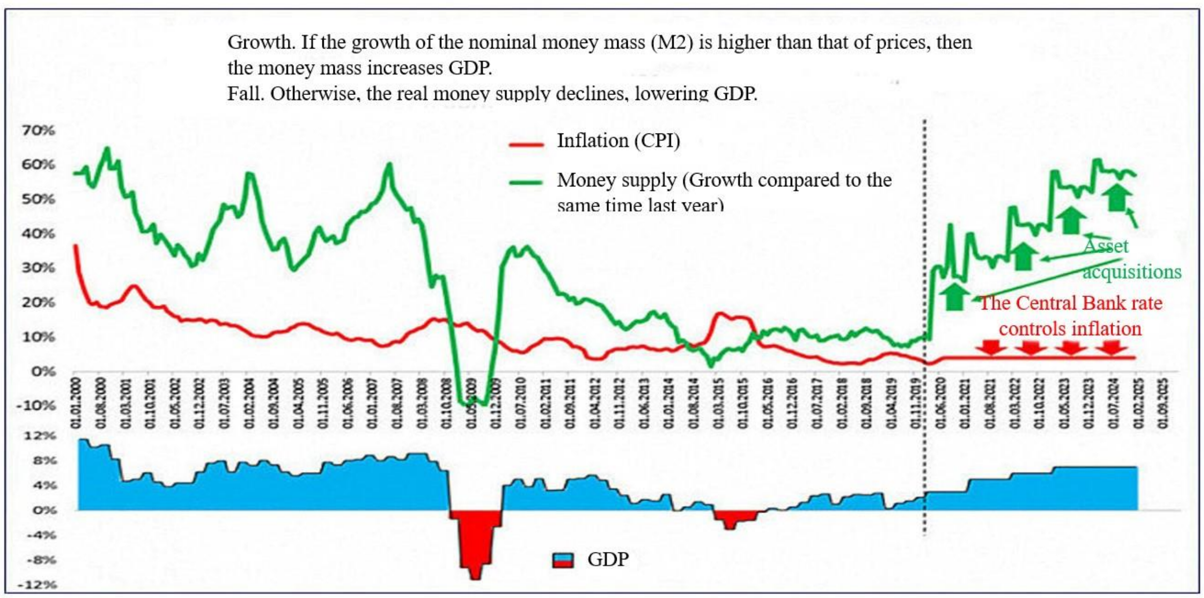

Figure 4. Credit and Monetary Policy of the Russian Central Bank, 2000–2021

Noted. From*"Inflation in Russia – Putin is fighting the wrong thing (and the wrong ones),"* by S,Blinov,2021(https://dzen.ru/a/YD1jpaPC-0d0fSee?sid=1950157850128 14288) In the public domain.

The Russian economy showed growth from 2010 to 2014, a trend that coincided with the global economic recovery after the 2008-2009 financial crisis. The depreciation of the ruble in 2014 prompted the Central Bank of Russia to implement policies aimed at controlling inflation. The ruble exchange rate impacted regional output from 2010 to 2014 and from 2015 to 2019. A depreciating ruble may result in higher prices for imported goods. However, this does not automatically mean that imports or domestic production levels will decline. The Central Bank's measures to stabilize the ruble exchange rate have reduced the money supply in the system, although real growth has averaged 26% since 2008. The Central Bank needs to keep interest rates high to control inflation and influence foreign exchange markets. Adhering to its annual inflation target of 4%, the central bank prioritizes the oil and gas sectors to maintain price stability. From 1999 to 2008, the average annual inflation rate was 15%, accompanied by 7% GDP growth. In 2023-2024, inflation rates varied between 8% and 10%, while production growth ranged from 4% to 5%. Between 2016 and 2020, during a period of low inflation, GDP growth rates consistently fell below 1% annually. The Russian economy can achieve substantial growth (4–7% annually) in conjunction with moderately elevated inflation rates (8–15%); however, an inflation rate below 4% cannot meet this condition. The central bank's unduly low price target is the primary impediment to economic growth, and the government's monetary policy ought to elevate the price target to a minimum of 6–7% while halving the key interest rate. Forecasts of the Central Bank indicate that it is practically impossible to simultaneously target a 4% rate of price inflation and reach the required rates of economic growth in Russia in the medium run. The present state of the Russian economy is shaped by the incorrect approach of the problem, which stresses the reasonable degree of inflation in Russia. Although it acknowledges that inflation above 4% is unacceptable, the central bank does not provide sufficient support for the level of price target it decides upon. With a price increase less than 4% yearly, the Russian economy is not likely to initiate an inflationary spiral.

The foundation of the Russian economy lies predominantly in the oil and gas sector, where elevated energy prices frequently impede economic expansion. The export figures remain consistent, while a depreciation of the ruble may result in inflation, increased poverty levels, and heightened consumer expenditure. Russia's GDP has only increased by 13% since 1990, primarily due to the influence of the oil and gas sector. The increase in the central bank's interest rate has failed to effectively tackle the problems of inflation and currency devaluation. Exporters frequently participate in speculative attacks, necessitating government intervention to limit financial outflows and guide exporters to convert dollars into rubles. The Central Bank adopts monetary liberalism to comprehensively support and enhance the financial sector. The IMF told the Central Bank of Russia that the goal for inflation after 2014 should be 4% per year between 2016 and 2020. Making sure the consumer price index doesn't go over 4% is part of the plan to keep inflation low. The Russian Constitution, on the other hand, says that the ruble must be stable. In the past, Russia's economy has grown at a rate of 8–8.5% per year. Higher taxes, reliance on imports, and an unstable ruble contribute to high inflation. Inflation got worse because of the global economic crisis of 2008 and the drop in oil prices. Russia's high inflation is mostly due to natural budget spending, which has made more money available.

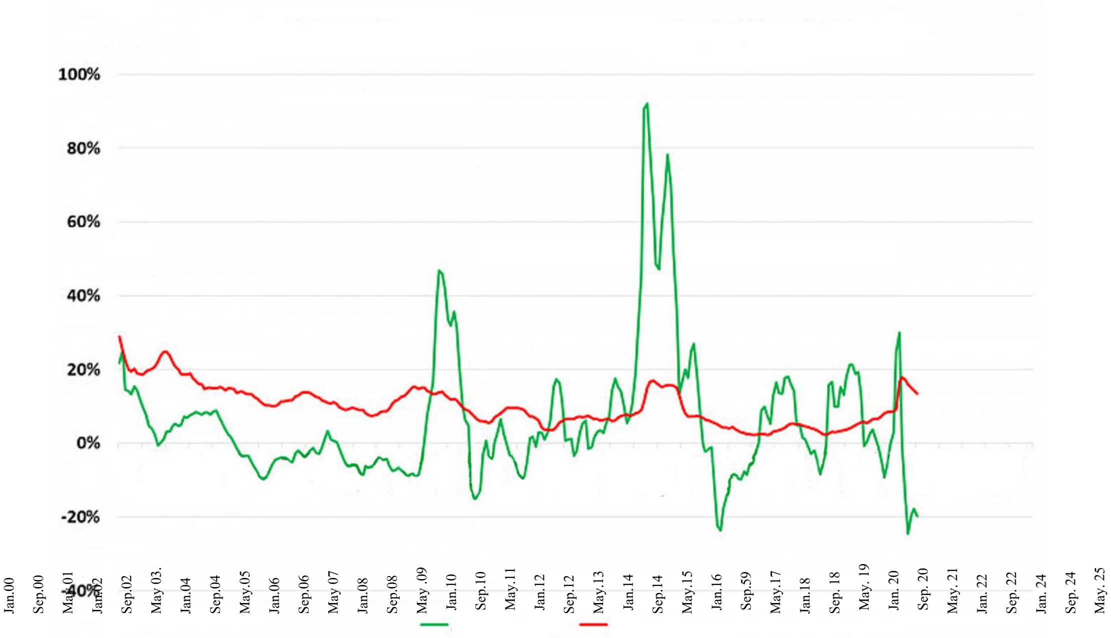

Figure 5. Comparison of currency exchange rates (ruble, dollar) and inflation rates, 2000 - 2022

growth

Noted. From(https://cdn-get-2.whotrades.com/u11/photo4186/20123668918-0/blogpost.jpeg) In the public domain.

The Central Bank's strategy for controlling inflation involves devaluing the ruble, raising commodity prices, and raising lending rates. Such a strategy undermines the Russian economy's growth; while inflation is predicted, it does not guarantee the exchange rate, and the ruble is unstable because it only has one monetary tool, the regulation of lending rates. Inflation (red) and the ruble-to-dollar exchange rate (green). As a result, inflation constantly suppresses low interest rates by raising lending rates, regardless of the damage it causes. In practice, if the annual interest rate exceeds double digits, no production can be profitable at such a lending rate, given all of the risks, taxes, and investments involved. This prevents normal development of industry, trade, and agriculture.

Discussion

1. Neoliberalism impedes industrial development

The study concluded that Russia's economic development model was colonial and deindustrialized. Following the abolition of the Soviet economic development model, Russia transitioned to a financial liberal economy, establishing a unique domestic economy structure that included two sectors: raw materials, export-oriented, and consumer, with a primary focus on the sale of imported goods and services. With the continued decline of the manufacturing and high-tech industries, the Russian economic development model now serves as a sales market and a source of raw materials for Western states (the United States and the European Union). Despite the presence of oil and gas in the Russian economy, economic development fails to ensure economic growth on its own. Russia solely holds a monopoly on the production and export of raw materials to the West, and it also retains the majority of its earnings from the sale of goods overseas. Wait for the domestic currency to fall before bringing money in to pay wages and income to domestic workers. This implies that selling resources denies you the right to invest in the growth of manufacturing industries within your country. Even unprofitable businesses still contribute to the budget's revenue. All this together increases the level of economic sovereignty in the country. Therefore, the elites of the metropolis and the crypto colony agree on a ban on development (Put' Vostoka ,2022). The Russian economy neglects the development of its domestic industrial sector due to the high interest rates associated with access to capital. The development of the domestic industrial sector also hinges on the approval of Western governments. Global finance primarily benefits banks and bankers in Russia, who act as speculators. The ruble-to-dollar ratio in the country's money supply is ineffective in terms of production and employment. However, focus on circulating funds in the financial sector to generate interest. Consequently, investing in modernized export infrastructure to enhance the competitiveness of the processing industry, particularly mechanical engineering, on a domestic level becomes unfeasible. This situation stifles innovation, scientific progress, and technological advancement, destroying the country's productive power. The failure to fully return the used productive capital to the production sector eventually leads to the deterioration of productive power, reduced output, and a decrease in the country's annual GDP, culminating in a disaster when enterprises become dependent on borrowed capital. The fundamental issue lies in Russia's absence of its geopolitical objectives, leading to the influence of "Western partners" Obshchestvennyytsentrinformatsii (2020), who prioritize modernizing the country's economy on its leaders and senior officials involved in policy decisions. The technocrats of neoliberalism espouse the notion that the economy is subordinate and merely a tool, while the ideology of global financial liberalism is paramount. They assert that if the Russian economy injects money into the system, it will precipitate inflation, an action to be avoided if economic development is stable, and that state intervention in the market economy is unwarranted. It appears that the purpose of the economy is more significant than our daily lives, raising the question of what the state should prioritize and what educators should impart in schools to transform traditional mindsets. Thus, the choice of economic principles is always a choice of worldview. It is a decision made by a country that adheres to a specific ideological system, or worldview. It constitutes a collection of perspectives, convictions, and tenets. The economy of a country is always subject to the same (national) system—a) values, b) goals, and c) interests. Oleynikov & Aleshchenkov (2016) Ideology is the principal factor influencing economic development, as it governs the choice of economic trajectories, which is ultimately more consequential than economic rationale.

2. Banking policies impede economic expansion.

The main problem with Russia's economy is that it hasn't grown at all over the last ten years. The growth rate doesn't go above 1% per year on average. The increase in the GDP of the Russian economy is due to the increased sales of gas, oil, grain, fertilizers, metals, etc. The Central Bank prioritizes economic growth over reducing inflation, which could potentially slow down economic growth. This can occur as long as the circulation of money stimulates economic growth without altering the prices of goods. Suwan-achariya (2023e, 98) Also, inflation doesn't happen when there is a lot of money, as the Central Bank thinks it does. It happens when there aren't enough goods. Today, the Central Bank aims to achieve a 4% inflation rate, treating it as a sacred number. Many things affect each other in the economy, which is a complicated system. We only use one factor, which is inflation. Why is that? Vashinovosti (2023) The Central Bank heavily adheres to Western economic principles. They are indifferent to the state of people's economies, as they believe that money possesses a unique value that fluctuates constantly. The Russian economy is significantly dependent on the export of hydrocarbons and natural resources, positioning it as a principal exporter of raw materials. Increasing prices are unaffected by financial factors, and focusing on the producer price index (PPI) may assist in reducing inflation. The Russian economy depends on imported goods, resulting in sluggish market responses. Increasing interest rates are associated with falling raw material prices and a depreciation of the national currency, resulting in adverse effects on the production sector. This may impede the growth of the Russian economy. Mitigating inflation necessitates heightened commercial activity, diminished credit expenses, and regulation of financial speculation. Inadequate money circulation can intensify inflation, as the Central Bank's elevated rates and loans surpass the profitability of enterprises in the real economy. This will aggravate inflation and slow down economic progress. The Central Bank's policy primarily focuses on the flow of short-term funds. The challenge lies in the effectiveness of implementing high interest rates to curb price increases, given that non-financial factors, such as monopolies, contribute to Russian inflation. This is unaffected by logistics, geopolitics, credit, and interest rate policies. To satisfy the demand for long-term economic development, the Central Bank should encourage direct investment and bank lending. Refinancing is the most often used choice, akin to a long-term mortgage to expand manufacturing.

Targets within the context of inflation are an important way to fight demand-side inflation, which will make people less likely to spend and more likely to save. From 2000 to 2022, the Russian economy aligned its economic power with the global market. This makes sense since the Russian economy is a part of the global neoliberal monopoly market. After the special military operation in Ukraine, The Russian economy has developed a model that prioritizes "essential" growth, reminiscent of the Stalinist approach that reduced Russia's reliance on foreign markets and capital during the nationalization of industries. However, the neoliberal globalization of the economy cannot make the state self-sufficient and lessen the effect of the world market on the national economy. Instead, the Russian economy is forced to produce goods because of its inability to sustain its high levels of consumption. So, when Russia gave up on the idea of monetary liberalization as part of globalization, it had to rely on a central bank run by the government to balance production and money supply in order to regain economic sovereignty. The supply of goods and the supply of money are not equal. Inflation happens when the supply of money is higher than the supply of goods. The Bank of Russia doesn't control the supply of goods and doesn't need help from other government departments. Managing both commodities and the money supply is necessary to fight inflation effectively since the central bank only controls the flow of cash, which makes up about 20% of the total money supply. The last 80% is non-cash money that commercial banks make(Politica,2023).

If the central bank wants to curb inflation, it should be more courageous in easing monetary policy. It is necessary to develop supply, not cold demand. The central bank has implemented an inflation target policy that has proven to be ineffective. The main direction of the central bank's unified monetary and credit policy is to set an inflation target every year. The exchange rate is the only thing that changes to achieve these targets. The policy's ambiguity implies a lack of thorough research and assessment of the factors influencing its outcomes. The central bank should focus on the real exchange rate to balance the benefits as long as the Russian economy relies on imports to increase confidence in the national currency and increase the attractiveness of Russian financial assets. On the other hand, the government cannot change the long-term level of production or the real exchange rate of the ruble in the long term. The only thing the central bank can do is to reduce inflation, which will reduce the cost of price changes and uncertainty. Targeting the real exchange rate, despite doubts about the link between it and budget revenues, capital outflows, foreign direct investment, machinery imports, or credit, is a better solution than the inflation targeting framework. The pre-2022 neoliberal paradigm, which suggests that the Russian economy should reduce the growth of industries as a strategy to combat inflation, does not contribute to reducing domestic inflation. Conversely, the shift to the import substitution model in economic development recommends a decrease in speculative transactions, which employ approximately a million people in the production sector. Because economic circulation can easily and quickly bring in money, interest rates have gone up to make up for higher prices and high inflation. Setting goals for inflation won't change prices and will help bring the economy closer to balance. The central bank should not operate independently, particularly given the current geopolitical conflicts that directly impact the currency exchange market. If the central bank is to set inflation targets, it must pay attention to the country's currency exchange rate, because when the value of the currency drops rapidly, it will affect the price immediately. In 2023, inflation began to accelerate after the ruble depreciated rapidly, and the central bank started raising the main interest rate to maintain exchange rate stability. A 10% drop in the value of the ruble will make inflation go up by 2%. The Russian ruble has lost 20% of its value in the last few months. The central bank had to force the sale of foreign currency, setting the exchange rate price instead of buying free currency. Not creating obstacles to a friendly currency market (having an infrastructure for international transactions) and using the dollar and euro as a quotation can restrain the falling ruble, but not the Central Bank's policy of increasing the main interest rate can lead to deflation, bankruptcy of companies, and a decrease in investment activity in the interests of the national economy(Tsar'grad,2024). The existing inflation control policies, aimed at addressing financial demand issues, have not succeeded in boosting the growth of Russia's industries. This has resulted in a liquidity crisis for the central bank, which employs various tools to manage demand. Consequently, the government ought to collaborate with the bank to eliminate barriers in infrastructure, technology, and individual commodity markets. This will guarantee that the money supply and associated demand rise at a pace that aligns with productive capacity and serves as a vital pathway for the growth of productive labor.

Conclusion. The Russian economic development model aligns with a colonial economy, grounded in the tenets of neoliberal economic ideology. This method prioritizes the short-term flow of capital over the long-term investments essential for the advancement of industries focused on import substitution. Therefore, the main focus on the sale of natural resources and the import of consumer goods has led to a shortage of investment resources. Moreover, the Central Bank's monetary and credit policies establish loan interest rates that exceed the inflation rate and are independent of currency exchange rates. The deficiency of domestic non-monetary supplies has resulted in a consistent depreciation of the ruble, causing inflation to surpass established targets and rendering attempts to mitigate it futile. The exchange rate of the Russian ruble affects the dynamics of gross domestic production, structure, and the state of the economy. Diversification drives export-orientated sectors to expand faster than home ones. The danger arises when the central bank fails to support long-term investment and product processing. The devaluation of the ruble reduces choices for replacement food products. New technologies can help enable long-term import substitutions and increase manufacturing competitiveness. Technology is essential for Russia to compete with other countries. However, devaluation increases investment costs, which in turn slows down modernization.

Acknowledgement

The Foundation for Thailand 21st Century Institute supported this research. (No. 01/2567).

References

Belonovskaya, A.M (2010) *Artel form of economic organization in the studies of Russian scientists of the end of 19th – beginning of the20Th centuries* https://cyberleninka.ru /article/n/artelnaya-forma-hozyaystvennoy-organizatsii-v-ssledovaniyah-rossiyskih -uchenyh-kontsa-xix-nachala-xx-v-1

Blinov, S(2021, March 2) *Inflation in Russia - Putin is fighting the wrong thing (and the wrong ones)* https://dzen.ru/a/YD1jpaPC-0d0fSee?sid=1950157850128142 88

Chayanov, A.V. (1989) .*Peasant economy. Selected Works*. Moscow: Ekonomika

Chernov ,V.M. (1997)*Constructive socialism*. M.

Danielson,N. F. (1893). *Essays on our post-reform social economy*. SPb. Retrieved December 12, 2021, from https://disk.yandex.ru/d/_9aRHXMw9zHQB

Financialmechanism.(2022,July 9)*Modern colonialism. How do the IMF and the Federal Reserve run countries?* https://dzen.ru/a/YsjajY4DEDsgNjz0

https://cdn-get-2.whotrades.com/u11/photo4186/20123668918-0/blogpost.jpeg

Iznankapolitiki (2023,January 5)*How the world really works. The secret of the rich. Why is one country successful and developed, while the other languishes in poverty? Parsing*. https://dzen.ru/a/Y6LUgyRLgy2u-fVH

Katasonov , Valentine(2022)*The Collective West helped the Bank of Russia to de-dollarize its assets* .https://www.fondsk.ru/news/2022/04/07/kollektivnyj-zapad-pomog-banku-rossii- provesti-dedollarizacij

Khubiev, Ruslan. (2019,May 12) *The naked truth: at whose expense does the West prosper?* https://regnum.ru/article/2626727

Klyuchevsky, V.O.(1968)*Letters. Diaries. Aphorisms and thoughts about history* .M. (compendium). https://proza.ru/2020/08/13/548

Leontyev ,K. N.(1992) *Blooming complexity: Selected works*.M.: Mol. Guard.

Makarenko ,Oleg (2020 February 12)What is the essence of capital, the manifesto of state capitalism and the alienation of the results of labor https://dzen.ru/a/XkQMhiSg4HISBzQU ?sid=174261238318945221

Malyushin, I.I. (2015) *S. U. Witte about long-term economic policy of Russia* .https:// cyberleninka.ru/article/n/s-yu-vitte-o-dolgosrochnoy-ekonomicheskoy- politike-rossii

Matyushchenko,N(2022,August 5) *How can Russia escape the resource curse? What is the oil and gas needle?* .https://fintolk.pro/resursnoe-proklyatie-chto-takoe-neftegazovaya-igla-i-kak-rossii-s-nee-slezt/

Milliardtatar.(2023, Febuary 14) *History of corporations: Fukuyama, resources in exchange for* *minds and the "Primakov Doctrine"* .https://dzen.ru/a/Y-sviRhIlC8zbvs_

Obshchestvennyytsentrinformatsii (2020,July 7) *Economy of the Future: 15. The National Ideology of Russia.* https://dzen.ru/a/XwN19RyoGkiAx1oa?sid=306481937157613772

Obshchestvennyytsentrinformatsii (2023 ,July 1)*Five barriers to modernization of Russia July* 1 https://dzen.ru./a/ZJ8jhj0uTD5OoiYL?sid=0

Oleynikov, A.A.,& Aleshchenkov, V.A. (2016) *The state ideology functions as a framework of operational principles that regulate the national economy*. https://expeducation.ru/ru/article /view?id=10537

Politica(2023,August 5) A *performance called "Inflation Targeting"*.https://vk.com/wall-201272992_8069

Polytalk. (2022,December 2) *The oil price limit, which is currently being debated in the West, was invented back in 2004. Kudrin, December 2, 2022 https://dzen.ru/a/Y4jnk1c4tRXY* uQEU?sid=0

Provlast (2023,March 27) *According to Khazin, Putin may soon make an announcement after maintaining silence for a period of 30 years.* https://dzen.ru/a/ZCE3iTNUg3Gv0Tje

Put' Vostoka. (2022,August 8) *Neocolonialism today and the fight against it.* https://dzen.ru/a/YvDbFKQSS2xRlhIx?sid=1325366261173865O7

Rakurs (2020 ,January 20) *Fundamental concepts of Stalin's economics* https://dzen.ru/a/XiV14jIzVACsjZz-?sid=218704898872955914

Russianplanes.net.https://russianplanes.net/

Ryazanov, V. T. (1998)*Economic development of Russia. Reforms and the Russian economy in the 19th–20th centuries*. St. Petersburg.

Rybakov, F. F. (2011) *Economic policy: theoretical heritage and modernity*. https://cyberleninka ru/article/n/ekonomicheskaya-politika-teoreticheskoe- nasledie-i-sovremennost

Sombart ,Werner (2006). *Traders and heroes. Jews and the economy*. Krasnodar.

Stalin ,I.V.(1931 February 4)*Stalin's speech "Either we do this, or we will be crushed"* https://russiangiant.ru/2022/02/04/4-fevralja-1931-rech-stalina-libo-my-sdelae

Suwan-achariya ,Shinasak(2023a, February 17)*Concept of economic development for prosperity*.pp.52-55. [Conference presentation]. High-Tech, Science, and Education: Topical Concerns, Accomplishments, and Innovations. The proceedings of the XVIII All-Russian Scientific and Practical Conference , Penza ,Russia

Suwan-achariya ,Shinasak (2023b, April 12)*Reaganomics: globalizing paper dollars* .pp.20-27 [Conference presentation].Theory and application modern science.The proceedings of the XII International Scientific and Practical Conference, Penza ,Russia

Suwan-achariya ,Shinasak (2023c, April 25) The end of history : a dollar -based colonial economy .pp 53-59. [Conference presentation]. Modern scientific research issues, accomplishments, and innovations. The proceedings of the XXXII International Scientific and Practical Conference, Penza ,Russia

Suwan-achariya ,Shinasak (2023d,May 15) *Comparing central bank economic development concepts.pp.43-48* . [Conference presentation]. Science and education : contemporary issues, successes ,and innovations.The proceedings of the VIII International Scientific and Practical Conference , Penza ,Russia

Suwan-achariya ,Shinasak(2023e, May 29) .*Reaganomics: Abandoning the Dollar's Gold Standard.PP*.96- 100. [Conference presentation]. Autonomous non -profit organization "national research institute of additional professional education " together . Humanitarian studies in the new realities Studies in the new realities. Materials of the VII International Scientific and Practical Conference, Stavropol ,Russia

Tsar'grad(2024 ,November 28) *Glazyev showed how the Central Bank collapsed the ruble: Everything, as Washington wanted*.https://dzen.ru/a/Z0gGKenWInez-zGW

Vashinovosti (2023,September20) *The Central Bank should be fully integrated into the overall system of state economic management on an equal basis with all other federal authorities* .https://dzen.ru/a/ZQsajhL6Uzx81EGh

Zhurnal «Foton» (2023,September 4) *We have everything. We only need a government that will direct wealth for the benefit of the people" - Stalin's recipe for making Russia great* .https://dzen.ru /a/ZPVnr3ErpGUzJh77

Zhvaniya ,Dmitry (2010). *Modernization with the help of "community -artel spirit"* https://www.sensusnovus.ru/history/2010/10/21/691.html