

CHAPTER V

CONCLUSION

The changing in Soviet Union into Russian Federation was not a simple thing.

In that process of changing included many efforts that done by the heads of states of Soviet and Russia's era. All of that efforts were necessary to reach a purpose that to bring Russia into a prosperity and a stable condition. Each of them was totality in recovering programs, and they also oppened the relation with the foreign countries and institututions. This action was opposite of the heads of Soviet Union under communism era.

The foreign affairs in the begining of reformation era were to comprise in aids relations. Therefore, the economic and political problems are the causing factors of the openness of foreign affairs of Soviet and Russia's era. One of them is the relations with IMF.

The relations between Russia-IMF happened in Boris Yeltsin era in big scale. In his era, Yeltsin decided to make Russia dependent to the IMF aids in economic problem solving of Russia. Yeltsin was offered an IMF formula as the problem solving. Both Yeltsin and IMF were very enthusiastic in implementating this IMF formula to solve this legacy problem. The formula was implemented into shock therapy programs. He wanted all of shock therapy elements to be implemented in six months, because he

was thinking that Russian people were dying and needed handling this situation as soon as possible. Yeltsin did it in hurry that made some of the important parts were missing, such as the reforming of political and economic structural.

The IMF wanted to control the program running and wanted the therapy to be implemented in Russia by its instructions. So, the Russia government was a doll in implementing the IMF formula. Yeltsin agreed with the IMF requirements because he wanted to be a hero for Russian people in economic recovering. But he was missing the political sectors. He developed economic system without the economic structuring. The effect is that the IMF programs run imbalanced because there was not the re-structuring the institutions. So, the same job desk was run by same person, and the result would be the same.

The privatization became a soft target for elit group in Russia. They were called 'Oligarchs'. They increased their wealth tricky by rapping the state assets. The oligarchs did many tricks and also have many networks in Russia's government. Yeltsin's family was also part of this.

Actually, the economic problems presented in Yeltsin era were a legacy from Soviet Union, and became a snow ball that could not be solved by him until it assumed into a crisis that was attacked Russian in 1998. Hyperinflation and devaluation of Ruble happened in this country. The oil prices felt down and gave big impacts for Russia's capital reserves. The peak of 1998 crisis was because of domino effect from Asia crisis in 1997.

Yeltsin was frustrated and resigned. Vladimir Putin appeared as a new hero figure for Russia. He earned many supports from the Russian people. In his governance, he pressed into the use of Russia's abilities effectively. Therefore, Putin decided to reduce and/or stop the dependency of Russia on foreign aids. He also stopped and rejected the implementation of IMF formula in Russia.

The rejecting actions of Putin in IMF formula were caused by the mistakes or failures in the implementation in Russia. The failures that were seen by Putin are the misdiagnosis of the problems in the beginning of the implementation, the bumbling reconstruction, the risking social and political turmoil. These failures became a clear reason to reject and oppose the implementation of IMF formula in Russia.

The increasing oil prices in his era became the supporting factor for bringing the Putin's era into a success. Putin focused in restructurizing political system. He was thinking that the failure of Yeltsin's era was caused by the missing political restructuring.

In recovering the Russian economy, Putin used the authoritarian style in his leadership because he was thinking that Russia needed strict regulations. The clear and strict law also brought the foreign investors back into Russia. He recovered the political and economy of Russia in balance. In political sector, he decided that it should be done first, because he argued that the good governance will result in a national stability for Russia.

Putin implemented four programs⁸⁶ were in handling the Russia's economy.

All of those Putin's programs resulted in a economic stability in Russia that indicated Russia into success for state indicators. Therefore, in other words, Russia is a success for state under Putin.

Over from that reality, there are some notes which are reasonable to be noticed by the government. In handling economic problem, the government do not overlook the economic structure and also still run the authority well, to prevent the corruption practices. The government is best to maximize the domestic resources first than dependence with other countries/ foreign institutions.

⁸⁶ *Kebijakan Perekonomian Putin*. Accessed on February 1st 2012. Available on http://www.scribd.com/ferrian_albani/d/78565283-rusia-1