Estimating imperfect competition impact on producer prices in Russia in 2000-2010

Topic: Input-output analysis for policy making 1
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Monetary instruments don’t give sufficient and stable results in decreasing inflation in Russia. That’s why it is proposed that one of the reasons is a significant number of monopolistic and oligopolistic markets in Russian economy. Companies on such markets have the power to increase prices and transfer the increase of their costs to consumers. Price shock on one of the markets could result in growth of prices in a whole economy.

Aim of this article is to estimate imperfect competition effects quantitatively. First of all, significance of such effect is tested. For this industry price changes and cost increase are compared. Numbers of costs increase are got with help of IO tables. By preliminary estimations, results are significant for years 2009 and 2010, and are not significant for previous years.

After that extension of Leontief Price Model with including of imperfect competition factor is suggested. Such model could be used by Federal Antimonopoly Service of the Russian Federation to estimate impact of antitrust measures.