

Abstract

This thesis concentrates on the case of Russian economy and assessment of its dependence on oil. Russia is often cited as an example of country suffering from resource curse as its natural wealth forms significant share of country's exports and revenues. Thesis will first concentrate on factors determining current state of Russian economy. Presence of the symptoms of Dutch disease in the Russian economy will be studied using the Vector error correction model (VECM) applied on the real effective exchange rate of country (REER). Thesis will also contain an assessment of Russian institutional environment to check for other symptoms of resource curse theory. Analysis of latest federal budget will be used to evaluate the sustainability of Russian federal finances. The thesis is concluded by discussion of results and possible paths of future development of Russian economy.