

Russia Risks Return to Planned Economy – Central Bank

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Russian Central Bank Governor Elvira Nabiullina. **Anatoly Medved / RIA Novosti Photohost agency**

Russian Central Bank Governor Elvira Nabiullina [warned](#) Thursday that Russia is at risk of reverting to a planned economic system as it grapples with restructuring challenges driven by soaring war expenses and unprecedented Western sanctions.

“The temptation to manage economic restructuring can lead to [a situation] where we suppress private initiative [by businesses], not to mention the risk of restoring a planned economy,” Nabiullina said during a session at the annual St. Petersburg International Economic Forum.

“It seems that this is impossible since we have a market economy,” she said. “But in fact, all that’s needed is for the state to take upon itself the responsibility of deciding which industries and projects require development, and where to direct financial resources.”

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Nabiullina emphasized the importance of the private sector as the main driving force behind the ongoing transformations in Russia's sanctions-battered economy.

Additionally, she stressed the role of the state in creating favorable conditions for growth and investment in domestic industries.

“I think everyone understands what we’re going through right now. That includes the redistribution of labor, investment, and so on. The economy’s restructuring is happening faster than we expected,” she added.

At a Central Bank meeting in early June, Nabiullina [said](#) the Russian economy was gradually adapting to sanctions pressures and predicted a full recovery to pre-war levels by 2024.

Nabiullina, a liberal technocrat, was reportedly [blindsided](#) by the invasion of Ukraine in February 2022 and [prevented](#) from resigning. Experts credit her with saving the Russian economy from the fallout of the war.

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