

# PSCI 4012

# Global Development

Regional Perspectives: Post-Soviet States

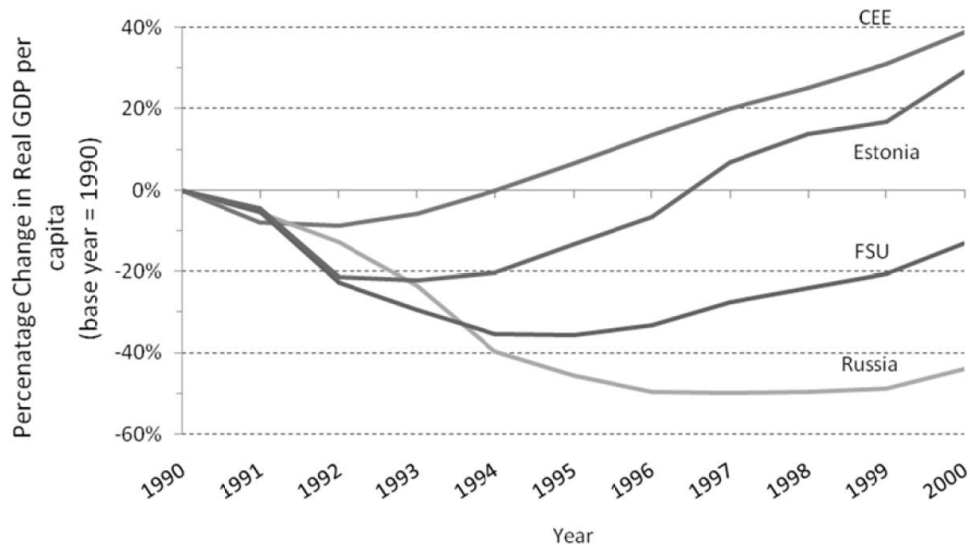
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## Today's Plan

- Development in post-Soviet states after 1990
- Causes of variation in economic performance among post-Soviet states

# Economic performance after 1990

FIGURE 1. TRENDS IN POST-COMMUNIST GROWTH, 1990-2000



## Economic performance after 1990

Why did some countries in Eastern Europe have worse economic performance than others after the collapse of the USSR?

- Faster and more extensive privatization led to better performance
- Privatization failed to create necessary governance institutions
- Initial conditions, rather than reform paths, were main determinants of economic outcomes

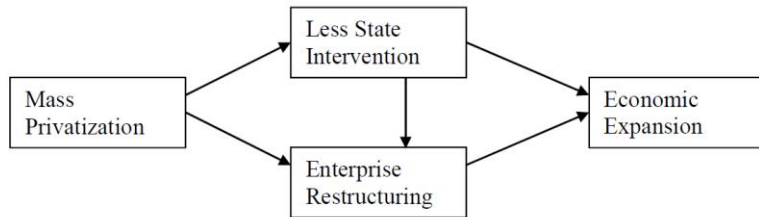
## Economic performance after 1990

Patrick et al. (2012) :

- “A bureaucratic state is essential to modern capitalism because in its absence, individual capitalists might resort to ‘political capitalism’ – the use of personal relationships with state officials to create extra-market opportunities for profitable activity.”
- Mass privatization led to declining state revenues, and weakened state capacity
- Declining state capacity promoted corruption and weak institutions
- A vicious cycle of weak state and weak economy has emerged

# Post Soviet economic development

## *Neoclassical-Neoliberal Framework*



## *State-Centered Framework*

