

**Privatization's Unequal Toll: Explaining Cross-Country
Variation in Mortality and Health Outcomes After Transition
From Communism**

Introduction

The collapse of communism in Central and Eastern Europe as well as in the former Soviet Union in the late 1980s and early 1990s marked a significant turning point in global political and economic history. The complexity of carrying out political, territorial, and economic reforms simultaneously is often termed the "dilemma of synchronicity" [1]. A cornerstone of this economic paradigm shift was privatization, which entailed the replacement of planned economies with free-market principles. That process was expected to lead to increased efficiency, economic growth, and improved living standards. However, the outcomes of this transition have been far from uniform across countries, with some nations experiencing significant improvements in health and mortality rates, while others have faced deteriorating conditions [2].

This paper draws on ...

Relevant Literature

Transition Types

The widespread institutional collapse across Central and Eastern Europe and the Former Soviet Union in the late 1980s led to an imperative for simultaneous political, territorial, and economic restructuring. Within the academic field of transitology, literature seeks to define and categorize these complex processes in various ways [3]. Probably the most commonly referenced typology of transformation processes [3] of Samuel Huntington divides countries into three categories based on the nature of their reforms [4]:

- "transformation" (e.g., Soviet Union, Bulgaria, Hungary) - when reformators group is originated in government elites,
- "transplacement" (e.g., Czechoslovakia, Poland) - when the reforms are imposed by

both government elites and opposition forces, as it happened during the round table talks,

- "replacement" (e.g., East Germany, Romania) - when opposition has a significant role in reforms.

These categories reflect the degree of domestic consensus and external pressure influencing the reform processes. It is also worth mentioning that both power camp and opposition are divided, government into reformators and "hard-headed", opposition into moderates and radicals. In case of other classifications, they mostly match the above-mentioned typology, sometimes however some differences in countries grouping can be observed. Sometimes, a separate category is being created for countries created from multi-national states, like Czechoslovakia or Yugoslavia, due to merged effect of divisions on the level of top leadership and the nationalistic pressure from below. [5]. Worth to mention is also the division proposed by Herbert Kitschelt due to underlining group of countries where preemptive reforms were the idea. Examples are Soviet Union Gorbachev's initial innovations, as well as the regime changes in Bulgaria, Romania etc. [6].

Economic Transformation and the Privatization Debate

Privatization was universally deemed a central component of the economic transformation, necessary to replace the inefficient command economy with market principles [7] [8]. The public debate was dominated by a dichotomy regarding the pace and method of implementation between two camps:

- Neoliberal advisors - who championed "shock therapy", advocating for the rapid and simultaneous implementation of price and trade liberalization, stabilization, and mass privatization [9]. This approach was intended to create an irreversible shift to the market.

- Critics - often described as gradualist economists or neo-institutionalists, argued that hasty reform damaged the state and favored a slower process to allow sufficient time for essential governing institutions (e.g., corporate law, capital markets) to develop [10] [11].

Talking about the specific privatisation methods chosen across the Central and Eastern Europe and the Former Soviet Union, they yielded varied results and attracted distinct academic critiques:

- Mass (Voucher) Privatization: While the econometric results suggest that mass privatization, overall, had a significant positive effect on growth after the initial recession (after 1995) [12], its implementation, particularly in the Czech Republic, was criticized for leading to "budgetary crises and unleashing inflation at the macroeconomic level" [13].
- Insider Privatization: Models that favored management and employees (e.g., Russia and Ukraine) led to "insider dominance" and were generally less effective at restructuring than market methods [12] [14]. This approach was associated with political continuity and was mostly restricted especially in the Czech Republic and Hungary, but also to a lesser extent in Poland, where hard political transition had weakened the political positions of former communist managers [15].
- Corruption and Fiscal Shock: The literature confirms that the transition created new incentives for corruption due to the massive transfer of property, coupled with weak states and underdeveloped civil societies [16] [17] [18]. Research shows that privatization's general growth effect hinges on the quality of the institutional setting, often proxied by the level of corruption [19]. Furthermore, the implementation of mass privatization programs is empirically demonstrated to have created a massive fiscal shock for post-communist governments, which undermined state capacity and protection of property rights, thereby exacerbating the recession [9].

The general dissatisfaction with the privatization process stemmed from the realisation of the process and its outcomes, rather than opposition to private property itself [20]. The popular demand for revising privatization was strongly correlated with individuals who experienced hardships during the transition, such as wage cuts, unemployment, or poor self-rated health.

Mortality and Health Outcomes

Research Gaps: Quantifying the Unequal Toll

Data and Methodology

Results

Conclusion

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