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ORGANISATION FOR ECONOMIC DEVELOPMENT IN POST-SOVIET STATES IN TERMS OF EUROPEAN INTEGRATION

This critical lack of respect for national identity and the ensuing skepticism became serious mental barriers to true socio-cultural transformation in the post-Soviet states. The easy acceptance of foreign virtues still predominates in the political and social decisions of the newly independent republics, which have not yet learned to own their own destiny. The only difference is that most people in Ukraine, Moldova, Kazakhstan, and the other countries openly view the European social order as the best, and think it is more important to speak English well than to spend time reading books in Ukrainian, Uzbek, or other national languages. Some recent studies (Vachudova, 2005; Jacoby, 2004) have demonstrated the importance of the influence of the European Union (EU) on post-Soviet self-awareness. Vachudova argues that the EU exerted a powerful attraction on post-communist Europe, including the post-Soviet countries. The actual level of this attraction, however, varies from relatively low in Belarus to significantly higher in Moldova or Ukraine.

The collapse of the Soviet Union has had a major impact on the economic transition of the former Soviet republics toward a market economy. Immediately after declaring their independence, the republics announced liberalization of prices and created conditions for privatization. Under the Soviet system, all the economies of the republics adhered to the same principles: Production and distribution were fully controlled by the government, no private ownership was allowed, no competition existed, and no financial markets functioned. Domestic economies depended largely on the pre-set and pre-planned manufacturing and distribution of goods. The majority of the Soviet republics developed their economies with strong emphasis on one particular sector. For instance, Ukraine, with its Kuzbass region, was considered the «all-Union forge,» the Kuban region of the southern Soviet Union was the «all-Union granary,» the Caucasus was the «all-Union health resort,» and so on. Soviet power created «disabled economies» that wobbled on one crooked leg and were unable to achieve any significant level of efficiency. When the republics became independent and the centrally controlled chains of distribution disappeared, all the key sectors experienced great economic turmoil. In terms of financial management, the post-Soviet governments employed artificially exaggerated official exchange rates, and that increased the trade deficit, owing to the disproportional growth of imports.

The «cheap dollar» policy had a further destructive impact on the economy, worsened the position of the export-oriented industries, and aggravated the rapid GDP decline everywhere. In comparison with the pre-perestroika indices (level of GDP in 1989 = 100%), during the transition process GDP was down in Armenia by 59.3%, Azerbaijan by 63%, Georgia by 74.6%, Moldova by 69.4%, Russia by 44.7%, and Ukraine by 63.5%.

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The post-Soviet republics lacked the experienced management and administrative personnel, skilled labor force, and institutional capacities needed to face the new economic challenges. In addition, the extreme dependence of many of these countries (Ukraine, Moldova, Armenia) on Russian energy, in combination with a vast range of other factors, including underdeveloped institutional and social infrastructure and deeply ingrained corruption, further slowed the republics' transition to better socioeconomic health. Even the Central Asian countries (Uzbekistan and Turkmenistan) were hugely dependent on Russia, as were both Ukraine and Belarus despite their own abundant gas reserves.

In 2012 King, Stuckler, and McKee tested the idea that implementation of mass privatization in the post-communist states was linked to a worsening of economic outcomes both for individual companies and for overall economies. To test their hypothesis, these scholars compared the individual fortunes made between 1990 and 2000 in 25 former communist countries (including post-Soviet countries). The World Bank data received from managers of more than 3,500 firms in 24 post-communist countries was also examined. The results show a direct and consistent link between mass privatization, decline of state fiscal revenue, and slowdown of economic growth. Between 1990 and 2000, government spending was about 20% lower in mass-privatizing countries than in those which chose a steadier form of change. Similarly, mass-privatizing states experienced an average decline in GDP per capita more than 16% greater than that of non-mass-privatizing countries after implementation of privatization in a step-by-step manner. The analysis of individual firms revealed that among mass-privatizing countries, firms privatized by domestic owners had greater risks of economic corruption. Private domestic companies in these countries were 78% more likely than state-owned companies to use barter rather than monetary transactions.

Therefore, the great changes of the 1990s brought to light many problems that were nonexistent during the Soviet Union era, or seemed to be so. The economic breakdown of the late 1980s (the perestroika era) was disastrous, promising a free-market heaven that never became reality. As a result, local Communist parties remain popular in many post-Soviet states, basing their appeal on exploitation of people's association of Soviet-style communism with stability and relative well-being in the past. The post-Soviet republics woke up in a completely new world of strained economic conditions. The inherited mentality played a large role in their troubled process of transformation.

Even though old Soviet values still demonstrate their power, some encouraging signs of a national revival are cropping up here and there. Increased opportunities to travel abroad and see life in wealthy countries area major impetus for transition. Young people are becoming better prepared to welcome a market economy and democratic values.

Business innovations and an entrepreneurial spirit are emerging with relative speed. The traditional dominance of mono-industries is losing strength. According to Deloitte reports, the Ukrainian economy is in the process of active diversification. In 2010, local private Ukrainian companies were active in all major industries. More than 50% of the largest companies are now controlled by domestic investors; this means that domestic investors are optimistic about the economic future of the country and no longer keep all their money in foreign banks. Modern Ukraine is actively shifting away from its Soviet industrial heritage. The business sector is very active, and is the first economic sector to embrace and incorporate the necessary structural changes.

Significant social changes are inspired by technological advancements. International practices for implementation and application of information and communication technologies (ICT) in the e-governance, e-education, and e-health sectors are actively being adopted and becoming part of the socioeconomic reality of the post-Soviet countries. Successful ICT solutions implementing better governance and public services were successfully adopted in many post-communist countries: Estonia, Croatia, Czech Republic, Romania, Slovenia, Russia, and Moldova. Various aspects of organizing e-government centers with public-private partnerships, e-governance solutions, models of e-service portals with access via digital signature, and management information systems for public finances have contributed significantly to the fight against bureaucracy and to the advancement of the respective countries. The e-governance system can solve many persistent problems of post-communist countries: resistance to change, lack of transparency, corruption, and deep societal divide. There is no doubt that things have started to shift in this direction and will affect other public areas soon. The «e-lifestyle» is most popular among young people, and political leaders are tempted to follow this trend in an effort to maintain power and have young people follow them. But these transformations also oblige the leaders to enhance the information flow and the degree of societal openness. For instance, Russia adopted the «Electronic Russia» program in 2002. The program increased GDP spending on ICT by 5.1 %, and up to 20% of Russia's government procurement was handled electronically (Styrin, 2008).

Moldova also started to build its e-governance system with the support of the UNDP in 2008. The communications strategy «Acces@m Moldova» (Access Moldova) envisages a series of public awareness activities targeting different groups, including public servants, the mass media, and the private sector. The following benefits are expected:

- A strengthened institutional framework that is better able to formulate sound policies in the area of Information Society Development
- More efficient and transparent decisions by public administrations
- Increased ICT awareness among public administrators, leading to faster application of the new technologies in the public service sector
- Wider participation and inclusion of citizens in decision-making processes and stronger electronic democracy

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- Expansion of access by citizens, especially those from rural regions, to the most advanced medical services through an efficient method of electronic scheduling and medical consultation
- Consolidated state capacity for arms and munitions control, as well as an improved crime investigation capacity (UNDP, 2008)

These are evidence of positive transformation in people's minds. Public initiative and respect for national identity are becoming appreciated and accepted. In socioeconomic terms, post-Soviet societies are in the process of seeking to satisfy Maslow's hierarchy of needs, with basic needs, at the lowest level, occupying the smallest part of peoples' concern and everyday life becoming more stable, offering a possibility to reach the highest level of this pyramid without many sacrifices. In addition, the new, liberated mentality increasingly inspires a generation of young people who represent a major source of hope and potential for progress.

There are many factors that can potentially influence the direction of a country's development after liberation from an imperial dictatorship. In fact, the important question of modern economic theory is how to predict, understand, and explain numerous preconditions and social behavior under these circumstances. More and more academics now are convinced that there is no across-the-boards scenario for such a break-up, and specific individual or collective choices may be irrational, depending on a multitude of characteristic attitudes of mind inherited by the society from the past. Similar processes are occurring in the post-Soviet countries after two decades of independence. Their experience provides grounds for as cribbing the delay in development to commonly shared Soviet-style values and assumptions. The logical conclusion is that to break through and re-emerge in a viable form, it is necessary not only to improve the economic indicators but also to abandon the old mentality and change the old mindset. It is a long and difficult social process, but one that is of vital importance in bringing about a better future for these fledgling nations.

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