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Comparative Analysis of Development Strategies: Poland, Serbia, and Ukraine

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*Comparative Analysis of Development Strategies: Poland, Serbia,
and Ukraine*

BY

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INTRODUCTION

Background

After the Second World War, the world was dominated by two superpowers fighting for influence and supremacy. This bipolar world was divided between the United States and the Soviet Union, and both had their spheres of influence. The Soviet Union, particularly, was ruling over Eastern Europe, reaching as far as Eastern Germany. When the Soviet Union fell in 1991, former Soviet Union states were free to pursue their own policies. Decades of central ruling made it a challenging endeavor for Eastern European leaders to make successful reforms. Reforms were needed in all sectors as the Gosplan, the Soviet Union's central planning system, failed in its task to provide a viable economy structure for its satellite states. After the fall of the Soviet Union, the Eastern European states launched deep reforms to counter-weight the effects that communism had on their economic, societal, and political structures. A large part of the reforms happened at an economic level as central planning destroyed the markets of Eastern Europe.

Argument

Pre-existing factors play a significant role in the nature of reforms that the Eastern European countries undertook. Eastern European countries all had different economic, societal and political situations after the fall of the Soviet Union. Their governments also had different visions for their particular nations. These pre-existing situations had an effect on the creation of post-communist policies. Policy-makers and leader had to, not only return the economy to a stable level, but also institute social and political reforms to

move away from the communist design. To understand how much these factors influenced the development strategies of Eastern European countries, this study will first evaluate the economic, societal, and political situations of three different states until 1989-1991. Then, it will assess the policy response to each of these factors. This will show whether the response in policy was appropriate for the specific situation. For example, if a certain country had a corruption problem, this study will see if this situation was addressed. The goal of this research is to evaluate which development strategies were legislated and why, and which one was most successful and why. Theoretically, this research will demonstrate that a country that responds accordingly to its post-communism problems while also deeply and immediately reforming its economy will have the most successful development strategy.

Topic Significance

This topic is significant because it shows the development strategies of countries after they have been under an ideological umbrella. The three countries that are compared in the study have all been under the influence of the Soviet Union. When they declared independence, their government had to choose its own specific development strategy depending on social, economic, and political factors. Determining the influence and strength of these variables can give a clearer indication of the important trends that were taking place within those countries and on how those trends affected policy decisions. Research on development strategies is important as it shows what path a state should take for long-term development. It also evaluates how a developing nation can respond accordingly to its domestic problems after a deep turmoil without creating a dependency

relationship with a developed state. A state's development level differs because of domestic and global limits, such as population, resources, technology, and international trade (Torado and Smith, 122). Therefore, possessing a strategic and appropriate development plan is important for each state to strive. This has proven difficult for the FSU states, as they had to develop individual reform plans after the demise of central planning and years of reliance on the Soviet Union. This study proposes to answer several questions:

- What were the specific problems and factors affecting each state after the fall Soviet Union?
- Which reforms were most important for each country to adopt?
- Which path of development did each different state adopt and, assuming they followed a similar path, what was the nature of the reforms (political, economic, or social)?
- Was each state adequately responsive to its specific problems through the reforms they adopted?
- Is a reform model based on decentralization and regionalization within the economy the most successful long-term?

Literature Review

Various scholars have reviewed development strategies and their consequences in Eastern Europe. Because the study focuses on three separate cases, the literature review has been divided in four sections: (1) Poland, (2) Ukraine, (3) Serbia, and (4) On the topic of development.

a. Poland

Simon Johnson and Gary Loveman look at the economic reforms passed in Poland, which they characterize as “draconian.” They describe the Balcerowitz Plan, which was the reform plan enabled after the Polish fall of communism (**Johnson and Loveman, 1995**). Janice Bell describes the process of the reforms as “far from smooth.” She explains that the impact of the transition to a market economy has had long lasting effects. She also addresses the different positive and negative attitudes that Poles had toward the transition. Again, the recurring theme of decentralization and regionalization in Poland appears (**Bell, 2001**). Eva Fodor and her co-writers discussed changes in the welfare state of Poland, Hungary, and Romania. They analyzed reforms childcare, maternity, and family support, among others (**Fodor, Glass, Kawachi, Propescu, 2002**). Vesselin Dimitriov explores the challenge of creating central institutions to coordinate policy-making in post-communist countries. He focuses on Central and Eastern Europe. Those state had their policies dictated by the Kremlin, thus creating policy-making institutions was a challenge. This book “considers the influence of institutional legacies, the impact of the evolving party system, and the role of crises in spurring institutional change.” It offers an in-depth analysis of the evolution of policy-making institutions in Poland, Hungary, the Czech Republic, and Bulgaria (**Dimitrov, Goetz, and Wollman, 2006**). Taylor Marvin estimates that the Polish transition to a liberalized economy has been very successful. The article explains the concept of “shock therapy” and its successes and drawbacks in Poland. It also describes the pre-existing conditions in Poland that made it economically successful (**Marvin, 2010**). Antoni Dubek writes about

the 1980 Polish strikes and their consequences. Furthermore, he describes the various factors that brought about the decision of the PZPR to negotiate with the Polish opposition. He cites numerous reasons, including the political atmosphere (**Dubek, 2011**).

b. Ukraine

In the topic of Ukraine, William Hogan explains the anxieties and desires of the Ukrainians. They wanted self-determination, their own economic policies and independence. Hogan describes the consequences of the mounting discontent, as well (**Hogan, 1991**). The article by *The Economist* talks about the various economic problems that Ukraine has faced after the fall of communism. It first describes the negative impacts of the reforms in Ukraine, and then further steps that have been taken to pull Ukraine out of its economic condition (“**Better late than never,**” 1995). Elizabeth Brainerd’s paper speaks about women in post-communist states of Eastern Europe. She argues that women were well represented in the Soviet Union and that reforms have widened the gap between men and women instead of closing it. Her primary focus lies with Ukraine and Russia, however she has insights about other Eastern European states, particularly Poland (**Brainerd, 2000**). Vladimir Popov’s article describes the disappointing results of the reforms in the Former Soviet Union. He explains the economic downturn, the rise of death rates, and the sinking output in the years after the reforms. He uses graphs to explain the causes of these extreme downturns (**Popov, 2004**). Finally, Stephen Shulman explores the concept of national identity and its influence on political and economic reforms in Ukraine. He explains the different ways of how mass public opinion can

influence policy-making. For example, he finds that “that an ethnic Ukrainian national identity is associated with pro-democratic and pro-market orientations, while the eastern Slavic national identity is associated with antidemocratic and anti-market orientations” **(Shulman, 2005)**. Mykola Riabchuk’s paper describes the advancements and stagnations of Ukraine after the Orange Revolution in 2004. She argues that ethnic and political division undermines democratization. Finally, this paper offers solution to the problem of democratization in Ukraine **(Riabchuk, 2008)**. Mark Smith’s paper describes the social and human rights of the Soviet Union. He depicts what rights Soviet citizens had in theory and how they were reflected in practice. His finds suggest that, although the Soviet Union was a welfare state, the provision of the welfare was oddly funded and vulnerable **(Smith, 2012)**.

c. Serbia

The study of Serbia will be complicated. This state, part of former Yugoslavia, has undergone tremendous ethnographic and military upheavals. Those will be taken into account as the study proceeds.

Shale Horowitz talks about the war in Yugoslavia specifically. He expands on three impacts of war on political reform: distraction from peace and economy, postwar economic pains, and military disruption. He then theorized that war in a newly democratic state damages the most **(Horowitz, 2003)**. Similarly, Chip Gagnon’s article describes the turn of events that led to the increased warfare in the Yugoslavian region. He includes three factors that led to the widespread political conflict. Among those came a change of political opinion and a growth of political identity. According to him, the

elite in the region saw the turnovers in post-communist states and wanted to avoid them. This certainly created turmoil for reforms and made them more complicated. The political elite refused to budge (**Gagnon, 2010**). Dragica Vujadinović explores women's rights and the changes in women's involvement in education and society in present day Serbia. To fulfill this purpose, she explores the same trends in former Yugoslavia and undertakes a comparative study. She discovers that, although advancement were made toward women's liberation between the 50's and the 80's, the war has returned strength to the patriarchy (**Vujadinović, 2013**). Suzana Obradovic and her co-writers show demographic and social trends in Russia and Serbia in a 65-year span, and they compare them with trends in Europe. These include birth rates, life expectancy, and infant mortality rates. The main problem, they argue, is the transition from a planned economy to a free market economy (**Obradovic, Babovic, and Shpak, 2016**). Finally, Saric and Rodwin write about health care laws in former Yugoslavia. They describe, in detail, the socialist structure that the health-care system took on in Yugoslavia, with the government and its citizens both investing into health (**Saric and Rodwin**).

d. On the topic of development

Michael Torado and Stephen Smith's work uses models and concepts to describe development and explain what it is and what it means. Their work also describes various development strategies use throughout the 20th century. This book gives a clear meaning of what development really stands for (**Torado and Smith, 2003**). "Comparing Levels of Development" is an article by *The World Bank*, which explains how to compare levels of development. It describes what should be evaluated to adequately review which country

has the highest level of development. Factors include Gross Domestic Product (GDP), Gross National Product (GNP), and Purchasing Power Parity (PPP). By looking at such factors and combining them together, it is possible to adequately evaluate a state's development level.

Gap in Research

Researchers have done studies that explain the development strategies of individual countries and their successes and failures. However, this paper will focus on the pre-existing factors in those states before the reforms. It will also examine whether the policy reforms truly addressed the problems within the three nations of Poland, Ukraine, and Serbia, or how they failed. This topic focuses on the relationships between political, social, and economic factors and the policy decisions made in those three countries. It will also evaluate the success rate of each development strategy by assessing the development level of those countries today. With this structure, it is possible to evaluate how pre-existing factors affected states their development levels today.

Research Design

To evaluate which development strategy is the most successful, this research will study three countries within the Eastern Bloc: Poland, Ukraine, and Serbia (formerly part of Yugoslavia). Each of these countries has existed within the Soviet Bloc, under the same economic policies. However, their development strategies were different and their development level today is widely different as well. Undertaking these case studies will show the reasons behind the divergence in policy-making. For this research, an analysis

of the pre-existing factors in Poland, Ukraine, and Serbia has been made. Pre-existing factors affect future policy-making enormously. Furthermore, a review has been made of the specific policy reforms that have been enacted in each country, following the fall of the Soviet Union. This review will look at the policies, their ideal goals, and their real consequences. In the conclusion, a comparison of the present development level of each studied country will be made to evaluate the success or failures of each development policy. Finally, this study will utilize public data from the World Bank and the United Nations to evaluate which of these three countries has achieved the highest development. This method will show which of the development strategies is most successful.

Organization

This research paper will follow a specific organizational pattern. Primarily, this research project will focus on examining exclusively post-Cold-War reform policies. Soviet Union policies will be mentioned for contextual reasons, however these are not the document's focus. This paper will be comprised of five chapters. The first will be the introduction. The three middle chapters will be three separate case studies on Poland, Ukraine, and Serbia, one chapter per case study. Each chapter will be broken down into three parts. The first part will inspect the pre-existing factors within each state's reform process after the fall of the Soviet Union. The second part will describe the specific reform policies enacted to promote development and growth. It will demonstrate on which area the reforms are focused on: political, economy, or social. The final part will examine the achievements and shortcomings in the development strategies enacted by each state. The last chapter, the conclusion, will determine which policy was most

successful in the long term. This will be done by comparing the levels of development that Poland, Ukraine, and Serbia have today. Statistics, such as GDP, PPP, HDI, and data from the World Bank will be used to compare and contrast how developed each of these states is. The conclusion will also determine that higher development does not necessarily equal to better social rights, therefore opening the path for future research. The reader must understand that the time period covered extends from approximately 1945 to 2016. Any later material not covered in literary research is covered in data research found in the annex.

POLAND

Poland is a state that was not part of the USSR, but that was under its influence. The most iconic factor of post-communist Poland was the extensive economic reform that it underwent. The plan for reform was called the Balcerowicz Plan. It sought to “greatly reduce the runaway rate of inflation (which was as high as 50% per month); decontrol most prices; eliminate shortages; make the Polish currency convertible into other currencies at market rates; cease the subsidization of state enterprises; and remove most restrictions on foreign trade.” The reforms were put forward to stabilize the economy and to create an institutional structure that would be fitting with a market economy. These Polish reforms, because of their restructuring nature, had a deep and immediate effect on Polish market. The reforms caused an upheaval within a few months and thus started to be widely known as “shock therapy.”¹

a. Economic pre-existing factors

In Poland, as in other communist countries, the economy was centrally planned. This meant that the government allocated all of the materials of production and jobs. State planners were in control of the distribution of goods and services and of setting prices for goods. Furthermore, state planners favored manufacturing over consumer goods and thus controlled the output of the industrial sector to their best benefit.² No room for small entrepreneurs to flourish existed. However, in Poland, small businessmen

¹ Johnson, Simon, and Loveman, Gary W. “Starting Over: Poland After Communism.” *Harvard Business Review* (1995).

² Marvin, Taylor. “Shock Therapy: What We Can Learn From Poland.” *Prospect Journal of International Affairs at UCSD* (2010).

still found economic niches, uninteresting to central planning, that they could try to exploit. The pace of these developments was sluggish because they could not get resources, as the state had control over them. Furthermore, after the fall of the Soviet Union, the central and east European States were gorged with inefficient state businesses that employed most of the non-agricultural workforce. Small, private businesses were not common in the days of communism, and the big industries had become unproductive. Central planning had created “centrally planned [economy, with] production targets and allocations for supplies, artificial prices, little competition, insensitivity to cost and profit, constant shortages, excess demand for everything that is produced (regardless of quality), and government ownership of essentially all nonagricultural enterprises.”³ Furthermore, it had created “economies of shortage,” which equates to the state not being able to provide some basic goods and services demanded by the population. For example, the simple task of grocery shopping during communism was a difficult endeavor. People had to stand in lines and order from clerks. They could neither pick their own products, nor make sure that those were in good condition.

In Poland, a large part of the communist economy was shipbuilding. However, shipyards had to create a variety of ship models and thus could not specialize in one specific type of ship. Specialization is very important for a competitive economy. It enables states to export their products based on comparative advantage. Communism had destroyed that concept within Poland’s most important industry. The Polish government eventually started pumping resources into a profit-less industry. Johnson and Loveman explain with an example of the Szczecin shipyard, that immediate and complete

³ Johnson, Simon, and Loveman, Gary W. “Starting Over: Poland After Communism.” *Harvard Business Review* (1995).

restructuring was necessary for Poland to remain competitive after the collapse of the Soviet Union. They write,

“As [Krzysztof] Piotrowski [general director of Szczecin] saw it, changing just one or even a few dimensions of a company’s operations wasn’t sufficient. To have any hope of achieving substantial improvement in performance, he had to change the company’s strategy, organizational structure, production methods, incentive systems, and financial practices—and he had to do everything very quickly. Furthermore, each change had to be complementary with all the others if the overall effort was to succeed.”⁴

So, even in the micro level, restructuring to create a viable economic gain is extremely difficult. Everything has to agree smoothly, which is the reason many countries were unsuccessful in their development strategies.

The economy in Eastern Europe during communism was slow and unresponsive. Many employees in state run companies had very little to do and were paid small salaries. Furthermore, the private sector was inexistent and there were many unexplored opportunities within it that could benefit the economy tremendously. Specialization was non-existent and this truly impeded the economy.⁵

In 1975, heavy industry was 45% of GDP and services was only 15%. Central planning created wide shortages in Poland. These shortages were countered by the creation of an extensive black market. “Poland’s economic model was designed to provide universal employment and social services, prevent economic instability, transfer economic risks from state enterprises to the central government and secure prosperity for Polish workers.” However, planned economy soon destroyed Polish society. Central planning’s policy fostered low food prices but destroyed incentives for agricultural

⁴.Johnson, Simon, and Loveman, Gary W. “Starting Over: Poland After Communism.” *Harvard Business Review* (1995).

⁵ Ibid.

production. The Polish government had to heavily subsidize that sector which led to inflation in the deficit. Efficiency kept falling further behind, and borrowing increased. Lack of private investment led to an absence of competition in the international market. Finally, this situation was exacerbated and led to riots. Polish debt, in 1980, was at \$50 billion, and by 1989, inflation had reached 250 percent. Furthermore, hyperinflation had proliferated incredibly coupled with shortages.⁶

b. Political pre-existing factors:

In communist Poland, political thought was focused on industrial employees. The most serious type of unrest was urban unrest. Poland was furthermore in a strange political situation; it was independent de jure, but de facto it was under the Kremlin's control. However, in the end of the 1980's, this political limbo was in the process of destruction. Because of economic deficiency, the Polish population was demanding democratic reforms, which they received on June 4th, 1989.⁷

In response to the growing economic crisis, Polish citizens revolted in the summer 1980, which brought about the birth of NSZZ Solidarity party. The destabilization of the hegemonic rule of the Polish United Workers' Party (PZPR) was due to the growing discontent of the Poles. Martial law was consequently instituted by the PZPR and the Solidarity Party was banned. However, this did not pacify the protesters who demonstrated in 66 Polish cities in 1982 and led to the disarray of the People's Republic of Poland (PRL). After the rise of Mikhail Gorbachev in Russia, Poland would no longer be fully supported by the Kremlin because the state of the economy could not permit it.

⁶ Marvin, Taylor. "Shock Therapy: What We Can Learn From Poland." *Prospect Journal of International Affairs at UCSD* (2010).

⁷ Ibid.

Consequently, a restructuring of the Polish political and economic systems occurred.⁸

Many companies were militarized and Western countries sanctioned Poland, leading to a slowdown in economic growth.

In this eastern European state an inconsistency was taking place, described by general Jaruzelski in 1982: ““A paradoxical phenomenon accompanies the reform: on the one hand the liberalisation of the rules governing the economy and on the other the rigor of martial law’.”⁹ Furthermore, the PZPR membership shrank considerably after 1982, stabilizing only at 2.1 million members. Only 6.9% of members under the age of 29 years were left within the party. The party was old and so were all the functionaries within it, with 23% of the state employees reaching retirement in 1985-86. The party was eroding and losing power, whereas the revolutionaries were gaining tract. Furthermore, many military and security men were often opposed to the decisions made by the PZPR, even though they belonged to the party.¹⁰ Finally, the social atmosphere was degrading.

Between 1983 and 1985, people who believed that the economy was bad increased from 8 percent to 46 percent. By 1987, that number reached 69.1 percent. The standard of living was decreasing, although it seemed like efforts to preserve it were tremendous.¹¹

Opposition to the PZPR rose in the form of religious resistance, with the Catholic Church and intellectuals pushing against the party. The other opposition came from 1.5 thousand organizers, 10 thousand workers, and 22 thousand sympathizers.¹²

⁸ Dudek, Antoni. “The year 1989 – The end of communism in Poland.” *European Network Remembrance and Solidarity* (2011), 1

⁹ Ibid. 2

¹⁰ Ibid. 3

¹¹ Ibid. 4

¹² Ibid. 5

c. Social pre-existing factors:

In Eastern Europe, the socialist states were, de jure, committed to gender equality and social rights. High minimum wages and generous maternity leave were sanctioned by the government and pushed women into the workforce.¹³ Economic changes altered women's rights and participation in the state. Central planners evaluated wage needs and created inactive wage-scales that were compressed. The ratio of wages between managers and employees was 5:1 whereas it could reach a ration of 20:1 in most Western countries. Furthermore, employees received bonuses if their company completed its requirements for the central plan. Unemployment could be considered a criminal act and the internal passport system limited movement across Soviet countries. These conditions created a labor market that was alike in many of the eastern European countries, such as "open excess demand for labor (due to soft budget constraints faced by enterprises and the emphasis on plan fulfillment rather than cost minimization); narrow wage differentials between occupations, with a bias favoring manual workers; and relatively low levels and slow growth of wages."¹⁴ Female labor grew enormously in the socialist states during and after the 1940's, which resulted in around 80% of working-age women to be part of the labor force while also maintaining the home. Thus, men and women were relatively equal in the work force in the Soviet Union, especially in manufacturing.¹⁵

Socialist states consider family and maternity policies to be central parts of the state. In socialist states, the concept of "citizenship" was generally abolished. So, welfare was given on the basis of need. Need based welfare was determined by the government.

¹³ Brainerd, Elizabeth. "Women in transition: Changes in gender wage differentials in Eastern Europe and the Former Soviet Union." *ILR Review* (2000), v. 54, Iss. 1, 138

¹⁴ Ibid. 140

¹⁵ Ibid. 141

The people of the states had no say policy-making, as the government was in exclusive control of what the best decision for the state was. The nuclear family was considered to be the basis of society. However, women were generally encouraged to participate in the general labor force. The overall trend was for women to create a balance between work and home. Additionally, large amount of government income was allocated for maternity leave and other provisions. However, childcare was not extensively provided, therefore mothers often stopped working for several years at a time. After the revolutions of 1989, these policies changed significantly.¹⁶

d. Reforms and effects of the reforms:

The major reform document in Poland is called the Balcerowicz Plan in 1989 and it affected mostly the economy. Its informal name is “shock therapy,” because of the general upheaval it caused in the country. Polish official decided to privatize the markets and create a democratic, multi-party system. The core points of the Balcerowicz plan were these:

- Monetary contraction polices designed to restrict the supply of money and raising interest rates above the inflation level. Additionally, the government would no longer be able to finance budget deficits by printing money and raising the interest rate.
- Austerity measures to reduce the Polish government deficit, mostly through cutting subsidies and eliminating tax exemptions. Additionally, the government committed to combating rampant tax evasion.
- Eliminating price controls: 90 percent of Polish price controls were immediately eliminated, while the official prices on key goods like rent levels and fuel were raised closer to their natural level.
- Liberalizing foreign trade: This was done by reducing barriers to international trade, encouraging foreign investment and moving to establish the Polish currency, the zloty, as a convertible currency whose value changed in accordance with the world market.
- Ending state control over income levels and reducing the role of state industries, which allowed the Polish private sector to grow and wages to be determined by market conditions.”¹⁷

¹⁶ Fodor, E., Glass, C., Kawachi, J., and Propescu, L. “Family Policies and Gender in Hungary, Poland, and Romania.” *Communist and Post-Communist Studies* (2002), v. 35, iss. 4, pp. 475-490.

¹⁷ Marvin, Taylor. “Shock Therapy: What We Can Learn From Poland.” *Prospect Journal of International Affairs at UCSD* (2010).

The effects of this plan were devastating in the first year of restructuring. Poland went into a deep turmoil and recession. Because artificial demand was obsolete, various economies crumbled under the pressures of the liberal economy. Unemployment surged immediately after the liberalization of markets, as artificial demand of labor was destroyed. Income tumbled, so did gross output and where unemployment rose to 11 percent in 1991, GDP fell by the same proportion in the same year. Furthermore, inflation reached a runaway growth of 584 percent. All of these levels stabilized in the second year of the Balcerowicz Plan (1992), and industrial and agricultural output started to rise again. Overall, the Plan worked in Poland's favor because "just two years into the Balcerowicz Plan, [Poland] had surpassed its communist era GDP by 1995."¹⁸ Furthermore, Polish entrepreneurs flourished, and the country was able to detach itself from its state-ownership past completely. The private businesses that were created served to reduce unemployment, induce economic recovery, and make links with the European economy. The astounding accomplishment of the restructuring plan led to the stabilization of the Polish multiparty democratic system. Without the success of the economy, the new political system could have failed. The triumph of Polish recovery rested essentially in the liberalization of the economy. The success is best summarized with this sentence:

"Though Poland's economic recovery was multifaceted, it ultimately rested on the successful introduction of a liberal market economy. Shock therapy's introduction of a stable, convertible currency, control of inflation, encouragement of private industry and foreign investment and trade all contributed to increasing economic activity which in turn stimulated job creation and rising incomes."¹⁹

¹⁸ Marvin, Taylor. "Shock Therapy: What We Can Learn From Poland." *Prospect Journal of International Affairs at UCSD* (2010).

¹⁹ *Ibid.*

Foreign investment was widely attractive and useful, with 6000 out-of-state companies installing themselves in Poland. Western companies wanted to establish themselves in Poland because it was the closest Eastern state to the European market, which meant it always had “the highest foreign capital inflows.” Additionally, the Polish workforce was mostly experienced, literate, and educated. Lastly, the powerful incentive of potentially entering the European Union sphere was push for Polish leaders to input more trade-promoting and liberalization policies over time.²⁰

Private businesses became the new backbone of the Polish economy instead of restructured state enterprises. Although few of the large corporations have gone bankrupt, an approximately 30% decrease in employment is seen in this sector. Furthermore, between 1988 and 1991, private businesses in the region have increased from 1275 to 45077. By that time, the Polish private sector accounted for 3 million non-agricultural employees. Polish growth is not unique. However, the private sector is restricted Bulgaria, Ukraine and Romania because of a deficiency of reform in the macroeconomic side of the economy. The Polish economy can successfully teach other countries going through a transition. For example, scanning worldwide markets to find an unexploited segment is widely important. Furthermore, it is imperative for businesses to adequately promote their product and find various distribution channels. Finally, paying adequate wages and managing with efficiency is key. This keeps fixed costs low and helps the business adapt to the ever-changing market. The arguments for and against shock therapy a divergent. Loveman, for example, believes that the economic spread of Poland is directly due to the stipulations within the Balcerowicz Plan. He believes that privatization

²⁰ Marvin, Taylor. “Shock Therapy: What We Can Learn From Poland.” *Prospect Journal of International Affairs at UCSD* (2010).

requires an efficient agreement between lenders and borrowers and that the Polish problem was not too much stabilization, but too little. With 30% inflation, many international competitors were unwilling to invest into Poland. The Balcerowicz Plan could have been more successful if it was pursued more forcefully.²¹

By 2002, Poland produced the most economic growth out of all of the post-communist countries, gaining 50 percent in overall capital. Furthermore, Poles now “enjoy high life expectancy, moderate foreign debt, a high ranking on the UN’s Human Development Index, and a sustained, stable growth rate.” Shock therapy, however detrimental it was to the Polish economy in the beginning, has been successful. The restructuring reforms though, would not have caused as much negativity in the economy if they were implemented more gradually. Polish leaders had created instability by trying to restructure 50 years of state-centered economic policy. “Rapid, sometimes chaotic privatization, lack of government insurance for state-owned banks, and the abrupt removal of import tariffs stressed producers,”²² which lead to the downward spiral depicted earlier. Nonetheless, with the exception of short-term costs, the success of Polish reforms is undeniable in the long-term, making it an example for other states.²³

Marvin explains however, that the Polish format cannot be replicated in other countries. The reforms only removed the barriers to an already existing economic structure. Poland, before the Soviet Union was a democracy, which means it already had the necessary economic institutions to support this reform. Furthermore, the country already disposed of the necessary capital to be able to restructure. It has the advantages of

²¹ Johnson, Simon, and Loveman, Gary W. “Starting Over: Poland After Communism.” *Harvard Business Review* (1995).

²² Marvin, Taylor. “Shock Therapy: What We Can Learn From Poland.” *Prospect Journal of International Affairs at UCSD* (2010).

²³ *Ibid.*

EU proximity and an industrial past that many other developing nations did and do not have. Poland should be seen as “an extraordinary exception.” Marvin writes, “Ultimately, the liberal model prescribed by shock therapy is helpful, but meaningful long-term growth rests more on geographic and institutional factors than immediate macroeconomic policy.”²⁴

Poland, a close ally to the West, was always pro-democracy and liberalization. Thus, governmental restructuring, which began already in the 1980’s, and reforms were a natural path for this post-socialist state.

²⁴ Marvin, Taylor. “Shock Therapy: What We Can Learn From Poland.” *Prospect Journal of International Affairs at UCSD* (2010).

UKRAINE

Ukraine was part of the USSR, thus its reform story is quite different from Poland's. Initially, Ukraine is strongly anti-Soviet and nationalistic in the west, but not in the east. Following the fall of the Soviet Union, Ukraine was plagued by problems including a considerable budget deficit and hyperinflation. Furthermore, new leaders were faced with the need to reform but the ignorance of how to achieve successful restructuring. Few leaders were familiar with free markets and the concept of capitalism. Therefore, Ukraine opted for an economic model with strong controlling center, which had a negative impact on economic autonomy ²⁵.

a. Economic pre-existing factors:

Ukraine's, just like all countries' economies under the rule of the Soviet Union, was centrally planned. It was a spoke in the grand wheel surrounding Moscow. Ukraine's population was well educated and the area was full of natural assets. Furthermore, all major routes, transportation and gas, that connect the Soviet Union to the west pass through Ukraine ²⁶. The level of supply and demand was virtually unknown to managers in the Soviet system. Production was low and enterprises non-efficient ²⁷. Furthermore, the Soviet states were all connected by the central economic system. Therefore, individual reform became a difficult task for states that were accustomed to interdependence. Interstate trade and labor division made it difficult for the post-Soviet

²⁵ Hogan, William W. "Economic Reforms In The Sovereign States Of The Former Soviet Union." *Brookings Papers On Economic Activity* (1991), iss. 2, 304.

²⁶ Ibid. 309

²⁷ Ibid. 304

states to create independent economic models²⁸. Furthermore, Ukraine was vastly exploited by the Soviet Union. This means that they were predisposed to maintain an economic cooperation with Russia by necessity²⁹.

Additionally, Ukraine did not possess any checking accounts or credit cards and thus corporations had to rely on paper money to pay their employees. However, that paper money was not released from accounts unless the enterprise “complied with some disputed directive regarding allocation of production, remission of foreign currency, transfer of accounts, and so on”³⁰. Central control of banks in Ukraine was extreme.

In Ukraine the death of the political party does not mean the death of its ideals. Although there was a strong push toward democratization and liberalization, every reform toward a freer economy was hit with criticism. In October 1990, a Ukrainian tax reform proposal was crowded with “administrative” fees, which essentially recreated central planning in the form of tax tolls. Furthermore, foreign economic activity failed to be stirred by failure to administer proper reforms. Normal Soviet economics stipulate the following: “Soviet economic statistics routinely exclude most useful services as unproductive; investment occurs without any provision to recover capital; and brokers (“speculators”) are subject to arrest”. Additionally, in 1991, Valentin Pavlov, former Ukrainian Prime Minister believed that it was necessary to raise prices and then wages to match those prices, as the poorer citizens had a monthly pensions of only 55 rubles.

²⁸ Hogan, William W. "Economic Reforms In The Sovereign States Of The Former Soviet Union." *Brookings Papers On Economic Activity* (1991), iss. 2, 307.

²⁹ Ibid. 311

³⁰ Ibid. 313

Ukrainian officials desired to emphasize social rights while reforming the economic model³¹.

b. Political pre-existing factors:

Ukraine has always been, politically and nationally, divided between the east and the west. Western Ukraine, with its strong ties to Europe, always leaned more toward democratization and liberalization, and eastern Ukraine supports Soviet and communist ideals.

Western Ukraine has always been hostile to Russia, as they view the state as an oppressor. This oppression pre-dates the Soviet Union and was probably more pronounced during the Czarist Era. Consequently, Ukraine has developed into an anti-Soviet nation³². The western Ukrainians have true hostility toward communism, but are compelled by history to work with Russia. However, they desire that this cooperation be between two sovereign nations, not in terms of exploitation. In response to Russia's oppression, a large pro-democracy movement was evolving within Ukraine. The Rukh (Popular Movement of Ukraine for Restructuring) was one of the prominent branches of the movement and was led by Ivan Drach. The group helped place a large minority of pro-Democracy representatives into parliament during the first Ukrainian parliamentary elections. Rukh, along with Narodna Rada, and other pro-Democracy groups desired absolute independence from Russia³³. The movement became so pervasive and strong within Ukraine, that even communist leaders such as Leonid Kravchuk, the first

³¹ Hogan, William W. "Economic Reforms In The Sovereign States Of The Former Soviet Union." *Brookings Papers On Economic Activity* (1991), iss. 2, 306.

³² Ibid. 310

³³ Ibid. 311

Ukrainian president, embraced it. Consequently, Kravchuk accentuated independence as his primary goal ³⁴. Apart from the relatively strong demand for independence in the West, Ukrainians were politically passive. Furthermore, Ukraine traditionally had a small, tight group of politicians running the country ³⁵.

In surveys and analyses conducted by William Reisinger, it was found that the Soviet economic structure found less support among the Ukrainian “young, urban, and educated” ³⁶.

Eastern Ukraine had a weak political identity and was a base of support for Soviet principles and the propagation of communism. Western Ukraine, with its strong national identity, was a proponent of liberalization and sanctioned economic and political reform ³⁷. Shulman writes that, “Some scholars have asserted that ethnic Ukrainians, Ukrainian-speakers, and residents of western Ukraine are more supportive of democracy and the market than ethnic Russians, Russian-speakers, and those living in the eastern and southern regions of the country” ³⁸.

These trends, although contested at times, had an effect on the skewed political development of Ukraine after the collapse of the Soviet Union. Consequently, because of the unstable government, the reforms were delayed and passed uncertainly. This had an effect on the overall development of Ukraine as an independent state.

³⁴ Hogan, William W. "Economic Reforms In The Sovereign States Of The Former Soviet Union." *Brookings Papers On Economic Activity* (1991), iss. 2, 312.

³⁵ "Better late than never, maybe: Ukraine, just about the last country to start climbing out of the wreckage of communism, can yet be a power in Europe." *The Economist*, (1995), v. 336, iss. 7924, p. 21.

³⁶ Shulman, Stephen. "National Identity And Public Support For Political And Economic Reform In Ukraine." *Slavic Review* (2005), v. 64, iss. 1, 59.

³⁷ *Ibid.* 62

³⁸ *Ibid.* 63

c. Social pre-existing factors:

Human and social rights in the Soviet Union were always in existence, in theory. The restricted rights of people determined access to welfare and other social advantages. Basic human rights were rhetorically determined after the Second World War, whereas social rights, such as “politically backed, legally enforceable, and universally available entitlements to social security, education, healthcare, and even jobs”³⁹, gained practical traction in the years after. Social rights were at the center of the Soviet Union, as it was a socialist state. Smith writes that Soviet rights were classified into three categories: socioeconomic, political, and personal. Socioeconomic rights included the right to work, to have access to welfare, and to enjoy a certain standard of living. Political rights included the right to vote. Finally, personal rights included freedom of conscience.

The international community questioned the correct practice of these rights, however a fragile but inherent system of human rights existed in the Soviet Union⁴⁰. Welfare was viewed as “a gift whose source was the authorities’ care” and as “a right, objectively substantiated by the constitution”. Three factors were essential in the production of Soviet rights “the relative ‘unity’ of the state-society-party-government; the shifting relationship between paternalism and constitutionalism; and the popular commitment to equality and welfare”⁴¹. Political and social rights emerged sporadically throughout the existence of the Soviet Union, with limited political rights only emerging by the end of the Soviet existence. Furthermore, rights were often incoherent and vulnerable.

³⁹ Smith, Mark. “Social Rights in the Soviet Dictatorship: The Constitutional Right to Welfare from Stalin to Brezhnev.” *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* (2012), v. 3, iss. 3, 385.

⁴⁰ Ibid. 385

⁴¹ Ibid. 386

Written rights in the Soviet Union in the constitution of 1936 included free education, work as a duty and right, right to leisure, paid leave, access to leisurely clubs, state-funded pension, insurance, and medical care. Women had the right to maternity and childcare and maternity leave ⁴².

In the constitution of 1977, “Rights were reflected in duties. Citizens were obliged to work, look after socialist [...] property, defend the socialist Fatherland (through compulsory military service for men), and protect the natural environment”. If Russia prospered, all the states in the Soviet Union would as well. These were moral and ideological induced rights and duties ⁴³.

In practice, the 1936 constitution did not affect Soviet citizens’ lives. Stalinism wanted subordination and was an arbitrary system of rule ⁴⁴. The Stalin regime did not care for people’s welfare, however they provided the necessary means to live to promote industrialization and growth ⁴⁵.

In Khrushchev’s time, the main social goal was to “reconcile the demands of mass participation and private life ⁴⁶. Khrushchev reformed the system of education to include an extra year of schooling and one formative year at work ⁴⁷. Social rights became prolific and better developed than in Stalin’s time. Between 1964 and 1977, socioeconomic rights were strengthened by new legislative measures. Provisions for collective farm workers and extended maternity rights were developed and practiced

⁴² Smith, Mark. “Social Rights in the Soviet Dictatorship: The Constitutional Right to Welfare from Stalin to Brezhnev.” *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* (2012), v. 3, iss. 3, 387-388.

⁴³ Ibid. 390

⁴⁴ Ibid. 392

⁴⁵ Ibid. 394

⁴⁶ Ibid. 395

⁴⁷ Ibid. 396

significantly⁴⁸. Trade unions became a central part of the state and helped protect and enforce social rights⁴⁹.

By the end of the Soviet era, the social system installed collapsed on itself, with failing healthcare facilities and lowered state spending on social protections⁵⁰.

d. Reforms and effects of the reforms:

The reforms in Ukraine have been the most delayed, beginning only truly in 1994 “amid paralyzing political battles between the Communist-dominated parliament and reformist government”⁵¹.

The reforms in Ukraine all assumed a need to retain a single currency and monetary policy⁵². They also urged for a Ukraine to have its own currency (the hryvna) and monetary policy. The reasons for Ukrainians to reform as they did were the following: “the current huge central deficit, the collapse of tax collections, the forced borrowing from banks, and the [constant] printing of new money”. The ruble was collapsing on itself and hyperinflation was probable. In 1991, a coupon system was introduced in Ukraine to “prevent the sale of goods to other republics for worthless rubles”. This represented an initial step toward Ukrainian currency⁵³.

⁴⁸ Smith, Mark. “Social Rights in the Soviet Dictatorship: The Constitutional Right to Welfare from Stalin to Brezhnev.” *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* (2012), v. 3, iss. 3, 397

⁴⁹ Ibid. 398

⁵⁰ Ibid. 399

⁵¹ Brainerd, Elizabeth. “Women in transition: Changes in gender wage differentials in Eastern Europe and the Former Soviet Union.” *ILR Review* (2000), v. 54, Iss. 1, 142.

⁵² Smith, Mark. “Social Rights in the Soviet Dictatorship: The Constitutional Right to Welfare from Stalin to Brezhnev.” *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* (2012), v. 3, iss. 3, 312

⁵³ Ibid. 313

In the area of fiscal reform, Ukraine wanted control over taxation and state spending. The reforms sought to create new institutions that would control and expand the money supply⁵⁴. In terms of privatization, Ukraine was aiming, in 1991, toward a total market economy. At the time, the new Ukrainian state minister for Property and Entrepreneurship, Volodymyr Lanovoy, wanted to radically move toward a market economy through “privatization, development of small business, creation of an anti monopoly program, and more”. To achieve these reforms, Lanovoy wanted to “develop a legal foundation for asserting ownership of all property on Ukrainian territory”⁵⁵. However, after the fall of the Soviet Union, Lanovoy did not have any more legal concern about privatization, as all of the property that rested within Ukraine was now deemed to belong to that state. The pressure to privatize became enormous because, in the stagnating economy, it was a promise for rejuvenation⁵⁶. This was Lanovoy’s challenge. Finally, it was essential to change the military production facilities to civilian centered production facilities. With reduced demand for military products by up to 50 percent, in the first few months of the reforms, defense enterprises were looking to gain new skills to compete in the market. Ukrainian leadership had no direction in this matter as the state needed to change “an existing plant and production team working for the military market and [redirect] them to produce for the civilian market”⁵⁷. This had never been attempted in the western world. The main problem in instituting these types of reforms lies in the administrative structure of the military enterprise. Comparatively

⁵⁴ Smith, Mark. “Social Rights in the Soviet Dictatorship: The Constitutional Right to Welfare from Stalin to Brezhnev.” *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* (2012), v. 3, iss. 3, 314

⁵⁵ Ibid. 315

⁵⁶ Ibid. 316

⁵⁷ Ibid. 318

speaking, the military production structure centers on “hierarchical organization, single-customer negotiations, cost-plus pricing, and small-batch runs”. However, the structure of a market economy runs on “decentralization, market research, value pricing, and mass production or multiple products for market niches”⁵⁸. The contrast is large and it is difficult to readapt an organizational structure.

By 1994, the reforms mentioned above had proven to be a failure. Hyperinflation was rampant, the coupon system was a failure, and the new parliament was filled with communists instead of pro-Democracy leaders. However, in 1995, the economic power of Ukraine started improving and has managed to liberalize prices, exchange rates, and trade. The International Monetary Fund (IMF) and the World Bank have started giving the state large amounts of money in loans. The Ukrainian currency has also become stabilized. The rise of Ukraine is due in part to Leonid Kuchma. The president elected in 1994 proposed “‘gradual’ economic reform and rapprochement with Russia” (better late). However, as soon as he entered into office, Kuchma deviated from his campaign promises entirely. He set young reformers into high official positions, liberalized prices for food and energy, and most subsidies were cut resulting in a decrease in inflation from 72 percent to 5 percent in 7 months. The exchange rate was stabilized and average wages went up. Kuchma was able to achieve this by controlling the communist-dominated parliament.

Kuchma also practiced rapprochement with the European Union and support from the federation came immediately but unsteadily, as the EU leaders did not find Ukraine to be reliable yet.

⁵⁸ Smith, Mark. “Social Rights in the Soviet Dictatorship: The Constitutional Right to Welfare from Stalin to Brezhnev.” *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* (2012), v. 3, iss. 3, 318

With the positive change however, the economy still needed progress. The privatization plan was working very slowly. Only 2.5 percent of large enterprises had been sold in 1995 and businesses were reluctant to let themselves be denationalized, as the communist ideal were still mostly in existence. The privatization of land was the worst off in 1995. The countryside was mired with structures of third-world agricultural lives. More privatization needed to happen, however, local corrupt politicians were disrupting this task.

In terms of foreign investment, Ukraine was improving with \$133 million in its first quarter in 1995, versus only \$200 million in the whole year of 1994. Investors would get no accurate information about the companies they invested in, as money was still the leader in Ukraine. Bribery and corruption were still rampant and reforms were stagnating. Kuchma, however was still popular and motivated to succeed in his plan⁵⁹.

However, these reforms, socially speaking, were detrimental. For example, minimum wage, formerly maintained at 30% of average wage, deteriorated to less than 1% of average wage by 1996⁶⁰. Furthermore, the market reforms have reduced women's wages comparative to men's by about 23 percent. Wage inequality increased so dramatically in Ukraine because it had one of the "most decentralized wage setting systems" in Eastern Europe⁶¹.

By 2003, Ukraine was considered a hybrid regime. It had made no significant advancements in the matters of democratization and marketization. This occurred

⁵⁹ "Better late than never, maybe: Ukraine, just about the last country to start climbing out of the wreckage of communism, can yet be a power in Europe." *The Economist*, (1995), v. 336, iss. 7924, p. 21.

⁶⁰ Brainerd, Elizabeth. "Women in transition: Changes in gender wage differentials in Eastern Europe and the Former Soviet Union." *ILR Review* (2000), v. 54, Iss. 1, 143

⁶¹ *Ibid.* 150

because of public attitudes toward the regime and Ukraine's national identity⁶².

According to Shulman, the desire for democracy is tightly linked with the desire for a market economy in Ukraine⁶³. The major ideology in Ukraine was called "national democrats", that support "liberal economic and political reforms and values and [espouse] ethnic Ukrainian nationalist ideas"⁶⁴. Therefore, advancements in the matter of democracy and marketization were difficult to produce.

In 2004, the Orange Revolution occurred in Ukraine and Viktor Yushenko took power after a decade of Kuchma's rule. The revolution promised further pushes toward democratization, however "state weakness and governmental fragmentation continue to deter democratic progress in Ukraine"⁶⁵. After Kuchma's fall, the Ukrainian legislature was still filled with anti-reformists, which impeded the democratization process instead of promoting it⁶⁶. The communist party system still remained an essence in Ukraine, even by 2008⁶⁷.

To this day, Ukraine remains a divided state with a population that desires both a reformed system and a traditional system. In the conclusion, data will determine the social, political, and economic advancements of Ukraine.

⁶² Shulman, Stephen. "National Identity And Public Support For Political And Economic Reform In Ukraine." *Slavic Review* (2005), v. 64, iss. 1, pp. 59

⁶³ Ibid. 62

⁶⁴ Ibid. 63

⁶⁵ Riabchuk, Mykola. "Ukraine: Lessons Learned from Other Postcommunist Transitions." *Orbis* (2008), v. 52, iss. 1, pp. 41

⁶⁶ Ibid. 43

⁶⁷ Ibid. 44

SERBIA

Serbia, formerly part of the Socialist Federal Republic Yugoslavia, was not part of the USSR, nor was it under its umbrella; it was simply its ally. However, the destruction of the Soviet Union had an effect on its politics and identity. Therefore, the importance of the development of Serbia is uncontested. After the fall of the Soviet Union, Yugoslavia was sent into conflict between its states, Serbia, Slovenia, Croatia, Bosnia, Montenegro, and Macedonia. The growing political conflict led to violent warfare, which affected the reform process⁶⁸.

a. Economic pre-existing factors:

In the 1960's in Yugoslavia, the process of decentralization was taking place. Mostly, economic and demographic reasons were the cause of this change. Yugoslavia transitioned from a "peasant, illiterate, and underdeveloped society" to a thriving modern country. The growing middle class threatened to overrun the rural population, which remained significant due to the lack of collectivization⁶⁹. In Yugoslavia, centralized planning had produced enormous growth, with Yugoslavia having the "second highest growth rate in the world"⁷⁰ in the 50's. The growth produced pressure for Yugoslavia's economy to shift. The SKJ was indeed sensibilized to the economic needs of the population, and acted upon those needs.

Thus, as the economic trends changed, desire for alteration was demanded within the ruling party of Yugoslavia. The need for reform and spontaneous development was

⁶⁸ Gagnon, Chip. "Yugoslavia In 1989 And After." *Nationalities Papers* (2010), v. 38, iss. 1, 23

⁶⁹ Ibid. 27

⁷⁰ Ibid. 28

supported most by “newly rising technocratic, educated and urban middle class”. Political reformists called for reliance upon market forces and increased participation within Yugoslavia’s government. By the late 1960’s the reformists had gained large ground within the political system. However, the conservatives reacted to these changes by “convincing Tito that the reformists and their policies were endangering socialism and the very existence of Yugoslavia”. They argued that the “loosening of state and party vigilance and control, according to them, had allowed the rise of nationalism and the open activity of nationalist and fascist forces which were undermining the socialist system”⁷¹. The economic reforms ended in 1972 due to the interference of the conservatives. However, the termination of reforms was coupled with the decentralization of the federations, resulting in seven independent “states” run by seven communist parties. These “states” grew inefficient economies and by 1980, the year of Tito’s death, Yugoslavia was in an economic crisis. With \$21 billion of debt and inflation at 30%, shortages of coffee, cigarettes, and other victuals had become habitual. During the 1980’s, debt, unemployment, and workers’ strikes increased. The International Monetary Fund (IMF) was furthermore pressuring Yugoslavia to pay its debt. Economic reforms were then necessary⁷².

b. Political pre-existing factors:

In Yugoslavia during the mid-eighties, the reformist forces were much more advanced than in other Eastern European countries. The League of Communists of Yugoslavia (Savez komunista Jugoslavije or SKJ) was the dominant party with a large

⁷¹ Gagnon, Chip. "Yugoslavia In 1989 And After." *Nationalities Papers* (2010), v. 38, iss. 1, 28

⁷² Ibid. 29

amount of reformists. The end of the 1980's showed that a wide population was assembling for reforms within the economic and political system, a similar pattern to Poland and Ukraine ⁷³.

Ante Marković and Slobodan Milošević were on opposing sides, the former desiring reform while strengthening the federal government, and the later wanting to destroy reformist forces by “recentralizing the SKJ and eliminating the autonomy of provincial and Republican Party and state organizations” ⁷⁴.

In the face of Marković's federal reforms, the Croatian Democratic Union (Hrvatska Demokratska Zajednica-HDZ), surprisingly, decided that establishing the primacy of the republics was an appropriate counter-measure. Communist conservatives were now put under the same category as non-communist conservatives. This particular phenomenon shows that “the behavior of Yugoslav elites was determined very largely by their position vis-à-vis proposed changes in the structures of power, especially economic power” ⁷⁵. Control of resources was the main dividing line between reformists and conservatives.

In Serbia, particularly, the reformist position was incredibly strong. Serbia's economy was divided between developed and undeveloped sectors, which each required a different economic policy, and thus a different government type ⁷⁶. Serbian leaders proposed the most drastic changes within the Yugoslav political structure. In 1987, the Serbian reformists were close to reaching a consensus on questions regarding the constitution, however, the conservatives retaliated by making the official Serbian party

⁷³ Gagnon, Chip. "Yugoslavia In 1989 And After." *Nationalities Papers* (2010), v. 38, iss. 1, 23

⁷⁴ *Ibid.* 26

⁷⁵ *Ibid.* 27

⁷⁶ *Ibid.* 29

position conservative. This feat was achieved through “a combination of strong-arm pressure and rule-breaking,” led by Slobodan Milošević ⁷⁷(p. 30). Then, a reformist purge took place in the Serbian government. To regain control of Serbia, Milošević organized mass protests denouncing the “corruption” in the government. This “anti-bureaucratic revolution,” as it was later called, was Milošević’s strategy for recentralization hidden in a populist movement ⁷⁸(p. 31).

By 1989, Milošević controlled 4 of the 8 Yugoslav federations, by submitting Vojvodina, Montenegro, and Kosovo under his control ⁷⁹(p. 30). However, the backlash within Slovenia, Croatia, Bosnia, and within the Serbian party as well became palpable by the end of 1989. However, in March 1989, the new federal prime minister, reformist Ante Marković was elected, creating a challenge to Milošević’s primacy ⁸⁰(p. 32).

c. Social pre-existing factors:

Regarding women’s rights, Vujadinovic writes that anti-patriarchal progress was indeed made during the 1960’s and 1970’s. After the Second World War, many women entered the work force and sought education. Yugoslavia adopted soft measures of westernization between the 1960’s and the 1980’s in the spheres of “social policy, education, labour, cultural patterns, [and the] system of values” ⁸¹. After the period of advancement during the period leading up to Milošević’s rise, women’s advancement was thwarted by re-patriarchalisation due to the return of conservatism. Religious

⁷⁷ Gagnon, Chip. "Yugoslavia In 1989 And After." *Nationalities Papers* (2010), v. 38, iss. 1, 30

⁷⁸ Ibid. 31

⁷⁹ Ibid. 30

⁸⁰ Ibid. 32

⁸¹ Vujadinović, Dragica. “Family Structures and Civil Society Perspectives in Present-Day Serbia.” *The Golden Chain: Family, Civil Society and the State*. Oxford (New York): Berghahn Books, 2013, 261

fundamentalism also returned⁸². Sexual abuse and violence within the family structure started making a reappearance during Milošević's rule. During the 1970's, the nuclear family was the "motor of changes towards modern values and ways of life"⁸³(p. 264). After the Second World War, about one third of women finished high-school, with five percent of these gaining a university degree⁸⁴.

Saric and Rodwin write that in post-WW2 Yugoslavia, private ownership was abolished and social ownership instated. Employees "were given the right to manage supposedly autonomous enterprises and to use the enterprise's assets to generate as much income as possible." However, the company and its revenue belonged to society. Health care institutions were supposed to have the same structure, however, in reality the local government put the facilities in place. Citizens gave up a percentage of their salary for general health care in that locality. Those same citizens worked mostly in the socialized sector, benefitting from the government subsidies, which covered most premiums. The health-care system of Yugoslavia was a government and citizen funded enterprise.

Regarding health care laws, Saric and Rodwin write that the health care system was original, just like Yugoslavia's political system was. The health system found financing through "so-called "self-managing communities of interest" (SIZ), involving representatives of both providers and consumers." However, inadequacies were apparent, with the health system privileging urban workers⁸⁵.

⁸² Vujadinović, Dragica. "Family Structures and Civil Society Perspectives in Present-Day Serbia." *The Golden Chain: Family, Civil Society and the State*. Oxford (New York): Berghahn Books, 2013, 261

⁸³ Ibid. 262

⁸⁴ Ibid. 265

⁸⁵ Saric, Muhamed, and Rodwin, Victor G. "The Once and Future Health System in the Former Yugoslavia: Myths and Realities." *New York University*.

d. Reforms and effects of the reforms:

In 1989, Ante Marković, the newly elected prime minister of Yugoslavia, put reforms into place that proved to be immensely popular and showed tremendous positive results. As Gagnon writes, “Yugoslavia seemed to be well on its way to a successful transition. Yugoslavia was considered “the cutting edge of East European socialist theory and practice, the most open and liberal society in the region, the socialist country with the region’s highest per capita income, and deemed most likely to join the European Community”⁸⁶. However, it became an area full of political and ethnic conflict, which eventually led to the ascendancy of authoritarian powers. The wars that erupted were fundamentally due to disagreements over economic and political reform, however they also had an ethnic dimension to them. In Ukraine, the struggle between the conservatives and reformists resulted in an uneven path toward liberalization and democratization. In Yugoslavia, the same struggle caused conflict, as the conservatives’ objective was “recentralizing the Yugoslav party and state, and then, from 1990 onward, destroying that state in order to maintain their control over and access to resources, which was threatened by the proposed reforms”. The strength presented by the reformists encouraged the conservatives to use forceful measures. The wars went from 1991/2 to 1995/9⁸⁷.

The reforms that were called for in Yugoslavia were designed to overcome the inefficiencies of the current system. The reformists pushed for “a loosening of party and state control over economic decision making, for more reliance on market mechanisms and managerial expertise”⁸⁸. By the 1980’s, the economic downfall of the region called for much less state ownership. Political liberalism was sought for immediately after

⁸⁶ Gagnon, Chip. "Yugoslavia In 1989 And After." *Nationalities Papers* (2010), v. 38, iss. 1, 23

⁸⁷ Ibid. 24

⁸⁸ Ibid. 26

reforms began, with multi-party systems being discussed. Indeed, both conservatives and reformists were seeking personal benefit. Where the reformists would be benefiting from a more liberal system, conservatives benefitted more from an authoritarian system. Both factions desired control over the resources in the region. Furthermore, the centralization of Yugoslavia was not the deciding factor in the division of Yugoslavia's leadership. Favorers of centralization could be found both among reformists and among conservatives, and vice versa ⁸⁹.

Marković, elected in 1989, started by enacting a "stabilization program," to implement reforms and democratization throughout Yugoslavia. In the beginning, Marković's program managed to reduce foreign debt by almost 50 percent. As his popularity grew, an increasing number of citizens called for more federal power to implement better reforms. By mid-1990, the SKJ had lost power in all the states it had previously gained them in ⁹⁰.

Milošević and his allies decided to remove Slovenia and Croatia from the federation by using military tactics if needed. Milošević, with the help of Croatian leaders, later destroyed Marković and his reform program. The conflict erupted in 1991/1992, veiled in the mask of Ethnic conflict, while being truly an economic conflict manipulated and exacerbated by Milošević and his allies ⁹¹.

The conflict threw Yugoslavia into a state of upheaval and destroyed much of the progress that was made during the reforms.

⁸⁹ Gagnon, Chip. "Yugoslavia In 1989 And After." *Nationalities Papers* (2010), v. 38, iss. 1, 26

⁹⁰ Ibid. 32

⁹¹ Ibid. 35

Shale Horowitz describes the negative impact of the war on the reforms as a three folded influence: “distraction from any peacetime political and economic reform agenda; military defeat and disrupt weakening or militarization of state authority; and postwar economic isolation”⁹².

Wars are a distraction for reformists in post-communist countries. The shift of priorities during wartime is significant, and reforms will likely be deferred. Furthermore, macroeconomic stability, investment, and trade will also be affected, thus affecting the countries economy itself⁹³. Shortages due to military demand also slow down reform, as the population will shift focus from reform to survival. Finally, economic isolation, caused by blockades and sanctions, debilitate economic strength in a country⁹⁴. The ethnic wars led to “economic cronyism”⁹⁵ and to the economic isolation of Serbia. Milošević, by setting Serbia’s path toward democratization and reform backwards, managed to also assure his own downfall.

After the war the demographic trends were positive in Serbia. The state had a decreasing birthrate with the fertility rate lagging behind at 1.41. This trend led to a recorded increase in the population of over 65 years old. However, infant mortality rate had a downward trend. Many towns were disappearing from the face of Serbia because of “the lack of natural regeneration of the population and expressed migration”⁹⁶. Life expectancy reaches around 74 years old in 2011⁹⁷. Serbia contains one of the oldest populations in the world, with 17 percent of the population being over 65 years old.

⁹² Horowitz, Shale. "War After Communism: Effects on Political and Economic Reform in the Former Soviet Union and Yugoslavia." *Journal of Peace Research* (2003), v. 40, iss. 1, pp. 25

⁹³ Ibid. 28

⁹⁴ Ibid. 29

⁹⁵ Ibid. 44

⁹⁶ Obradovic, S., Babovic, S., and Shpak, N. "Serbia And Russia On The Demographic Map Of Europe Two Decades After The Fall Of Communism." *Trames* (2016), v. 20, iss. 1, 63

⁹⁷ Ibid. 64

According to the author, “The current age structure of the population of Serbia was formed under the direct influence of fertility, mortality and migrations, but also under the strong influence of inherited age composition, that is, under the influence of demographic inertia”⁹⁸.

In 2011, only 5129 children were born from women between ages 15 and 19. This number is 50 percent lower than the number recorded from the same statistic in 1990⁹⁹. However, the mortality rate for infants is still high in Serbia, where 414 infant deaths were recorded in 2011¹⁰⁰.

In conclusion, Serbia’s demographic image:

“is characterized by depopulation processes due to the reduced fertility rates, increasing life expectancy, as well as the share of population older than 65 years. The fertility rate of the youngest fertile contingent is higher than the European average, as well as the rate of infant mortality, but significantly lower in relation to the values from previous years”¹⁰¹.

These results show the Serbia’s quality of life is increasing. It is a relatively slower increase than in other European states, however Serbia’s demographic map is starting to equate the demographic map of more developed states in Europe.

⁹⁸ Obradovic, S., Babovic, S., and Shpak, N. "Serbia And Russia On The Demographic Map Of Europe Two Decades After The Fall Of Communism." *Trames* (2016), v. 20, iss. 1, 66

⁹⁹ Ibid. 68

¹⁰⁰ Ibid. 69

¹⁰¹ Ibid. 71

CONCLUSION

The research that has been presented reviewed the political, social, and economic pre-existing factors of the three studied areas. At the fall of the Soviet Union, each state that was examined had specific characteristics and problems.

As a reminder, the questions that were posed in the beginning of this paper were the following:

- What were the specific problems and factors affecting each state after the fall Soviet Union?
- Which reforms were most important for each country to adopt?
- Which path of development did each different state adopt and, assuming they followed a similar path, what was the nature of the reforms (political, economic, or social)?
- Was each state adequately responsive to its specific problems through the reforms they adopted?
- Is a reform model based on decentralization and regionalization within the economy the most successful long-term?

Poland's economy was centrally planned during the Soviet rule. This model gorged the state with inefficient industries, which were incapable of producing adequate revenue for the government. Private businesses scarcely existed, and big industries were unproductive. The country lacked economic competition, was plagued by shortages, and

the concepts of supply and demand were non-existent. “Economies of shortage” became a habit and the country sank into debt as inflation rose. Poland’s role as a shipbuilder was un-exploited, although it had a distinct competitive advantage. Polish society was essentially destroyed, with societal strife and black markets emerging in the state. Urban unrest was common, and in the 80’s a revolutionary movement emerged demanding democratization. The PZPR’s (Polish United Workers’ Party) membership sank, with only the older generation staying faithful. Religious resistance arose and the membership to the opposition party went from 1.5 thousand people to 22 thousand people in the course of the 80’s.

Women were pushed into the workforce by high wages and generous maternity leave. Wage ratios stood at 5:1 between workers and managers and many employees received generous bonuses. These advantages created excess demand for labor and slow growth of wages in an economy that was centered on the fulfillment of a plan versus the maximization of profit. Welfare was given on the basis of need and citizens did not have a say in the establishment of new policies.

The reforms in Poland came under the form of the Balcerowicz plan. The plan included contraction policies, austerity measures, the elimination of price controls, the liberalization of foreign trade and a reduction in state industries and influence. The reforms sunk Poland into a deep economic turmoil for a year. However, quickly after, GDP, rose, inflation fell, and private businesses flourished. Foreign investment grew exponentially. By 2002, Poland had the most economic growth out of all of the post-communist states gaining 50 percent in overall capital. The instability created by restructuring the Polish economic system was quickly replaced by a flourishing economy.

Shock therapy worked in Poland, however it would not work in the same way in other post-communist states. The demographic structure of Poland was unified and Poland already had the bases for a democratic and market state, with democratic institutions having been put in place before the rise of the Soviet Union. The previous economic and political structure of Poland signified that the reforms simply removed barriers to a system that was thriving to exist. The Polish government did tackle the barrier problem successfully by opening Poland up to European trade and democracy; however, this is an exception, not a rule.

Poland can teach important lessons to countries that are in need of reform. Scanning worldwide markets to find an unexploited sector, paying adequate wages, and serious promotion of a product are all important in a developing economy.

Ukraine was not simply under the umbrella of the USSR, but it was part of it. Ukraine's economy was centrally planned around the Kremlin. The population was educated and Ukraine had generous natural resources. As in Poland, production was very low and businesses non-efficient. Furthermore, as Ukraine was more interconnected with the Soviet Union than Poland was, it was more difficult for its government to propose and achieve independent reforms. Ukraine's deep relationship of exploitation with the Kremlin made it difficult for the government to find independence from the Soviet Union. Credit cards were non-existent and the central control of banks made it difficult for citizens to access their money.

Ukraine has always contained a divided population. Western and Eastern Ukraine were in strife about the path of Ukraine, with the Eastern population leaning toward the Russian, traditional worldview, and Western Ukraine leaning toward democratization and

liberalization. Here too, a reformist movement emerged, called the Rukh. The Rukh was a pro-democratic movement, which managed to wedge itself into the Ukrainian parliament. This movement desired complete independence from Russia, by also working together with the country on equal terms. Even the first Ukrainian president, Leonid Kravchuk, so influenced by the movement, declared that independence from Russia was his primary goal. Unfortunately, apart from small, strong groups of reformists and conservatives, most of the other population of Ukraine was generally passive about political strife. The conflict between ethnic (Western) Ukrainians and Russian-speaking (Eastern) Ukrainians skewed the development of Ukraine.

Social rights were at the center of the Soviet Union, with socioeconomic, political, and personal rights, in theory, protected. Social rights were considered a gift as well. These rights included: work as a duty and right, right to leisure, paid leave, access to leisurely clubs, state-funded pension, insurance, and medical care. The Soviet Union guaranteed extensive social rights, which usually could not be supported by crumbling economies. Therefore, the end of the Soviet Union showed crumbling health care facilities and low state spending on social rights.

The reform path was entirely more difficult for Ukraine than it was for Poland. The push for democratization and liberalization was always countered by conservative ideals. Some reforms only recreated central planning under other forms, such as tax tolls. The debates between the conservatives and the reformists in parliament delayed Ukrainian reforms extensively, as they only began in 1994. The aims were a single Ukrainian currency and monetary policy, control over taxation and state spending, the creation of new institutions to control and expand the money supply, the retention of

efficient social programs, and privatization. However, the resistance on the part of conservatives rendered these reforms a failure. Hyperinflation was rampant, the parliament and people were divided, and loans had to be given by the International Monetary Fund and the World Bank. Leonid Kuchma, the 1994 elected president, liberalized prices, cut subsidies, and set reformers into higher political positions. He also practiced rapprochement with the European Union. His reforms only produced slow progress, as local leaders disrupted his plans for liberalization, especially in the countryside. Bribery and corruption stayed a norm in Ukraine and the reforms also reduced women's wages.

Ukraine made no significant advancements in democratization and liberalization because of its "hybrid regime" disfigured with conservatives and reformists and because of its divided national identity. The Orange Revolution promised improvement, but anti-reformists and the prevalence of the communist party within the state also destroyed this hope.

Serbia (former Yugoslavia) also has a difficult history with reforms. Yugoslavia was an ally of the Soviet Union, but it was not part of it or under its umbrella. The demographic strife that began between the urban and rural classes led to decentralization in the country. However, in Yugoslavia, centralized planning had produced incredibly positive results. The new educated middle class nevertheless demanded reforms and by the 60's, these were underway. The middle class demanded liberalization and a reliance on market forces. By 1972, conservatives interfered deeply with the Yugoslav reforms and the eight independent "states" within Yugoslavia grew economically inefficient and sank deeper into economic crises. Inflation and debt had overrun the economy.

The reformist force was advanced in Yugoslavia during the mid-eighties, but the communist party, the SKJ, was still dominant. In Serbia, in particular, the reformists were powerful. Serbia's economy was divided between developed and undeveloped, with each requiring different policies. By 1987, the reformists were close to reaching a consensus, but Milosevic refused to relinquish power and the control of resources and thus pushed for recentralization by organizing mass protests.

Women's rights in Serbia were average. Many women became educated during reformist times; however, the rise of Milošević destroyed the soft, Western-oriented advancements made in the course of 30 years.

Milošević and Marković were fighting opposing battles. Marković's reforms were popular and made Serbia a modern and cutting edge society. Liberalization and democratization were well underway when the wars erupted. These were caused by Ethnic strife, but also by the fight between conservatives and reformists. The conservatives were so focused of recentralizing the country that they were willing to create a conflict to keep the power.

The reforms were designed to overcome the inefficiencies of the state. They included: looser state control, more reliance on the market, less state ownership and a multi-party system. Marković created a "stabilization program," which reduced foreign debt by 50 percent. As the citizens of Yugoslavia called for a continuation of this path, the SKJ and Milošević were losing power. When the conflict erupted, the steady improvement of Yugoslavia crumbled.

The following chart summarizes pre-existing factors, leadership, policies and results in all three countries that were studied.

Factors Cases	Pre-existing factors	Leadership	Policy	Result
Poland	Market economy before 1945 provided structures to return to a market economy. United political atmosphere was favorable to democratization	Solidarity was brought into life in the 1980's as a viable political force to oppose to communist Polish United Workers Party (PZPR). Election of Leszek Balcerowicz	“Shock therapy” with the Balcerowicz Plan.	Initial downfall of the economy but, overall successful reforms leading to an increase of economic activity and an increase in living standards
Ukraine	Pro-Communists and pro-Democrats. Large political division. Over-inflation and a large deficit. Exploitative relationship with Kremlin	<u>Lanovoy</u> wanted to radically move toward a market economy. Plans were stopped by the communist dominated parliament. Failure of the reforms. <u>Kuchma</u> tried gradual reforms-not much progress	Aim toward total market economy coupled with centralization, which led to confusion	Every reform hit with criticism. Reforms were also passed in a haphazard manner. Ukraine did improve in its GDP over the past few years but it is deemed a “hybrid state”
Serbia	Strong desire to reform, but conservative elites did not want change. Significant autonomy from center power. Heavy unemployment. Large foreign debt. Large shortages and power cuts. Mid-1980's: continuous economic crisis	Ante Marković (Prime Minister of Yugoslavia) was popular and moving toward a successful reforms, however, the conservative party (Slobodan Milošević) in Yugoslavia pushed for a violent end to the reforms and liberalization	Pre-war: devaluing currency, wage freeze, cuts in government spending, and eradication of state-owned companies. Post-war: Economic decline showed need for more reforms: fiscal consolidation and move toward market economy.	Successful reforms at first, but eventual degradation into state warfare. After the war, serious economic downfall. Move toward more liberalization has improved the economy, but the state is still unstable and living condition remain low

The only true success is Poland, as Ukraine is still plagued by its demographic division, and Serbia is reeling in the aftermath of its ethnic and economic wars. Poland managed to emerge as a strong economic power because of its structure at the fall of the Soviet Union. Poland was in need and universal desire to reform and improve its situation. Furthermore, as is seen in **Appendix A**, the country scored “strong” in the category of previous economic achievement and “very strong” in the category of previous political achievement.

This indicator strongly correlates with this thesis. Because of its previous achievements, Poland was able to emerge from its economic catastrophe and thrive.

To understand how Serbia, Ukraine, and Poland compare to each other today, this study evaluates the growth trends experienced in these three states through a series of charts.

Appendix B shows Ukraine's, Poland's, and Serbia's exports of goods and services as a percentage of their GDP. Poland's and Serbia's are steadily rising, but

Ukraine's line varies greatly in the chart. This is reflective of the haphazard measures of liberalization it has taken since 1991. It also shows that Ukraine is the country that has most focused on exports between the three. This is either indicative of the exploitative relationship that may still exist between Ukraine and Russia, or it signifies the large amount of agricultural exports that Ukraine makes in Russia and around Europe.

Appendix C shows annual GDP growth of the three countries since 1988 in percentages. Serbia's line drops at the time when the ethnic wars started. Today, Serbia's GDP is in an upward growth trend. Ukraine's line shows a sharp drop between 1989 and 1994, at which date it starts to rise again. This is indicative of Ukraine's reform failures. In 2009, the line drops again, possibly indicating the economic crisis of 2008 and 2009. Ukraine's GDP is now in a downward trend, indicating the continuous strife and war the country is experiencing. Poland's rose sharply after 1991, due to the reforms and is now in an upward, steady, trend.

Appendix D shows the social progress index out of 100 for the year 2016. Poland scores highest out of all three countries, indicating its social and economic progress. Serbia scores remarkably higher than Ukraine in all three categories, possibly due to its reformist and modernized past.

Appendix E shows democracy rankings in 2015. Poland scores highest of the three, having achieved its reforms and democratization remarkably well. Serbia scores second, gaining two points and thus slowly democratizing. Ukraine lost seven points in 2015, due to the conflict that has been erupting in the country.

Appendix F shows demographic indicators for 2011. Serbia and Ukraine have the highest percentage of fertility rates of adolescent girls, although they are not much higher

than the rate in Poland. Infant mortality is extremely high in Ukraine and the total fertility rate is highest in Serbia.

Appendix G shows the human development index in the three countries from 1990 to 2015. Poland ranks highest among the three, showing its deep developmental success.

A universal model of reform will not fit all states in development. Every state is demographically, economically, and structurally different from another. Therefore, each country necessitates its own course and model for development. This study furthermore shows how the political atmosphere influences a course of development. Poland, an essentially unified country, succeeded in its reform process because Polish citizens were willing and open to the reform process. The same situation could also be noted in Yugoslavia, however, the elites in the country refused to relinquish power through any means.

Furthermore, unity in the government is essential to create institutions that will help the processes of democratization and liberalization¹⁰². From party-based rule must emerge executive-based rule to ensure the capacity of the government to implement reforms¹⁰³.

Further questions that are worthy of research are:

- Can success only be found with a specific set of pre-existing conditions?
- Can democratization and liberalization only be achieved if the political atmosphere is correct?

¹⁰² Dimitrov, Vesselin, Klaus H. Goetz, and Hellmut Wollmann. *Governing After Communism: Institutions And Policymaking*. Lanham (Maryland): Rowman & Littlefield, 2006, 3

¹⁰³ Dimitrov, Vesselin, Klaus H. Goetz, and Hellmut Wollmann. *Governing After Communism: Institutions And Policymaking*. Lanham (Maryland): Rowman & Littlefield, 2006, 176

-How can political and demographic division be overcome to help the process of democratization?

Annex:

Appendix A:

Table I. Sources of Frustrated National Ideals in the Post-Communist Context

	<i>Index of past economic achievement</i>	<i>Index of past political achievement</i>
Very strong	Czech Republic, Hungary, Slovenia	Baltic states, Hungary, Mongolia, Poland
Strong	Croatia, Estonia, Latvia, Poland, Slovakia	Croatia, Czech Republic, Slovenia, Federal Republic of Yugoslavia
Moderate	Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Georgia, Lithuania, Macedonia, Romania, Russia, Federal Republic of Yugoslavia	Armenia, Georgia, Romania, Slovakia
Weak	Belarus, Moldova, Tajikistan, Ukraine, Uzbekistan	Albania, Moldova, Russia, Tajikistan, Ukraine, Uzbekistan
Very weak	Kazakhstan, Kyrgyzstan, Mongolia, Turkmenistan	Azerbaijan, Belarus, Bosnia and Herzegovina, Kazakhstan, Kyrgyzstan, Macedonia, Turkmenistan

For the early period in which a unified Czechoslovakia still existed, its rankings are the same as for its dominant Czech part.

Chart taken from Horowitz, Shale. "War After Communism: Effects on Political and Economic Reform in the Former Soviet Union and Yugoslavia." This chart shows the sources of frustrated national ideals in eastern European states after 1991.

Appendix B:

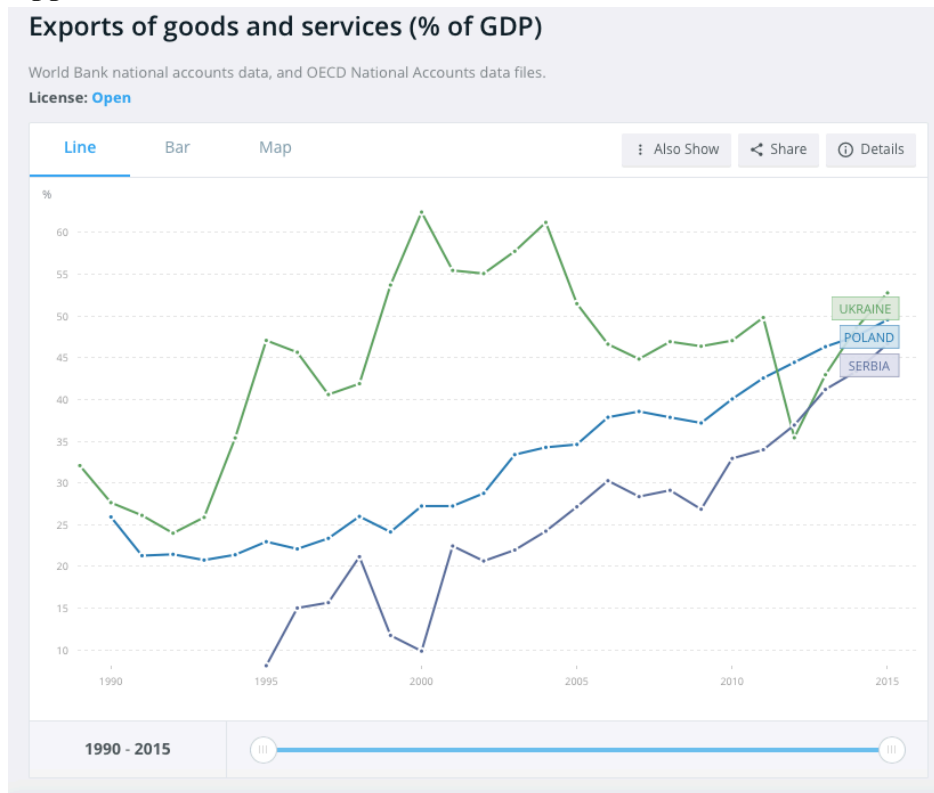


Chart taken from the World Bank database showing the exports of goods and services as a percentage of GDP in Serbia, Ukraine, and Poland.

Appendix C:

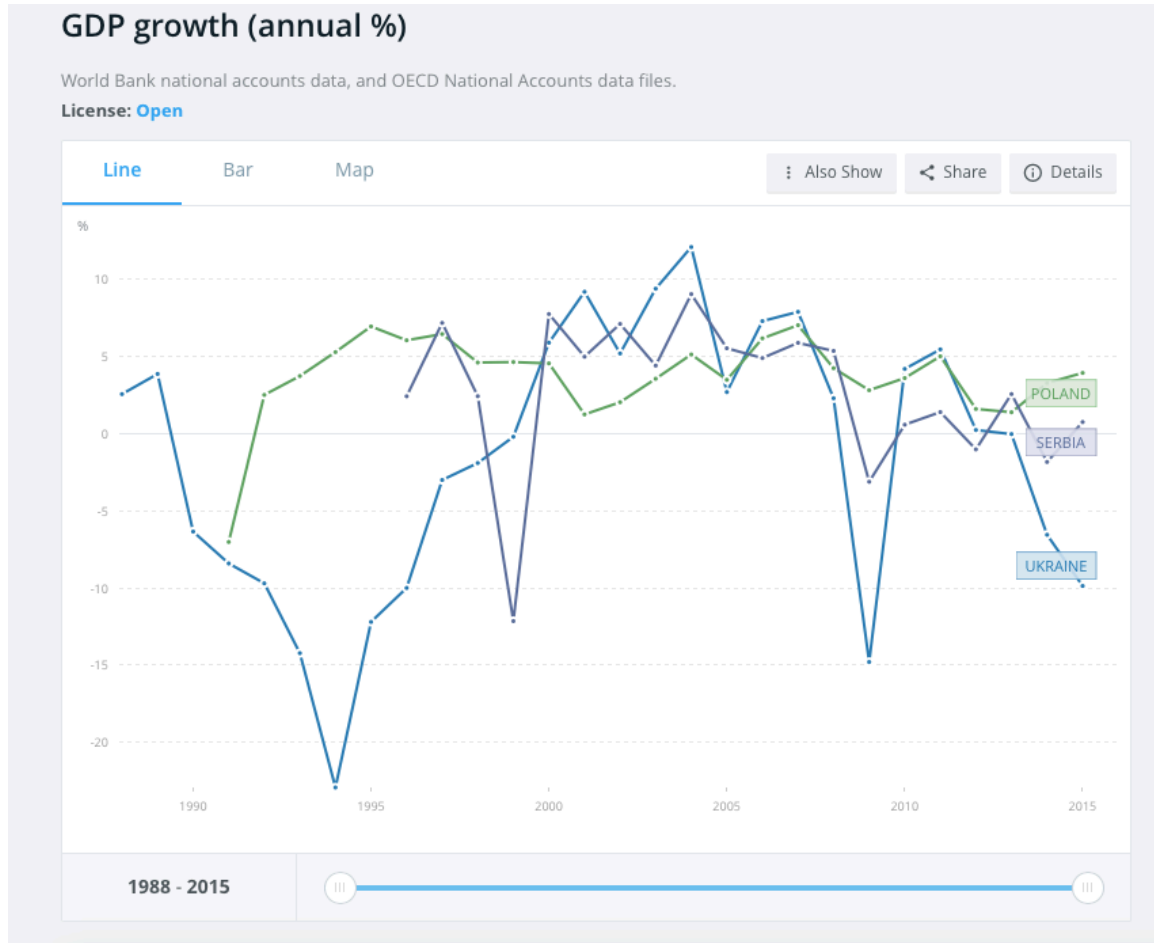


Chart taken from the World Bank database showing the annual growth in GDP in percentages of Ukraine, Poland, and Serbia.

Appendix D:

Countries 2016	Social Progress Index	Basic Human Needs	Foundations of Wellbeing	Opportunity
Poland	79.76	90.97	80.15	68.16
Serbia	71.55	88.67	71.32	54.64
Ukraine	66.43	81.23	64.29	53.78

Chart showing indexes of social progress, basic human needs, wellbeing, and opportunity in Poland, Serbia, and Ukraine. Taken from <https://www.socialprogressindex.com>.

Appendix E:

Democracy Ranking 2015 (Scores)

Rank	Country	Total Score	Total Score	Rank Change
2013-2014		2010-2011	2013-2014	loss/gain
30	Poland	70.3	71.3	0
47	Serbia	60.4	62.1	+2
72	Ukraine	54.8	54.5	-7

Chart showing democracy rankings for 2015 for Poland, Serbia, and Ukraine. Taken from: <http://democracyranking.org/wordpress/rank/democracy-ranking-2015/>

Appendix F:

Table 1. Demographic indicators based on data from 2011

2011	TFR	Population growth rate	e ^o at live-birth	Fertility rates of adolescent girls	Infant mortality rates	Share of elderly 65+ (in %)
Serbia	1.57	-1.4	72	20	6	17
Poland	1.38	0.3	72.6	13	5	13.5
Ukraine	1.5	-5.67	68.5	27	10	16

Appendix G:

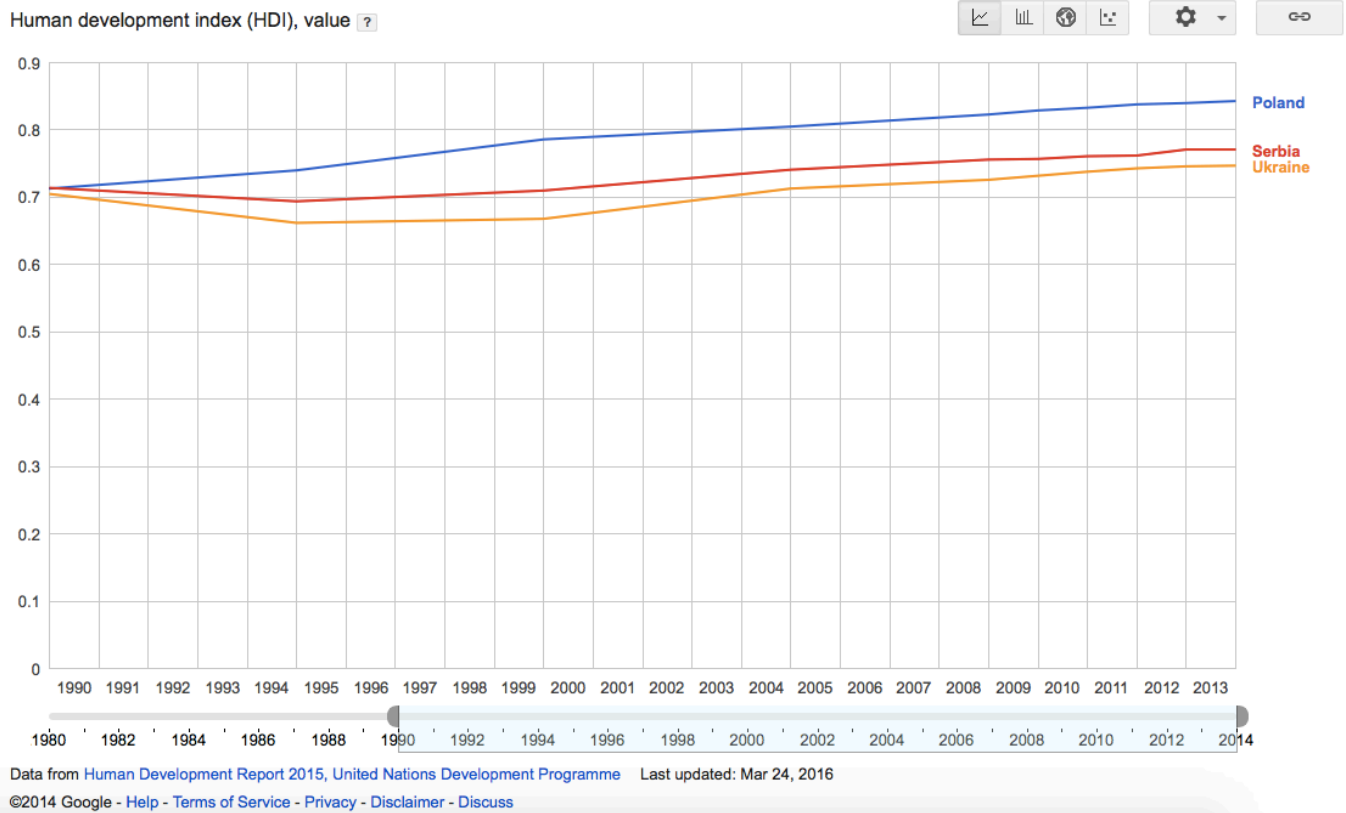


Chart showing the human development index for Poland, Ukraine and Serbia. Taken from the Human Development Report 2015 made by the United Nations Development Program.

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