



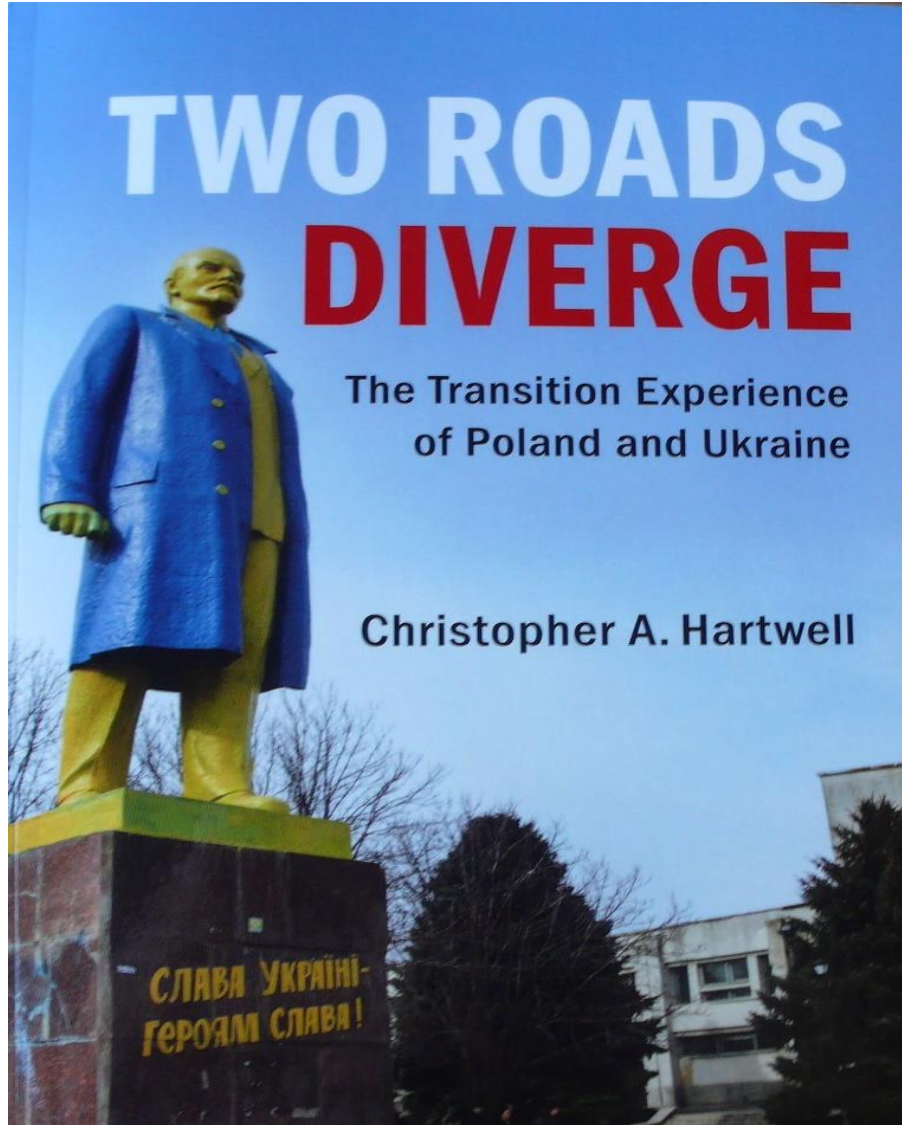
Ukraine, Poland, and Divergence in Transition

The Future of Europe:
Central and Eastern Europe in a Comparative Perspective

Panel Session
17 November 2016



The Basis for This Session



- Such a divergence in economic outcomes between Poland and Ukraine – why?
- What lessons can we learn from the past for Ukraine – and what can Ukraine’s mistakes teach Poland going forward?



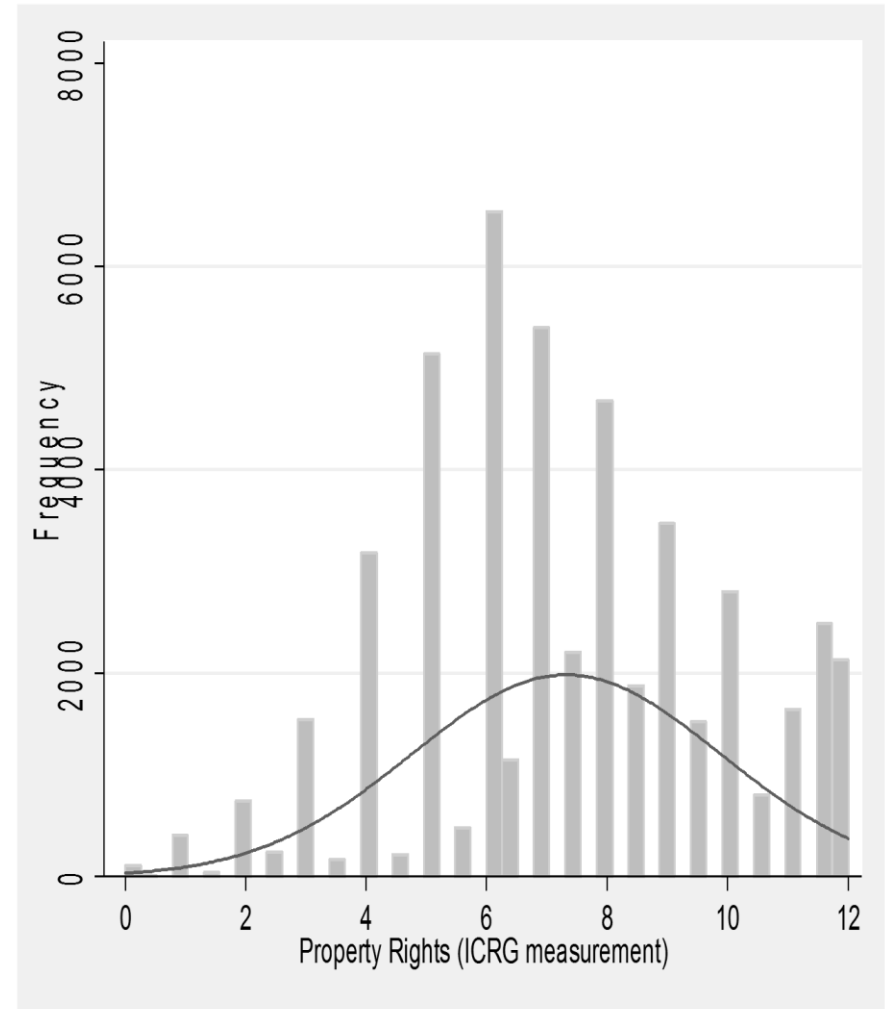
A Simple (Provocative?) Hypothesis

- Institutional development in Poland and Ukraine – not just from 1989-91 but going back hundreds of years – determined to a large extent the path of transition over the past 25 years
- Does not ignore the role of personalities and policies, and history is not destiny
- But institutions were the key for understanding the divergence



A Brief Example

- Property rights linked with growth, institutional development, other successful economic outcomes
- However, great dispersion in property rights institutions across countries →
- Why is this the case?
- Why are we not in a high property rights equilibrium?





History of Property Rights in Poland: the Lessons

- Diffusion of power and multiple veto points kept property rights violations in check
 - When this diffusion disappeared, as in the 18th century and in the 20th century, property rights suffered
- Constitutionalism reflected the relative prices and power of the day, rather than creating its own credible commitment
- Supporting institutions were necessary for protecting property rights, and had a long pedigree
 - Judicial and contracting institutions were able to weather the Partition and Soviet periods



History of Property Rights in Ukraine

- Unlike Poland, never a large number of veto points in the polity of Ukraine
- Cossack uprisings, culminating in 1648, led to transfer of power to indigenous elite but no balance of power
- Ukraine forcibly collectivized, brutality of Holodomor, purges, World War Two decimate institutions and human capital
- Transition period saw little change in Ukrainian polity or politicians
- Yanukovych era showed a transfer of property rights from both the polity and the state to oligarchs
- Post-Maidan Ukraine faces challenges and has not addressed property rights yet



Our Panelists

- **Ivan Mikloš**

Head of the Group of Advisers to the Prime Minister of Ukraine and the former Minister of Finance of Slovakia

- **Alexander Pivovarsky**

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- **Andrzej Kondratowicz**

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- **David Snelbecker**

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