

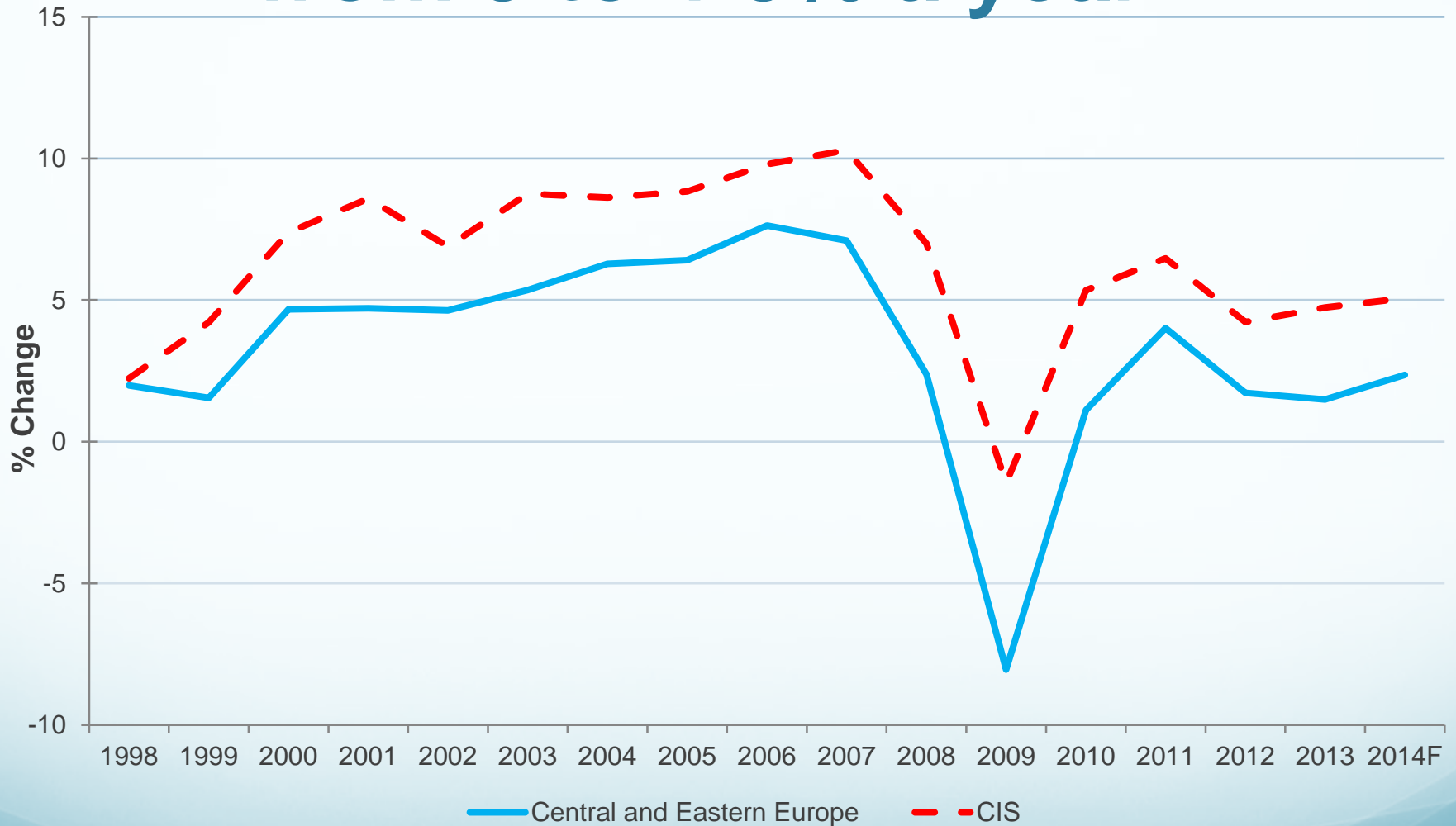
# Eurasia: Declining Growth Rates with Minimal Reforms

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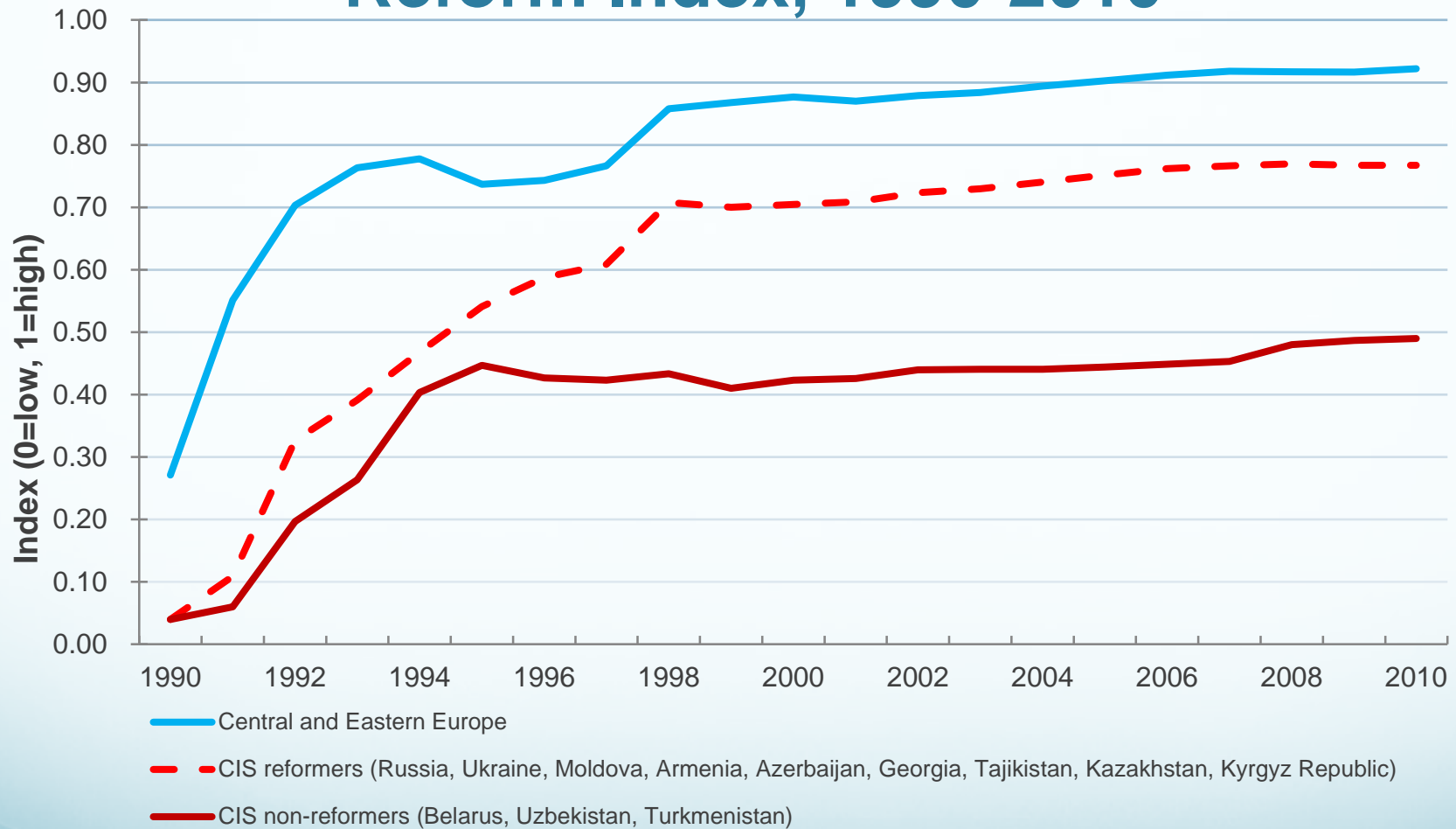
April 10, 2014

# Lower GDP Growth: from 9 to 4-5% a year



Sources: World Bank (2006) , IMF (2007, 2014), EBRD (2010)

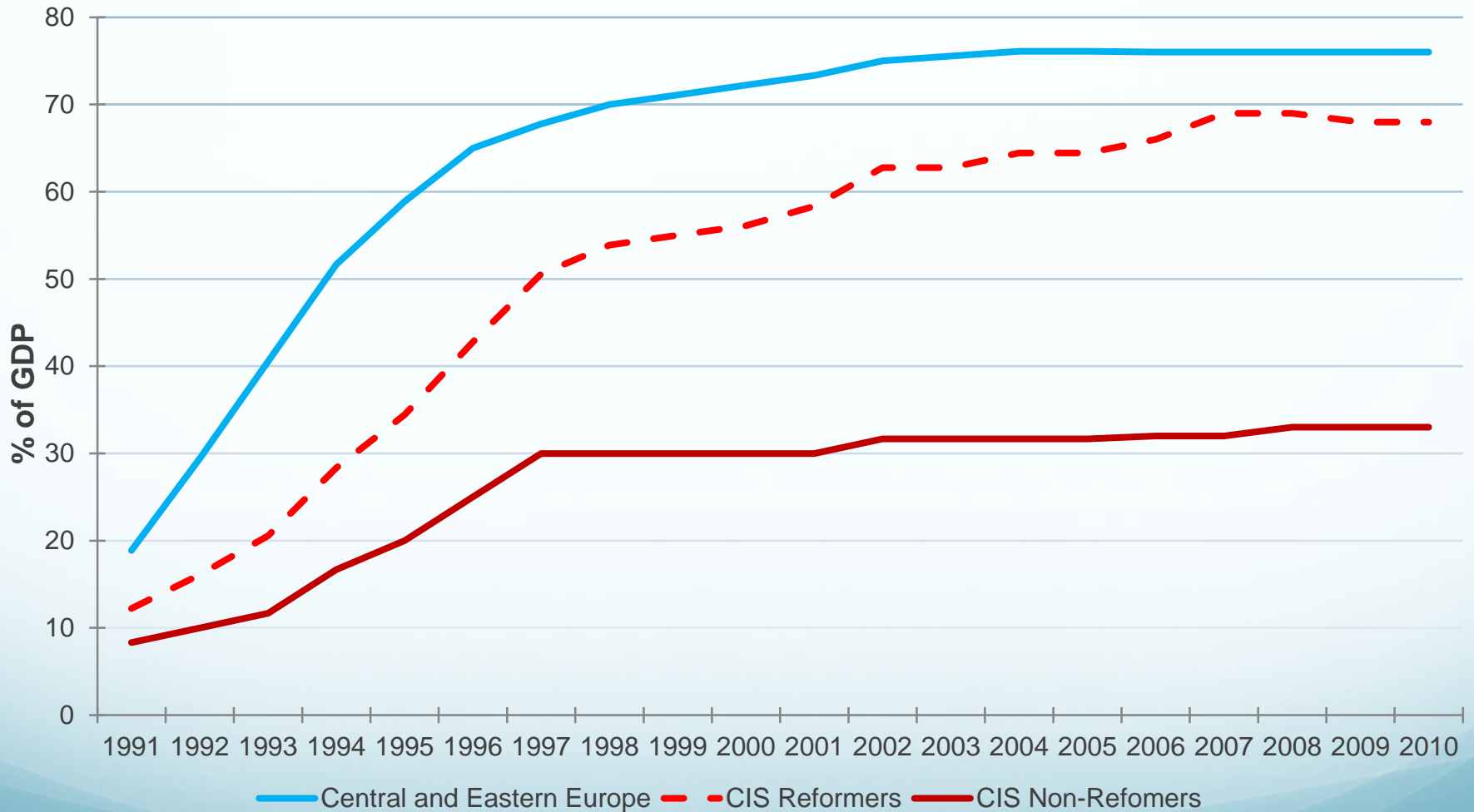
# Structural Reforms Stalled a Decade ago: World Bank/EBRD Structural Reform Index, 1990-2010



*Note:* The formula of this index is 0.3 times EBRD's index for price liberalization and competition policy, 0.3 times EBRD's index for trade and foreign exchange liberalization, and 0.4 times EBRD's index for large-scale privatization, small-scale privatization, and banking reform. Thus this index represents liberalization to 73 percent, while the rest is privatization.

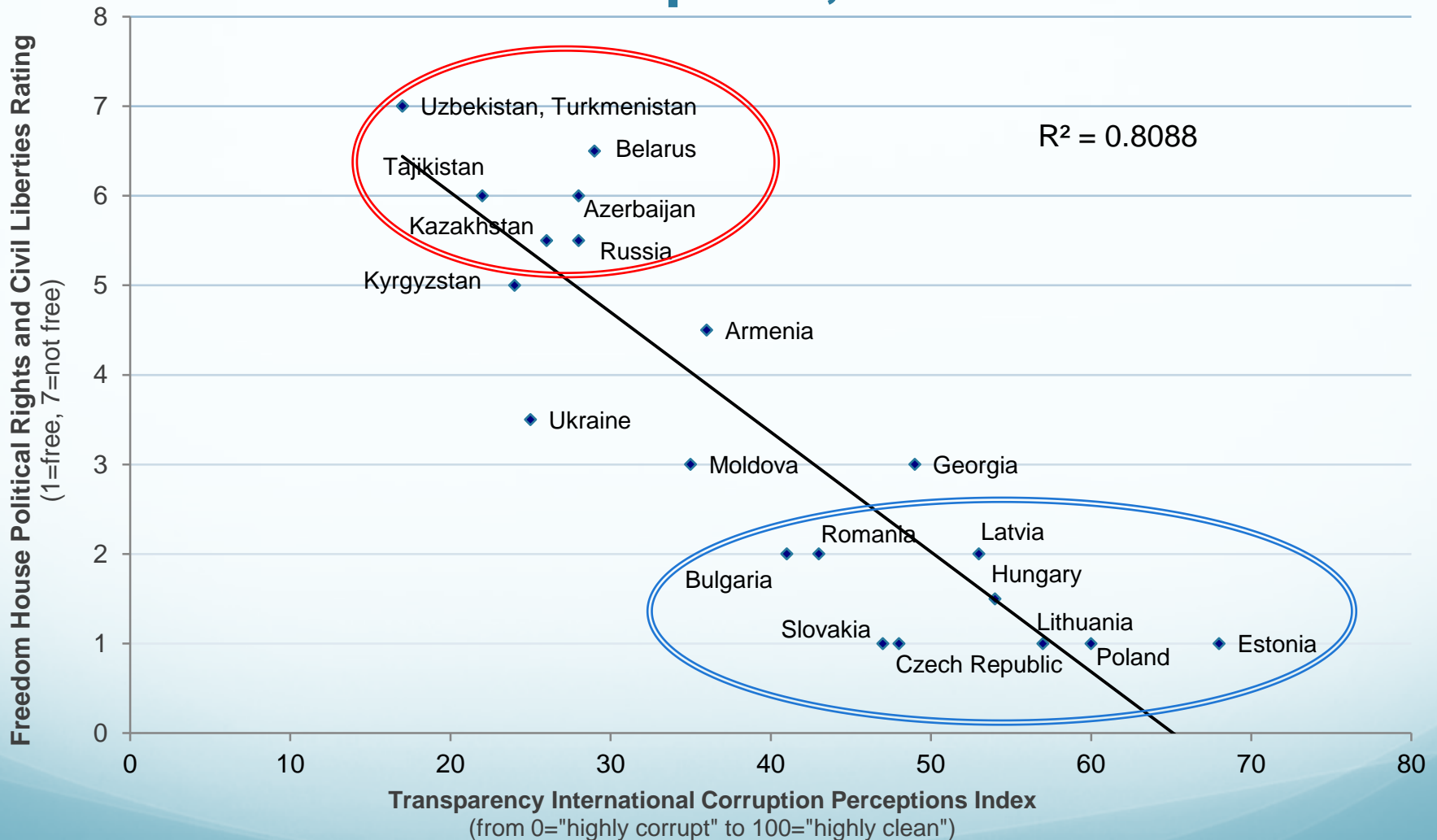
*Sources:* De Melo et al. (1997a); Havrylyshyn and Wolf (2001); own calculations from EBRD (1998), (1999), and (2008).

# Privatization Has Stalled: Private Origin of GDP, 1991-2010



Sources: EBRD (2000) and (2010).

# Most of Eurasia Stuck in Corrupt/Authoritarian Trap: Democracy and Corruption, 2013



Sources: Freedom House (2014), Transparency International (2014)

# Conclusions

- Key concern: Stagnation in Russia, Ukraine and Belarus
- Cause: Crony and state capitalism – state capture by small corrupt ruling group
- International integration & reforms have stalled
- Coming problem: Commodity boom is ending and reducing export revenues

FSU is stuck in a corruption trap requiring regime change in three major countries