

Policy Reversals in Transition: A Lesson from *The Great Rebirth*

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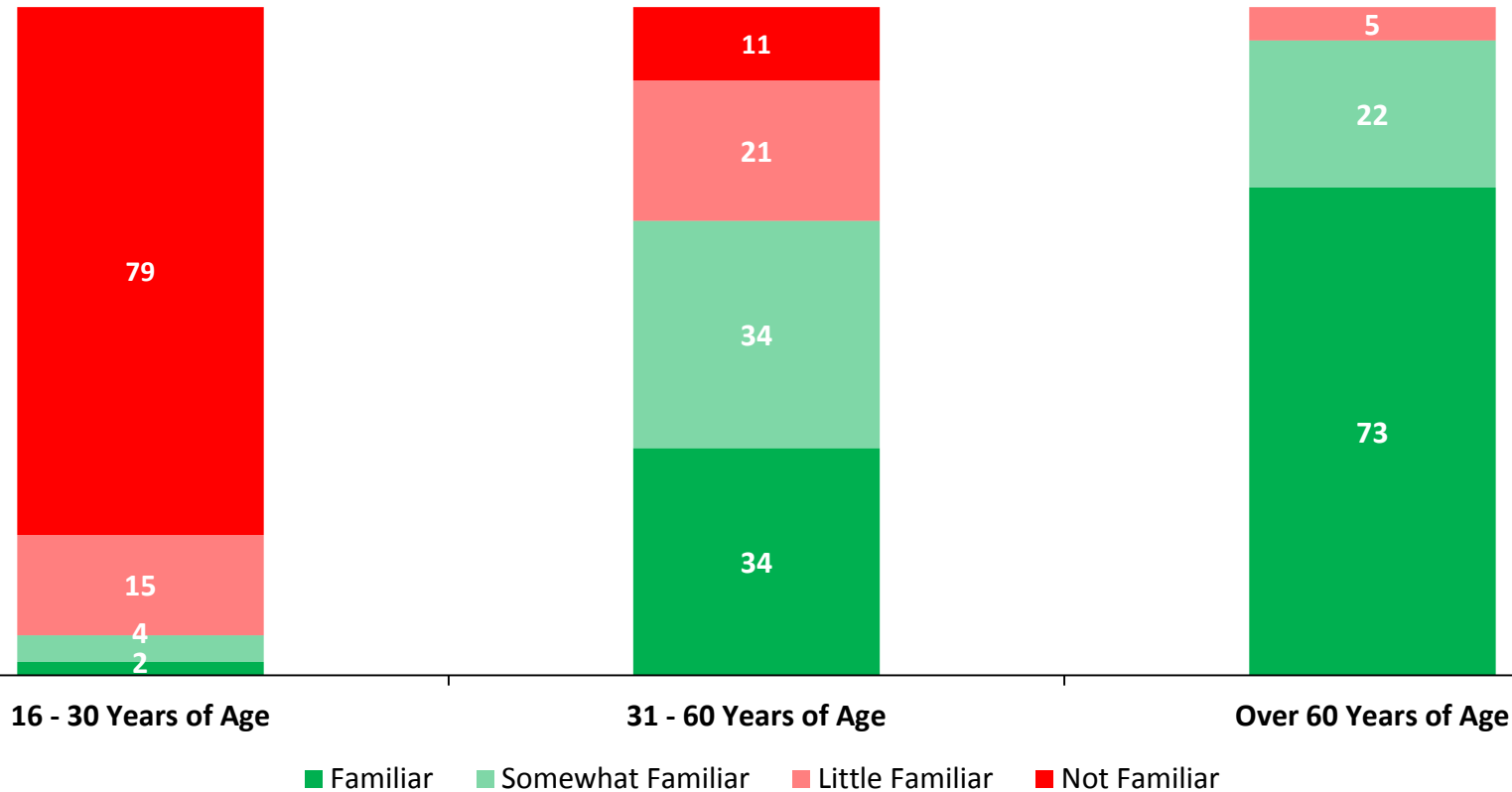
Some Examples of Reform Reversals

- Rapid increase of state-ownership in finance and resource sectors in Russia after 2003
- Nationalization of the pension system in Hungary in 2011-2014
- Nationalization of “strategic” assets and establishing new state monopolies in Hungary, 2010-2014
- Partial nationalization of the pension systems in Poland and Slovakia, 2012-2014
- Subsidizing loss-making state-owned enterprises in Bulgaria, 2013-2014

Reasons for Such Reversals

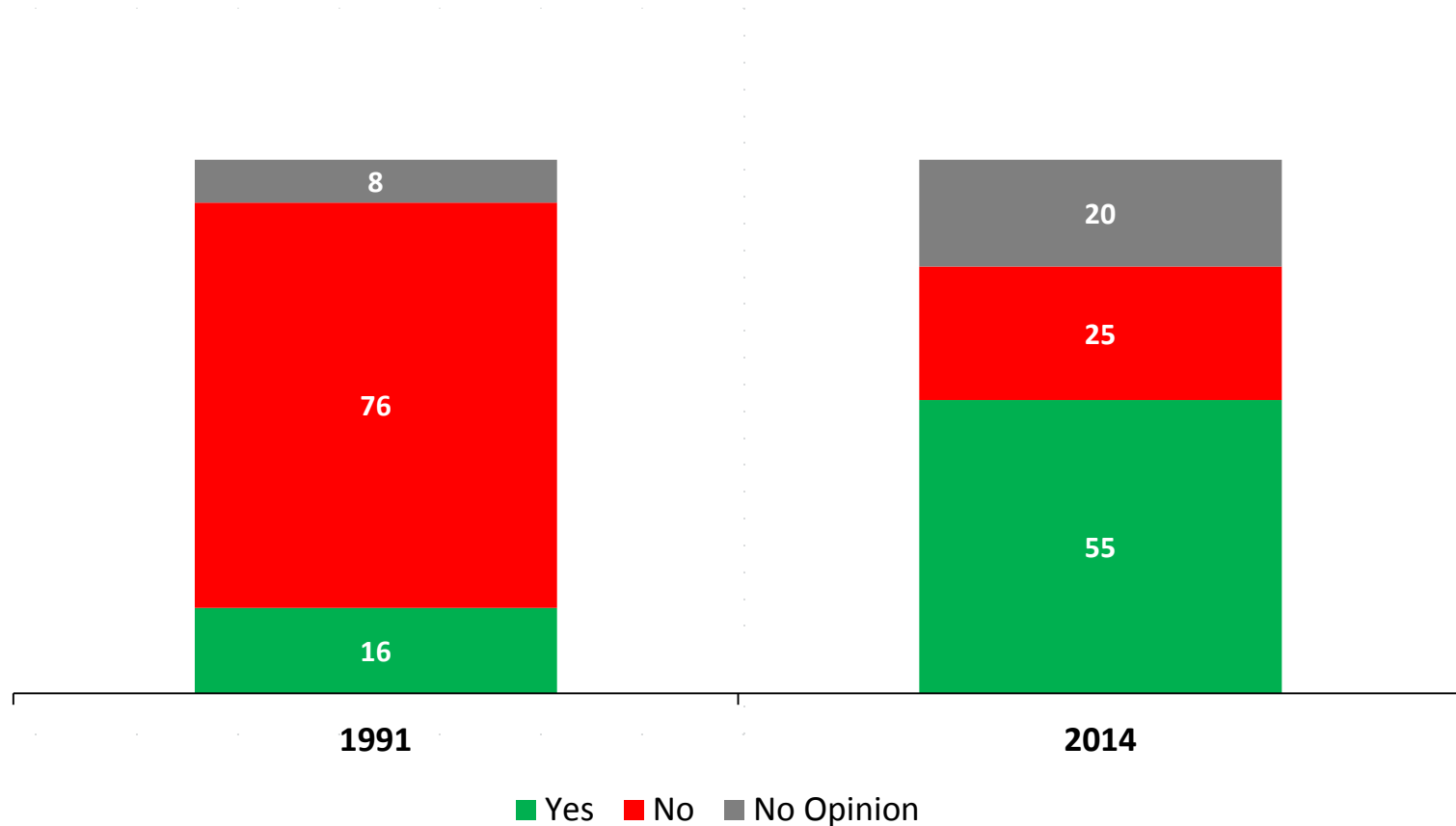
- The rise of populists to power (Orban in Hungary; Putin in Russia)
- The Eurozone crisis and discontent with fiscal discipline (Fico in Slovakia; Oresharski in Bulgaria)
- The loss of memory on the evils of communism, central planning, and limits to democracy

Are You Familiar with Bulgaria's Economic Development Under Communism?



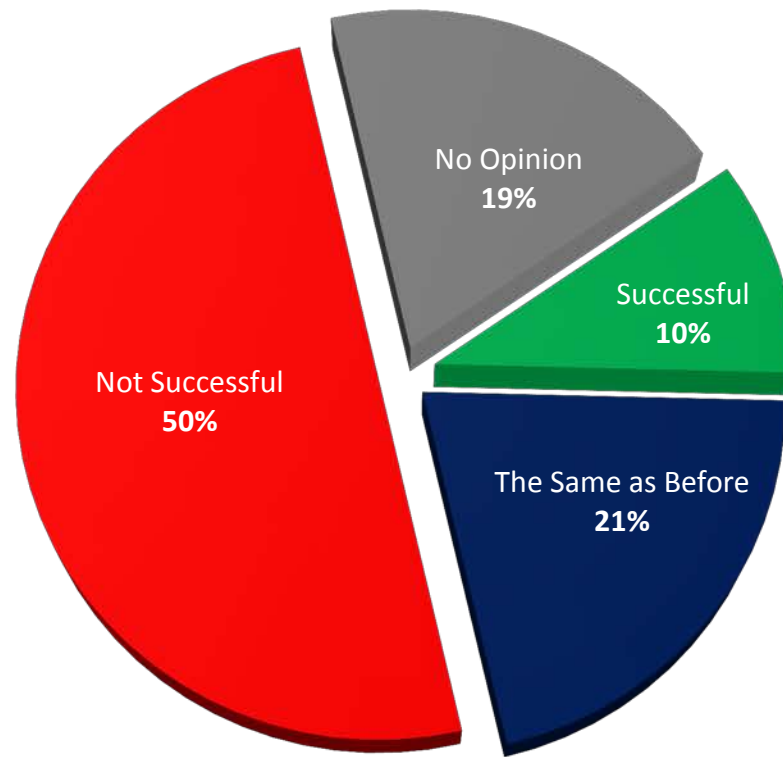
Source: Alpha Research poll, Nov 1-9, 2014

Do You Approve of Todor Zhivkov? (Bulgaria's communist party leader from 1962-1989)



Source: Alpha Research poll, Nov 1-9, 2014

How Do You Evaluate Bulgaria's Post-Communist Development?



Source: Alpha Research poll, Nov 1-9, 2014