

**Special Issue****30<sup>th</sup> Anniversary of the Break-up of the USSR****Post-Soviet Space Marked by Economic Divergence****30 Years without the USSR: Outcomes and Lessons****Goodbye to the 'Post-Soviet Space'****Laws of Disintegration**



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**Laws of Disintegration**

VASILY ASTROV

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VLADISLAV L. INOZEMTSEV

ARTEM KOCHNEV



## CONTENTS

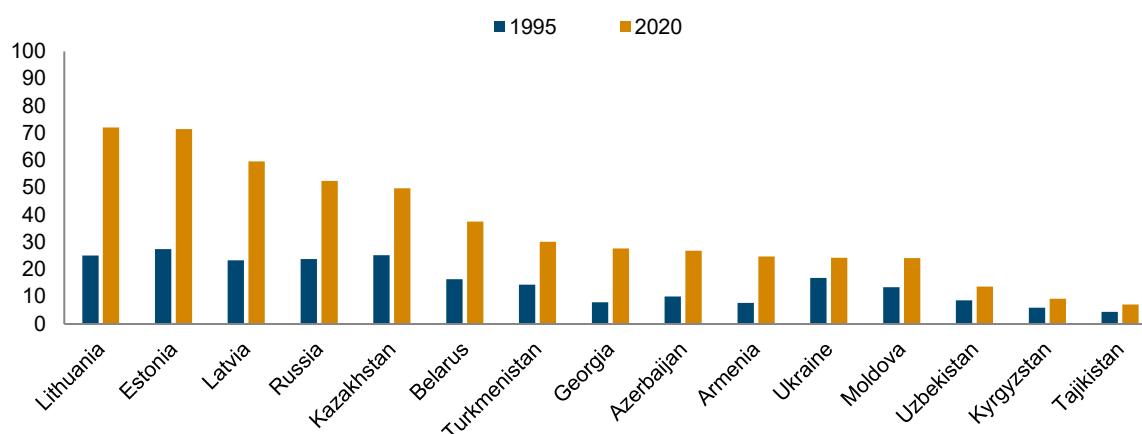
Chart of the Month: Post-Soviet space marked by economic divergence .....	7
30 years without the USSR: outcomes and lessons .....	8
Goodbye to the 'post-Soviet space' .....	11
Laws of disintegration.....	16
Monthly and quarterly statistics for Central, East and Southeast Europe.....	22
Index of subjects – December 2020 to December 2021 .....	46



# Chart of the Month: Post-Soviet space marked by economic divergence

BY VASILY ASTROV

## GDP per capita at PPP, Germany=100



Note: 2020 - data for Turkmenistan for 2019.

Source: WDI World Bank.

Thirty years have passed since the breakup of the USSR and the start of transition. Back in 1991, it was widely hoped that, with a new political and economic system in place, the post-Soviet republics would be able to embark on a sustainable path of economic growth and convergence. The chart above demonstrates that these hopes have, in part, materialised, with all 15 post-Soviet countries having narrowed the gap with Germany in terms of per capita GDP (at PPP) over the past 25 years.<sup>1</sup> However, the extent of the catch-up has been extremely uneven across the countries. While, for example, Lithuania's per capita GDP (in relation to Germany's) has almost tripled, Ukraine's progress on this score has been very modest, reflecting the many ups and downs of its economy, which has been largely dominated by oligarchic structures and has been 'rent asunder' in the geopolitical rivalry between Russia and the EU.

In general, the recent decades have been characterised by an economic divergence within the post-Soviet space. The relatively wealthy Baltic states have further stretched their advantage vis-à-vis the rest, clearly benefiting from EU membership and the concomitant investment inflows. As for the remaining countries, none of them has been able to overtake Russia, and in most cases (except for Belarus and Armenia) the gap with Russia has actually widened over the past 30 years. This is partly a result of deep recessions in the first half of the 1990s – the combined effect of disruptions in inter-republican trade links, difficulties in nation-state building, and violent ethnic conflict in a number of cases. With GDP per capita (at PPP) in those countries ranging from half of the German level (in Kazakhstan) to as little as 7% (in Tajikistan), they – together with Russia – still face a long road ahead.

<sup>1</sup> Data prior to 1995 are not available for all countries.

# 30 years without the USSR: outcomes and lessons\*

BY RUSLAN GRINBERG<sup>1</sup>

*The demise of the Soviet Union 30 years ago was very abrupt and largely unexpected, even by those who set it in motion. The economic consequences of its collapse as well as those of fully embracing free market ideology without preserving the benefits of the former system proved catastrophic. The current anti-democratic and anti-western backlash in Russia is arguably the result of these policy missteps and could have been avoided, had different policies been pursued at the time.*

Thirty years have passed since the collapse of the USSR, and discussion of the event is still going on. I have a feeling that 'plus' or 'minus' signs are placed depending on how old an assessor is and what her ideas are about life. But there is something else that is very important here: to what extent were the events of that time driven by objective laws and to what extent by human actions? Because at the time of such drastic changes the role of human actions is very important, especially of those people who run the state. Today, many say: if Soviet President Gorbachev had not gone to Foros (Crimea) in the summer of 1991,<sup>2</sup> the Soviet Union might have survived. Others are convinced that it no longer mattered. Who is right?

It is important for us to look not just at what we wanted and what we got, but to understand why it happened the way it did. That is, the lessons, in my view, are more important than the outcomes.

## THE FREE MARKET HAS ONLY BENEFITED A FEW – AS IT TYPICALLY DOES

It is a bit easier with the outcomes. The main question here is how and what to compare? I propose taking the most frequently used data on comparison of living standards in different countries - GDP per capita. On this account, even with a caveat to Russia's unprecedented economic decline in the 1990s, things are generally not that bad. Take Austria, which has had average economic performance in the EU over the past 30 years, Poland, a former socialist country which has chosen a capitalist path, and Russia for comparison. In 1991, GDP per capita in Austria was USD 20,000, in Poland USD 6,000 and in Russia USD 7,800. In 2020, Austria had USD 55,000, Poland USD 34,000, and Russia USD 28,000. If you look at these figures, the result is staggering. But if you take into consideration that there is a 16-fold gap between the poorest 10% and the richest 10% of the population in Russia, the benefits of transition become less clear.

And what about the lessons? In my perception everything that happened from 1986 to 1991 occurred at a time of collective insanity or utopian consciousness. A time when the most educated people in the country went to the West for the first time and saw the breadth of consumer choice. They saw there, say,

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\* Disclaimer: The views expressed in the Opinion Corner section of the Monthly Report are exclusively those of the authors and do not necessarily represent the official view of wiiw.

<sup>1</sup> Ruslan Grinberg is Scientific Advisor at the Institute of Economy of the Russian Academy of Sciences, Moscow.

<sup>2</sup> The participants of the attempted coup-d'état in August 1991 took advantage of Mr. Gorbachev's absence from Moscow. The coup was defeated, effectively paving the way for the subsequent demise of the USSR.



60 varieties of sausage, while in Russia there was nothing like that. And the recipe seemed so easy: just follow the good western advice. Russians believed that we would retain the benefits of socialism (in particular, security about the future and some sort of justice) but gain freedom and the material abundance of capitalism if directive planning was replaced by a market economy. It seemed that everything could be done quickly. And then we would live like in Luxembourg or Germany. This turned out to be a great illusion. The free market indeed came very quickly, unlike communism, but it only benefited a few – as it typically does.

This is rarely talked about, but is a very important question: why did even the wisest, most advanced, most educated people in the country become victims of this utopian consciousness?

## **THE FORMER SOVIET REPUBLICS WERE NOT IN A HURRY TO CRAWL BACK TO RUSSIA**

In December we marked a significant anniversary - on December 8, 1991, the leaders of three Soviet republics, Russia, Belarus and Ukraine, put an end to the Soviet Union by signing the Belovezh Agreement. And I agree with President Putin, who says that this was the greatest geopolitical catastrophe of the twentieth century. But the fact that it was a catastrophe became clear only later: back in 1991, everyone accepted the demise of the USSR with calm. Why? Utopian consciousness worked. And here I am talking about ordinary people, not political leaders who are willing to do anything for the sake of power. Ordinary citizens thought that Mikhail Gorbachev was no longer in control of the situation and that (the then president of the Russian Federation, still part of the Soviet Union) Boris Yeltsin, on the contrary, was in full control. And if so, all will be well.

By the way, just a couple of days after the Belovezh Agreement was signed, the parliaments quietly approved it, too. It is surprising that an event as significant as the break-up of a superpower caused little or no interest among its inhabitants. I recall the words printed in The New York Times that accurately described the situation: 'they [B. Yeltsin and his team] couldn't pull the chair out from under M. Gorbachev, they had to pull the whole country.' And this was a very accurate description, because it was believed that the Soviet republics were not going anywhere and would 'crawl on their bellies' back to Russia. There was such a 'crawling theory'. I asked Yegor Gaidar<sup>3</sup> at one of the conferences: 'You were saying that Russia should become independent, live on its own... But what about the other republics?' He told me: 'Don't worry, they are not going anywhere'.

This was also the thinking of many analysts in the West, Kremlinologists and Sovietologists alike: there would emerge a different version of the Soviet Union, without the humiliating dependence of the republics on Moscow. Even the republics themselves thought so at first: at the Alma-Ata conference, which took place a couple of weeks after the Belovezh Agreement had been signed, they were in favour of keeping the single currency, there would be no customs duties, and we would live as equal and good neighbours. Instead of the USSR we will have something like a confederation, and republics will economically compete on equal terms.

True, the Russian leadership had another interesting position which was voiced by the most radical democrats, even more radical than Mr Gaidar. They built on the thesis that 'the republics are not going

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<sup>3</sup> Yegor Gaidar was the Acting Prime Minister of Russia in the second half of 1992 and the architect of the market reforms.

anywhere, they will crawl on their bellies' as follows: 'And if they don't, all the better. Because how can we build a European-style democracy with semi-feudal regimes in Central Asia?' They said it will be even better if they start building something of their own, then it will be easier for us to settle down on the 'sunny side of life'.

Actually, the people of Uzbekistan, Kazakhstan, Kyrgyzstan and the other republics did not think the USSR would collapse. But it was forgotten to ask them, while those in power there thought, of course, that they should have independence and rule on their own.

### THE ILLUSION OF 'FEEDING THE OTHER'

Another reason why people took a rather calm attitude towards the collapse of the USSR was that under the conditions of freedom of speech (allowed by Gorbachev) the totally separatist idea of so-called particularistic chauvinism was gaining popularity in almost all republics. Its essence is that everyone thinks that he/she feeds another and that is why he/she is experiencing economic hardship. A radical part of the former political elite and the intelligentsia were trying hard to convince the citizens of this.

I did not agree with this postulate and even wrote an article 'Who feeds whom?' I proceeded from the fact that in a country with a hyper-centralised economy we all feed each other. And when we separate, it won't get better for anyone. Simply, some will get worse, and others will get even worse. I rarely make good predictions, but this one was very accurate: Russia suffered economically after the USSR collapse, but most other republics suffered even more.

### WHAT LESSONS CAN BE LEARNED?

It is impossible to convince people not to indulge in utopian expectations. How many people used to berate M. Gorbachev for allegedly stifling the noble attempts to carry out the 'right' reforms of B. Yeltsin and his team? And just a few months later the same people began to scold Gorbachev for letting them lead the country. And here I am talking about scientists, professors, not simple plumbers. For some reason it was thought that we should just believe the 'young reformers'<sup>4</sup> and they would lead us to paradise. We just have to be patient until the autumn of 1991... Of course, no one thought that inflation would reach 2,600%... But still, we must be patient. And then it turned out that there was no need to be patient anymore, everything had already happened: capitalism in its purest form had been created. And that meant: survive on your own if you can and how you can.

And people began to worry: it turned out that they were fools to have abandoned the previously hated socialist system. That is, they were not worried about having made a mistake during perestroika, but that they started it in vain. And look, the glorification of Stalin has begun again, and the Stalin era itself is now becoming one of the staples of 'reasonable conservatism'. This completely blocks the civilised development of Russia – as do the current attempts of the ruling elite to restore the truncated USSR as another variant of the imperial state structure. Today, 20% of Russians are for the European way of development while 80% are for the country's 'own way' and isolation from the rest of the world. And what do we have as a result? A world which is almost back to the times of the Cold War and, most importantly, there is no clear understanding of the path to be followed. And once again, new thinking and the restoration of democratic values are required – as they were required 30 years ago.

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<sup>4</sup> The team of liberally-minded economists who implemented market reforms in Russia during the 1990s.

# Goodbye to the 'post-Soviet space'

BY VLADISLAV L. INOZEMTSEV\*

*Thirty years after the break-up of the USSR, the term 'post-Soviet space' is no longer appropriate. On the one hand, there has been a sharp economic divergence between the post-Soviet republics, with the southern 'periphery' performing much better than the western regions. On the other hand, Russia's foreign policy has focused increasingly on Belarus and Ukraine, opening up opportunities in Central Asia for other global players.*

At the tail end of next year, the world will have an opportunity to commemorate an important historical event: 30 December 2022 marks the centenary of the establishment of the Soviet Union, which replaced the Russian Empire following the latter's rapid disintegration in the wake of the dramatic events of 1917. But there is a notable date later this year, too: for 25 December 2021 marks 30 years since the demise of the Soviet Union. The USSR was not only a first experiment in state socialism; it also – indeed it particularly – represented an attempt to refashion the world's largest empire, by stripping it of its 'Russianness' and making out that it could become a 'new historical community of people', as the Soviet nation was depicted by the communists in the 1960s. But this attempt failed at a time when all the European empires were coming to an end. While technically the Russian/Soviet Empire may have outlived its French, Portuguese and British counterparts, in the context of world history a couple of decades hardly counts.

The dissolution of the Soviet Union was, of course, treated as a great victory by the West, as it put an end to the Cold War. However, several people at the time realised that Russia was not about to simply give up control over its former empire, and accordingly the term 'post-Soviet space' seemed quite natural: Russia remained the largest state in the area, accounting for around two thirds of its combined population, 85% of its economy and 100% of its nuclear arsenal. But time has passed and things have changed: 30 years on, I would argue that the very idea of a 'post-Soviet space' or a 'former Russian Empire' is now meaningless.

There are two important reasons for this that are worth mentioning.

## SOUTHERN 'PERIPHERY' OUTPERFORMING THE WESTERN REGION

The first reason lies in the diverging paths that the various parts of the former Soviet Empire have taken in recent years. As the days of the Soviet Union drew to a close, the western imperial 'periphery' (i.e. today's Ukraine, Belarus and Moldova, not to mention the tiny Baltic republics) was outstripping the five southern Soviet republics of Central Asia by an enormous margin. Ukraine was the powerhouse of Soviet industry: it accounted for around 27% of industrial production and was home to many of the most advanced centres of high-tech industry. The combined regional national product of the three western

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\* Dr. Vladislav L. Inozemtsev is Professor of Economics, Senior Adviser to the Middle East Media Research Institute in Washington, DC.

republics was 1.9 times greater than that of the five southern ones.<sup>1</sup> So, as Soviet power started to wane, no one would have disputed that the future of Ukraine (or indeed modern-day Belarus) looked much brighter than that of Russia – to say nothing of Russia's possessions in the south.

Thirty years on, things look different. It is true that some of the smaller nations of Central Asia have descended into poverty and developmental backwardness, with Tajikistan one of the poorest countries in the region. But in general – and very few people are yet ready to admit it – the southern 'periphery', led by Kazakhstan, is doing much better than the western margins, largely represented by Ukraine. Whereas in 1990 the combined GDP of Ukraine, Belarus and Moldova was almost double that of the whole of Central Asia (to be more precise, it was 94% bigger), today the five Central Asian states lead the western post-Soviet nations by 25% in GDP at market prices. Average per capita income in Ukraine was only 7% lower than in Kazakhstan in 1989,<sup>2</sup> but by 2020 the gap had increased dramatically; Kazakhstan's per capita GDP had reached USD 26,700 (in purchasing power parities),<sup>3</sup> while Ukraine's remained at a mere USD 13,200.<sup>4</sup> Moreover, since the global crisis of 2008, Kazakhstan's economy has grown by 52.3%,<sup>5</sup> while Ukraine's has contracted by 15.3%.<sup>6</sup> Kazakhstan has succeeded in boosting its oil and natural gas production by 3.2-3.6 times since 1990, while Russia is now pumping just 5-12% more oil and gas than in that year.<sup>7</sup>

Both the major parts of the former Soviet Empire treated here (I do not consider the Caucasus region) also differ considerably in terms of the 'connection' between politics and economics. In Ukraine, where political life is considered to be essentially free (the country has been led by six presidents since it left the Soviet Union in 1991 and has survived two largely peaceful revolutions), the economy is effectively owned by oligarchic groups; Western investment is negligible (even the president of Estonia recently said that she would not recommend her fellow citizens to do business in Ukraine),<sup>8</sup> and – 30 years into the creation of the market economy – the country still does not have a stock market.

By contrast, in Kazakhstan – which is regarded as a political dictatorship, with its first president still possessing the title 'national leader', even though he formally stepped down in 2019 – the leading industries are controlled by foreign investors, who have pumped in at least USD 65bn since 1991, and foreign-owned companies account for 68% of oil production. Meanwhile, Uzbekistan is home to dozens of joint ventures and foreign affiliates, including the first ever new automobile plant built by a foreign company in a post-Soviet state.<sup>9</sup> Moreover, Kazakhstan recently became home to a world-class financial centre, created in cooperation with Nasdaq and led by British lawyers and financiers.<sup>10 11</sup>

<sup>1</sup> <https://www.kp.ru/daily/26571.7/3586720/>

<sup>2</sup> See: Народное хозяйство СССР в 1989 году: статистический ежегодник [Economy of the USSR in 1989: A statistical yearbook]. Москва [Moscow]: Финансы и статистика [Finance and Statistics Publishers], 1990, p. 78 (in Russian).

<sup>3</sup> <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?locations=KZ>

<sup>4</sup> <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?locations=UA>

<sup>5</sup> <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=KZ>

<sup>6</sup> <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=UA>

<sup>7</sup> bp Statistical Review of World Energy July 2021, <http://www.bp.com/statisticalreview>

<sup>8</sup> <https://www.eurointegration.com.ua/interview/2021/08/25/7126983/>

<sup>9</sup> [https://uzdaewoo.ru/company\\_history/](https://uzdaewoo.ru/company_history/)

<sup>10</sup> <https://ir.nasdaq.com/news-releases/news-release-details/astana-international-financial-centre-jsc-and-nasdaq-sign>

<sup>11</sup> <https://diplomatmagazine.com/modern-business-climate-kazakhstan/>

Recalling the famous book by Fareed Zakaria,<sup>12</sup> one can easily spot the difference between the 'liberal autocracy' represented by the Central Asian states and the 'illiberal democracy' that has been built up in Russia and Belarus. Thus, the directions taken by the former Soviet republics are divergent. This contributes substantially to my contention that the post-Soviet space is actually losing all meaning as a concept. There are three major forces at work here: first, there is Russia, a major player that is gradually losing its grip on its neighbours; second, there are the Central Asian nations, which could witness impressive economic growth in the decades to come; and third, there is the western belt, which is performing poorly in economic terms, is losing hundreds of thousands of people annually through outward migration, and is persisting with either oligarchic or bureaucratically managed systems that spark little foreign interest in their economies.

## **RUSSIA'S FOREIGN POLICY INCREASINGLY DRIVEN BY PAST RECOLLECTIONS**

The second reason for describing the concept of 'post-Soviet space' as meaningless is predominantly geopolitical. As everybody knows, Russia's relationship with the West cooled from the mid-2000s; and after Moscow attacked Georgia in 2008 and Ukraine in 2014, relations have been almost arctic. Most foreign policy experts believe that this result was simply a combination of Mr Putin's disgruntlement over EU and NATO enlargement and aggressive US policies around the world; a few suggest that Russia has tried to expand its shrinking territory by professing so-called 'Russian nationalism'. I disagree with both propositions and argue that Russia's confrontation with the West is more complex and is deeply rooted in the country's history.

Russian geopolitics today is far more symbolic than rational. Whenever the Russian tsars or the Soviet secretary-generals quarrelled with European leaders over post-war borders or annoyed the Americans by establishing client regimes in Africa or Latin America, they were actually trying to gain a foothold in strategic areas of the world. Nowadays, there is no real rationale for Moscow to get involved in Abkhazia or Crimea – let alone Syria – since all such interventions cost a lot financially, tend to lead to foreign sanctions and produce no tangible benefits at all. So why does it get involved? Things become much clearer if we consider matters from an ideological perspective.

I would argue that Russia behaves in its foreign policy as a former empire does when confronted by other former empires. Strange as it may seem, there is not a single country that is today hated in Russia as much as Poland or Turkey – neither France (which went to war with Russia in 1812 and in 1854-1855) nor Germany (which twice in the twentieth century wreaked colossal damage on Russia). In his extremely unprofessional articles devoted to the history of the Second World War, President Putin openly accused Poland of being the driving force behind the outbreak of hostilities, and mentioned the Polish foreign minister more often than Hitler in his analysis of the causes of the war.<sup>13</sup> After the events in Ukraine in 2014 and in Belarus in 2020, Russian officials blamed Poland for its decisive role in the Revolution of Dignity and the Belarusian protests. And nowadays, the Kremlin claims time and again that Warsaw is behind the Russian opposition forces, and even that it trains up Russian political activists. And it is a similar story vis-à-vis Turkey, which opposes Russia in its Syrian engagement, recently

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<sup>12</sup> See: Fareed Zakaria, *The Future of Freedom: Illiberal democracy at home and abroad*. New York and London: W.W.Norton & Co., 2003.

<sup>13</sup> <https://nationalinterest.org/feature/vladimir-putin-real-lessons-75th-anniversary-world-war-ii-162982>

became the leading force behind the successful Azerbaijani attempt to partially retake Nagorny Karabakh (the region lost to neighbouring Armenia in the 1992-1994 war) and openly supports Ukraine by saying that it will never recognise Crimea as a part of Russia.<sup>14</sup>

To my mind, the place that Poland and Turkey now occupy in Russia's worldview is very telling: Russia, as a former empire, adopts a confrontational attitude towards other former empires that share with it what I call 'overlapping peripheries'.<sup>15</sup> Poland controlled most of Belarus and Ukraine for several centuries; it waged war against Russia in the early seventeenth century, when the Poles controlled Moscow for a number of years; and it fiercely resisted the Bolshevik advance in 1920, defeating the Red Army on the outskirts of Warsaw. Meanwhile, Turkey controlled the whole of the current southern Ukraine until the end of the eighteenth century, as well as a huge part of the Caucasus region; it might also be recalled that the Crimean khans, as vassals of the Ottoman sultans, attempted to capture Moscow itself in the mid-sixteenth century, while the idea of retaking Constantinople from the Ottomans was one of the most obsessive doctrines to haunt the Russian elite until at least 1917.<sup>16</sup> Overall, Russia waged 13 wars against the Ottoman Empire and its vassals – more than against any other country in its entire history. These old imperial memories of the past now force the Kremlin to act as if Russia were still an empire, which it ceased to be following the Soviet collapse.

Russia's anti-Western stance is further fuelled by a sense that the West is trying to impose some sort of alien agenda on the Russians. This could be compared to the events of the thirteenth century, when the great Novgorod Prince Alexander Nevsky fought a number of battles with the Teutonic crusaders, who were attempting to convert the north-western Russian lands to Catholicism. After defeating the knights, Alexander voluntarily headed to Karakorum to pay homage to the Great Khan of the Mongols (who 'merely' wanted to be paid tribute for the lands, but had no interest in imposing his religion there). Later, Prince Alexander was beatified, and is now venerated as one of the greatest Russians ever<sup>17</sup> (only recently, Mr Putin went to Pskov region to attend the inauguration of a memorial to the saint prince).<sup>18</sup> The current Russian political doctrine, in fact, fears Western human rights and rule-of-law principles as a new religion that the West wants to impose on Russia – and therefore the Kremlin believes that all the dangers and challenges now arise from the West.

## POST-SOVIET GEOPOLITICS SHIFTING FROM THE WEST TO THE SOUTH

The combination of the two factors – the unravelling of the formerly more homogeneous post-Soviet realm and the intensification of the Russia-West confrontation – creates an entirely new geopolitical picture across Eurasia. Russia in the 2020s looks to be a country obsessed with the 'assault' from the West – a perception that will turn the western post-Soviet 'periphery' into a potential new battleground for some time to come. Ukraine will remain partly occupied by Russia – and indeed, it could become a target for another Russian advance. Belarus, where Mr Lukashenko's victory in last year's presidential elections is hotly disputed (indeed, he is not recognised as head of state by many developed countries),

<sup>14</sup> <https://www.dailysabah.com/politics/diplomacy/turkey-doesnt-never-will-recognize-illegal-annexation-of-crimea-erdogan-says>

<sup>15</sup> Wladislaw Inosemzew, 'Wenn alte Reiche kollidieren', *Internationale Politik*, 2 (March-April) (2021): 77–82 (in German).

<sup>16</sup> Viktor Kosik, 'Константинополь – русская дорога [Constantinople – The Russian path]', *Славяноведение [Slavyanovedenie]*, 1 (2015): 22–31 (in Russian).

<sup>17</sup> Vladislav Inozemtsev, 'Russia pivoted east centuries ago', *Moscow Times*, 28 May 2014, p. 8.

<sup>18</sup> <https://www.rbc.ru/society/11/09/2021/613cddc69a79473769ab1d1a>

is now facing an impressive list of sanctions on account of its human rights violations. The enduring dictator will be bailed out by the Russians, who are ready to incorporate Belarus into Russia and to crush any protests in the country, should they arise. Thus, the fate of some post-Soviet states like Ukraine, Belarus and Moldova appears very bleak; meanwhile, Russia, which is being drawn more and more into regional quarrels, is seeing its status as a global power evaporating, as it becomes just one more former European empire doing battle with other former European empires over memories of the past. Ukraine and Belarus, which are labelled in the West as 'in-betweens',<sup>19</sup> are now trapped for decades to come in this zero-sum game between Russia and the West.

At the same time, Russia is losing if not its interest in acting, then definitely its capacity to act on its southern flank, where one can now see several quite important developments. The United States and its allies have lost their war in Afghanistan – a war that (as I argued from the very start) had no chance of bringing about a successful nation-building strategy. The Russians have for years apparently been friendly towards the Taliban fighters, siding with those who were able to facilitate American failure and then celebrating each failure as it occurred. But now the Central Asian states find themselves exposed to aggressive moves on the part of the radical Islamists and are trying to respond to the new situation. The Russian-led Collective Security Treaty Organisation is so loose and ineffective that, in mid-September, Kyrgyzstan's President Zhaparov proposed the drafting of a special code of conduct to be followed in the event that one member of this military alliance attacks another member!<sup>20</sup> The United States and Europe are seeking to gain ground in the region – and with good reason: more than half of Kazakhstan's exports go to Europe, while the US accounts for around 24% of its foreign direct investment stocks.<sup>21</sup> China, of course, is pursuing its own interests in the region, having become one of the largest investors in many Central Asian countries; it wants to secure the infrastructure for its 'Belt and Road' initiative that was famously announced by Chairman Xi Jinping in his 2013 speech at the Nazarbayev University in Astana, the Kazakh capital.<sup>22</sup> Not to be left out, Turkey also has several fingers in the pie, as the local people share a common cultural ancestry and history with the Turks. Thus, I would argue that in recent years, post-Soviet geopolitics has pivoted away from the west to the south, with the Central Asian region becoming its most important arena.

## CONCLUDING REMARKS

To conclude, I would suggest that after 30 years of analysing the 'post-Soviet space', the experts and politicians should probably jettison the term once and for all. Post-Soviet history has already ended: Russia has turned from being a global power into a European one, engaging in conflicts that are fuelled largely by historical memories. The economic paths of Russia's western and southern 'peripheries' are diverging, and it would seem that there are no common features that could draw Ukraine and Kazakhstan into one category of states. Today, only Russia itself belongs in the 'post-Soviet space', as it becomes more and more 'Soviet-like'. The rest of the former Soviet Empire now lives its own life, and all the great powers need to acknowledge the profound change that has come about over the past three decades.

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<sup>19</sup> See, e.g. Samuel Charap and Timothy Colton, *Everyone Loses: The Ukraine crisis and the ruinous contest for post-Soviet Eurasia*, Milton Park, New York: Routledge, 2017, pp. 51–52.

<sup>20</sup> <https://tass.ru/mezhdunarodnaya-panorama/12419153>

<sup>21</sup> [https://finreq.kz/cont/14-15ru\\_2q19.xlsx](https://finreq.kz/cont/14-15ru_2q19.xlsx)

<sup>22</sup> [https://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/xjpfwzysiesjtfhshzzfh\\_665686/t1076334.shtml](https://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpfwzysiesjtfhshzzfh_665686/t1076334.shtml)

# Laws of disintegration

BY ARTEM KOCHNEV

*When it comes to analysis of the Soviet legacy in Europe, one can hardly avoid discussions about unrecognised states. This piece contributes to the discussion by analysing the constitutional design of the late Soviet Union. It argues that the origins of the breakaway republics were rooted in a contradictory institutional design, which provided political leaders with both the legitimacy and the legal grounds to exploit a nationalist agenda amid rising political activism.*

When it comes to a discussion of the Soviet legacy, one can barely avoid the most antagonising part of it: the unresolved territorial disputes surrounding the unrecognized breakaway states. The reasons for this are clear. For millions of former Soviet citizens, it became a matter of survival: both those who fought with arms and those who suffered from humanitarian crises caused by hostilities. In the age where the principles of self-determination and territorial integrity coexist, dividing rights from wrongs gets hard, if not impossible.

Contemporary discussions surrounding the emergence of unrecognized states in the post-Soviet space frequently put support of the patron states at the centre of the analysis (Kolstø & Blakkisrud, 2017; Marandici & Leşanu, 2021; Tokarev et.al 2021). This may explain why some territorial disputes were resolved while others were not. This approach, however, is not sufficient for understanding the emergence of the breakaway states inside the former Soviet republics in the first place. This article demonstrates that the roots of these processes were inherently connected with two elements: a) the legal framework of the late Soviet Union that formalised the secession process, b) informal practices surrounding the treatment of the so-called 'autonomous regions' within the union republics shortly before the dissolution of the USSR. These factors rarely appear in the public discussion but are essential to understanding the legal and legitimisation grounds of the disintegration process.

## SOVIET FEDERATIVE PRINCIPLES

Historians and Soviet policymakers know quite well that the USSR was a democratic state on paper even during Stalin's iron rule. It might sound surprising but the Soviet constitution is still ahead of modern standards when it comes to the right of self-determination.<sup>1</sup> In the true spirit of equality, fraternity, and national liberty the USSR provided the right of secession for all Soviet republics since the first Soviet constitution was formally adopted in 1924. This article was part of the constitution even during Stalin's times and stated the right openly (Article 72)<sup>2</sup>:

*'Each one of the member Republics retains the right to freely withdraw from the Union'.*

<sup>1</sup> The constitutions of the majority of European states - both federal and unitary ones - prefer not to specify the secession option as such. This frequently creates legal ambiguity, which is resolved through a lengthy and tedious political process or in court. See Torrance (2021) for a thorough discussion of legal matters regulating potential Scottish secession from the UK and Taylor (2017) as applied to Bavaria and Germany.

<sup>2</sup> Unless otherwise specified, all citations refer to the latest version of the USSR constitution.



This article was in line with the definition of the USSR as a 'union state' declared in Article 70. Even though it defined the USSR as a 'union', not a 'federation', the federative principle served as the basis of the state:

*'The Union of Soviet Socialist Republics is a single union multinational state formed on the basis of the principle of socialist federalism, as a result of the free self-determination of nations and the voluntary association of equal Soviet Socialist Republics.'*

The federative structure, however, was also embedded within the socialist republics themselves. Although only Russia was formally declared a federation ('Russian Soviet Federative Socialist Republic', RSFSR), many of the Soviet Republics contained both regular regions called 'oblasts' and so-called autonomous units: autonomous Soviet socialist republics (ASSR), autonomous regions, and autonomous districts. Autonomous units were formally incorporated within a Soviet Socialist Republic but had their own local governance bodies (Supreme Council and/or Congress of People's Deputies), governance documents (constitution) and standalone representation in the legislative bodies at the union level (Supreme Council of the USSR). For example, the Georgian Soviet Socialist Republic (SSR) contained three autonomous units: Abkhaz ASSR, Adzhar ASSR, and the South-Ossetian Autonomous Region. With this structure, the USSR was effectively a nested federation.

For a long time these were mere subtleties with little impact on the actual governance process. Both the right to secede and statements regarding sovereignty largely served as a democratic façade with only symbolic support for local national identity. The exact secession process was never specified, whereas the status and territorial division of the regions were *de facto* defined by the central authorities. The central Soviet government stripped, amended, promoted, and demoted republics multiple times throughout its history. A few of these cases are particularly notable. For instance, the Kazakh and Kyrgyz Soviet Socialist Republics were originally autonomous republics within the RSFSR but were promoted by Stalin's government to the level of Soviet Socialist Republics in 1936. Others - like the Crimean ASSR - were downgraded to the level of a simple region. Some regions, in fact, had the experience of both. The Karelian ASSR was originally part of the RSFSR but was promoted to a standalone union republic after incorporating part of the Finnish territories following the Soviet-Finnish war of 1939-1940. In 1956, however, Khrushchev's government demoted its status back to Karelian ASSR as part of the RSFSR, which remained unchanged until the final days of the USSR.

## STATE OF DECAY

All this became increasingly important in the late 1980s when rising political activism started to fuel nationalist sentiments. The rising culture of transparency and open discussion ('glasnost') opened the hidden wounds of grief caused by the forced migration policies of Stalin's time, which were frequently ethnic-centred. Since the administrative division - including both the autonomous regions and union republics - was largely based on ethnic principles, public demands for revision of the territorial divisions inside the Union and greater political autonomy became louder.

This effectively led to a multi-level conflict inside the USSR. Leaders of the union republics demanded more economic and political powers from the central authorities based on their 'sovereignty' status declared in the constitution. Leaders of the autonomous regions, on the other side, demanded the same

but in negotiations with the union republics. With the central power rapidly losing control and credibility on the local level, tensions continued to rise, setting the stage for a full-fledged secession agenda for both union republics and autonomous regions alike. With autonomous regions populated by distinct ethnic groups which were minorities within the union republics, the tensions reinforced growing political alienation along ethnic lines. The socialist country, which the first Soviet constitution declared as a space of 'the pacific co-existence and fraternal collaboration of peoples'<sup>3</sup>, rapidly became a stage for ethnic-centred confrontation.

## THE CLASH OF RIGHTS

This was the moment when the existing legal framework and growing revisionism of territorial division backfired on the Kremlin. On the one hand, the mechanism of withdrawal from the Union was not precisely specified until April 1990. This legal void allowed leaders of the union republics to interpret it in their favour and define the secession process on their own. The rationale was simple: the constitution allowed the union republics to exercise rights not reserved for the central authorities. With the Soviet constitution declaring autonomous regions as part of the Soviet republics, the republican authorities also intended to keep autonomous regions as part of the emerging sovereign states. From the legal standpoint, this was motivated by Articles 80, 86, and 88 of the Soviet constitution. Article 80 stated:

*'An autonomous republic is part of a Union republic.'*<sup>4</sup>

This interpretation, however, was at odds with the interests of the Kremlin and of the autonomous regions. For the Kremlin, it was unilateral secession. For autonomous regions, it was an unfair and illegitimate decision in the context of growing democratisation. With the precedents of autonomous regions already being promoted and demoted, local leaders and populations demanded their own right to self-determination.

Central legislative bodies attempted to achieve a compromise by adopting two laws in April 1990. The first one (N 1409-I) formalised the secession process in the Soviet Union.<sup>5</sup> In an attempt to satisfy the demands of autonomous regions, it gave them the right to independently decide upon their status should the union republic initiate secession (Article 3):

*'In a Union republic with autonomous republics, autonomous oblasts and autonomous districts, a referendum is held separately for each autonomy. The nations of autonomous republics and autonomous regions retain the right to independently decide if they want to stay in the USSR or to secede together with the Soviet republic, as well as to raise the question of their state-legal status.'*

<sup>3</sup> Constitution of USSR (1924).

<sup>4</sup> Similar provisions regulated other autonomous regions. Article 86: 'An autonomous oblast is part of a union republic or krai. The law on an autonomous oblast is adopted by the Supreme Council of the Union Republic on the proposal of the Council of People's Deputies of the autonomous oblast'. Article 88: 'An autonomous district is part of a krai or oblast. The law on autonomous districts is adopted by the Supreme Council of the Union Republic'.

<sup>5</sup> 'On the Procedure for Resolving Questions Related to the Secession of a Union Republic from the USSR' (1990).

The second law (N 1457-I) promoted the status of autonomous republics, albeit not all autonomous regions, to the level of constituent entities of the federation (Article 1):

*'Autonomous republics are Soviet socialist states that are constituent entities of the Federation - the Union of Soviet Socialist Republics. Autonomous republics, autonomous formations are part of the Union republics on the basis of **free self-determination** of nations, have full state power on their territory outside the limits of the powers delegated to them by the Union of SSR and the Union republics.'*<sup>6</sup>

These laws, which barely appear in the contemporary discussion of post-soviet territorial disputes, had major political consequences. First, they decoupled the secession results of the union republics from the secession results of autonomous regions. The Kremlin might have hoped to use them as leverage against growing separatism in the union republics. The law clearly implied the following: should, say, the Georgian SSR initiate secession, there is no guarantee that it will withdraw with the same territory, because Abkhaz ASSR, Adzhar ASSR, and the South-Ossetian Autonomous Region may vote to stay in the USSR. Even the Soviet republics with no autonomous regions might have been affected, because the results of the secession status should have been applied separately to unspecified minority clusters:

*'In a Union republic, on the territory of which there are places of compact residence of national groups that make up the majority of the population in a given locality, the results of voting in these places are taken into account separately when determining the results of the referendum.'*

Second, the laws blurred the distinction between autonomous republics and union republics. They defined both as 'states', declared them constituent entities of the federation, and emphasized their right to self-determination. These novelties strengthened positions of the emerging leaders in the autonomous republics, who promoted nationalist agendas; this all formed the legal basis for further escalation.

## ESCALATION AND COLLAPSE

These two laws, which were supposed to be the glue that held together the disintegrating state, aggravated the rising contradictions between the union republics and the autonomous regions embedded within them. On the one hand, they legalised the standalone secession rights for minorities and simultaneously boosted the legitimacy of the breakaway movements. On the other hand, the acting constitution of the USSR still defined autonomous regions as parts of the union republics and explicitly stated the supremacy of the executive bodies of the union republics over the autonomous regions. The result was a war of laws and decrees on the local level. The executive bodies of the autonomous regions with the most ambitious political leaders adopted secessionist decrees by holding independence referendums. The executive bodies of the union republics issued decrees declaring these decisions null and void. Both claimed to be in the right by loosely interpreting the contradictory constitutional framework in their favour.

Even though the initial strengthening of autonomous regions in the union republics was supposed to play in the Kremlin's favour, it quickly started to undermine central power as well. Local supreme

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<sup>6</sup> 'On the division of competencies between the Union of SSR and the constituent entities of the federation' (1990).

councils started to declare their sovereignty akin to the union republics and unilaterally promote themselves to union republics (Tatar SSR in Russia). In a similar fashion, minority clusters initiated plebiscites, with the goal of forming an autonomous republic (Crimean ASSR) or a union republic straight away (Transnistrian SSR). The authorities of the union republics treated these attempts as treason and utilised both negotiation and coercion to stop nested disintegration. Minorities and autonomous regions framed this as ethnic discrimination and a violation of their right to self-determination. All sides were selectively pointing to the existing legal framework and violating it at the same time. With the Kremlin rapidly losing *de facto* control over resource allocation and military forces, it became unclear what the rules were and who was going to enforce compliance with them.

## THE EMERGENCE OF BREAKAWAY REPUBLICS

With the supranational institutions slow to respond, conflicts continued to develop on their own. The outcomes were largely dependent on the negotiation skills of local leaders, the imbalance in armed forces, and prospects for external support. Regions where political tensions culminated in an armed conflict (Abkhazia, Chechnya, Nagorno-Karabakh, South Ossetia, and Transnistria) were places where negotiators were weak, the perceived imbalance in arms was strong, and expectations for external support for autonomous regions were high. This explosive mix paved the way for armed conflicts and aggravated grief and alienation between ethnic groups within the post-Soviet republics.

This outcome was not predetermined. The examples of the Gagauz Republic in Moldova and the Tatar Republic in Russia are instructive in this respect. Both were active participants in the disintegration process and *de facto* independent for a few years. Yet after carefully assessing the pros and cons of an open confrontation, both local and republican elites opted for diplomatic manoeuvring and peaceful reintegration. The essence of the trade-off was typically as follows: less sovereignty in exchange for fiscal preferences. Leaders that followed this path gave up their political ambitions but managed to save human lives and deserve credit for that.

## CONCLUSIONS

This article shows that the emergence of breakaway republics in the post-Soviet space was strongly connected to the self-contradicting governance structure of the Soviet Union. The Soviet constitutional framework was strongly at odds with real governance principles, which came under attack amid rising political activism and deteriorating economic performance. By the twilight of the Soviet Union, its laws granted rights to self-determination in a situation in which it could not ensure compliance with the rules.

Within this framework, separating rights from wrongs is virtually impossible. It is of little help to oppose or justify secessions of that time on legal grounds, because the legal framework was poorly defined and unrealistic in the context of a failing state. Discussions about separatism in the late Soviet Union should always factor this in. It is hard to deny: the political elites of the late Soviet Union - both at the union and regional levels - twisted the laws in their favour. Yet as engineers like to emphasise: if a user can easily misuse a tool, it is not her fault - it is a design problem. The constitutional design of the USSR was good on paper, but non-operational in practice. Remembering this is essential to understanding the causes and consequences of conflict in the post-Soviet region.

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The monthly and quarterly statistics cover **22 countries** of the CESEE region. The graphical form of presenting statistical data is intended to facilitate the **analysis of short-term macroeconomic developments**. The set of indicators captures trends in the real and monetary sectors of the economy, in the labour market, as well as in the financial and external sectors.

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### Conventional signs and abbreviations used

%	per cent
ER	exchange rate
GDP	Gross Domestic Product
HICP	Harmonised Index of Consumer Prices (for new EU member states)
LFS	Labour Force Survey
NPISHs	Non-profit institutions serving households
p.a.	per annum
PPI	Producer Price Index
reg.	registered
y-o-y	year on year

The following national currencies are used:

ALL	Albanian lek	HRK	Croatian kuna	RON	Romanian leu
BAM	Bosnian convertible mark	HUF	Hungarian forint	RSD	Serbian dinar
BGN	Bulgarian lev	KZT	Kazakh tenge	RUB	Russian rouble
BYN	Belarusian rouble	MKD	Macedonian denar	TRY	Turkish lira
CZK	Czech koruna	PLN	Polish zloty	UAH	Ukrainian hryvnia

EUR euro – national currency for Montenegro, Kosovo and for the euro-area countries Estonia (from January 2011, euro-fixed before), Latvia (from January 2014, euro-fixed before), Lithuania (from January 2015, euro-fixed before), Slovakia (from January 2009, euro-fixed before) and Slovenia (from January 2007, euro-fixed before).

Sources of statistical data: Eurostat, National Statistical Offices, Central Banks and Public Employment Services; wiiw estimates.

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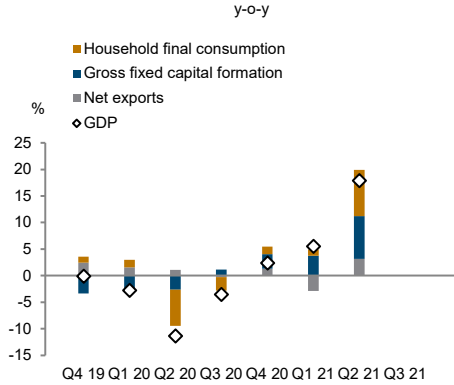
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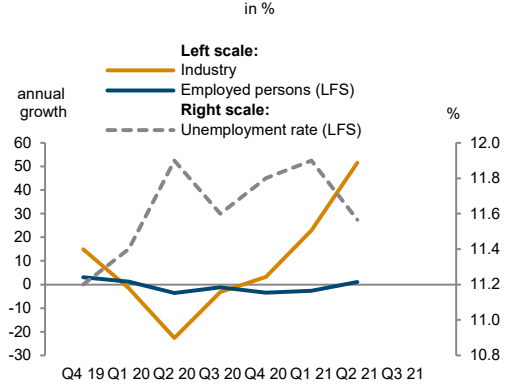
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# Albania

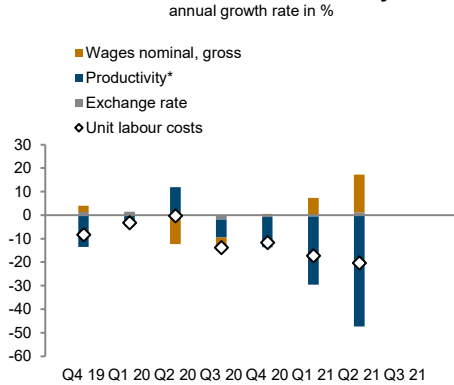
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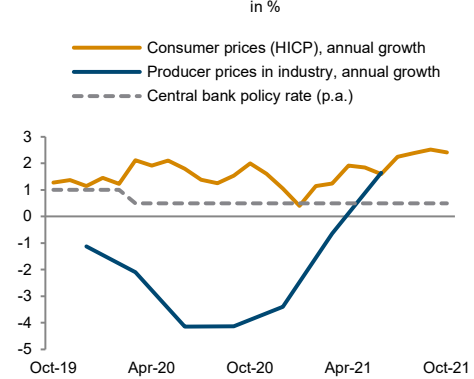
## Real sector development



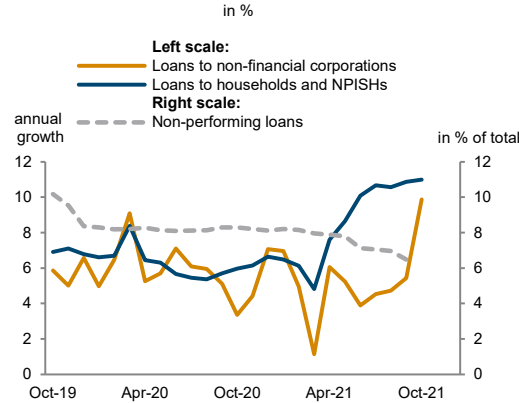
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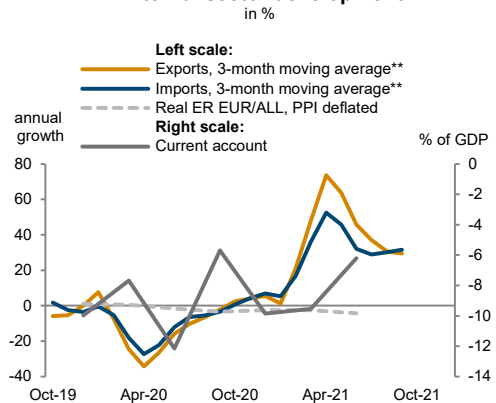
## Inflation and policy rate



## Financial indicators



## External sector development



\*\*EUR based.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

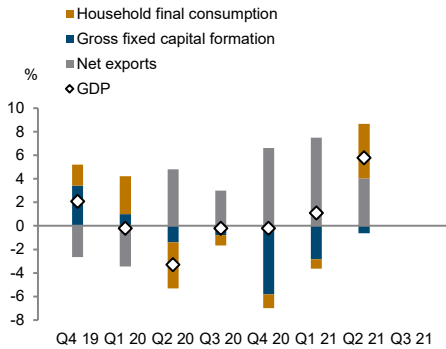
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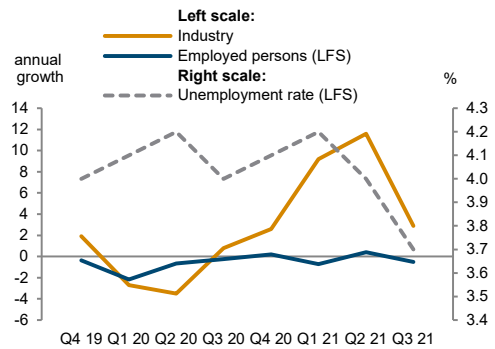


# Belarus

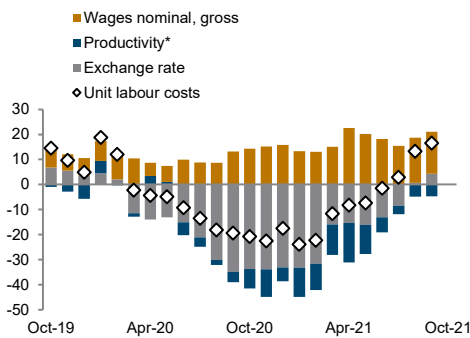
**Real GDP growth and contributions**  
y-o-y



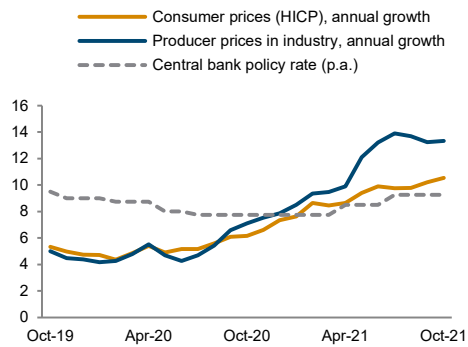
**Real sector development**  
in %



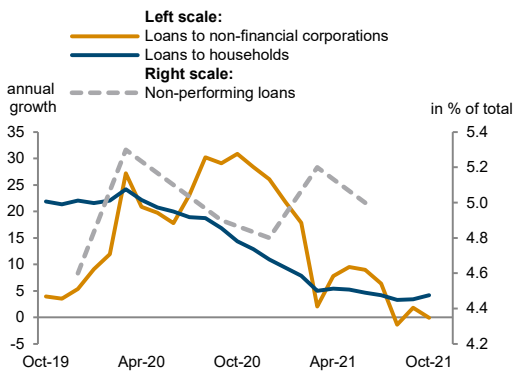
**Unit labour costs in industry**  
annual growth rate in %



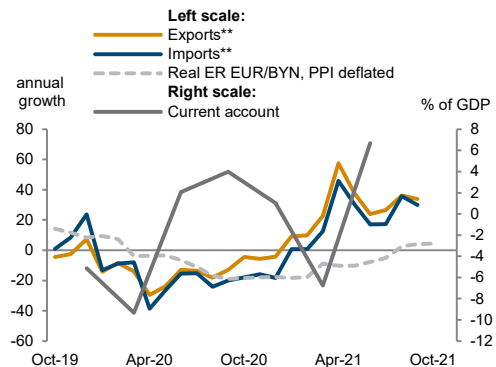
**Inflation and policy rate**  
in %



**Financial indicators**  
in %



**External sector development**  
in %



\*\*EUR based.

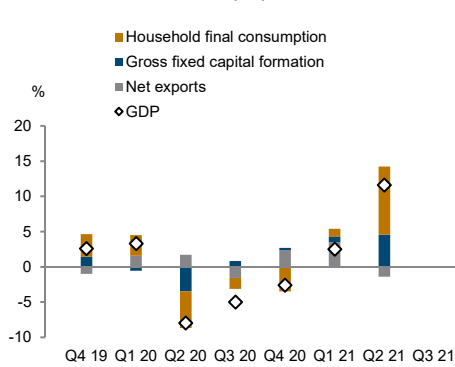
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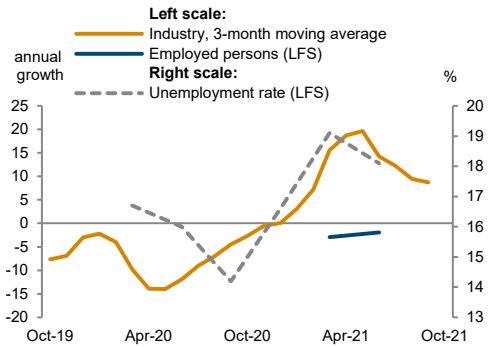
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# Bosnia and Herzegovina

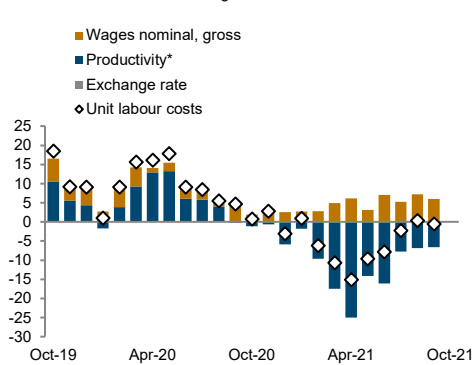
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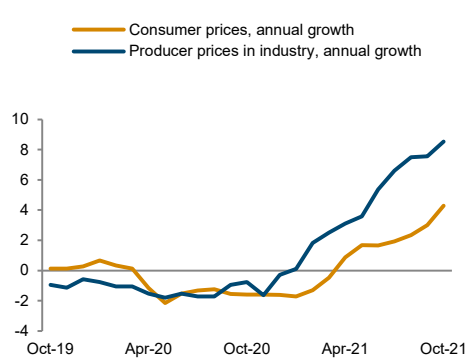
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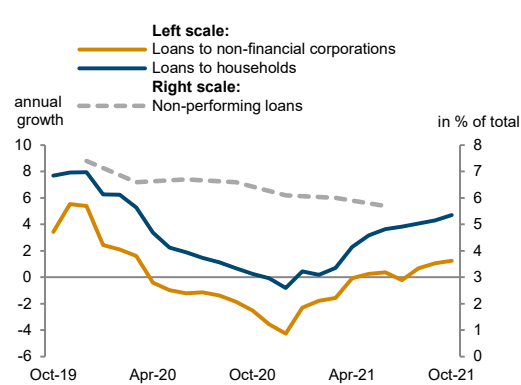
### Unit labour costs in industry



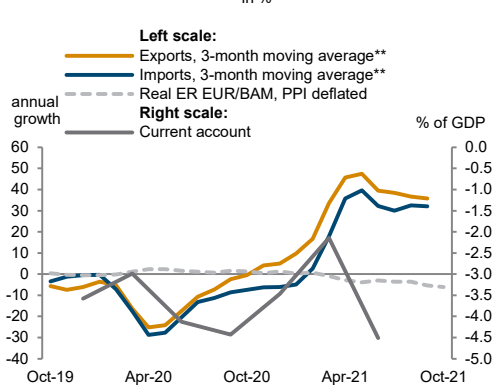
### Inflation



### Financial indicators



### External sector development



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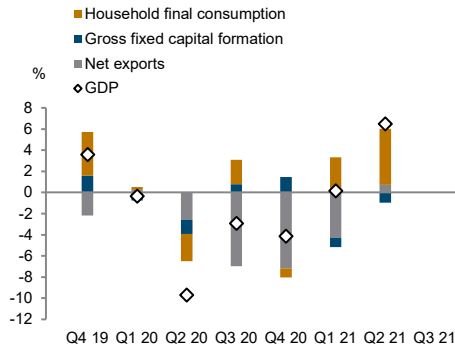
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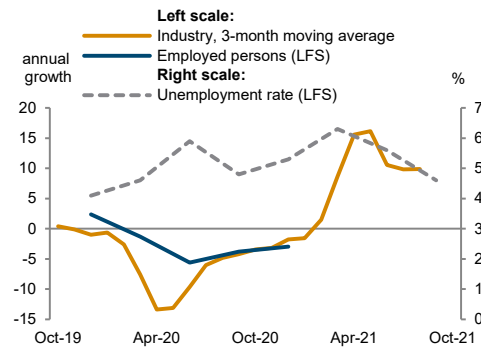
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# Bulgaria

**Real GDP growth and contributions**  
y-o-y



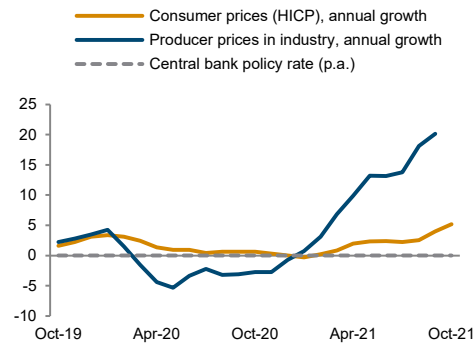
**Real sector development**  
in %



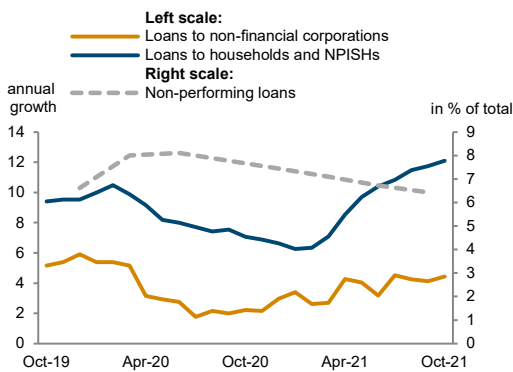
**Unit labour costs in industry**  
annual growth rate in %



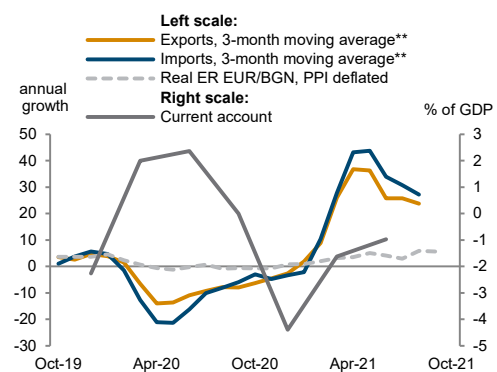
**Inflation and policy rate**  
in %



**Financial indicators**  
in %



**External sector development**  
in %



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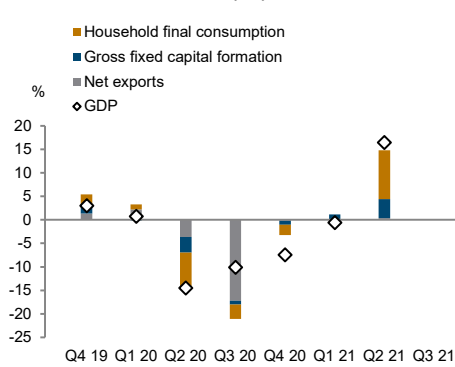
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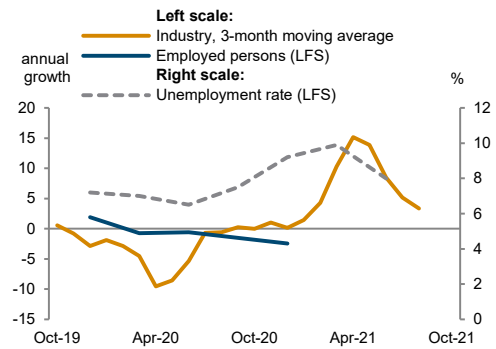
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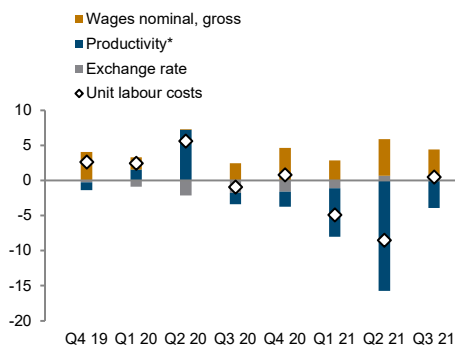
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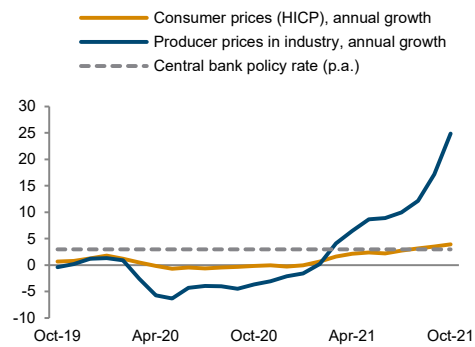
### Real sector development



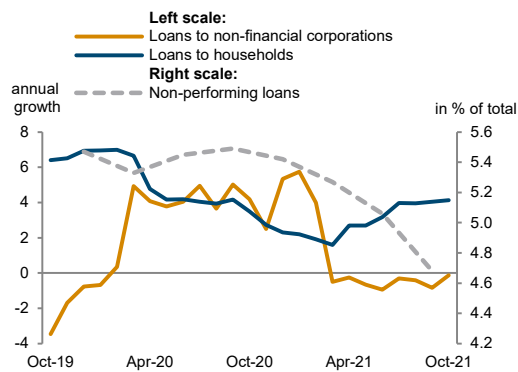
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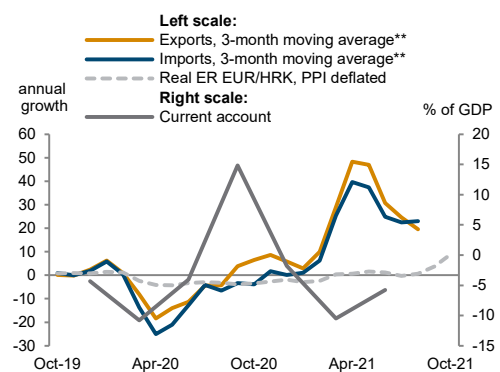
### Inflation and policy rate



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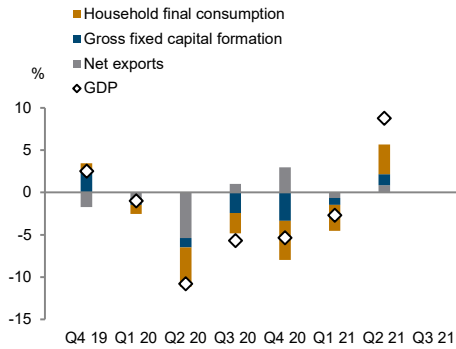
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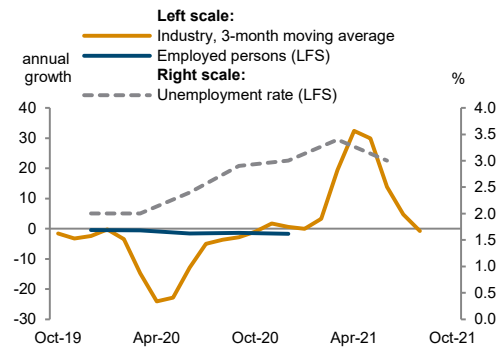
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# Czechia

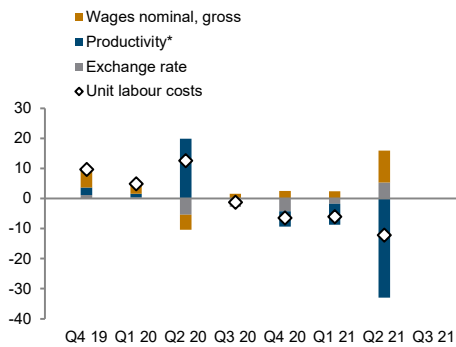
**Real GDP growth and contributions**  
y-o-y



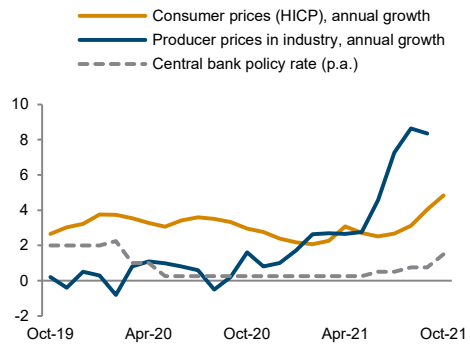
**Real sector development**  
in %



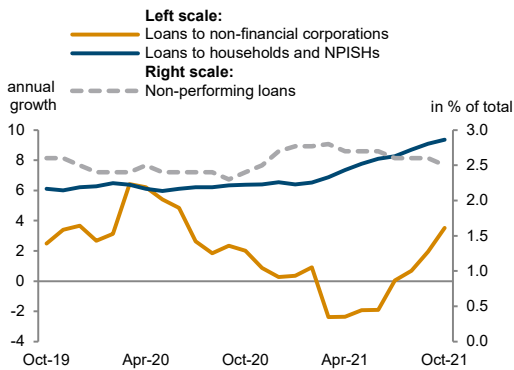
**Unit labour costs in industry**  
annual growth rate in %



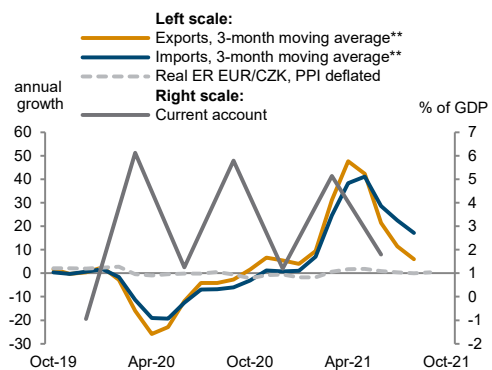
**Inflation and policy rate**  
in %



**Financial indicators**  
in %



**External sector development**  
in %



\*\*EUR based.

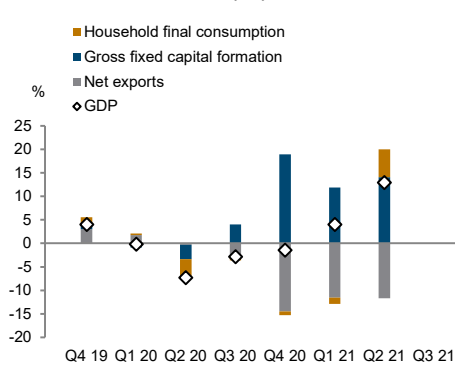
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

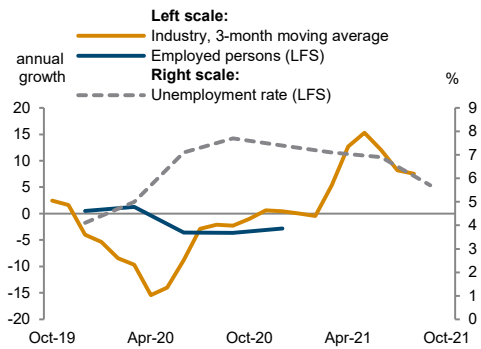
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# Estonia

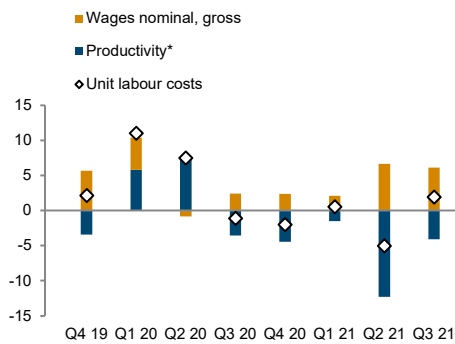
### Real GDP growth and contributions



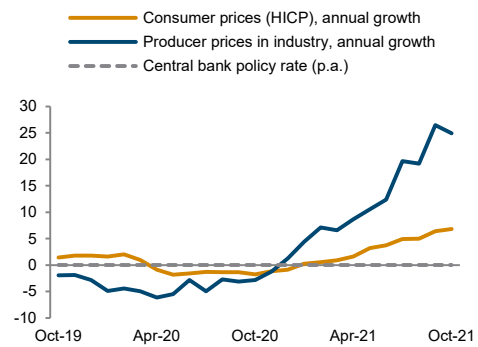
### Real sector development



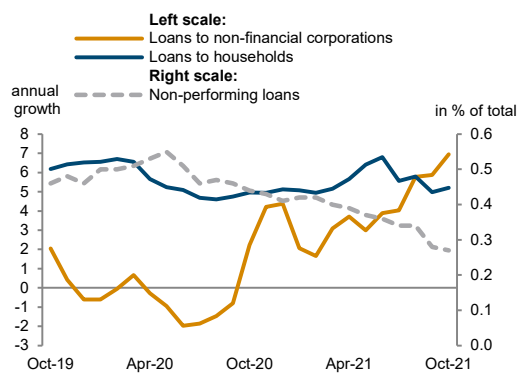
### Unit labour costs in industry



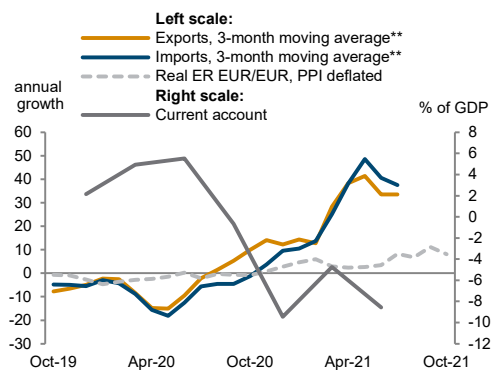
### Inflation and policy rate



### Financial indicators



### External sector development



\*\*EUR based.

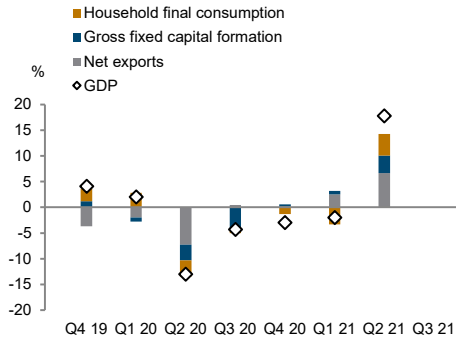
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

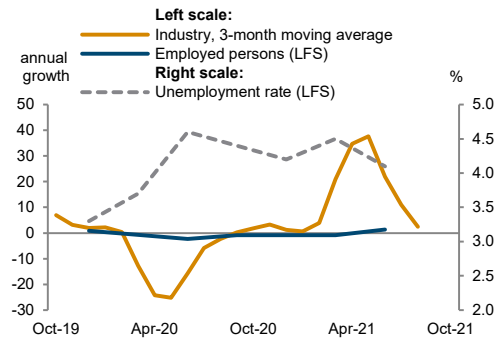
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# Hungary

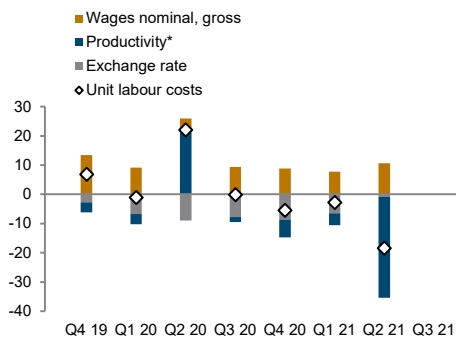
**Real GDP growth and contributions**  
y-o-y



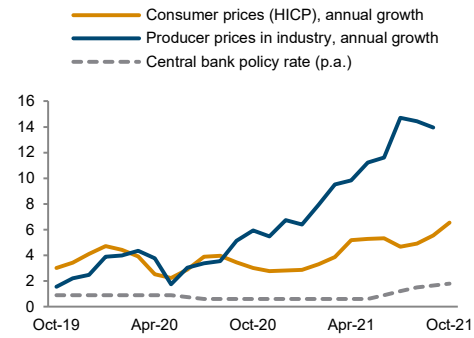
**Real sector development**  
in %



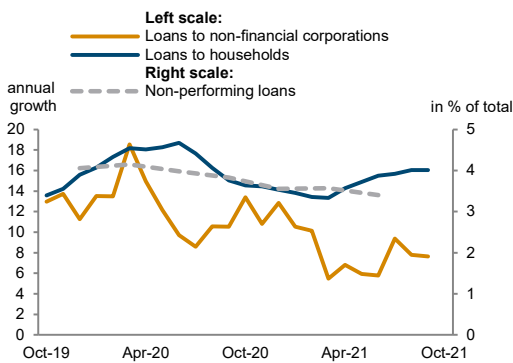
**Unit labour costs in industry**  
annual growth rate in %



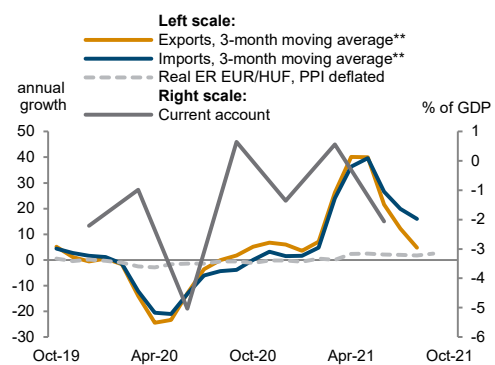
**Inflation and policy rate**  
in %



**Financial indicators**  
in %



**External sector development**  
in %



\*\*EUR based.

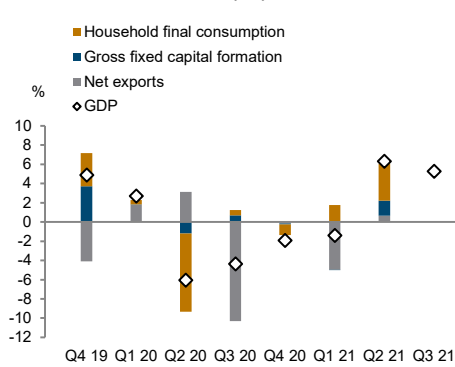
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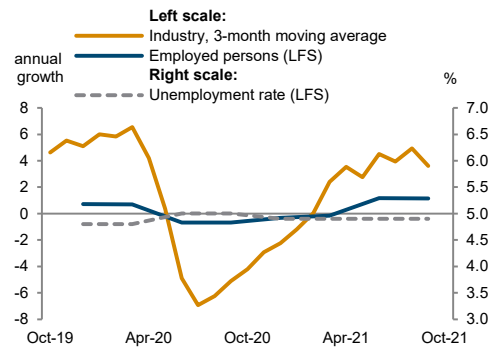
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# Kazakhstan

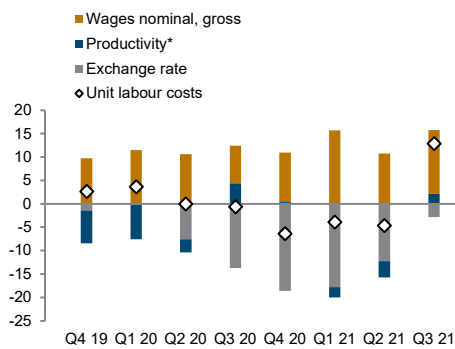
### Real GDP growth and contributions



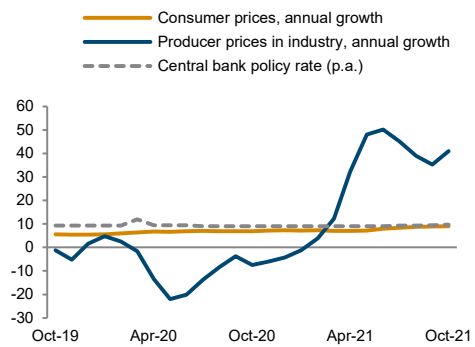
### Real sector development



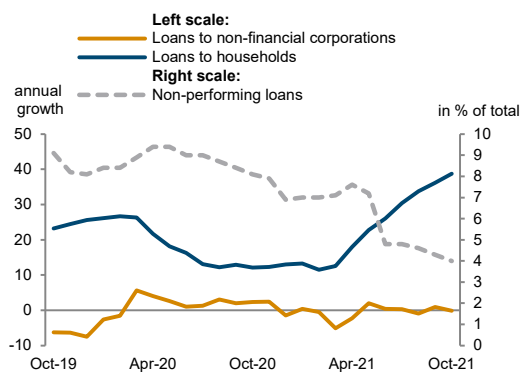
### Unit labour costs in industry



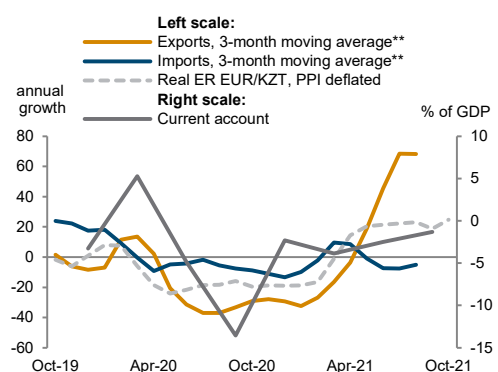
### Inflation and policy rate



### Financial indicators



### External sector development



\*\*EUR based.

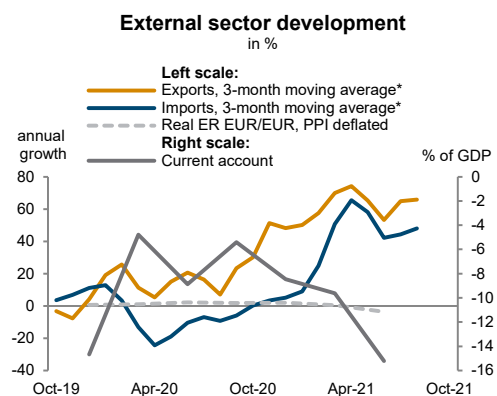
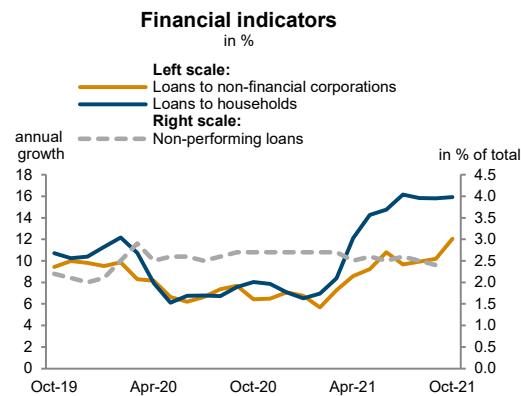
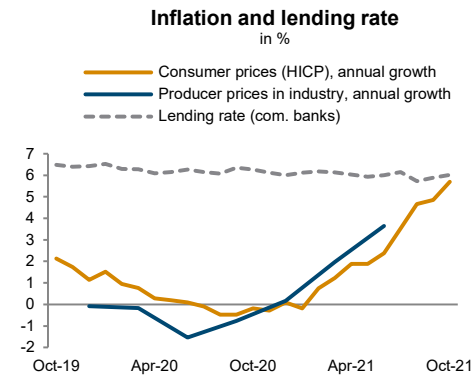
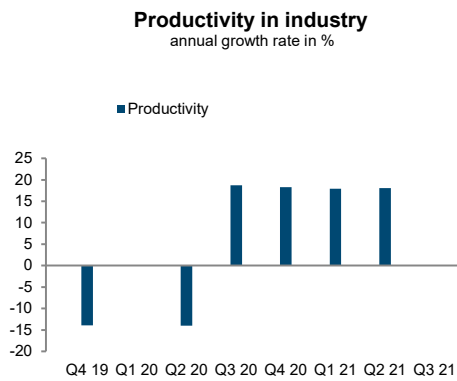
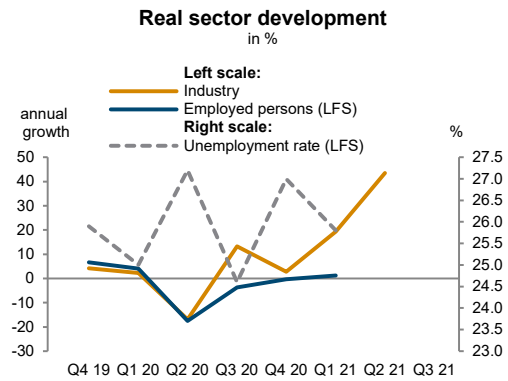
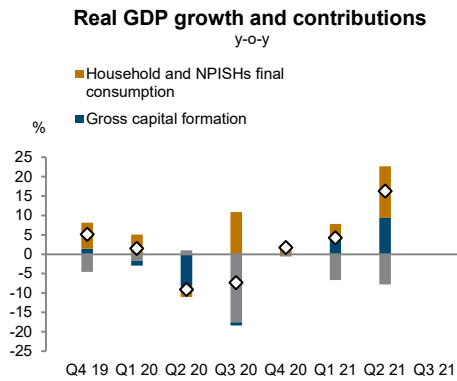
Source: wiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

<https://data.wiw.ac.at/monthly-database.html>



# Kosovo



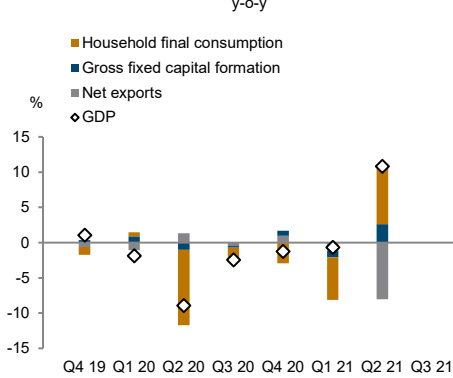
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

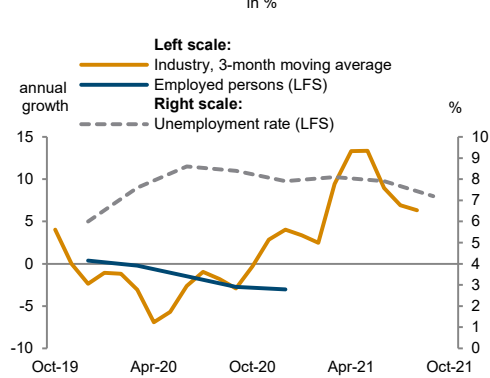
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# Latvia

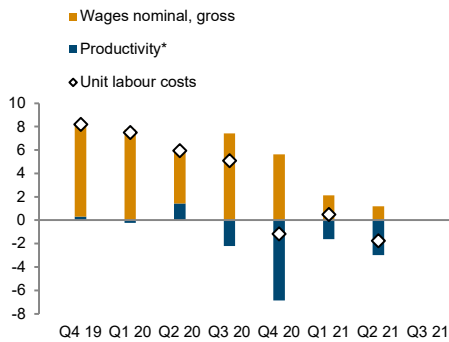
**Real GDP growth and contributions**



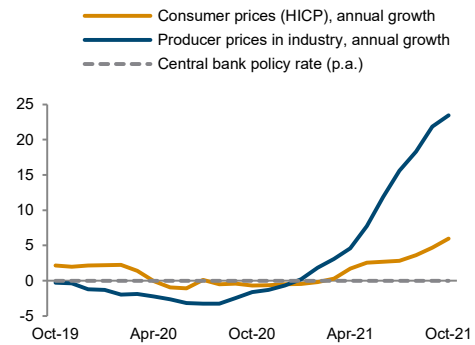
**Real sector development**



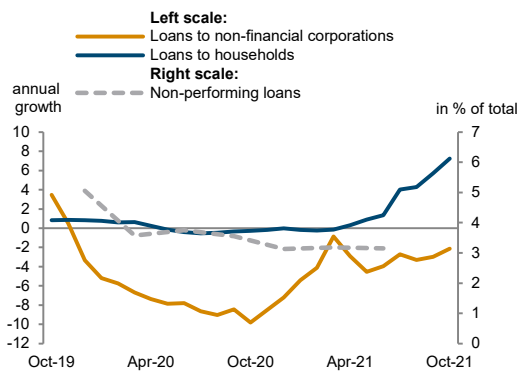
**Unit labour costs in industry**



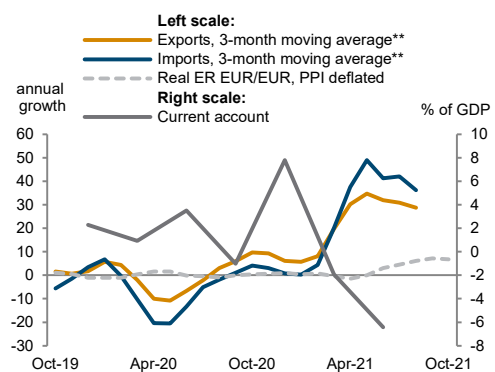
**Inflation and policy rate**



**Financial indicators**



**External sector development**

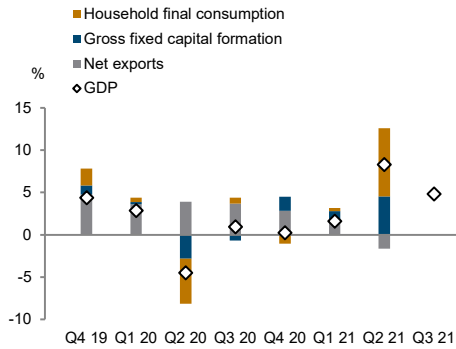


\*\*EUR based.

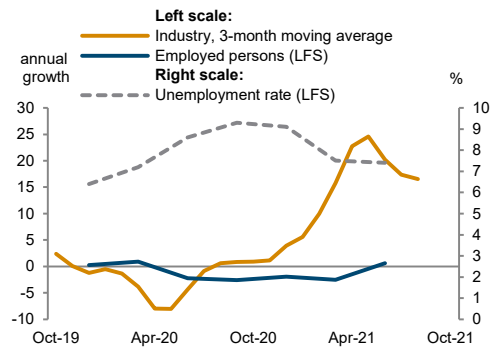
Source: wiiw Monthly Database incorporating Eurostat and national statistics.  
 Baseline data, country-specific definitions and methodological breaks in time series are available under:  
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# Lithuania

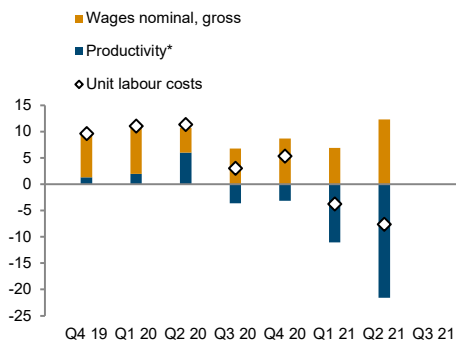
**Real GDP growth and contributions**  
y-o-y



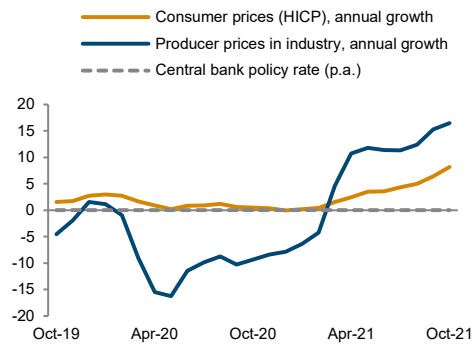
**Real sector development**  
in %



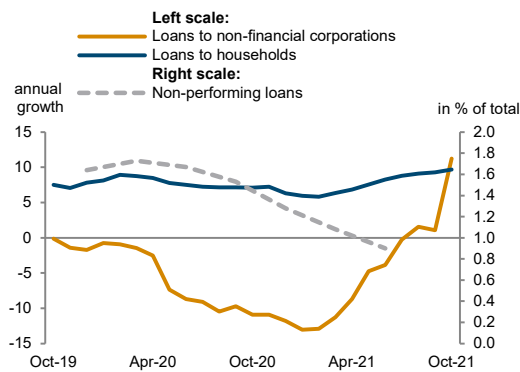
**Unit labour costs in industry**  
annual growth rate in %



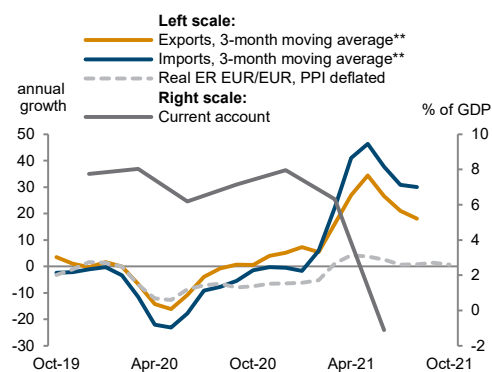
**Inflation and policy rate**  
in %



**Financial indicators**  
in %



**External sector development**  
in %



\*\*EUR based.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

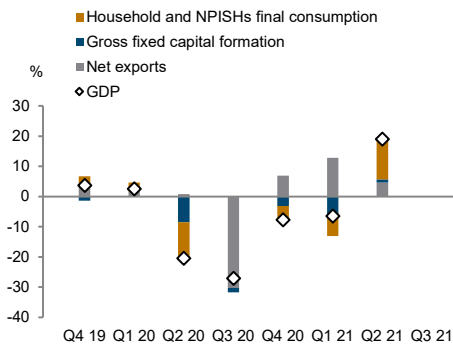
Baseline data, country-specific definitions and methodological breaks in time series are available under:

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# Montenegro

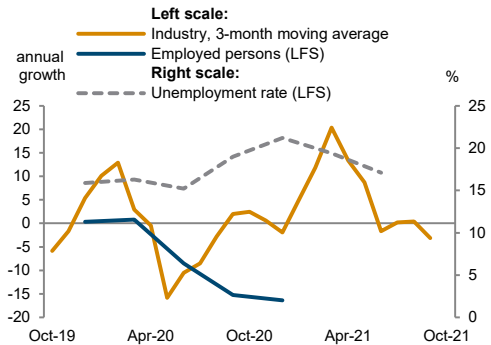
### Real GDP growth and contributions

y-o-y



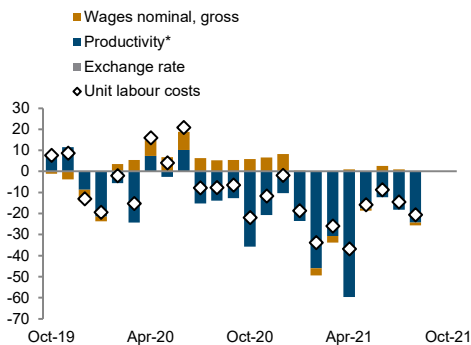
### Real sector development

in %



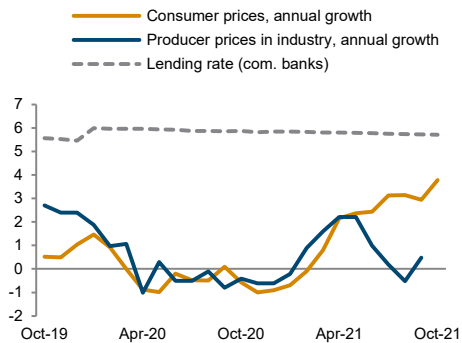
### Unit labour costs in industry

annual growth rate in %



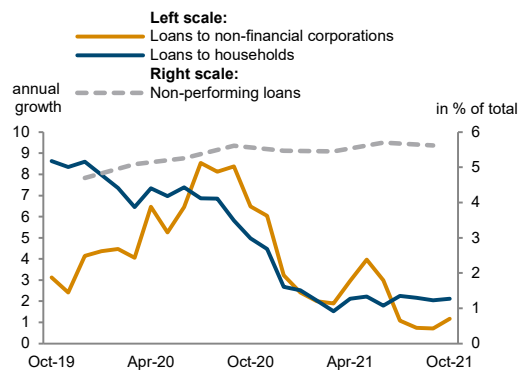
### Inflation and lending rate

in %



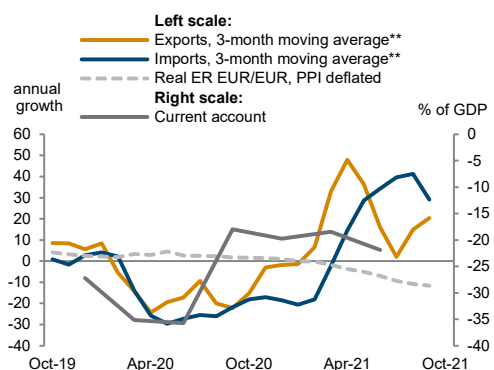
### Financial indicators

in %



### External sector development

in %



\*\*EUR based.

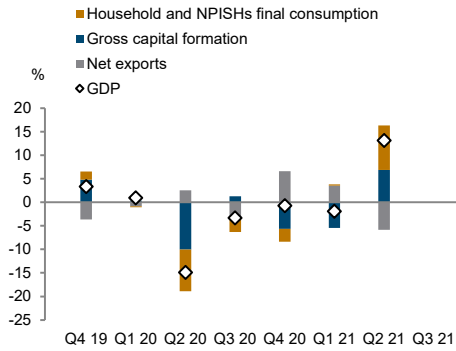
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

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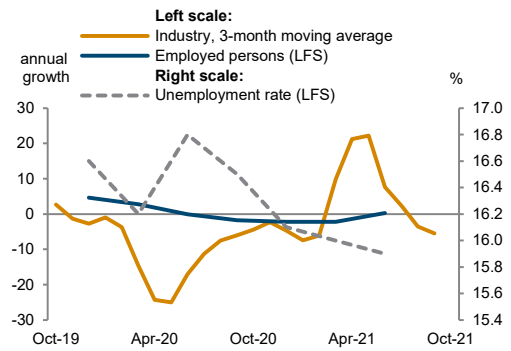
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# North Macedonia

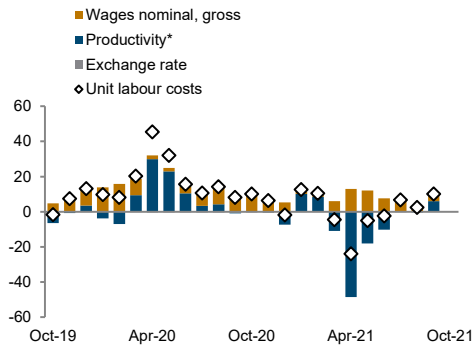
**Real GDP growth and contributions**  
y-o-y



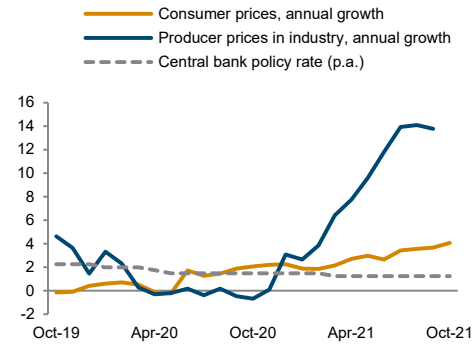
**Real sector development**  
in %



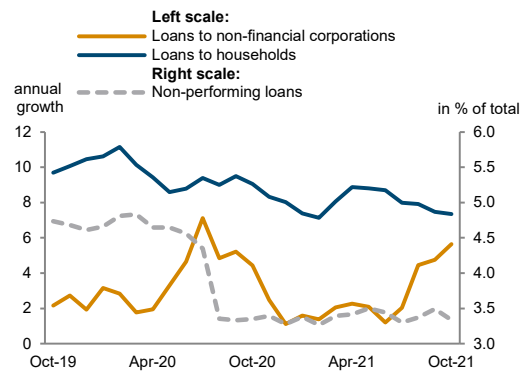
**Unit labour costs in industry**  
annual growth rate in %



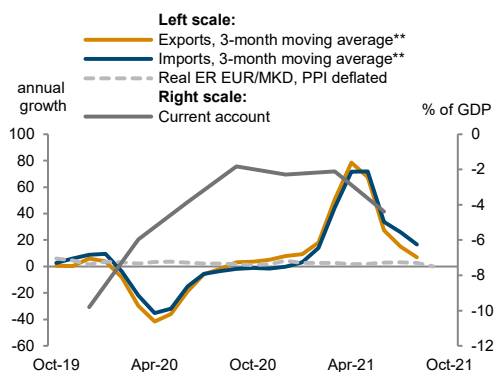
**Inflation and policy rate**  
in %



**Financial indicators**  
in %



**External sector development**  
in %



\*\*EUR based.

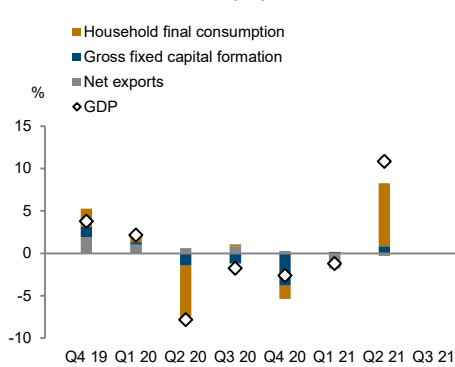
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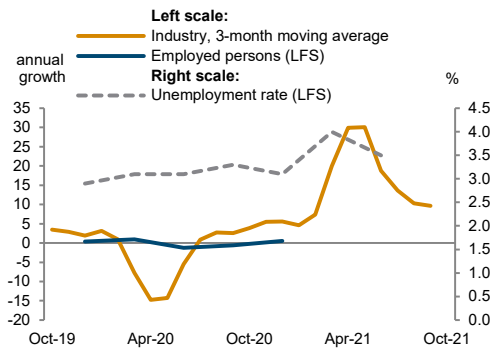
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# Poland

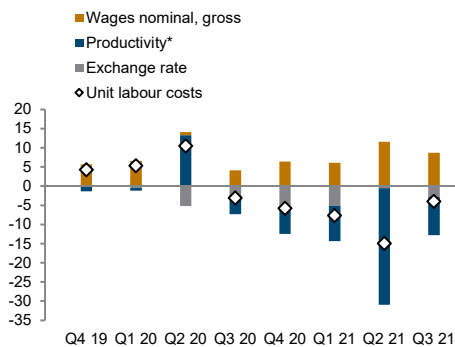
### Real GDP growth and contributions



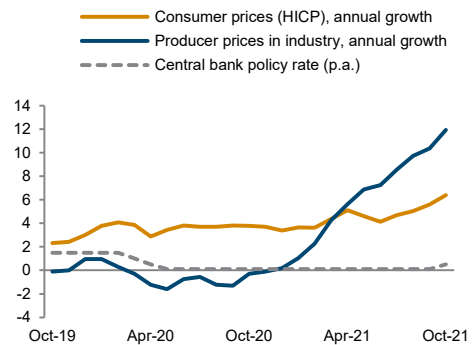
### Real sector development



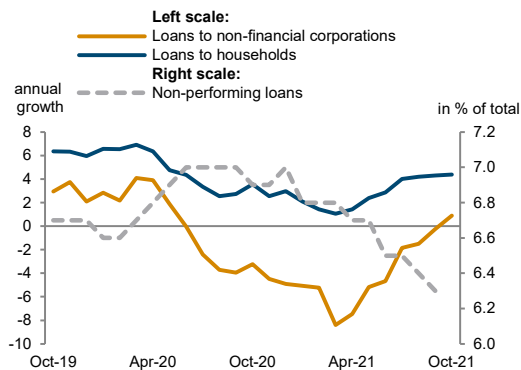
### Unit labour costs in industry



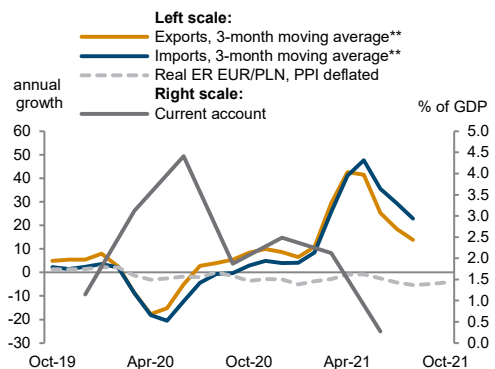
### Inflation and policy rate



### Financial indicators



### External sector development



\*\*EUR based.

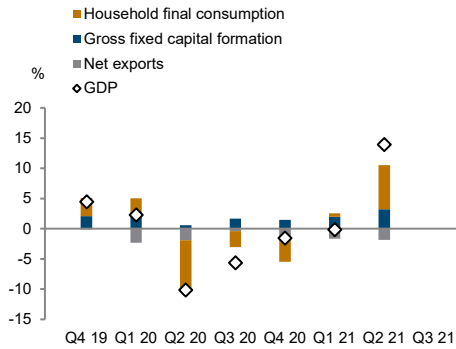
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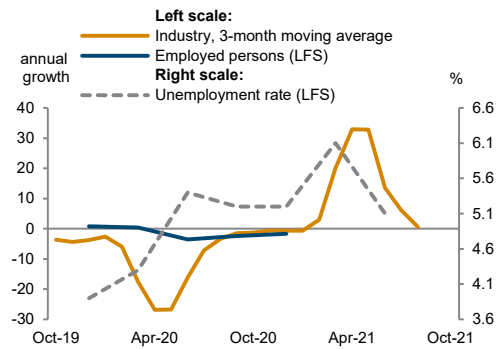
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# Romania

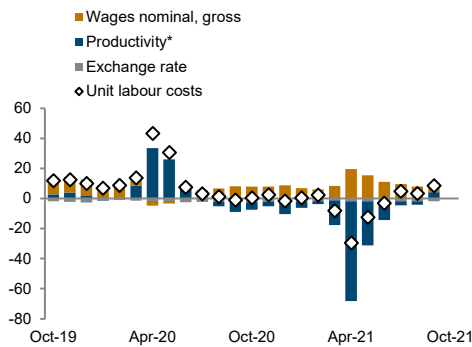
**Real GDP growth and contributions**  
y-o-y



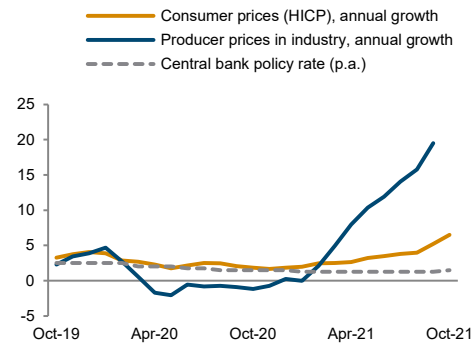
**Real sector development**  
in %



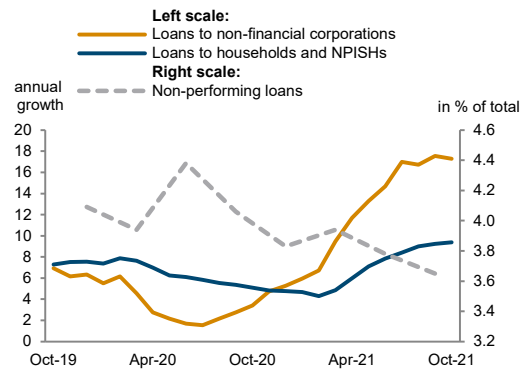
**Unit labour costs in industry**  
annual growth rate in %



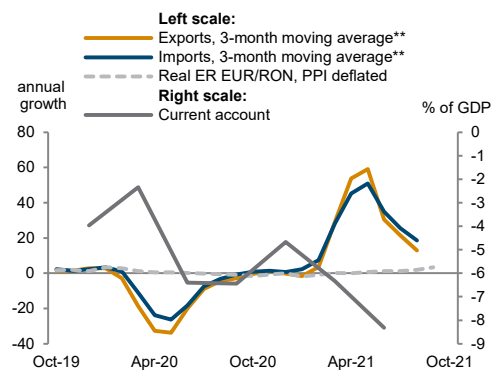
**Inflation and policy rate**  
in %



**Financial indicators**  
in %



**External sector development**  
in %



\*\*EUR based.

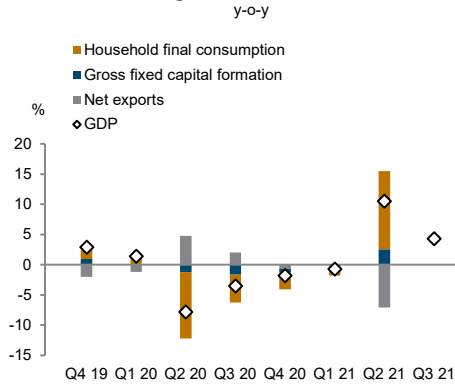
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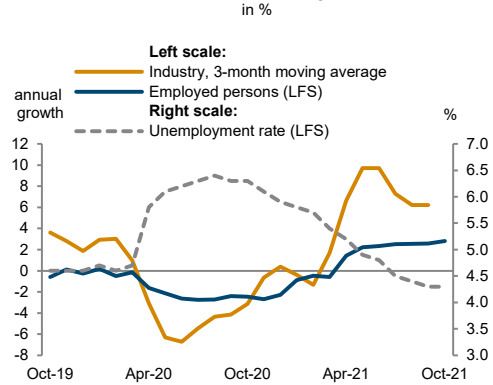
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# Russia

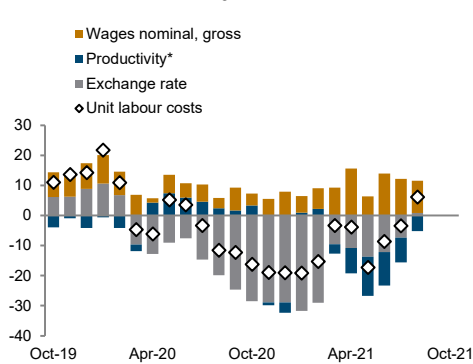
## Real GDP growth and contributions



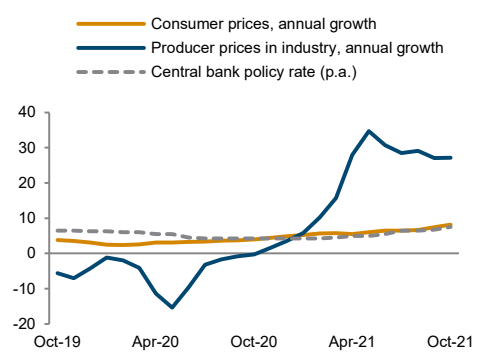
## Real sector development



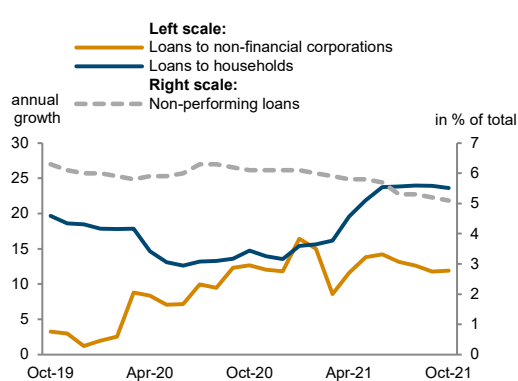
## Unit labour costs in industry



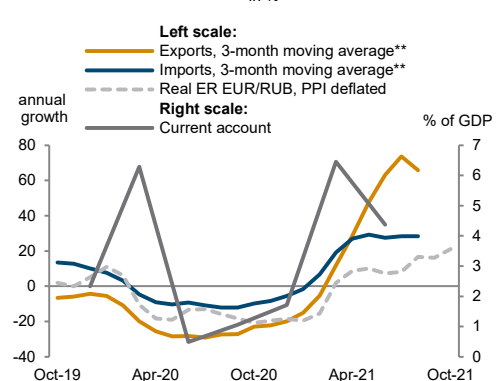
## Inflation and policy rate



## Financial indicators



## External sector development



\*\*EUR based.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

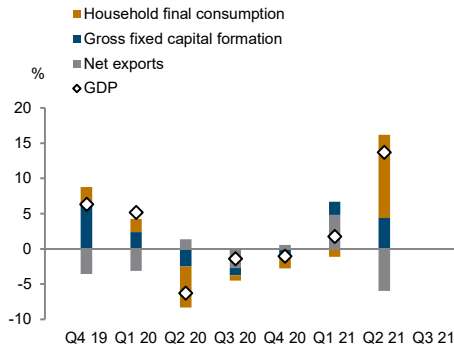
Baseline data, country-specific definitions and methodological breaks in time series are available under:

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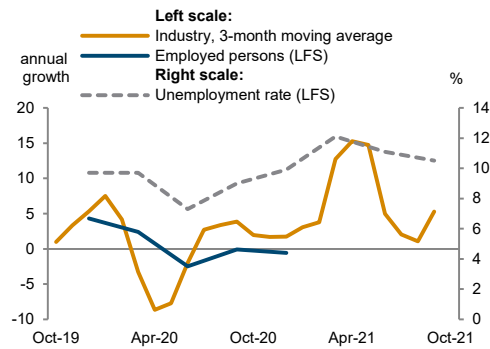


# Serbia

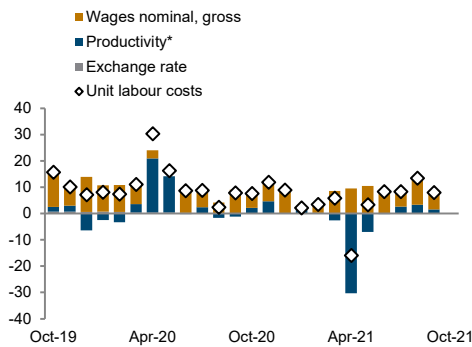
**Real GDP growth and contributions**  
y-o-y



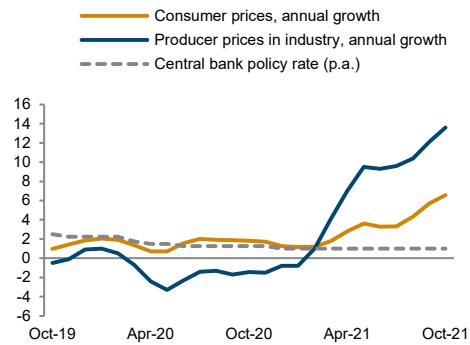
**Real sector development**  
in %



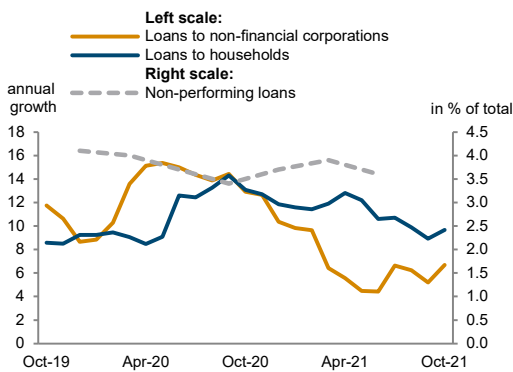
**Unit labour costs in industry**  
annual growth rate in %



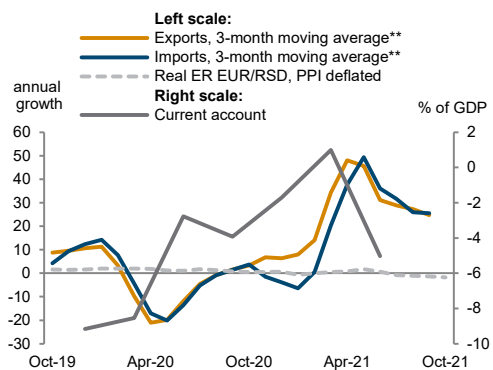
**Inflation and policy rate**  
in %



**Financial indicators**  
in %



**External sector development**  
in %



\*\*EUR based.

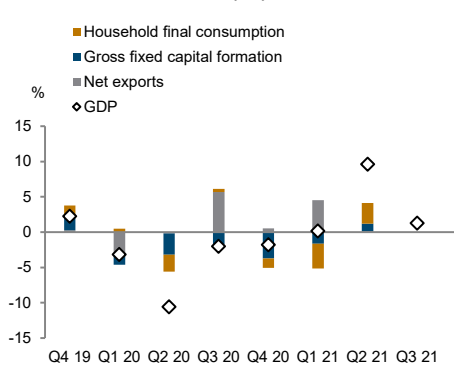
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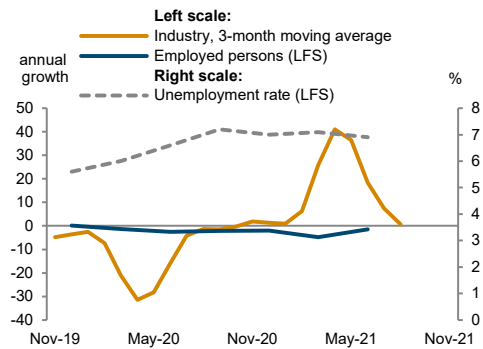
<https://data.wiiw.ac.at/monthly-database.html>

# Slovakia

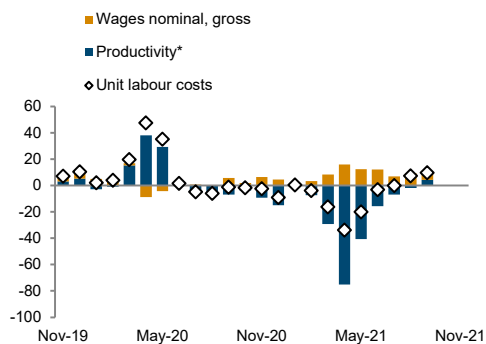
### Real GDP growth and contributions



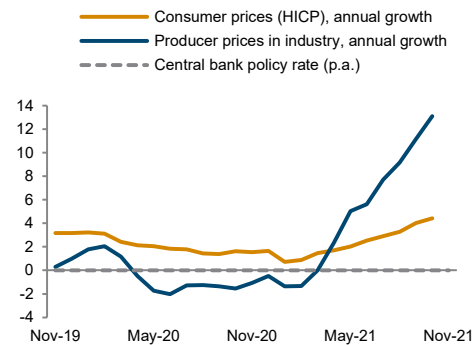
### Real sector development



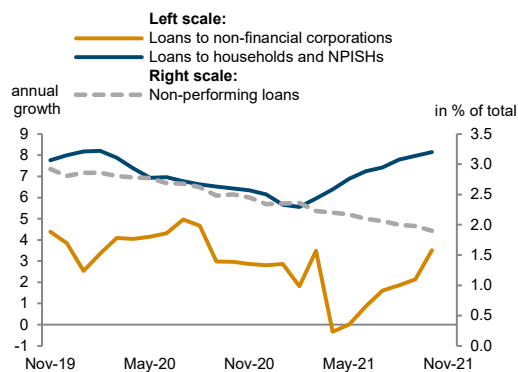
### Unit labour costs in industry



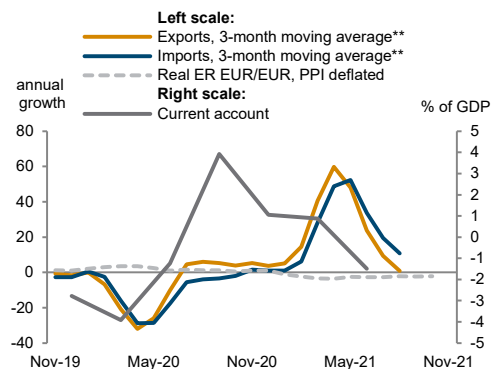
### Inflation and policy rate



### Financial indicators



### External sector development



\*\*EUR based.

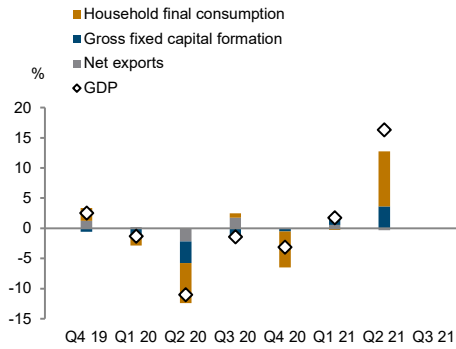
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

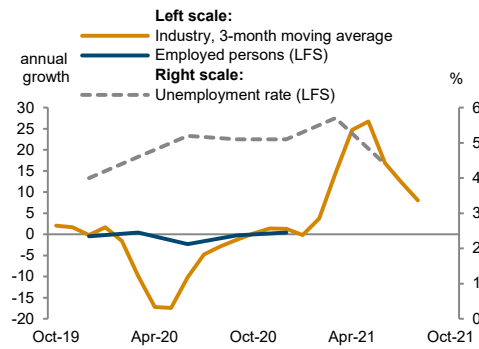
<https://data.wiiw.ac.at/monthly-database.html>

# Slovenia

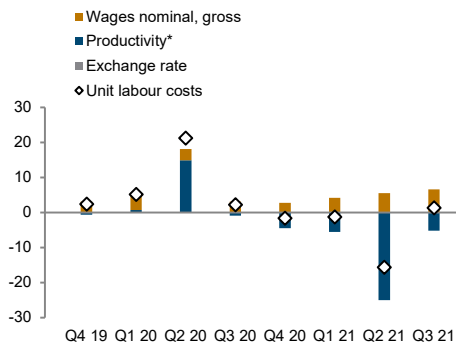
**Real GDP growth and contributions**  
y-o-y



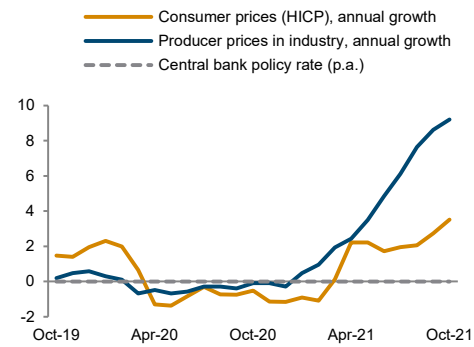
**Real sector development**  
in %



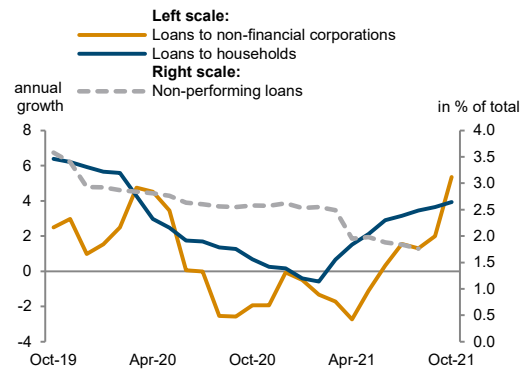
**Unit labour costs in industry**  
annual growth rate in %



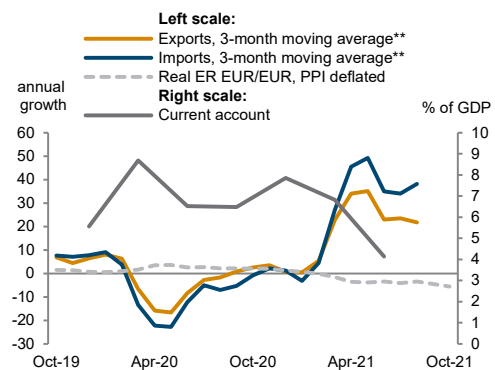
**Inflation and policy rate**  
in %



**Financial indicators**  
in %



**External sector development**  
in %



\*\*EUR based.

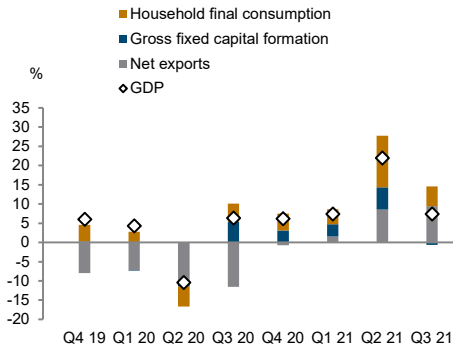
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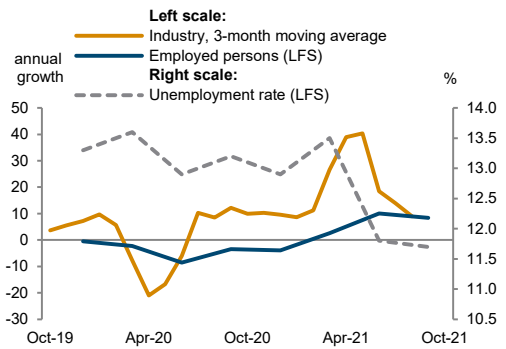
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# Turkey

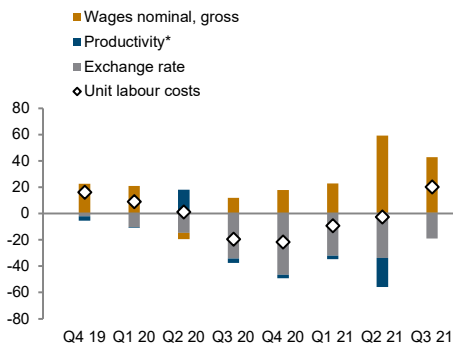
**Real GDP growth and contributions**  
y-o-y



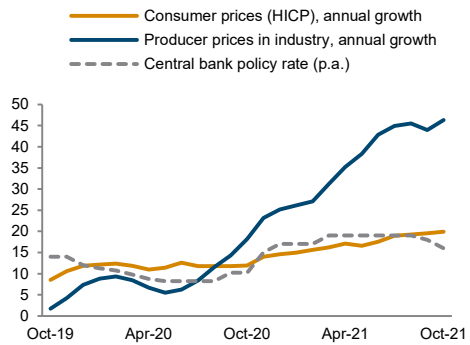
**Real sector development**  
in %



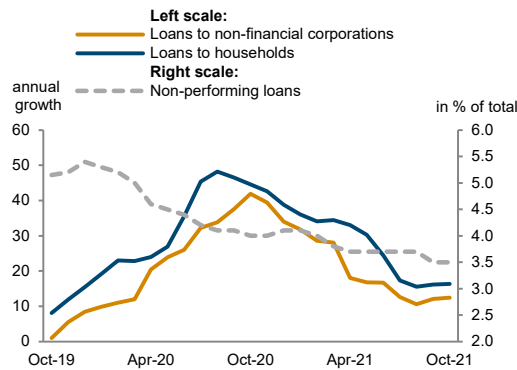
**Unit labour costs in industry**  
annual growth rate in %



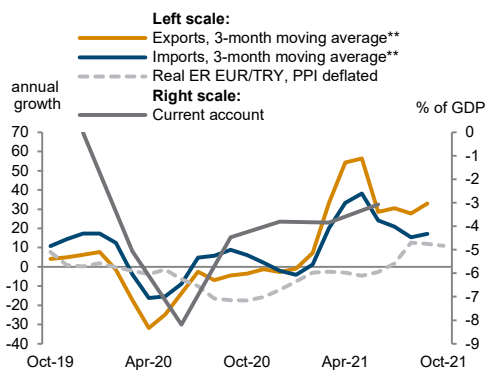
**Inflation and policy rate**  
in %



**Financial indicators**  
in %



**External sector development**  
in %



\*\*EUR based.

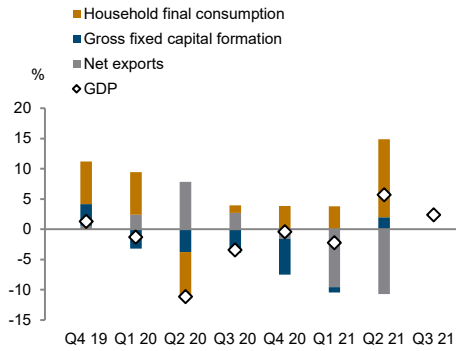
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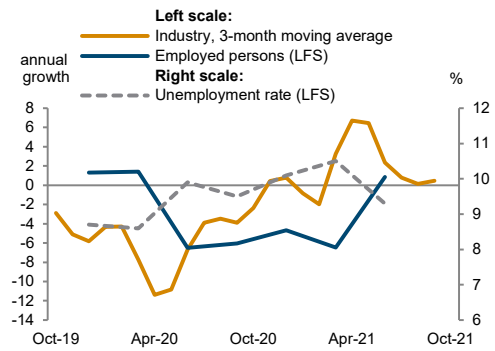
<https://data.wiiw.ac.at/monthly-database.html>

# Ukraine

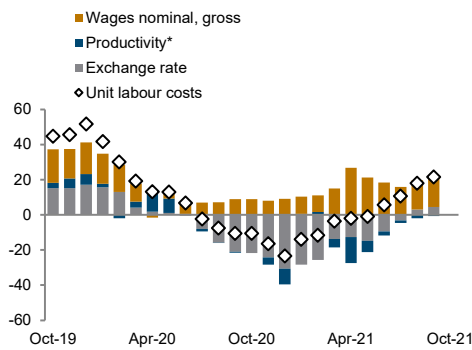
**Real GDP growth and contributions**  
y-o-y



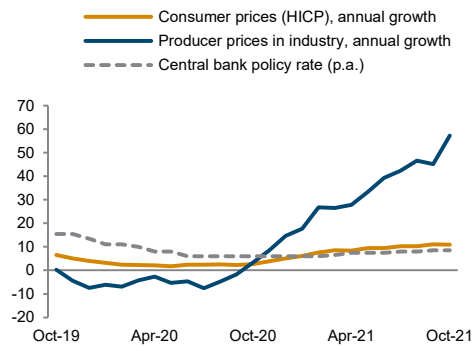
**Real sector development**  
in %



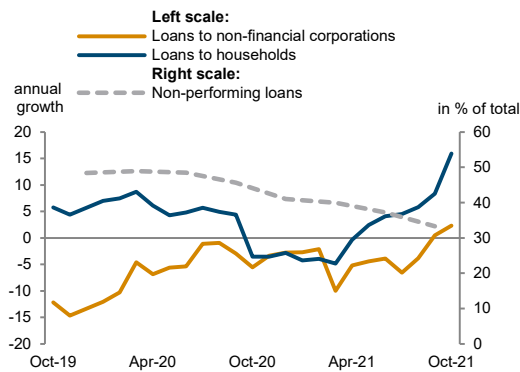
**Unit labour costs in industry**  
annual growth rate in %



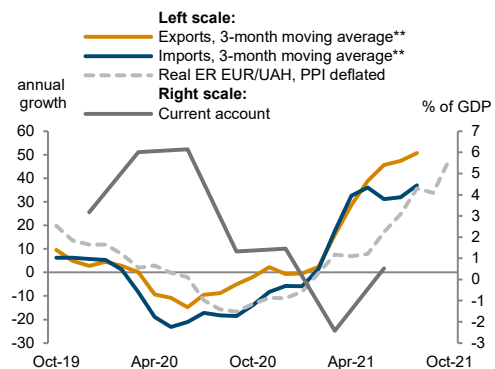
**Inflation and policy rate**  
in %



**Financial indicators**  
in %



**External sector development**  
in %



\*\*EUR based.

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## Index of subjects – December 2020 to December 2021

<b>Albania</b>	economic situation .....	2021/7-8
<b>Belarus</b>	economic situation .....	2021/7-8
	Western sanctions and their effect.....	2021/9
<b>Bosnia and Herzegovina</b>	economic situation .....	2021/7-8
	30 years break-up of Yugoslavia.....	2021/6
<b>Bulgaria</b>	economic situation .....	2021/7-8
<b>Croatia</b>	economic situation .....	2021/7-8
	30 years break-up of Yugoslavia.....	2021/6
<b>Czechia</b>	economic situation .....	2021/7-8, 2021/2
	FDI developments.....	2021/2
<b>Estonia</b>	economic situation .....	2021/7-8
<b>Georgia</b>	economic relations with the EU and Russia.....	2021/9
<b>Hungary</b>	economic situation .....	2021/7-8, 2021/2
	FDI developments.....	2021/2
<b>Kazakhstan</b>	economic situation .....	2021/7-8
<b>Kosovo</b>	economic situation .....	2021/7-8
	30 years break-up of Yugoslavia.....	2021/6
<b>Latvia</b>	economic situation .....	2021/7-8
<b>Lithuania</b>	economic situation .....	2021/7-8
<b>Moldova</b>	economic situation .....	2021/7-8
<b>Montenegro</b>	economic situation .....	2021/7-8
	30 years break-up of Yugoslavia.....	2021/6
<b>North Macedonia</b>	economic situation .....	2021/7-8
	30 years break-up of Yugoslavia.....	2021/6
<b>Poland</b>	economic situation .....	2021/7-8, 2021/2
	FDI developments.....	2021/2
<b>Romania</b>	economic situation .....	2021/7-8
<b>Russia</b>	economic situation .....	2021/7-8
	relations with the EU.....	2021/1
	role in EU energy crisis.....	2021/10
<b>Serbia</b>	economic situation .....	2021/7-8
	30 years break-up of Yugoslavia.....	2021/6
<b>Slovakia</b>	economic situation .....	2021/7-8, 2021/2
	FDI developments.....	2021/2
<b>Slovenia</b>	economic situation .....	2021/7-8
	30 years break-up of Yugoslavia.....	2021/6
<b>Turkey</b>	economic situation .....	2021/7-8
	long-term economic performance .....	2021/3
<b>Ukraine</b>	economic situation .....	2021/7-8

(continued on the next page)

**multi-country articles  
and statistical overviews**

carbon border tax.....	2020/12
COVID-19 and economic growth .....	2021/3
COVID-19 and EU policies .....	2021/4
COVID-19 and remittances in EU-CEE and Western Balkans...	2021/10
COVID-19 and sanctions .....	2021/4
COVID-19 and trade developments in CESEE and Austria .....	2021/4
COVID-19 vaccine producers .....	2021/3
current developments: CESEE .....	2021/7-8
EU Cohesion Policy and convergence.....	2020/12
European Green Deal and agriculture .....	2020/12
FDI in CESEE: recent trends .....	2021/5, 2021/11
ICT and EU industrial policy.....	2021/1
ICT, innovation and company performance .....	2021/1
migration policy in the EU .....	2021/10
near-shoring in the Western Balkans.....	2021/11
post-Soviet space: territorial conflicts .....	2021/12
post-Soviet space: 30 years without the USSR .....	2021/12
Visegrád cooperation.....	2021/2
Visegrád economies and new growth model .....	2021/9





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Postanschrift: A 1060 Wien, Rahlgasse 3, Tel: [+431] 533 66 10, Telefax: [+431] 533 66 10 50  
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