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THE ECONOMICS OF EASTERN AND CENTRAL EUROPE

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Table Of Contents

Table Of Contents.....	2
Proposal.....	3
Introduction.....	4
A Brief History of Eastern and Central Europe.....	6
The Soviet Era.....	9
The Economic Problems of Eastern and Central Europe.....	15
Solutions to the Economic Problems of ECE.....	19
A Comparison: Poland and Albania.....	24
Conclusion.....	31
Appendix: Eastern and Central European Economic Data.....	33
Works Cited.....	35

Proposal

Eastern and Central Europe have long been a melting pot of many religions, ethnic backgrounds, and economic ideas. Yet this variety, along with geographic isolation, has created a hotbed of economic uncertainty. And while there are many problems with the economies of the countries of Eastern and Central Europe, each country has the ability to pull itself out of the post-communism economic rut and into a free-market 21st century, by following some basic economic principles and help from the industrialized world. This paper will describe the history of Eastern and Central Europe, describe the economic problems, and propose solutions to those problems.

Introduction

Eastern and Central Europe have been on both an economic decline and an economic rise since it has shed its Soviet influences. Some countries, such as Poland or the Czech Republic, have easily rid themselves of the shackles of the economic policies of communism. Poland's Gross Domestic Product (GDP)¹ of 1999 was 21% larger than in 1989². Other countries, such as Albania, have had significant problems.

Economically, most of Eastern and Central Europe (ECE) fall somewhere between Poland and Albania. Still, there is no country in the former Soviet bloc that has the same economic power as any of the countries in Western Europe or the United States.

In order to raise their own GDPs, most countries in ECE must move from an agricultural economy to a more industrialized one, and then to a service-based economy. The changes, if they arrive, will not be easy to make and will not occur overnight. Yet with the help of the European Union, the World Bank and the International Monetary Fund,

¹ GDP n : measure of the US economy adopted in 1991; the total market values of goods and services by produced by workers and capital within the US borders during a given period (usually 1 yr). From Dictionary.com.

² *The Economist (US)*, "Ex-Communist Countries"

and good leadership, the countries of ECE can join the rest of the industrialized world.

Eastern Europe



[http://www.lib.utexas.edu/Libs/PCL/Map_collection/europe/EasternEurope.](http://www.lib.utexas.edu/Libs/PCL/Map_collection/europe/EasternEurope.jpg)

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A Brief History of Eastern and Central Europe

Eastern and Central Europe have long been dominated through outside influences. Ethnically, most people in ECE are Slavic. Many are Christian, with many Catholics and Eastern Orthodox followers. In the south, where Europe meets Asia Minor, there are many of followers of Islam.

In the 600s, ECE was in the hands of the Slavic peoples as well as those of the Eastern Roman Empire, and also the Avar Kingdom. By 800, the major ethnic groups in Eastern and Central Europe were Wiltzers, Sorbs, Moravians, Avars, Croats, Serbs and Slavs. Also, parts of what are now the Czech Republic, Slovakia and Poland were in the eastern portion of the Frankish Empire. Although some people lived in what may be deemed countries, many people simply went about their day just trying to survive.

By 1200, the Holy Roman Empire was the major force of Central Europe. Poland, Prussia, Lithuania and Russia were the major players in Eastern Europe. In Southeastern Europe, Hungary, Bulgaria, Serbia and the Cumans were thriving.

Yet in 1600, there were only three major countries in all of ECE: Poland, the Holy Roman Empire, and the Ottoman Empire. Hungary, Transylvania and Prussia also existed, but together they had the size (in both geography and politi-

cal/military power) of only a small fraction of one of the major players' in the age. It was also religious intolerance that ended trading with the Ottomans in the 12th century. Europe no longer wanted non-Christians in or around Europe.

Much had changed by the 1815 Congress of Vienna³.

Russia had taken much of Poland, and



the Holy Roman Empire became the Austro-Hungarian Empire, ruled by the Hapsburg family. Total domination was still the rule. Ethnicity was not enough of a reason to have a separate nation, defensible borders were. The Ottoman Empire still had complete control of southeastern Europe, as it would continue to have for another 100 years. It was not until World War I, the coming of the Russian Revolution, and World War II that Eastern and Central Europe became what it is today.

The end of World War I saw the Bolsheviks in power in Russia, whilst the Ottoman Empire crumbled after many cen-

turies of existence. The interwar period also shows the map of Europe in 1937 looks remarkably what it looks like today.



This map (and the following map) are available for non-commercial use from the web page of Matthew White. The country names (except France) are named in the country's language, i.e. 'Spain' in the Spanish language is 'España'. The URL for this page is: <http://users.erols.com/mwhite28/>

³ The map available from <http://killeenroos.com/4/Europe1815.gif>

The Soviet Era

The Soviet Era devastated the economies of the ECE countries. Realistically, there was no economy. Prices never changed. People were rationed food instead of the citizens choosing to purchase exactly what they want. There was usually just enough to feed everybody.

Planning an economy in a communist nation does not require an economics degree. Although the economy was not planned down to the point of exactly *when* people would have to go down to the bakery, there was not much choice for goods for those living in the Soviet bloc countries or the other communist states like Yugoslavia. In Poland, for example, 80% of the output and 70% of the employment was controlled by the state⁴.

The Soviet Union was a Marxist state, although more often than not it was totalitarian as well. (It is difficult to organize an economy without organizing individual citizen's lives.) Marx believed that only a small percentage of people owned the capital, i.e. means to produce goods, while the proletariat had only their hands, i.e. their labor⁵. In communist Russia, the government was in charge of everything related to the economy, including em-

⁴ Kennedy, "A Tale of Two Economies: Economic Restructuring in Post-Socialist Poland"

⁵ Funk & Wagnalls, "Economics"

ployment and resource allocation. However, the Bolsheviks did have some good social ideas⁶. They made women equal under the law. All educational facilities were now co-ed. An eight-hour workday was standardized for the manufacturing industry. Women were allowed to divorce from their husbands "on-demand." These were all part of the social equality views presented by Marx and implemented by Lenin. Yet social equality could not prevent the Soviet Union from crumbling in December of 1991.

At the time Marx had written his Communist Manifesto, a substantial middle class did not exist. He believed in an up-coming class war in which the commoners (the regular, everyday people and not the landowners and large business owners) would win. Marx believed that having the capital in the hands of the people, in the form of state-owned factories and farms, would not only prevent the class war but also prevent the poverty that he saw amongst the capitalistic and feudalistic countries he viewed⁷. Eventually, "the state (whose task was class domination) would wither away, leaving a Utopia based on need," according to Marx.

When the Bolsheviks first came to power in Russia in 1917, they granted equality and self-determination to any

⁶ "Remaking National Policy," R. Neill

⁷ Funk & Wagnalls, "Economics"

state in the former Russian Empire that wanted it. Only Finland accepted the invitation. Many other states chose to join the Soviet Union instead, including Byelorussia and the Ukraine.

During the interwar era, between 1919 and 1939, little changed in ECE. The war years of 1941 till 1945 were very difficult on the USSR, where millions of people lost their lives and much of the country was destroyed. Not only Russia, but nearly all of Europe was in a mess. The Marshall Plan presented by the United States helped millions of people and prevented several countries from becoming communist and therefore another enemy for the Cold War.

It was the post-war period that caused the most change for ECE. During this time that Winston Churchill coined the term the Iron Curtain, as the USSR asserted its domination,



politically and militarily, over ECE. Puppet governments and satellite states were installed in Latvia, Lithuania,

Estonia, Poland, East Germany, Romania, Bulgaria, Hungary and Czechoslovakia. Non-USSR affiliated communist states were established in Yugoslavia and Albania.

As the USSR gained control of these countries, farms and factories were nationalized, i.e. they went from being owned by an individual or corporation to being owned by the state. The Soviet Union would then take control of the economies of each country. The USSR also made the newly formed Eastern bloc dependant, economically and militarily, on the Soviet Union. However, not all of the countries behind the Iron Curtain wanted to remain there.

In 1956 Hungary launched a failed bid for independence. Soviet Ambassador Andropov called in units of the Red Army to squash the uprising. The Prime Minister who lead the rebellion, Kadar, was executed along with several hundred others. Two hundred thousand people also tried to escape to the West⁸.

One of the most influential uprisings behind the Iron Curtain was the Solidarity movement in Poland in the early 1980s⁹. In the late 1970s, the Polish government was usually protested against because of food and wage "differences." The protestors did nothing to challenge Russia or commu-

⁸ "The Past 75 Years [of Hungarian History]"

⁹ "Solidarity in Poland"

nism; they just wanted a little more food and higher wages. At this time the Polish economy hit a crisis point, and the government was unable to do anything substantial to solve the problem. Instead, many small trade unions formed all around the country, in order to try to solve the problems locally. The original idea was to work with the Russians and communist leaders to strengthen the Polish economy. However, as Poland slipped more into an economic crisis, the trade unions began to wield political power. Once Solidarity was seen as a threat to the communist's power, the Red Army went on maneuvers on the Polish border. Lech Wal-sa, the founder of Solidarity, and ten thousand others were jailed.

When the Berlin Wall came down in 1989, the rest of the world saw the end of the Iron Curtain, as did most of the people living in Eastern and Central Europe. Soviet Prime Minister Mikhail Gorbachev's *glasnost* and *perestroika* (openness and restructuring¹⁰) policies had managed to do the impossible: it had set Russia and ECE on a path towards personal freedoms, democracy, and capitalism. Yet for many, the cost has been very high. It is difficult for somebody in a bread line, with very little to eat and not having a source of income, to see the virtues of capitalism. Many

parts of ECE do not have the infrastructure in place to easily facilitate this drastic change, and the people are paying the price. It may very well take a generation for parts of Eastern and Central Europe to become fully democratic and capitalistic.

Russia may very well be the last large country, in both area and population, to be able to adopt the free-market economy. It was a communist country for seventy-five years. Poland, on the other hand, was a communist country for forty-five years, practically an entire generation less.

Union of Soviet Socialist Republics: 1950



¹⁰ "Reagan, 1985-89"

The Economic Problems of Eastern and Central Europe

There are many, many problems in the economies of the countries of ECE. Some of the larger problems include lack of food, rampant unemployment, poor infrastructure, lack of solid representative-governmental power, naiveté of the populace, and corruption. Also, many other problems are long standing. ECE has never been an industrial powerhouse like Western Europe; it has usually been a farming center. Also, the people of ECE have had the tendency to be oppressed by some government or group, and have rarely had individual rights and freedoms. It is often difficult to convey the ideals of democracy and capitalism to such groups who, for hundreds of generations, have had no such ideals.

There is a tremendous lack of food in many parts of the former Soviet bloc. Not on the scope of a famine, and not as much in many places in sub-Saharan Africa, but there is not very much excess food to be found. There are very long bread lines, and stores cannot keep much inventory on the shelves. Because of the massive and abrupt deregulation of many industries, especially agriculture, many farmers simply cannot earn enough money to justify the work that must be done. There are no longer the fat government subsidies, just a poorly implemented plan of capitalism.

Some countries in ECE tried shock therapy. They quickly privatized the previously state-owned industries and allowed them to earn money on their own. Yet many such industries and companies were very inefficient. Since Marxist ideals guaranteed everybody a job, tasks were made up simply so people could have employment. So when it came time to cut the fat, many people quickly found themselves out of work. With no unemployment insurance or government subsidies, many economies in Eastern and Central Europe crashed... *hard*. Hungary had forecast its unemployment to be 20% in 1993¹¹.

In many countries in Eastern and Central Europe, there is a high rate of unemployment. Even for many of those who are employed, regular paychecks may not happen. Often times, people in Russia go for weeks without being paid. In these cases, a system of bartering has developed. Farmers, artisans and laborers will trade goods and services with others. Also, many people used to work for the massive state-run industries. These terribly inefficient plants have been closed, and those workers are now unemployed. The state has yet to allow private industry to pick up the slack.

¹¹ Parker, John. "Eastern Europe: More than halfway there".

Eastern and Central Europe also must upgrade their infrastructure. Many roads are little more than one-lane dirt roads for horses and farm tractors. Many people cannot afford cars and have little need for one. Yet, in order to become economically self-sufficient, there need to be good roads. People in the United States got a view of the conditions of the Balkans, for instance, on the news when parts of the United States military were in the region. A lot of the roads were dirt in rural areas. This became a real problem during the spring where massive amounts of rainfall and melting snow turned spring into mud-season, where even 6x6 troop carriers were getting stuck in the mud.

Two of the other major problems are the lack of a solid, representative government and corruption. As has been mentioned before, the Western ideals of democracy and capitalism are foreign to this part of the world. Kings, queens, dukes, and many other rulers have long subjugated the people of ECE. Personal freedom has been a foreign idea for the past fifty years. Also, the citizens of many countries can be naïve on the subjects of a market economy. The propaganda of the Soviets painted the ideas of having to pay for *everything* in a free-market economy. The people are also used to the government being the only source of information, and have been in the habit of believing everything

the government says. Therefore, when a politician up for [re-]election is speaking and they say they can solve a problem with vague promises, the electorate believe them and elect them¹². The people of ECE must learn not to trust a politician's every word, and get the details on how the politician's programs will help their country move forward.

Many of the countries of ECE have failed to incorporate sustainable development¹³ in their new economic plans. According to Alan Hecht, this leads to a degradation of the environment and wrecks the economy as well. This also may lead to obsolete industries. An example would be some of the steel factories in Bulgaria that lose lots of money but still provide jobs and support the local economy.

¹² Interview, Doytchinov.

¹³ Sustainable development, as defined by the Brundtland Report, is: development that meets the needs of the present without hindering future the generations' ability to meet their own needs.

Solutions to the Economic Problems of ECE

Because the economies of the countries of ECE are so bad right now, the governments need to become more involved. Certainly not to the level of the communist era, but there are several sure-fire methods the governments can do in order to help their ailing economies.

In fact, these solutions are very similar to the actions performed by Franklin D. Roosevelt's New Deal program during the Great Depression. And although these programs work more often than they do not, there are some drawbacks that must be considered.

The biggest is that the governments will incur a lot of debts, especially since many of the countries of ECE are not taking in much tax revenue. During the administration of Franklin Roosevelt, the constitutionality of many of his programs was questioned. The same things may happen to Eastern and Central European countries that choose to implement these New Deal policies to jumpstart their stagnant economies.

First and foremost, the governments are going to have to spend money, and the money is going to have to go to the places it is needed, not into the pockets of industry barons or gangsters. Massive public works projects such as roads will not only improve the infrastructure of the coun-

try, but it will also offer jobs to those who need them and to those that are not afraid of some manual labor.

The standard infrastructure is not the only type that needs to be upgraded. The information infrastructure of telecommunication lines and electricity needs to be improved in ECE. Yet, like most of Western Europe, the countries of ECE have state-owned telecom companies that will be very unwilling to release their hold on the market. Also, telecom companies in Europe also charge a minutely rate even for local calls. People in Europe therefore do not talk on the telephone very long, and certainly do not surf the Internet like those in the United States and countries with less restrictive telecom rates.

At the end of 1998, an Emerging Markets Partnership was created in order to invest \$750 million in the infrastructure of Central Europe. These monies are for improving a vast array of infrastructure discrepancies between much of Central Europe and the rest of the European Union¹⁴.

Eastern and Central European countries also must get their people employed. In order to get people employed, the government must step in. As was the case in the new deal, the governments of the countries of ECE must spend money.

¹⁴ "Central European Infrastructure Fund Plans a March Debut"

As most of these countries do not have that much money to spend, they will most likely have to go into debt.

This is the part where the international community becomes part of the solution. Wealthy countries and organizations, such as the United States, the United Nations, the European Union, and the World Bank must make loans and information available to the governments of ECE. However, these loans must be facilitated in the way the World Bank and IMF conducts its affairs.

It is important to note the distinction between the World Bank and the International Monetary Fund (IMF). The IMF is responsible for stabilizing an economy, while the World Bank lends money in order to grow an economy. Few countries in ECE, if any, presently need stabilization. Most, though, need help from the World Bank. It should also be noted that at times the policies and actions of the World Bank and IMF might contradict each other.

When the World Bank lends money, the loan details are rather strict. Countries that accept the loans have to begin major economic reforms. Countries must account for every penny of where the money is going and how it will help the country obtain economic "freedom." In the short run, most countries experience a hardship worse than what it had before it accepted the loan. Yet after a few years

(and a lot of hard work) the country will come out of its shell and be a much stronger economic power.

It is well known that countries that accept foreign ideas and adopt them fare the best economically. Countries like the United States and Japan, for example. They are the two largest economies in the world. California, for instance, is the seventh largest economy in the world! All of these are examples of places that are willing to adopt new ideas.

The digital revolution began in California. Japan is regarded as the leader in consumer electronics. As many people view technology as the economic way of the future (discounting all the failed dot-coms, of course) the countries of ECE must also find a way to get technology into their countries.

The countries of Eastern and Central Europe must increase their telecommunications infrastructure and make it available to its citizens at a reasonable cost. They must not allow state-run telecoms (telecommunications companies) to dictate unreasonable high prices and keep competition out to keep their monopolies. The governments must encourage the telecoms to at least have the basic infrastructure for telephones available to every citizen, even in the most rural areas. Yet these steps are all forward looking. They

should not be the first steps taken; yet they must be taken eventually. The state must also provide the basic necessities to its citizens (akin to social security and not necessarily socialism) before it can wire the country for the Internet (or telephones, as the case may be.)

For many ex-communist countries, these reforms seem stricter than the previous policies. Why "switch" to capitalism when, in the old days, at least everyone had something to eat? For many, the switch has not been good.

A Comparison: Poland and Albania

Poland and Albania are virtual opposites on the economic scale of Eastern and Central Europe. While Poland is well on its way to making a good transition to a market economy, Albania seems to be stuck in the "old ways."

Poland lies just east of Germany, making it the western-most nation in Eastern and Central Europe. Slovenia, the Czech Republic, and Slovakia are the nations that border Western Europe, and they have the highest GDPs per capita. Albania lies just north of Greece, on the Adriatic Sea. Poland is therefore much closer to Western Europe and the economic powers that be. France, Germany and Italy are all part of the Group of Eight¹⁵ (G8) industrial organization, a collection of the richest nations on Earth. (Russia is also part of the group, but per capita, the Russian people do not earn [relatively] much at all, only about \$4,200 a year). This mere proximity to some of the great economic powers of the world has helped Poland to expand its economy. The reverse of this near proximity to Western Europe is that Poland was not near Russia and the Soviet Union, and was therefore more "resistant" to the policies of the Soviet Era.

¹⁵ The members of the G8 nations are Canada, Italy, Germany, France, the United Kingdom, the United States, Russia and Japan.

Poland has also had some relative success in moving away from the state-based economy and getting more people to work in the private sector. By 1993, 57.5% of the total workforce worked in the private sector, up from 43.9% in 1989¹⁶. Although these numbers are indeed a good sign, they show that Poland has a good way to go in order to remove many of the State Owned Enterprises, or SOEs. The reason Poland has managed to migrate much of its economy to the private sector is the result of poor initial planning and excellent long-term planning.

Poland had wanted to immediately make its SOEs private, but internal political wrangling had prevented it. This delay gave the Poles time to develop a solid plan that would yield positive results, but not have the corruption that has been seen in other formerly communist countries¹⁷, Russia being the notable example. In Russia, the government raced to put some free-market plans into production, but did not include safeguards to prevent the wrong people from getting hold of the money. The result of this nearsightedness has been the theft of countless amounts of money by people within all levels of the Russian government and the

¹⁶ Kennedy, "A Tale of Two Economies: Economic Restructuring in Post-Socialist Poland"

¹⁷ Goldman, "Privatization, property rights and development potential: Lessons from Poland and Russia"

new barons of industry (the people in charge of the old SOEs).

According to Mark Bronski, a student at the Worcester Polytechnic Institute who was born in Poland, corruption is still a huge problem¹⁸. He says that scandals happen all the time, because the old ways die hard. Yet the Polish government is doing its best to crack down on the crooked officials and the black market. Both of these tasks will take an extremely long time. According to Bronski, Poland's largest industries are coal mining, ship building, copper mining, and machine building. But he says all are on the down-turn as they are being privatized and restructured. Subsequently, the country is experiencing rather high unemployment. Once this restructuring process is completed, these should be fully functioning capitalist industries. Bronski also says the farm sector of the economy has nearly crumbled. During the communist era the farms were terribly inefficient, and present farmers are paying the price. There has not been much development in the eastern parts of the country, either.

Albania's problems stem from isolationism, both geographical and political; high unemployment; and a primitive

¹⁸ Mark Bronski, Personal Interview

infrastructure¹⁹. It had long been ignored by the rest of Europe and rather inaccessible. These problems were compounded by the communist dictatorship of Enver Hoxha, from 1945 to 1985. His strict isolationist and Marxist policies ensured very little information got into Albania and outlawed almost all forms of private ownership²⁰. In 1967 he had a "cultural revolution" much like the one in China, where all religions were to be left behind. In 1991 Albania again allowed private religious practices. It should also be noted that Albania is 70% Muslim, more than any other European nation (not including Turkey, where part of that nation lies on the European continent). From 1988 to 1992, the GDP fell by 44%²¹. Albania has also had to deal with a high inflation rate, making money less valuable and items cost more.

Many of Albania's citizens do not trust the government after it allowed a pyramid scheme to take place in 1997. A pyramid scheme is when a company promises large returns on investments, and signs up customers. Every customer will then pass word of the great returns, and other people will invest. This new influx of cash is used to pay the first customers. In reality, a pyramid scheme is a company with

¹⁹ Manrai, et al. "Eastern Europe's Transition to a Market Economy: An Analysis of Economic and Political Risk."

²⁰ Jarvis, "The Rise and Fall of Albania's Pyramid Scheme"

no assets, and one that must continually get new cash in order to pay its first customers²². People sold their houses and farmers sold their livestock to invest in the scheme. According to Jarvis, the scheme had a face value of \$1.2 billion by November of 1996. Two of the major players had two million people signed up for their "service" out of a country population of 3.5 million.

When the scheme finally crumbled, many people had lost everything they had. Not only did they lose their material possessions, but their faith in their government as well. How can the people of Albania trust when the government says capitalism is better than communism when the government allowed several companies to wipe out the life savings of a huge number of citizens?

Albania is not without its silver lining. In April of 2000, the Italian power utility Enel announced it was going to make a 100 MW, \$160 million power plant in Albania²³. The facility is planned to come online in 2004, and is under a 30 year concession. The Becchetti Energy Group will jointly develop the plan with Enel.

With the fall of communism, Albania wisely chose to join the IMF in 1991. Without a doubt, the strict policies

²¹ "Europe", *World Outlook*

²² Jarvis

²³ "Enel Invests in Albania", *Project Finance*

of the IMF prevented an already bad situation from become much worse. Also, the IMF is creating a prioritized task list for the government of Albania to implement. Reviving the agriculture sector (and keeping it in good condition) and establishing a solid legal system are some of the highest priorities the IMF established²⁴.

Because of the massive amount of unemployment in Albania, many Albanians have been illegally working in nearby countries such as Greece and Italy. These forty-thousand people send home more than \$450 million each year²⁵, a huge portion of the national economy. Without these workers, there is no doubt that Albania would be even worse-off economically than it already is.

Albania has also developed a voucher system, based on a similar system from the Czech Republic²⁶. This works much like a stock exchange. Individuals can buy vouchers to state owned enterprises that become "shares" when the company is privatized. In 1996, there were ten companies listed on the Tirana Stock Exchange, while another 100 companies have been privatized but not put on the exchange. These companies are more like private companies with individual investors instead of public corporations.

²⁴ "Albania's Slow Progress", *East European Markets*

²⁵ "Berisha Beacons", *The Economist*

²⁶ Timewell, Stephen. "Tirana Tastes the Market".

Albania may very well never catch up with the rest of Europe. The forty years of strict isolationism imposed on it during the Soviet Era by Enver Hoxha. Poland has its own set of problems, but clearly is in a position to overcome these to become at least as industrialized as Portugal, Western Europe's poorest country.

Conclusion

There is a lot of work that still needs to be done, economically, in the nations of Eastern and Central Europe. And most of the work that needs to be done will happen from aid outside the region. Wealthier nations such as the United States and the other Great Eight nations, along with the United Nations and the World Bank, must lend money to kick-start some of the slower economies, and continue to give aid to these nations in the future.

Infrastructures must be built up, education increased, and corruption decreased. Economies must be moved from agriculture-based ones to industrial-based economies. During the Soviet era, some of the satellite states were used as industrial producers (Poland), while others were used for farming (Albania). Therefore, some countries already have a head start.

It took many years for the industrial revolution to occur in the United States and many more years after that for a substantial middle class to develop. The United States also has many resources and allows people the freedom to do as they would like (within obvious limitations). Many of the nations in ECE are not so fortunate. It may be that some countries never become First World countries like Western Europe.

One of the reasons the United States and the West have become what they are, is the willingness to accept new ideas. The United States has long been a melting pot of people and ideas, much like most of Western Europe. Yet because the United States has never had one controlling force behind it, it was easy for these new ideas to come to the forefront. Japan went from a feudal nation to a fully industrialized nation in just a few decades, and did this by accepting and refining Western ideas. The Japanese proved their industrial skills by creating a military power that beat the Russians in the Russo-Japanese War.

Hopefully, Eastern and Central Europe can prove this for the 21st century.

Appendix: Eastern and Central European Economic Data

Country	GDP (Billions, 1999 est.)	GDP per capita	Labor force (millions)	Industries
Albania	\$5.6	\$1,650	1.692	Food processing, textiles and clothing, lumber, oil, cement, chemicals, mining, basic metals, hydropower
Belarus	\$55.2	\$5,300	4.3	Metal-cutting machine tools, tractors, trucks, earth movers, motorcycles, TV sets, chemical fibers, fertilizer, textiles, radios, refrigerators
Bosnia - Herzegovina	\$6.2	\$1,770	1.026	Steel, coal, iron ore, lead, zinc, manganese, bauxite, vehicle assembly, textiles, tobacco products, wooden furniture, tank and aircraft assembly, domestic appliances, oil refining
Bulgaria	\$34.9	\$4,300	3.82	Machine building and metal working, food processing, chemicals, construction materials, ferrous and nonferrous metals, nuclear fuel
Croatia	\$23.9	\$5,100	1.65	Chemicals and plastics, machines tools, fabricated metal, electronics, pig iron and rolled steel products, aluminum, paper, wood products, construction materials, textiles, shipbuilding, petroleum and petroleum refining, food and beverages, tourism
Czech Republic	\$120.8	\$11,700	5.203	Fuels, ferrous metallurgy, machinery and equipment, coal, motor vehicles, glass, armaments
Estonia	\$7.9	\$5,600	0.785	Oil shale, shipbuilding, phosphates, electric motors, excavators, cement, furniture, clothing, textiles, paper, shoes, apparel
Hungary	\$79.4	\$7,800	4.2	Mining, metallurgy, construction materials, processed foods, textiles, chemicals, motor vehicles
Latvia	\$9.8	\$4,200	1.4	Buses, vans, street and railroad cars, synthetic fibers, agricultural machinery, fertilizers, washing machines, radios, electronics, pharmaceuticals, processed foods, textiles
Lithuania	\$17.3	\$4,800	1.8	Metal-cutting machine tools, electric motors, TV sets, refrigerators and freezers, petroleum refining, small ship building, furniture making, textiles, food processing, fertilizers, agricultural machinery, optical equipment, electronic components, computers, amber
Macedonia	\$9.0	\$4400	1.0	Coal, metallic chromium, lead, zinc, ferronickel, textiles, wood products, tobacco
Moldova	\$9.8	\$2,200	1.7	Food processing, agricultural machinery, foundry equipment, refrigerators and freezers, washing machines, hosiery, sugar, vegetable oil, shoes, textiles

Poland	\$276.5	\$7,200	15.3	Machine building, iron and steel, coal mining, chemicals, shipbuilding, food processing, glass, beverages, textiles
Romania	\$87.4	\$3,900	9.6	Mining, timber, construction materials, metallurgy, chemicals, machine building, food processing, petroleum production and refining
Russia	\$620.3	\$4,200	66	Complete range of mining and extractive industries producing coal, oil, gas, chemicals, and metals; all forms of machine building from rolling mills to high-performance aircraft and space vehicles; shipbuilding; road and rail transportation equipment; communications equipment; agricultural machinery, tractors, and construction equipment; electric power generating and transmitting equipment; medical and scientific instruments; consumer durables, textiles, foodstuffs, handicrafts
Serbia and Montenegro	\$20.6	\$1,800	1.6	Machine building (aircraft, trucks, and automobiles, tanks and weapons, electrical equipment, agricultural machinery), metallurgy (steel, aluminum, copper, lead, zinc, chromium, antimony, bismuth, cadmium,) mining (coal, bauxite, nonferrous ore, iron ore, limestone,) consumer goods (textiles, footwear, foodstuffs, appliances,) electronics, petroleum products, chemicals, pharmaceuticals
Slovakia	\$45.9	\$8,500	3.32	Metal and metal products, food and beverages, electricity, gas, coke, oil, nuclear fuel, chemicals and manmade fibers, machinery, paper and printing, earthenware and ceramics, transport vehicles, textiles, electrical and optical apparatus, rubber products
Slovenia	\$21.4	\$10,900	0.857	Ferrous metallurgy and rolling mill products, aluminum reduction and rolled products, lead and zinc smelting, electronics, trucks, electric power equipment, wood products, textiles, chemicals, machine tools
Ukraine	\$109.5	\$2,200	22.8	Coal, electric power, ferrous and nonferrous metals, machinery and transport equipment, chemicals, food processing (sugar)
United States	\$9,255	\$33,900	139.4	Leading industrial power in the world, highly diversified and technologically advanced; petroleum, steel, motor vehicles, aerospace, telecommunications, chemicals, electronics, food processing, consumer goods, lumber, mining

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