



# The three archetype European development models and their impacts in East-Central Europe

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# Motivation: Why to look back?

Institutionalist school: path dependence

New institutionalists' empirical results (Tabellini, 2010; Dajankov and Hauck, 2016; Grosfeld and Zhuravskaya, 2015; Roland, 2018): past patterns re-emerge in current development

Questions:

What is the real size of the impact?

What are the conditions of path dependence?

What are the main features of the past models that make a difference today?

What about areas with mixed influence (ECE)?

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# ECE in the crossroad of three historic development models



# Legacy of the Roman empire: (V-XIV. centuries)

Two empires (East-West)

West:

- destruction of the imperial structures,
- dissolution, decentralized power centers,
- autonomous urban development,
- Rom. Cath. church is single integrated organization, preserves Roman social and political heritage

East (Byzantine Empire):

- preservation of Roman imperial institutions,
- merger of political and sacral dominance,
- centralized political and economic power,
- distinguished role of the state and the head of state (mundane governor of god)

# XV-XVII centuries: The split of the Eastern model, new economic drivers

Ottoman advance in the Balkans (1453 fall of Constantinople): emergence of the ottoman model of the East, shift of the mainstream Byzantine heritage to Russia.

Discovery of the Americas: solution for the demographic and economic crisis situation. Overseas colonialization in the West, conquest of territories of south and east by Russia, Ottoman advance in ECE (Poland, Hungary)

# The three models' lasting features and ECE

	Atlantic	Russian	Ottoman-Balkan	ECE
<b>Land ownership</b>	private ownership	state ownership	emperor/landlords	landlords
<b>Urban development</b>	dense, self-governing	administrative centers	administrative centers	self-governing, weak
<b>Degree of centralization</b>	decentralized state-permeated	highly centralized	administratively regulated	administratively regulated state-permeated
<b>Ethnic homogeneity</b>	relatively homogenous	heterogeneous loyal	heterogeneous illoyal	heterogeneous hostile
<b>Independence</b>	independent	independent	economically dependent	economically and politically dependent

# Current impacts on ECE development:

competition state model vs. rent seeking state model

Two models (competition-state Atlantic model and rent seeking East-European and Balkans model). See also Auty's rent cycling theory!

ECE is inbetween and shuttling

Drivers:

Atlantic model: increase incentives to get bigger pie, alliances in decentralized political and economic power with competition

Balkan model: create and redistribute wealth through sources of rent, political monopoly and state-led economy with rent cycling



# Current impacts on ECE development:

competition state model vs. rent seeking state model

Rent-based economies are less efficient: political and economic dependence (Germany, Soviet-Union, European Union), also external financial support.

Political sustainability is supported by continuous hate rethoric and populism – existing and inflated social and national tensions.

# Current impacts on ECE development: competition state model vs. rent seeking state model



# Publications

The Balkan model and the balkanization of East Central Europe. Institute of World Economics Working Paper No. 258 (2019)

The Emergence of Patronage and Changing Forms of Rent Seeking in East Central Europe. *Post Communist Economies*. (2020)

The three archeotype European historic development models and their impact in East-Central Europe. Institute of World Economics Working Paper No. 261 (2020)



**Thank you for the attention!!**

