



From Triumph to Crisis

The postcommunist countries were among the most fervent and committed adopters of neoliberal economic reforms. Not only did they manage to overcome anticipated domestic opposition to “shock therapy” and Washington Consensus reforms, but many fulfilled the membership requirements of the European Union and even adopted avant-garde neoliberal reforms such as the flat tax and pension privatization. Neoliberalism in the postcommunist countries went farther and lasted longer than expected, but why? Unlike preexisting theories based on domestic political-economic struggles, this book focuses on the imperatives of reinsertion into the international economy. Appel and Orenstein show that countries engaged in “competitive signaling” by enacting reforms to attract foreign investment. This signaling process explains the endurance and intensification of liberal economic reforms in these countries for almost two decades, from 1989 to 2008, and their decline thereafter, when inflows of capital into the region suddenly began to dry up. This book will interest students of political economy and East European and Eurasian politics.

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Neoliberal Economic Reform
in Postcommunist Countries

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For Martine R. Haas and Vincenzo Quadrini

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Abbreviations

| | |
|----------|---|
| CIT | corporate income tax |
| DME(s) | dependent market economy(ies) |
| EBRD | European Bank for Reconstruction and Development |
| ECB | European Central Bank |
| EDBI | Ease of Doing Business Index |
| EU | European Union |
| FDI | foreign direct investment |
| IFIs | international financial institutions |
| IMF | International Monetary Fund |
| OECD | Organization for Economic Cooperation and Development |
| PCEEC(s) | postcommunist European and Eurasian country(ies) |
| PIT | personal income tax |
| USAID | United States Agency for International Development |
| VAT | value added tax |
| VOC | varieties of capitalism |

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