

ABSTRACTS

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VECTORS OF TRANSFORMATION OF ECONOMIC GROWTH MODEL IN CEE

The article examines the peculiarities of the pre-crisis model of economic growth in Central and Eastern Europe.

Pre-crisis economic growth in the CEE countries was mainly determined by the growth of total factor productivity, which was twice as much as in other countries with emerging markets. The contribution of labour and capital to economic growth in the CEE countries was relatively small.

The author has investigated factors that will affect the post-crisis model of economic growth in the medium run and outlined the new model of economic growth in the region:

In the medium run two groups of factors will affect the model of economic growth in the CEE region: internal factors, underpinned by the changes in patterns of economic agents' behaviour caused by the need to adapt to new conditions (the tighter credit conditions, changes in risk perception in the financial market, the necessity to solve the problem of public debt, changes in patterns of savings and investment behaviour of households) and external factors underpinned by the changes in the global economic system (downward trends in major European markets, the need to reform the global financial architecture, the need to reconsider prospects of entering the Eurozone).

Vulnerabilities of the CEE region's economy are:

- concentration of export production in cyclical sectors and its weak geographical diversification rather than large share of exports in GDP;
- reckless and irrational structure of FDI rather than its large share in GDP;
- sectoral orientation of loans and the value gap between investment and savings rather than an increase in private lending.