

Summary of economic and democratic reforms

Figure 6 provides an overall picture of the status of the economic and democratic reforms in the transition countries in 2004. The economic reform ratings are an equally weighted average of all nine EBRD transition indicators (that is, both stages from *Tables 1* and *2*). The democratic reform ratings are calculated from the average of the six democratic reform components corresponding to 2003 as shown in *Table 3* and taken forward to 2004 with the 2004 trends from Freedom House's political rights and civil liberties as shown in *Table 4*.¹⁰ *Table 5* tabulates these aggregate economic and democratic reform scores and ranks the countries on both dimensions.

These data show that progress in economic and democratic reforms in the transition region varies greatly, ranging from that found in Hungary, Estonia, and Poland at one end of the reform spectrum to Turkmenistan, Belarus, and Uzbekistan at the other end. The three primary sub-regions have relatively distinct reform profiles, particularly in terms of progress in democratization: that is, all the Northern Tier CEE countries are farther along in democratization than the rest; and all the Southern Tier CEE countries (except the province of Kosovo) are farther along in democratic reforms than all the Eurasian countries. In addition, the cohesiveness or homogeneity of these reform profiles differ among the three sub-regions: the Northern Tier CEE countries are much more clustered (i.e., have a relatively homogeneous reform profile), while the Eurasian countries are much more dispersed than either of the two CEE sub-regions.

Figures 7-14 highlight two basic reform patterns over time. In the CEE countries (as shown in *Figures 7-10* in the cases of Estonia, Bulgaria, Romania, and Serbia & Montenegro), economic and democratic reforms have moved forward together over the medium-term if not year by year. In Eurasia (*Figures 11-14*), in contrast, reasonably good economic reform progress in most countries has been accompanied by stagnation if not backsliding in the large majority of them since 1991 in democratization. Moldova (*Figure 13*) and Armenia have done the best to withstand the general backsliding trend in democratization in Eurasia.

¹⁰ Country scores from *Table 3* were increased by 0.1 if 2004 democracy trends shown in *Table 4* improved (as was the case in the Czech Republic, Estonia, Hungary, Poland, Slovakia, Ukraine, Bosnia-Herzegovina, and Georgia), and decreased by 0.1 if the 2004 trends were negative (as occurred in Lithuania, Romania, Armenia, Russia, and Belarus).

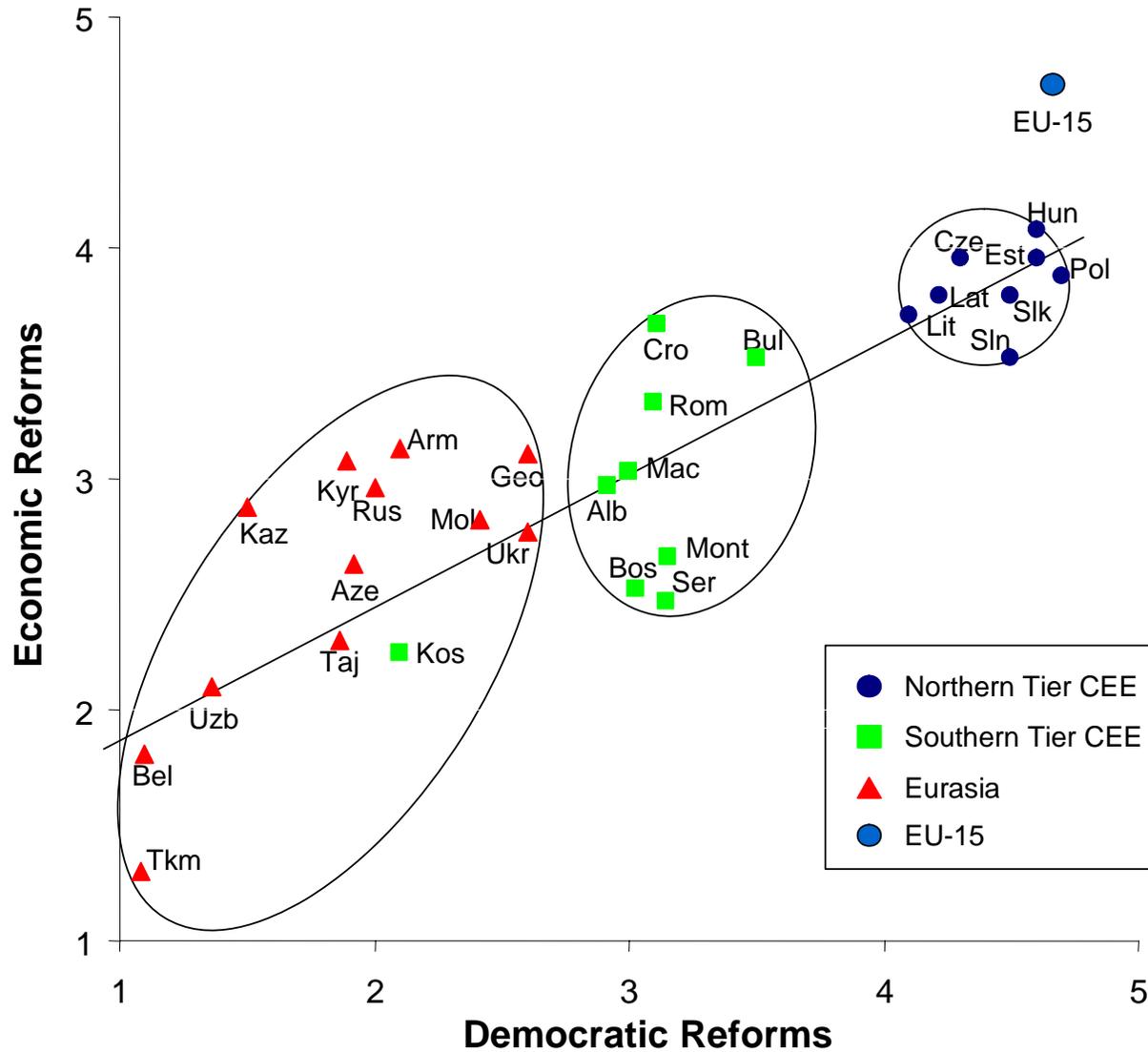
Table 5. Economic Policy Reforms and Democratic Freedoms in Central and Eastern Europe and Eurasia: 2004					
	<u>Economic Policy</u>		<u>Democratic Freedoms</u>		Ranking
	Rating (1 to 5)	Ranking	Rating (1 to 5)	Ranking	
Hungary	4.1	1	Poland	4.6	1
Czech Republic	4.0	2	Estonia	4.5	2
Estonia	4.0	2	Hungary	4.5	2
Poland	3.9	4	Slovenia	4.5	2
Slovakia	3.8	5	Slovakia	4.4	5
Latvia	3.8	5	Czech Republic	4.2	6
Lithuania	3.7	7	Latvia	4.2	6
Croatia	3.7	7	Lithuania	4.2	6
Bulgaria	3.5	9	Bulgaria	3.5	9
Slovenia	3.5	9	Serbia	3.2	10
Romania	3.3	11	Romania	3.2	10
Armenia	3.1	12	Croatia	3.1	12
Georgia	3.1	12	FYR Macedonia	3.0	13
Kyrgyzstan	3.1	12	Montenegro	3.0	13
FYR Macedonia	3.0	15	Bosnia-Herzegovina	2.9	15
Albania	3.0	15	Albania	2.9	15
Russia	3.0	15	Georgia	2.5	17
Kazakhstan	2.9	18	Ukraine	2.5	17
Moldova	2.8	19	Moldova	2.4	19
Ukraine	2.8	19	Armenia	2.2	20
Azerbaijan	2.6	21	Kosovo	2.1	21
Serbia	2.5	22	Russia	2.1	21
Bosnia-Herzegovina	2.5	23	Azerbaijan	1.9	23
Montenegro	2.5	23	Kyrgyzstan	1.9	23
Tajikistan	2.3	25	Tajikistan	1.9	23
Kosovo	2.3	25	Kazakhstan	1.5	26
Uzbekistan	2.1	27	Uzbekistan	1.4	27
Belarus	1.8	28	Belarus	1.2	28
Turkmenistan	1.3	29	Turkmenistan	1.1	29
	Rating (1 to 5)			Rating (1 to 5)	
CEE & Eurasia	3.0			2.9	
Northern Tier CEE	3.9			4.4	
Southern Tier CEE	3.1			3.0	
Eurasia	2.4			1.9	
Industrial Countries	5.0			4.8	
Northern Tier CEE at Graduation	3.5			4.3	
Romania & Bulgaria 2002	3.4			3.4	

Ratings are based on a 1 to 5 scale, with 5 representing most advanced. Kosovo and Montenegro scores on economic policy are authors estimates.

USAID, drawing from Freedom House, *Nations in Transit 2004 (2004)* & *Freedom in the World 2005*; and EBRD, *Transition Report 2004 (November 2004)*.

Figure 6

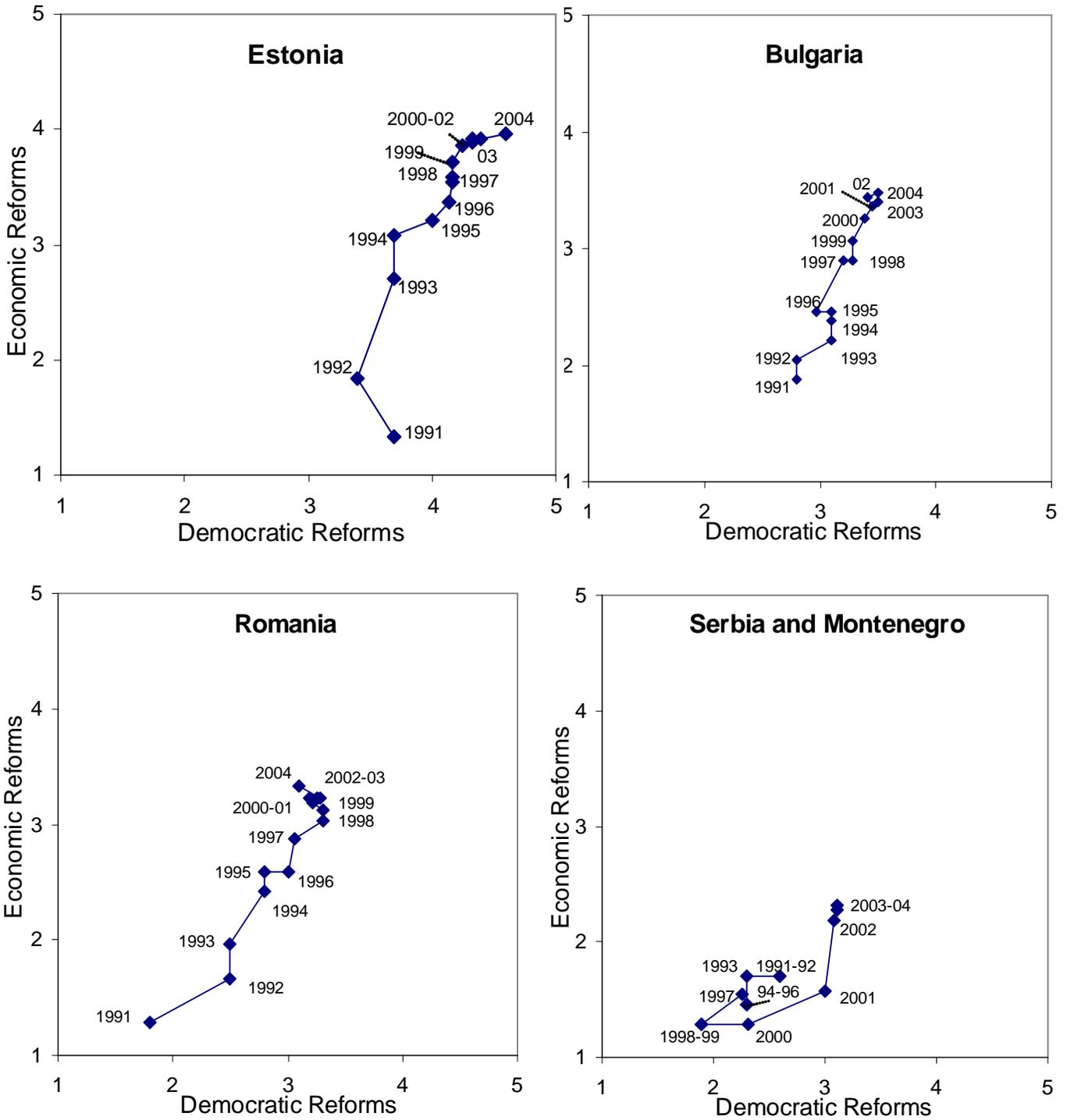
Economic and Democratic Reforms in 2004



Ratings are based on a 1 to 5 scale, with 5 representing most advanced. USAID drawing from Freedom House, *Nations in Transit 2004* (2004), and EBRD, *Transition Report 2004* (November 2004).

Figures 7-10

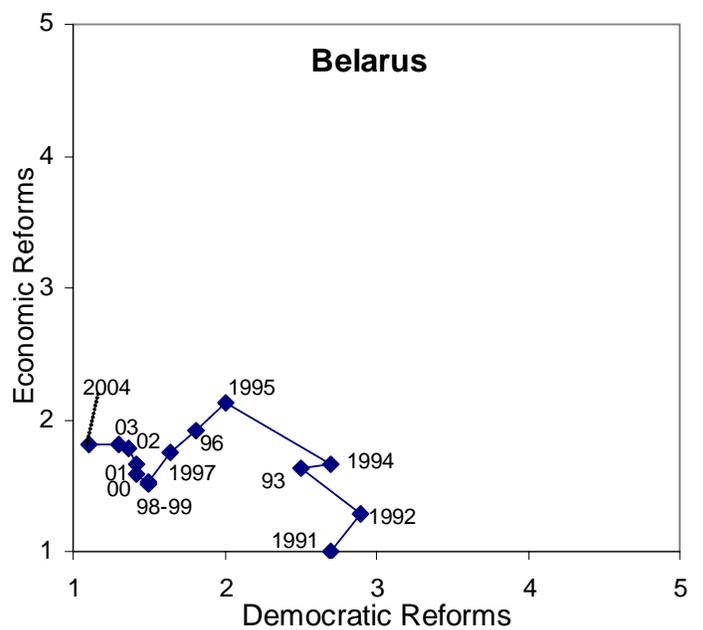
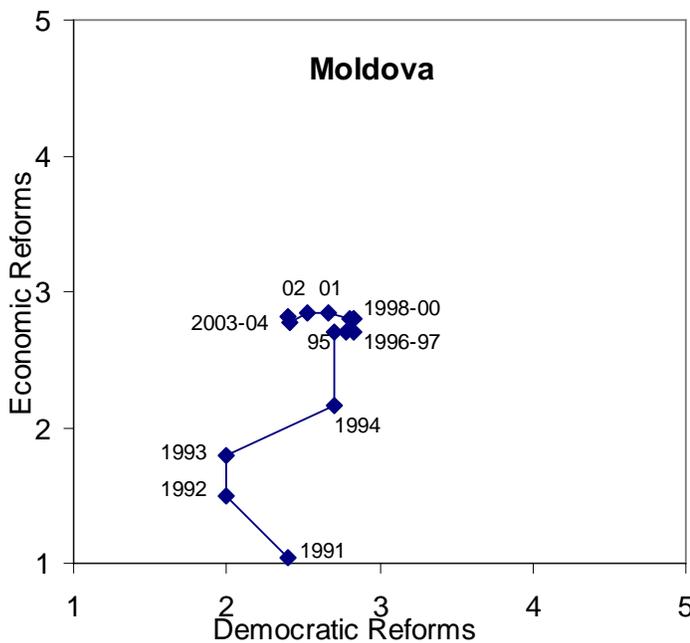
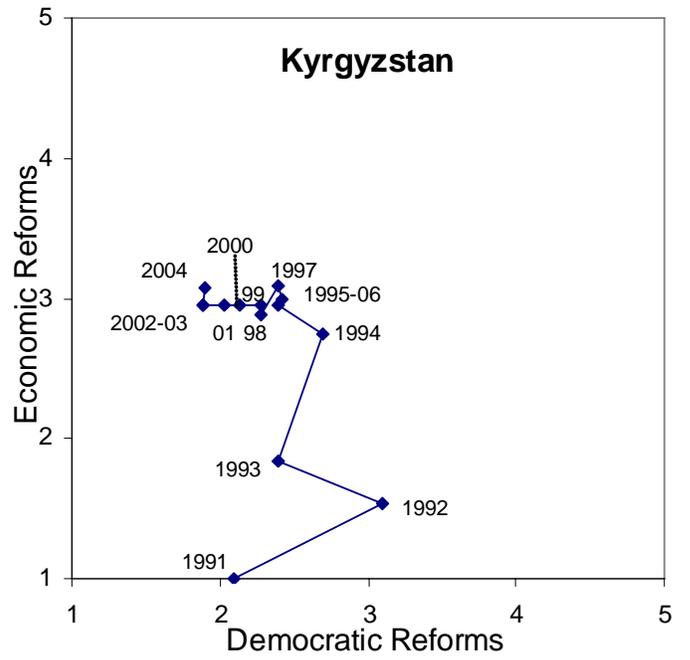
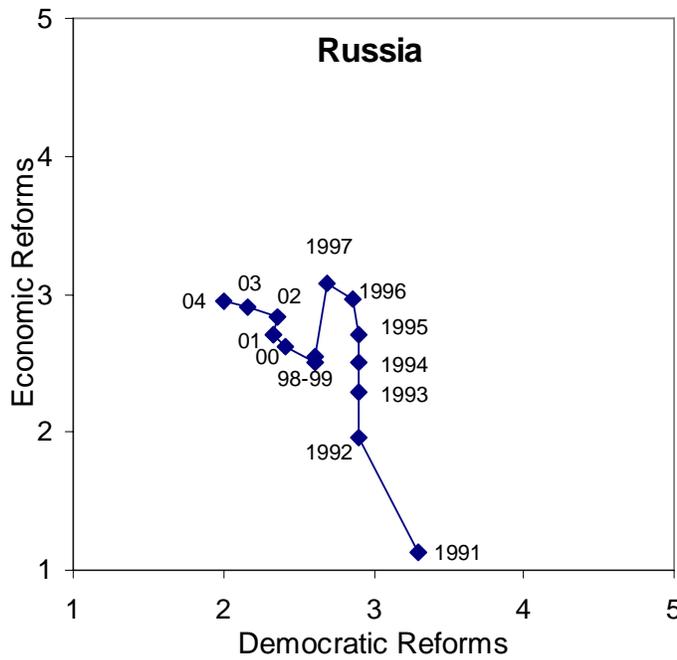
Economic and Democratic Reforms



Ratings are based on a 1 to 5 scale, with 5 representing the most advanced. USAID, drawing from EBRD, *Transition Report 2004* (November 2004) & Freedom House, NIT (2004).

Figures 11-14

Economic and Democratic Reforms



Ratings are based on a 1 to 5 scale, with 5 representing the most advanced. USAID drawing from EBRD, *Transition Report 2004* (November 2004) & Freedom House, *NIT* (2004).