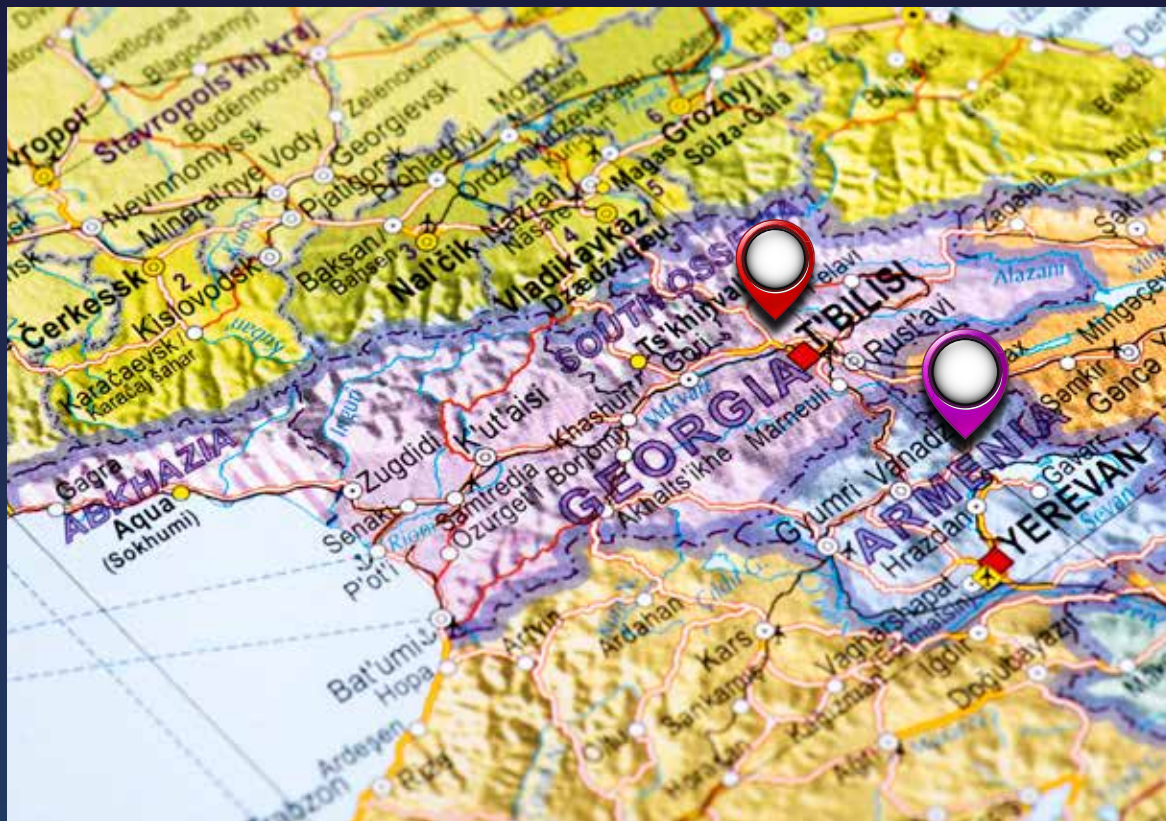




The Boris Mints Institute
for Strategic Policy Solutions to Global Challenges
The Gershon H. Gordon Faculty of Social Sciences
Tel Aviv University



The 2017 BMI Conference
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11.09.2017-15.09.2017

Small Transition Economies: Local Answers to Global Challenges

Small and young but determined

➤ Itai Sened, Petr Pesov, Karen Umansky ◀



Small Transition Economies: Local Answers to Global Challenges

Small and young but determined

Executive Summary

Many former USSR states face serious challenges in their quest for economic growth and prosperity. Many factors feed into those countries' success or lack thereof.

In September of 2017 the International Board of Advisors of the Mints Institute for Strategic Policy Solutions for Global Challenges met for two days in Tbilisi, Georgia and two days in Yerevan, Armenia to explore insights on "How to facilitate a smooth social and economic transition?" The board and the experts that gathered to attend to this complex question concluded that there is hardly one universal recipe of economic transition success. Their inquiry into the two very similar countries – Georgia and Armenia has shown that if Georgia is doing relatively well with a developed institutional reform framework, helping the Georgian economy expand, Armenia has been much less successful. It could be that Georgia is just advancing at a better pace. Yet, the full report of the meeting that follows recount the extensive effort made in the gathering to help find a "universal recipe" for a smooth transition based on the four days of discussion focused on comparing, contrasting and reviewing those two cases at length and in depth.

We conclude that political institutions and leadership play a critical role. Some transition states inherited

institutions from imperial times that left a distinct imprint on the structure and functioning of political and economic institutions that determine success or failure of transition. For example, countries of an Austro-Hungarian descent showed a more stable and positive development pattern of growth in comparison to those of Russian and Ottoman origins. Former President Vaclav Klaus of the Czech Republic and former acting Prime Minister of Russia – Yegor Gaidar are prime examples of how strong leadership has immensely helped states in transition. Another factor is rising income inequality and the way it squeezes the middle class that is getting poorer. Successful transitions depend on hard-working, stable, well-educated and highly-trained middle class.

Another factor that seems to have a tremendous effect is religion: countries with a Protestant majority are found to be more likely to be successful. An additional lesson is that economic and demographic statistical data provide only one prism of the story. The structure of society, national beliefs and cultural heritage must also be taken into account. Sociocultural determinants are fundamental factors of economic success or the development of strategies to achieve it.

Post-Soviet Transitions

The dismantling of the Soviet Union led to the emergence of new players in the political arena. Small, relatively young states, such as Ukraine, Georgia, Armenia, the Baltic states and many others, found their way into a new political and economic reality, often times feeling a significant burden of responsibility weighting heavily over the sweet feeling of victory and sovereignty. Some transition states have had a more smooth and successful process of transition than others, which raises the question of how to explain this variance across countries.

Figure 1 depicts the economic growth of transition countries and makes it clear that Eastern European countries, the Baltic states and Russia are more successful than some of their counterparts. Additional measurements of success in a transition process, such as life expectancy, corruption index and democracy score confirm the advantage of Central European countries over other former Soviet transition states (see Prof. Djankov's presentation at the 2017 BMI conference). What factors could account for these significant differences?

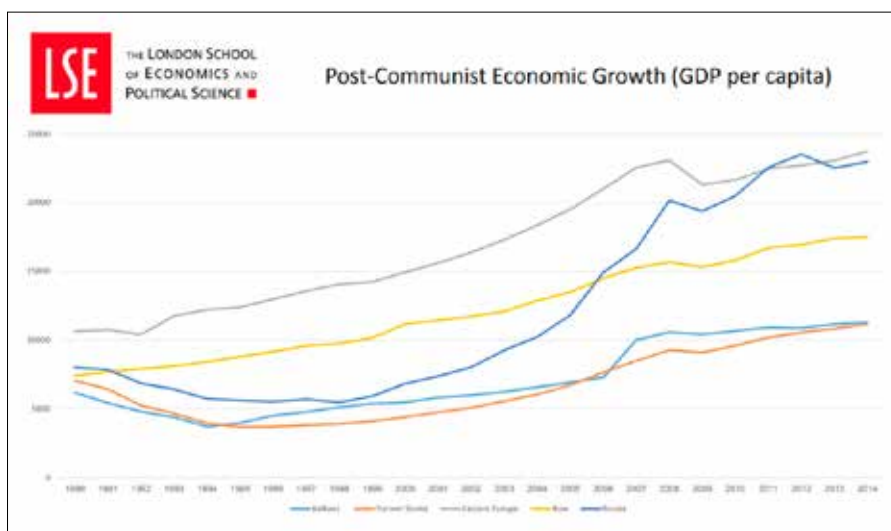


Figure 1: Post-Communist Economic Growth

Source: Prof. Simeon Djankov's presentation at the 2017 BMI Conference



Political institutions and leadership

Political institutions are the backbone of societies. They provide stability and structure behaviour of individuals, organizations and entire economies. "Institutions provide the incentive structure of an economy; as that structure evolves, it shapes the direction of economic change towards growth, stagnation or decline" (North 1991, 97).

Some transition states have inherited institutions from the imperial times. The Austro-Hungarian, Russian and Ottoman Empires have left their distinct imprint on the structure and functioning of political and economic institutions thus predetermining success or failure of transition. For example, countries of an Austro-Hungarian descent showed a much more stable and positive development and growth in comparison to those of Russian and Ottoman origins.

On the other hand, new political and economic realities based on values of sovereignty and growth are reflected in a new institutional setup. Building institutions anew is a rather radical endeavour, and as such, might trigger a strong opposition from lobbies of the incumbent institutions. Moreover, this process requires an ability to reach and

implement autonomous decisions, rather than depend, again, on the guidance and influence of stronger influential entities. For instance, is the EU assistance in the process of transition a vice or a virtue? Does it provide an unbiased support or deprives countries of the ability to create and follow their sovereign, independent and authentic path? This question should be addressed by each transition state independently, since there's hardly a universal formula that "fits it all".

Political systems play a significant role in reaching and implementing decisions. Due to their structure, presidential systems are more efficient than parliamentary. However, the concentration of the power in the hands of the leader in presidential systems can prove to be a disadvantage if the power is channelled to serve corrupt personal interests. Examples of such misuse of power, Prime Minister Videnov in Bulgaria and President Kravchuk in Ukraine among many others, outweigh the cases of constructive and strong leadership of President Klaus in former Czechoslovakia, Acting Prime Minister Gaidar in Russia, and Deputy Prime Minister and Minister of Finance Balcerowicz in Poland.

Is the middle class still in the middle?

Contemporary developed and developing countries are experiencing rising income inequality. The welfare state, that secured labour conditions, pensions and social benefits over the span of 40 years, has given way to employment and financial insecurity. Alvaredo *et al.* (2013) posit that the growing inequality in distribution of resources is a direct result of the rich getting richer, while the middle class – the driving force of every democratic society and a locomotive of change – is getting poorer.

Many transition states endorsed liberal democratic values endorsing free market economic structures. A poorly documented by-product of this socio-economic structure is a decline of the middle class in these countries, which is rarely taken into consideration with a due gravity. The endowment of a transition country's socio-economic structure with which it enters the global market pre-determines the way it acts and competes in the market, in other words, its failure or success. Without a developed middle class new economies lack a clear path in the process of transition. Transition states with better-established middle class display better economic performance due to the symbiotic relationship between the state and well-educated, highly skilled hard-working middle class, crucial for successful transitions. Figure 2 presents a disposable income distribution among the middle class in transition states in 2016 and a projection for 2021. While the prospects for big cities, such as Prague, Bratislava, Ljubljana and

Moscow are relatively optimistic, Tbilisi, Bucharest and Vilnius face, according to this projection, a rather gloomy economic future. Inequality is not a healthy environment for economic growth, therefore decision makers should decide which mechanism of distribution will be an effective engine of growth.

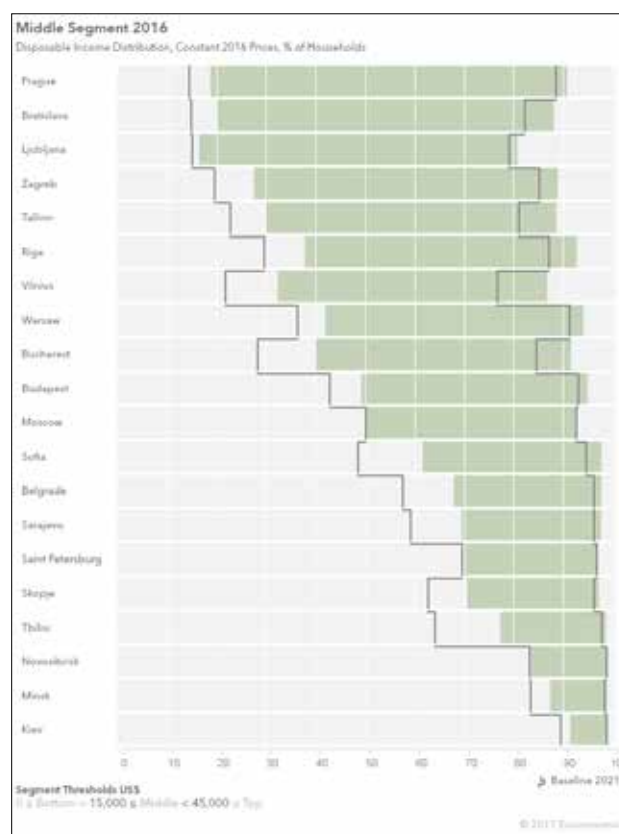


Figure 2: Disposable Income Distribution

Source: Iryna Sytyk in the Euromonitor International, April 8th, 2017



➤ In God we trust!

Religion plays an important role in achieving economic freedom among transition states. Catholic and Protestant countries do significantly better than Muslim states. Yet, Christian countries are far from homogeneous and differences between Western and Eastern Christianity are noteworthy: while the Western Church promoted individualistic values, rationality and significant involvement in worldly affairs, Eastern Church demanded subordination to the state and denied rational interpretation of religion and the world around them.

Even though communism is incompatible with religion, values similar to those of Eastern Orthodoxy

can be traced in the communist worldview. Based on communitarianism and obedience, communism is suspicious of new ideas that might disrupt the existing hegemony of the state. Djankov and Nikolova (2017; Figures 3 below) found that Eastern Orthodox believers are less happy, tend to have less children, display a lower level of trust in political institutions, have a lower voter turnout in national elections and are more apprehensive of new ideas and change than their Catholic and Protestant counterparts. These characteristics weigh heavily over the process of opening a society to new democratic values and entering the global market, which is based on innovation, competition and perpetual change.

	(1) Happiness	(2) Children	(3) Ideal nr children	(4) Social capital	(5) Vote natl elections	(6) New vs. old ideas
orthodox	-0.015 (0.039)	-0.151*** (0.041)	-0.012 (0.052)	0.002 (0.002)	-0.022 (0.076)	-0.244** (0.091)
catholic	0.086** (0.034)	-0.005 (0.025)	0.059 (0.036)	0.017*** (0.003)	0.074** (0.028)	-0.010 (0.062)
protestant	0.110*** (0.030)	-0.001 (0.029)	-0.020 (0.037)	0.028*** (0.004)	0.083*** (0.025)	-0.051 (0.065)
Country dummies	✓	✓	✓	✓		✓
Country/wave dummies	✓	✓	✓	✓	✓	✓
Wave dummies	✓	✓	✓	✓		✓
R-sq	0.283	0.407	0.252	0.220	0.243	0.178
Number of observations	166868	166779	63690	118646	53937	48649

Figure 3: Satisfaction with Life and Political Institutions
Source: Djankov and Nikolova (2017).

The core values of Protestantism serve as a vital catalyst of successful transition and economic growth, whereas Eastern Orthodoxy prefers government ownership and perceives wealth and its distribution from an entirely different angle. Djankov and Nikolova (2017) find that Christianity type accounts for 10-15 percent of the variance in countries' success or failure in the process of transition. Ukraine and Serbia are

vivid examples of the relationship between Eastern Orthodox Christianity that lag in economic growth. Georgia, on the other hand, whose religion is rooted in the same brand of Christianity, presents a positive exception to this rule. Is it a narrative of a small but heroic nation, united in yearning for economic advancement and a perception of imminent external threat, that galvanizes this growth?



➤ How to facilitate a smoother transition?

Transition should go towards building new, independent and free societies. While it is important to have an anchor, a guiding hand in this process, policy-makers should bear in mind that “home-made” and adopted reforms have different consequences. “Ownership” of reforms is crucial for building an independent state and should reside within the transition country’s political and economic setting. The EU is often considered a stable anchor in the process of transition, but interests introduced by Brussels could easily become significant impediments.

Transition economies depend on direct foreign investment, putting their fate in other countries’ hands, therefore, additional steps to create socio-economic stability should be made. Small countries cannot sustain themselves, hence integration into the global market is vital. Transition and globalization are intertwining phenomena, shifting from inward-looking to a global paradigm. Globalisation and open markets enhance growth and investment (Samimi Paris and Hashem S. Jenabadi. 2014). They also pose challenges in terms of immigration and emigration, the well-being of the local middle class, the “brain drain” that may ensue, among other things. It is with this in mind that policy-makers in young and small countries must embark on any path of transition. To overcome the disadvantage of their size and the challenges of globalization, a system needs to be created that considers interests

of different social classes and other groupings, ensuring their participation and benefits. Education that enables people to compete in the labour market in the era of info technologies and social benefits are essential components on which a new society is built. Innovation, introducing e-education and e-government, can smooth the adaptation to the new economic and political environment.

The post-soviet republics Georgia and Armenia are located in the Caucasus region. Armenia is 97.9% Armenian Apostolic, Georgia is 83.4% Christian Orthodox (2014 estimates by the *CIA World Factbook*). Armenia is a parliamentary democracy and Georgia being a semi-presidential republic – otherwise, the two countries have many similarities.

Learning from cases of successful transition economies is important, but it should be taken with a grain of salt. Cross national comparisons are prone to methodological, definitional and statistical biases. They often overlook idiosyncratic country differences, which are hard to measure and to draw valid cross-country conclusions from. For instance, the Baltic states and Slovenia underwent a relatively smooth transition, while Georgia faced an uneasy challenge of rebuilding its institutions. Each country has its own narrative and history so that a universal recipe for success is hard to come by.

The Case of Georgia

Georgian transition has been relatively smooth since the collapse of the Soviet Union. Data gathered shows the progress the country made ever since, as well as the overview of the economic predictions towards the progress Georgia will make 2017-2021.

Georgia is ranked one of the safest countries in the world. Georgian trade is tremendous, as they have a Free Trade Area with the EU, Turkey, China, CIS and also trading with the U.S., Canada and Japan. In recent years, unemployment decreased from 16.3% to 11.8%. Although Georgia engages in a lot of trade this is not where most of its Gross Domestic Product comes from. The Georgian economy builds mostly on Foreign Direct Investments and Tourism. Figures 4 & 5 depict the increase in the past 6 years in FDI and tourism revenue:



Figure 4: Foreign Direct Investments, Georgia

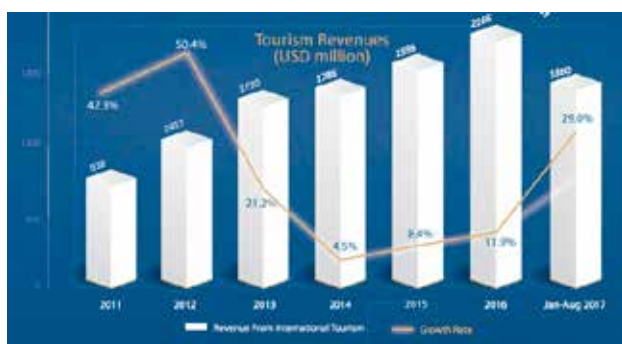


Figure 5: Tourism Revenues, Georgia

Source: Georgia: From Challenges to achievements

At the same time, the population below poverty dropped by about 11% in the past 12 years.

Georgian government introduced a 4-step reform plan including education, economics, spatial development and open governance. The education reform includes promoting professional education, general education and a reform of higher education. As a key determinant of successful development, education is immensely important for Georgia to sustain its stable economic growth.

Open Governance emphasizes inclusive government: Involvement of the private sector in the legislative and regulatory process, building physical and virtual spaces for One-Stop-Shop service provision and public finance management reform. All are implemented in order to ensure the transformation towards transparent governance and decreased corruption.

The economic reform includes capital market reforms, pension reform, a PPP Framework, deposit insurance, accounting reform, insolvency legislation, insurance reform, de-dollarization reform and public investment management reform.

Lastly, the spatial reform includes spinal road infrastructure, land reform and expansion of the South Caucasus Pipeline through Azerbaijan and Georgia.

This re-construction and renovation of the economic structures of Georgia, coupled with attracting Foreign Direct Investment and Tourism investments to the country – to inject fresh money into the economy – has put Georgia on a safe path towards transitioning its economy.

The Armenian Example

Armenia experienced tough times in its transition efforts. In the last few years it has been getting better in some aspects, yet in others it is still struggling. Compared to the other countries of the region – there are some aspects where Armenia is doing well and some where it is doing way worse. For example, the average GDP growth in 2009-2016 was only 1.24%, whereas countries like Georgia and Kazakhstan had roughly 4%. One of the biggest problems Armenia is experiencing is GDP per capita, roughly 3 times smaller than the world average in 2016, the lowest numbers among Russia, Belarus and Kazakhstan outcompeting only Kyrgyzstan. Figure 6 shows a similar trend in terms of the Human Development Index.

Analysing the data – many indicators of the economic growth in Armenia have positively increased, such as but not limited to life expectancy at birth, wages, etc. However, some of the indicators stayed on the same level or dropped even lower than they were in 1991. As for example the Gini coefficient – which is one of the most important determinants of a healthy economy.

One of the biggest struggles Armenia is experiencing is its' poverty rate, which has decreased over the years but remains very high with the rate of decrease gradually slowing.

Foreign Direct Investments has increased as well, although they have been highest in the period of 2007-2011. FDI is crucial for Armenian economy. Regarding trade – Armenia has grown as an international economy between 1997 and 2015, having an increase in both imports and exports, but still struggles with an enormous trade balance deficit.

A few key points (for further detail see the presentation of the researchers at the Russian-Armenian University on the BMI Website) as to why Armenia is struggling as much are:

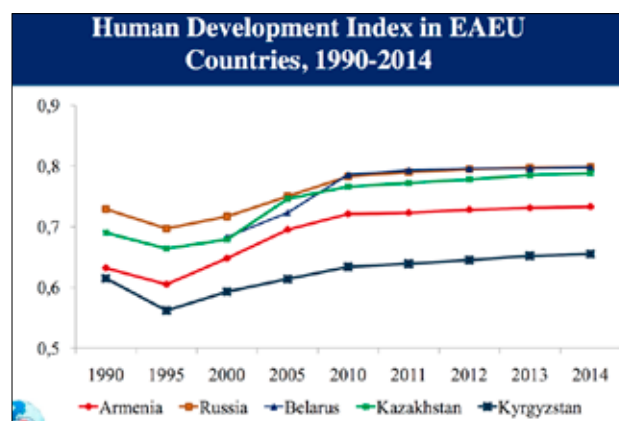


Figure 6: HDI in EAEU Countries

Source: 26 Years of Independence of the Republic of Armenia: Core Results of Economic Development

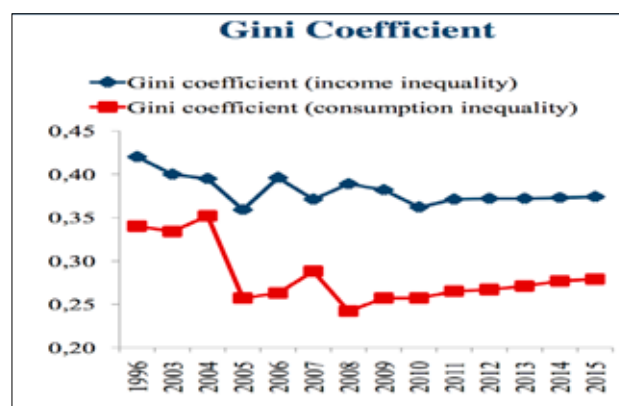


Figure 7: Gini Coefficient in Armenia

Source: 26 Years of Independence of the Republic of Armenia: Core Results of Economic Development

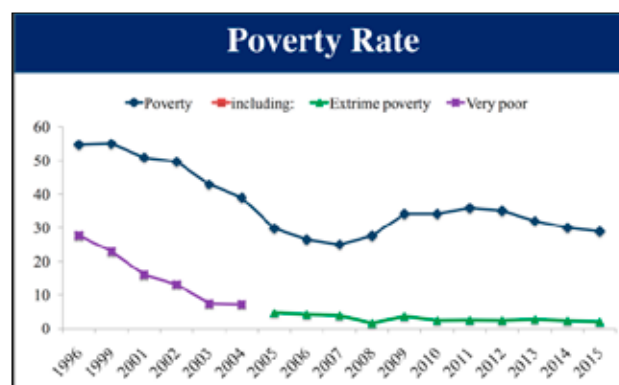


Figure 8: Poverty Rate in Armenia

Source: 26 Years of Independence of the Republic of Armenia: Core Results of Economic Development



- Underdevelopment of non-bank financial institutions.
- Inefficient pension insurance institutions.
- Outdated system of bank regulation and supervision.
- The non-market nature of monetary policy – i.e. de facto exchange rate targeting.
- High interest rates and lack of sufficient long-term financial resources.
- Marginal level of external government debt.
- Inefficient system of tax administration and
- Outdated system of fiscal regulation.

Source: 26 Years of Independence of the Republic of Armenia:
Core Results of Economic Development

All of the above are slowing down the Armenian economy, as financial institutions of the sort are critical for the smooth flow of money into and out of the economy, thereby affecting GDP growth. Low and stable inflation being one of the four macroeconomic goals, has to be targeted at an appropriate level, in order for the central bank to implement a respective version of monetary policy to help keep the inflation rate under control. To reduce external government debt, the trade deficit must be decreased by balancing out exports and imports. Increasing government financial and fiscal institutions would allow Armenia to reduce tax rates and government spending, which, by standard economic theory would help the Armenian economy expand.



➤ Similar, yet so different

Both Georgia and Armenia are similar countries in many ways, yet for several reasons they have had different economic results. While the Georgian economy has had a relatively smooth transition, Armenia went through trouble and is still struggling with the whole process of their emerging modernized economy.

The Georgian government decided to push through the FDI and Tourism sectors, which helped the economy tremendously. After which they have created a set of reforms in order to promote sustainable development in the country.

It may be suggested that Georgia is just in a somewhat more advanced stage in its development process, as the researchers at the Russian-Armenian University have shown. Now it is time to develop an action plan to start targeting problems and move forward.

The question of universal recipe cannot be answered, but that much can be said:

1. Find the challenges, that prevent the economy from boarding the path to sustainable development, through research and data analysis, finding trends and patterns.
2. Develop an action plan that would target the issues the country is facing, through careful scrutiny of past actions in that and/or other countries.
3. Implement the action plan in the country through governmental reforms.

Here is where the struggle really comes in – reform may not fit it all. The same problems facing two, even if similar, countries, may not warrant the same strategic policy response to a number of issue dimensions, such as but not limited to social structures, culture, physical and resource constraints, and others. Since all of the factors cannot be manipulated – it is a country specific matter as to how any country may tackle the challenges of sustainable development and transition to modernized economies.

A theory created by Former Prime Minister and Former Minister of Economics of Armenia Prof. Hrant Bagratyan – Mega economics, suggests a different approach to the economics. It is proposing that the world economy should be viewed as a whole and bring in a number of other approaches on how to measure

and understand economic growth. In Macroeconomics, any rise in intermediary consumption increases GDP. Increasing energy intensity in one of the sectors of a country's economy additionally increases added value in the next link of the chain. In Mega economics – any national income counts. Mega economics also suggests measuring a country's economy by produced national income or consumed national income. Nowadays, in our modern environment, taking globalization into account, any one of the four economic factors of production is on its' own, able to adjust the economic equilibrium, therefore the contribution of any state to the world's economy as a whole should be measured, which redefines the modern assessment of economic growth.

According to Prof. Bagratyan viewing the economy as a global phenomenon may lead to finding a stable economic equilibrium universally, especially in the modern era of globalization. In his "Mega economics," unlike in Macroeconomics, the variables used are not the traditional economic indicators, but also the sociocultural indicators, allowing a study of socio-economic transformations over time. Mega economics does not suggest getting rid of Macroeconomics, but rather to develop Macroeconomics as it is used in the short run towards Mega economics in the long term. We can't rely on traditional Macroeconomics over a long period of time – it is already hard to predict what will happen in the next few years, so using it to predict future outcomes is not truly valid. The increase of international trade is something that brings all of the world economies together into one – Mega economics and it is one reason why the whole concept suggested by Prof. Bagratyan is valuable to the modern era science of Economics. Prof. Bagratyan's theory of Mega economics may help researchers find nuances towards or useful elements of a common remedy to stagnating economies, but requires re-building of generic facets of modern economics. Meanwhile, we could learn a lot from the Georgian and Armenian experiences to understand that although the goal of achieving economic growth and independence is the same and the strategy of policy developing is common, there comes a point, where each country must find its own path of reforms in order to get through the transition successfully.



➤ Conclusion: Lessons to be learned

To conclude – What general lesson can we draw? The field of Macroeconomics is somewhat controversial and vague. It is biased towards theoretical rather than practical interest, which makes it somewhat hard to apply. It is not only the human factor, which is slowing down the economic transition – it is a lack of data and the analysis of data that prevents concrete predictions. What has to be done is not necessarily to form a new policy, strategy or reform, but to approach the problem from a different angle. We cannot calculate and apply our macroeconomic calculations precisely, so we need to look at a country's economy through alternative scopes. Mega economics is one such potential scope. However, it is most crucial for perspective of this kind to be somewhat practical and certainly not purely theoretical.

Still, even with a new theory, we will not be able to fully and, more importantly, accurately predict the economic outcomes of a nation. These outcomes depend on cultural codes and social institutions, as they comprise the way the country works: some countries depend on the whole nation working together, others on the concept of individualism. Countries, nations and societies in particular are immensely different in their attitude and responses towards similar or frequently even the same events and all of it comes from historical prefaces, or “national narratives” as Prof. James Wertsch calls them. Building on scientists of psychology as Lev Semenovich Vygotsky and Alexander Romanovich Luria Professor Wertsch argues that these narratives and the national memory that they shape play an important role in national decisions about the past and future, including the threats that a country sees itself as facing. Some of this depends upon historical education and the general media, portrayal of certain objects in media and academic reports and narratives.

Macroeconomic laws are always working in theory, but in real life, there are different rules to different social mediums. The famous Marshall plan, implemented by the United States of America in 1948, figuratively speaking saved the economies of some European countries after World War II. That plan worked very well because not only was it a well-structured policy but because it was implemented in the countries whose people are able to accomplish goals and give everything they have towards achieving economic

success and independence. Even with this in mind, due to different social mediums, in some countries it worked better than in others: in Germany, due to the hard-working mentality and well-structured society, the impact was the greatest. In other societies, a person with high initiative and relatively high income would be someone to look up to, in others – an object of hatred and jealousy.

Another element that deeply shapes a nation is religion. Of the former Soviet Union – protestant countries such as Estonia had a smoother transition than other countries, as Latvia and Lithuania, being mostly Catholic or Orthodox in their nation.

An additional lesson to draw is that speaking of countries' transitions' does not mean merely the economic, demographic and statistical data, but also the structure of society, the national beliefs and cultural heritage that have to be taken into account. Sociocultural determinants are the fundamental factors of economic success or the development of strategies to achieve it. In a long period of time and through hard work – the alterations and consciousness of the social medium determine the degree of innovations in the nation.

If a universal recipe of a smooth transition does not exist as of now, what can be done in order to help countries achieve economic success? One thing to start with extensive analyses of the relationship between societal structures, culture, national beliefs and religion and economic, demographic and other statistical data. This analysis should include the maximal timespan possible in order to find patterns in the data, analyse it, and then try to ride these patterns towards concrete strategic policy solutions. The extensive study of sociocultural data in relation to economic data may lead to categorisation of countries, which will first outline and then, probably, unify strategies as a way to enable the creation of policy frameworks for different countries to facilitate smoother transition. This is what research needs to focus on – not only economic data, not only the sociocultural analysis, but the relationship between them – that relationship will help us understand the necessary policy strategic measures that need to be implemented in concrete state by state cases.



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- The following presentations are available on the BMI website at:
<http://www.bmiglobalsolutions.org/single-post/2017/09/11/Small-Transition-Economies-Local-answers-to-Global-Challenges> :
1. "Communism as the Second Coming" and "Small States in Transition: The Experience of the Past Quarter Century" by Exec. Dir., Financial Markets Group; London School of Economics, Prof. Simeon Djankov
 2. "Structural Changes in Transition Economies" by Head, BMI; Founder, School of Social and Policy Studies, TAU, Prof. Itai Sened
 3. "Georgia: From Challenges to Achievements" by Vice Prime Minister and Minister of Finance of Georgia, Mr. Dimitri Kumsishili.
 4. "26 Years of Independence of the Republic of Armenia": Core Results of Economic Development by Former Minister of Economics and Finance of Armenia Prof. Edward Sandoyan, Dr. Irina Petrosyan, Dr. Ani Avetisyan, Dr. Hovsep Patvakanyan, PhD student Lida Mnatsakanyan, PhD student Avag Avanesyan and PhD student Ani Galstyan.
 5. "Megaeconomics" by Former Prime Minister and Former Minister of Economics of Armenia Prof. Hrant Bagratyan.
 6. "Living in a Rough Neighbourhood: National Narratives in the South Caucasus" by Academy Professor of Sociocultural Anthropology and the Program on International and Area Studies, Washington University, St. Louis – Prof. James Wertsch.



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15. **Mr. Ivan Miklos**, former Deputy Prime Minister and Minister of Finance, Slovakia
16. **Dr. Boris Mints**, BMI Founder and President
17. **Mr. Cyril Muller**, Vice-President for Europe, World Bank
18. **Mr. Vjatseslav Novikov**, Director
19. **Dr. Alexander Pesov**, Representative of BMI President
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27. **Ms. Karen Umansky**, PhD Candidate and Researcher, Department of Public Policy, Tel Aviv University
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Small Transition Economies: Local answers to Global Challenges

Tbilisi – Yerevan, September 11-15, 2017

Monday, 11.9.17

- 12:00–15:00 Arrival to Tbilisi
- 15:00 BMI Board Meeting
- 16:00 Coffee Break
- 16:15 BMI Steering committee – Business Meeting
- 17:00 **Key Note Speaker:**
Professor James Wertsch,
David R. Francis Distinguished
Professor, Vice Chancellor for
International Relations, Director,
McDonnell International Scholars
Academy Professor of Sociocultural
Anthropology and the Program
on International and Area Studies,
Washington University, St. Louis
*Living in a Rough Neighborhood:
National Narratives in the South
Caucasus*
- 18:00 Departure from Hotel for Cultural
Event(s)
- 20:00 Opening Dinner

Tuesday, 12.9.17

- 08:00 Breakfast – Hotel
- 08:50 **Prof. Itai Sened**, Head of BMI
- 09:00 **Symposium: Small Transition
Economies**
Convener: **Dr. Boris Mints**,
President of BMI
- 09:15 **Opening Remarks: Hon. Mr. Giorgi
Kvirikashvili**, Prime Minister of
Georgia

- 09:45 **Lead Lecture: Prof. Simeon
Djankov**, Exec. Dir., Financial
Markets Group; London School of
Economics
- 10:15 Coffee Break
- 10:45 **Panel #1: The Economics of
Small Transition Economies**
Ms. Mercy Tembon, Country
Director for the Caucasus, World
Bank
Mr. Ivan Miklos, Former Deputy
Prime Minister and Minister of
Finance, Slovakia
- 11:45 Discussion
- 12:30 Lunch – Hotel
- 14:00 **Lead Lecture: Prof. Itai Sened**,
Head, BMI; Founder, School of Social
and Policy Studies, TAU
*Dynamics of Structural Changes in
Transition Economies*
- 14:30 **Panel #2: The Political Economy
of Small Transition States**
Mr. Dimitri Kumsishili, Vice Prime
Minister and Minister of Finance of
Georgia
Mr. Igor Luksic, Former Prime
Minister, Montenegro
- 16:00 Coffee Break
- 16:15–17:00 Discussion
- 17:00 **Mr. Hans Timmer**, Chief Economist,
Europe and Central Asia, World
Bank
- 17.45 **Closing remarks: Mr. Vaclav Klaus**,
Former President of the Czech
Republic
- 20:00 Dinner



Wednesday, 13.9.17

09:00	Breakfast – Hotel
10:00	Departure to the airport (Flight to Yerevan by charter)
11:30	Arrival to Yerevan
12:00	Marriott Armenia
12:30	Visit to the Matenadaran (Institute of Ancient Manuscripts after st. Mesrop Mashtots)
13:30	Lunch
15:30	Arrival to the Russian Armenian University
16:00	Symposium: Armenia: 26 years of independence – Core results Confined to the 20 th anniversary of the Russian Armenian University RAU researchers' presentations: <i>The Economic and Political developments in Armenia</i>
17:30	Tour of the City
19:00	Dinner on behalf of Prof. Armen Darbinyan

Thursday, 14.9.17

08:30	Breakfast – Hotel
09:30	Departure to RAU
10:00	Special Address on behalf of Hon. Mr. Serzh Sargsyan, President of Armenia
10:10	Welcoming Address by Hon. Mr. Karen Karapetyan, Prime-Minister of Armenia
10:30	Prof. Armen Darbinyan , Rector, Russian Armenian University; Former Prime Minister of Armenia: <i>Building of a new independent state as a response to the crush of the USSR: Principles and Values</i>
11:00	Discussion
11:20	Coffee break

11:40	Prof. Hrant Bagratyan , Former Prime-Minister of Armenia: <i>Transformation of the economic model: Essence of Armenian reforms – Liberal approach</i>
12:10	Discussion
12:30	Lunch
13:30	Mr. Vigen Sargsyan , Minister of Defense of Armenia: <i>Regional challenges: from survival to development</i>
14:00	Discussion
14:20	Professor Edward Sandoyan , Former Minister of Finance of Armenia; Director, Institute of Economics and Business of RAU: <i>Challenges of Global development: a need for a new economic model</i>
14:50	Discussion
15:10	Mr. Alexander Khachaturyan , Head of the Center for Strategic Initiatives: <i>Armenia-2030: a comprehensive vision</i>
15:40	Discussion
16:00–16:30	Closing remarks: Mr. Vaclav Klaus , Former President of the Czech Republic
17:00	Reception by Hon. Mr. Serzh Sargsyan, President of Armenia (President's Office)
20:00	Dinner hosted by the Prime- Minister of the Republic of Armenia: Hon. Mr. Karen Karapetyan

Friday, 15.9.17

09:00	Breakfast
09:00–11:30	Departure



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