

RSA CENTRAL AND EASTERN EUROPE LEIPZIG 2022

SS05. Infrastructures of Finance and Finance as Infrastructure in Eastern Europe

Growth models, dependent financialization and financial infrastructures in CEE: the case of the Baltic States

Dr. Leonardo Pataccini - Trinity College Dublin / University of Latvia

Dr. Martin Sokol - Trinity College Dublin

Dr. Marek Mikuš - Max Planck Institute for Social Anthropology



Trinity College Dublin
Coláiste na Tríonóide, Baile Átha Cliath
The University of Dublin



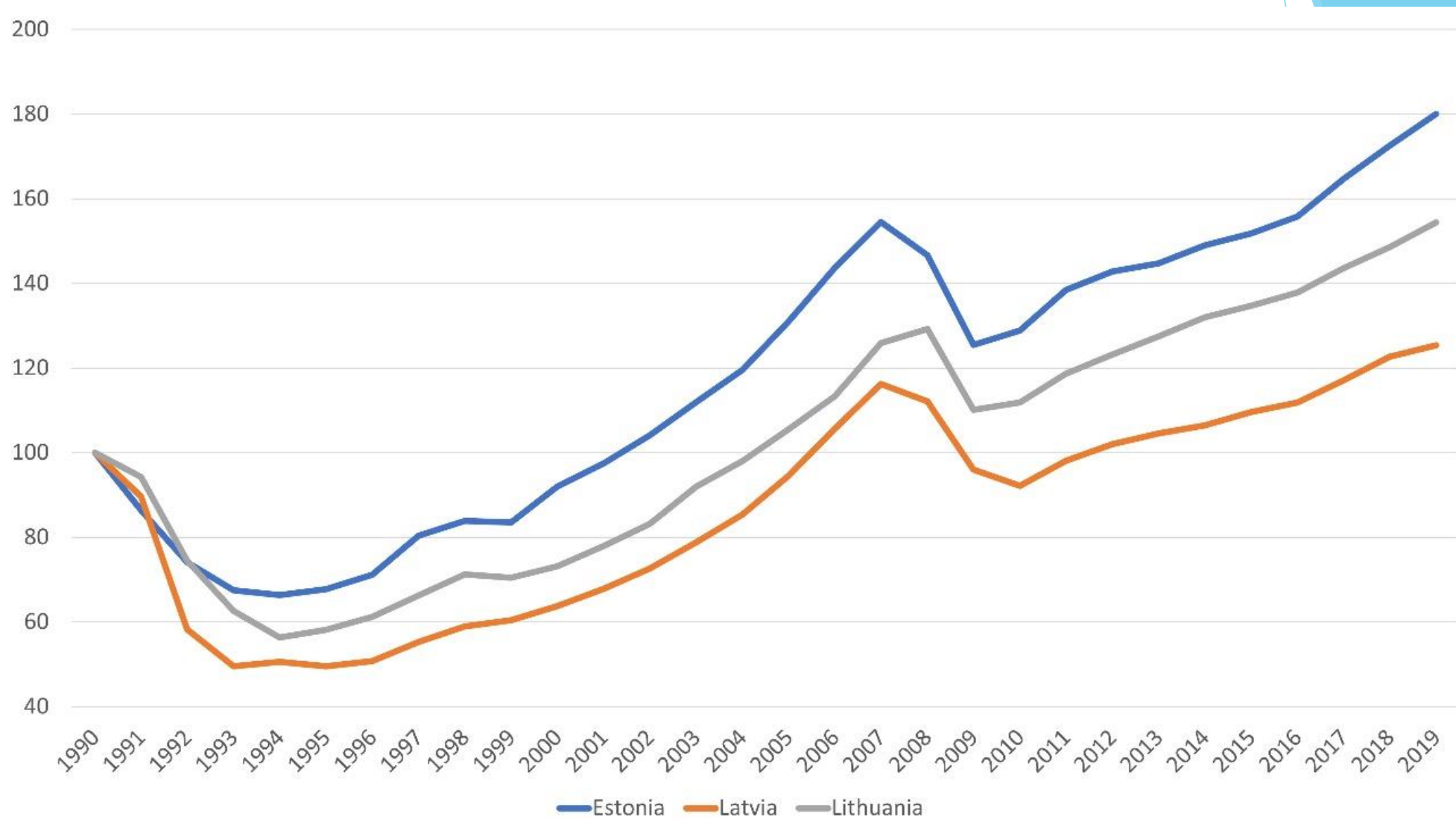
UNIVERSITY
OF LATVIA

Aim: examine the links between growth models, (dependent) financialization and country trajectories in peripheral and semi-peripheral contexts. In particular, we will be looking at the Financial Infrastructure

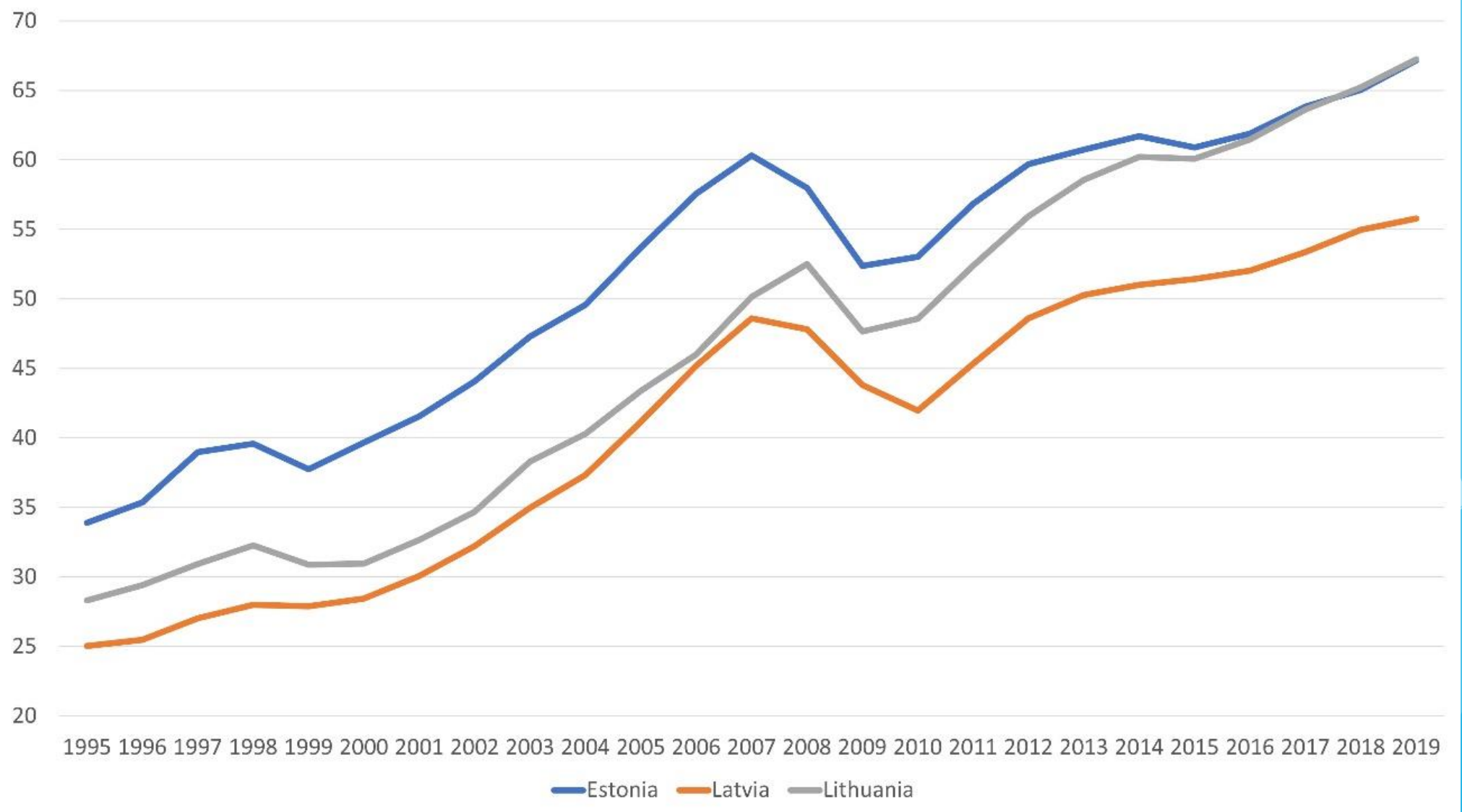
Why the Baltic states?

- E.g., Poissonnier (2017) *“The Baltics: Three Countries, One Economy?”* EC Economic Brief.
- *Dependent market economies* (Nölke and Vliegenthart 2009)
- *Debt-driven growth models* (Bohle 2018)
- *“Common but divergent trajectories”* (Ward et al. 2019)

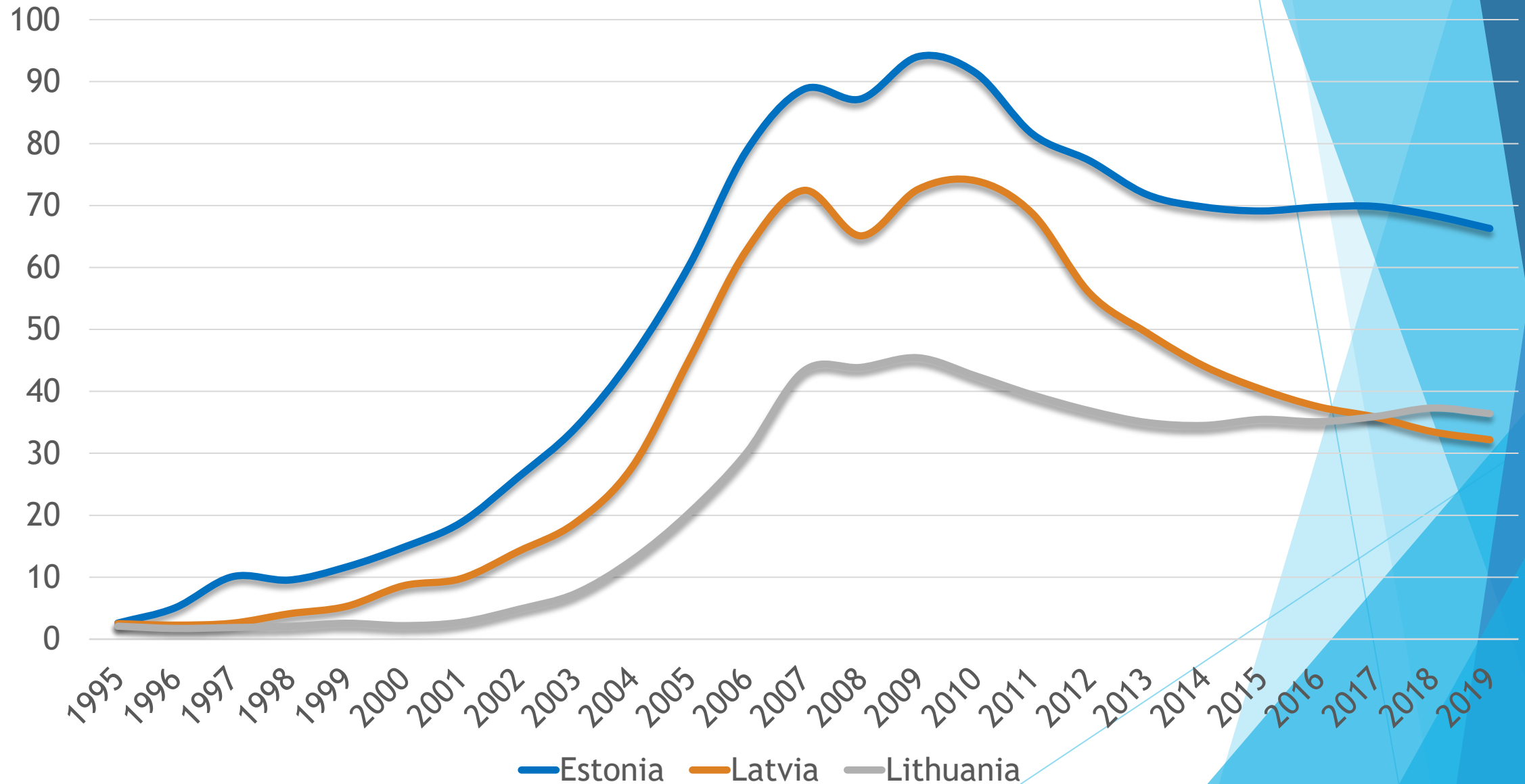
GDP index at constant prices, 1990-2019 (1990=100)



Real GDP per capita PPP of Baltic states as % of EU15 average, 1995-2019



Gross debt-to-income ratio of households, 1995-2019



Structure of GDP in 1989 (as % of total)

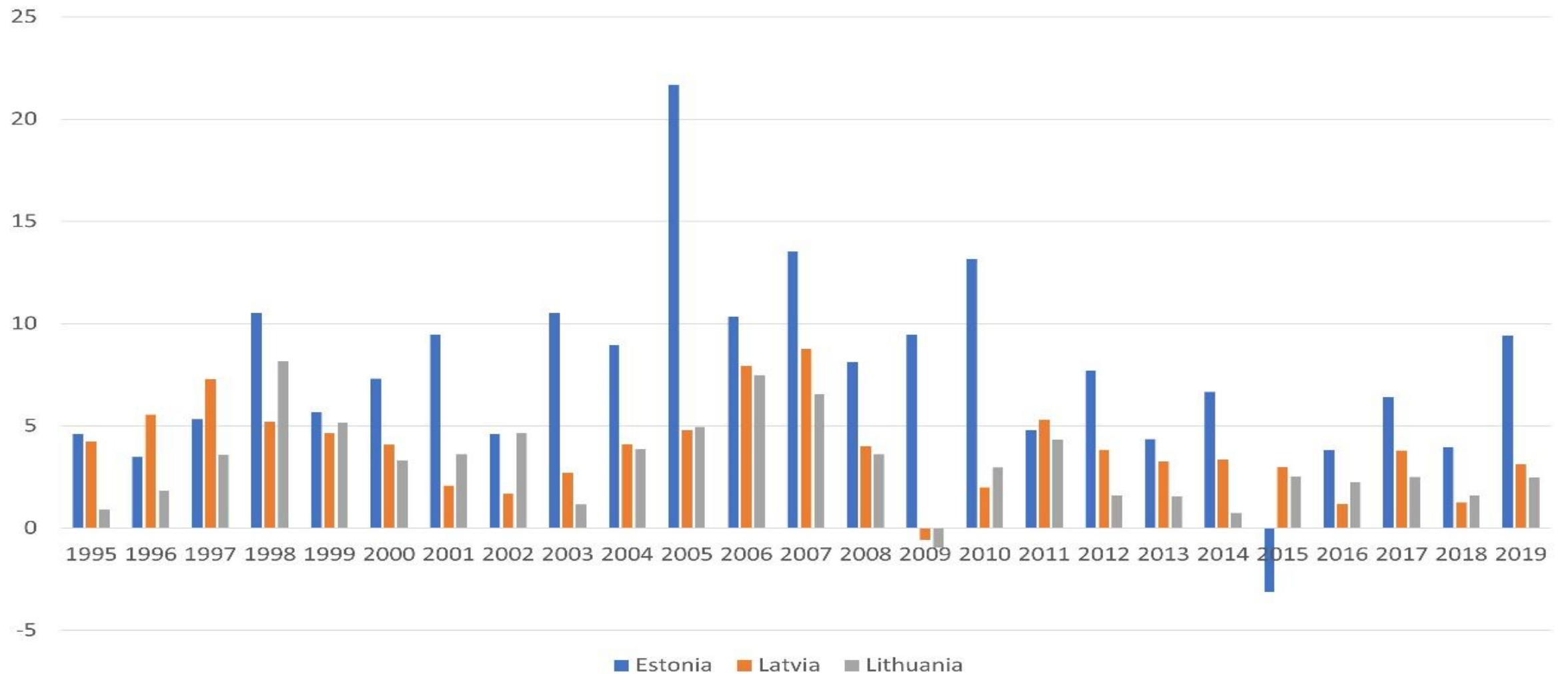
	Estonia	Latvia	Lithuania
Industry	36	37	35
Agriculture	20	19	27
Construction	8	8	10
Transport, communication	6	8	5
Trade, housing and other	30	28	23

Source: OECD (2000)

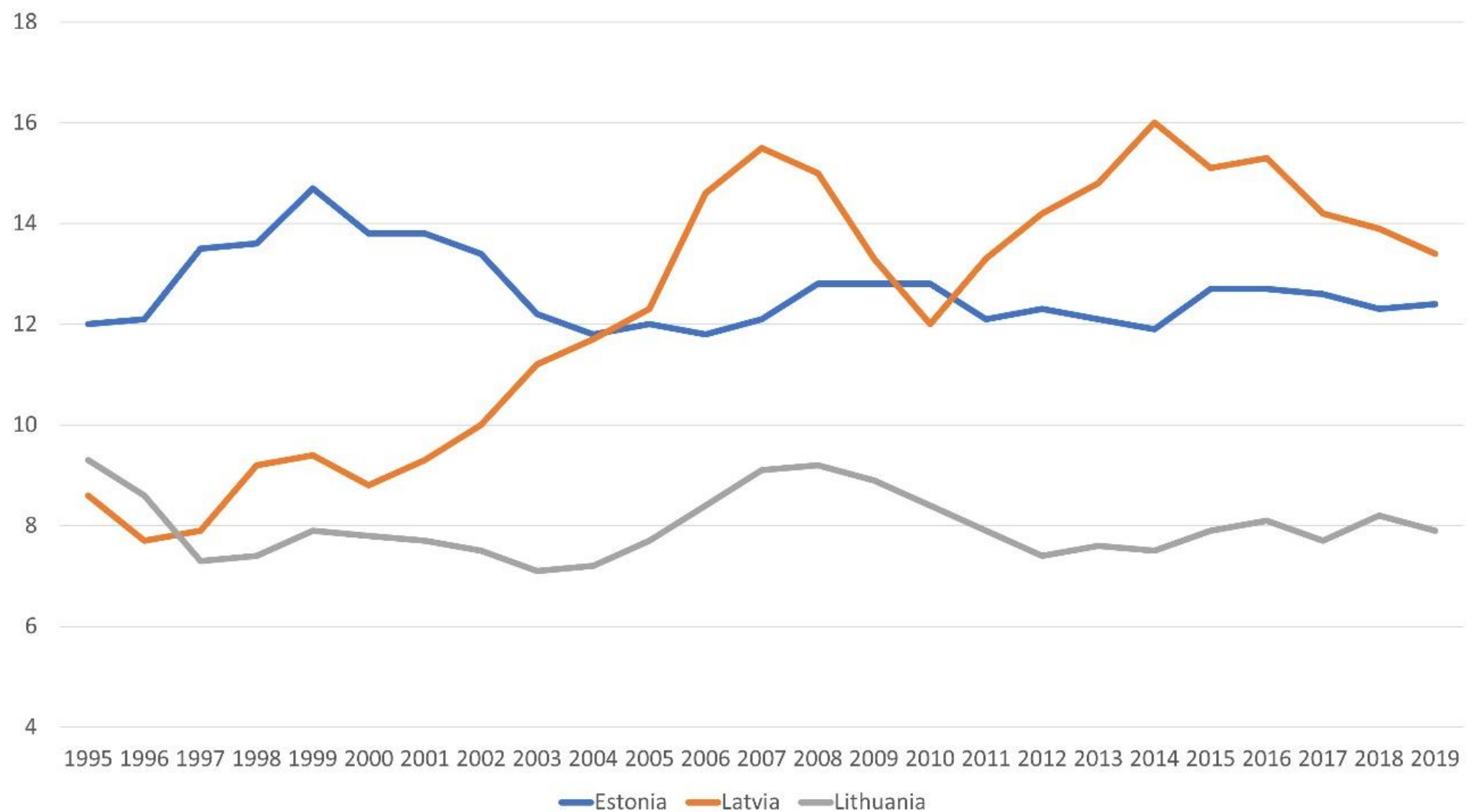
Different GMs

- **Estonia: FDI-led**
- **Latvia: Off-shore banking**
- **Lithuania: Manufacturing-led**

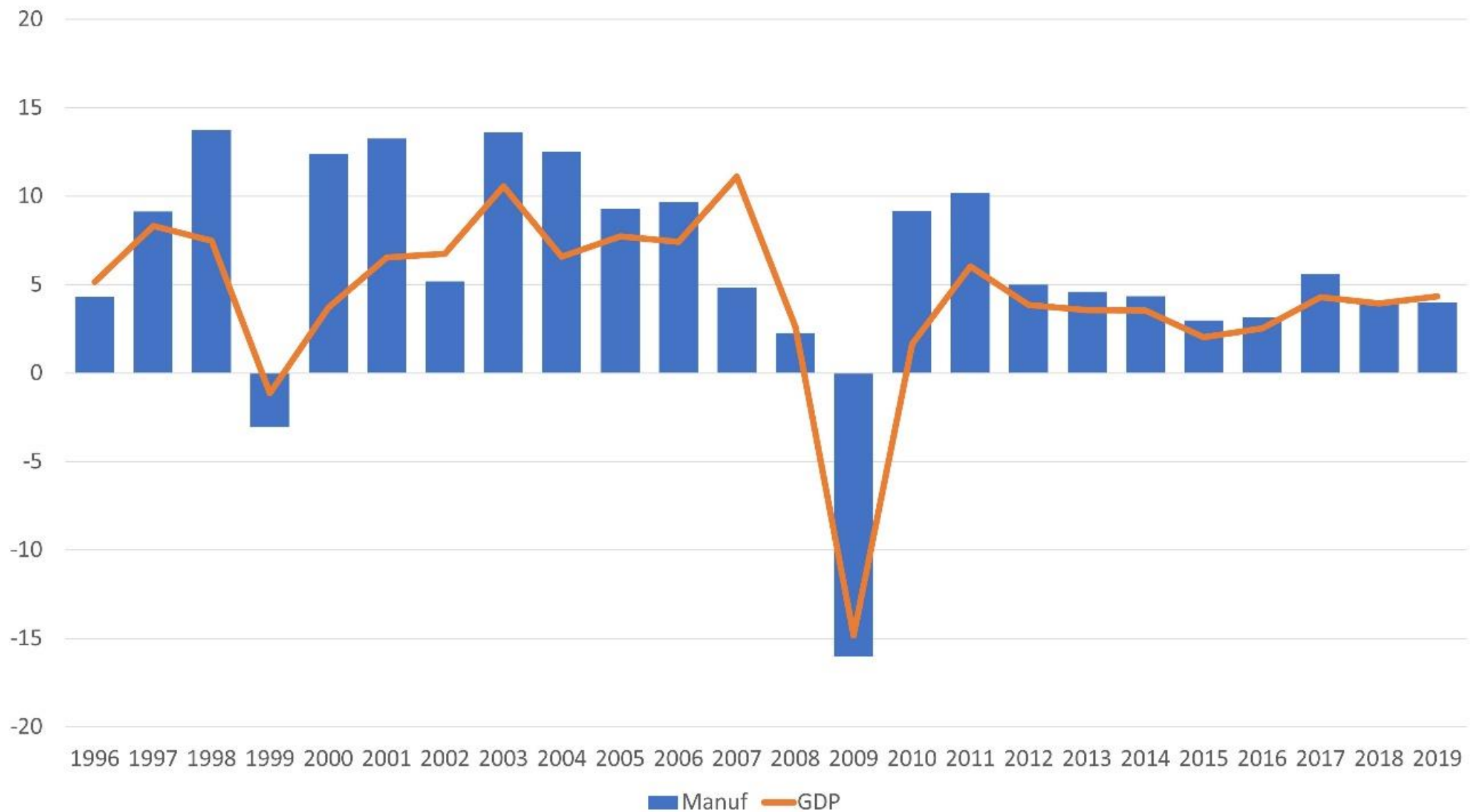
Net FDI inflows, 1995 -2019 (as % of GDP)



Gross Value Added of FIRE sector, 1995-2019 (as % of total)

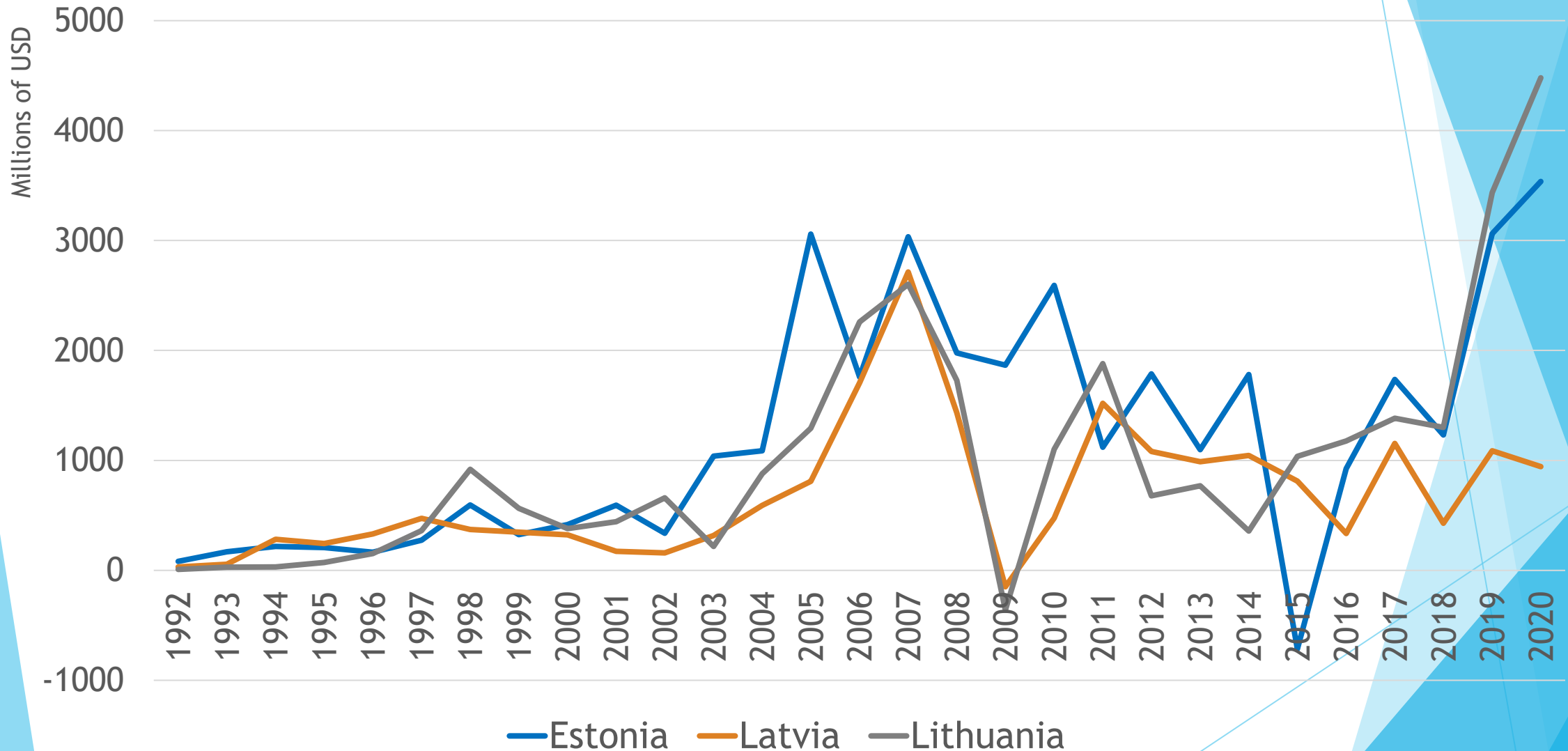


Evolution of Lithuanian GDP and manufacturing, 1996-2019 (as % of change)



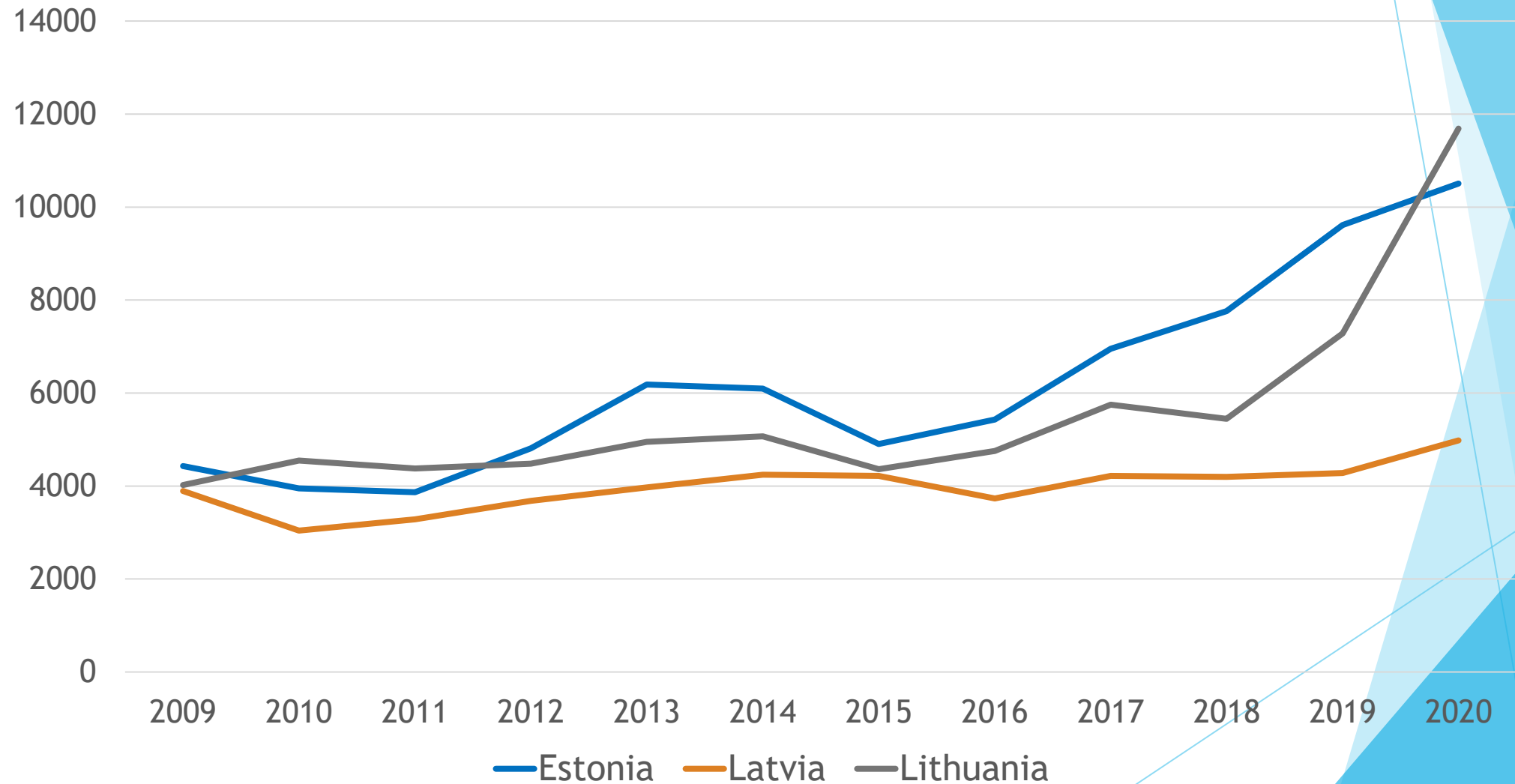
**What happened after the
crisis with the GMs?**

Net inflows of FDI, 1992-2020 (in millions of USD)



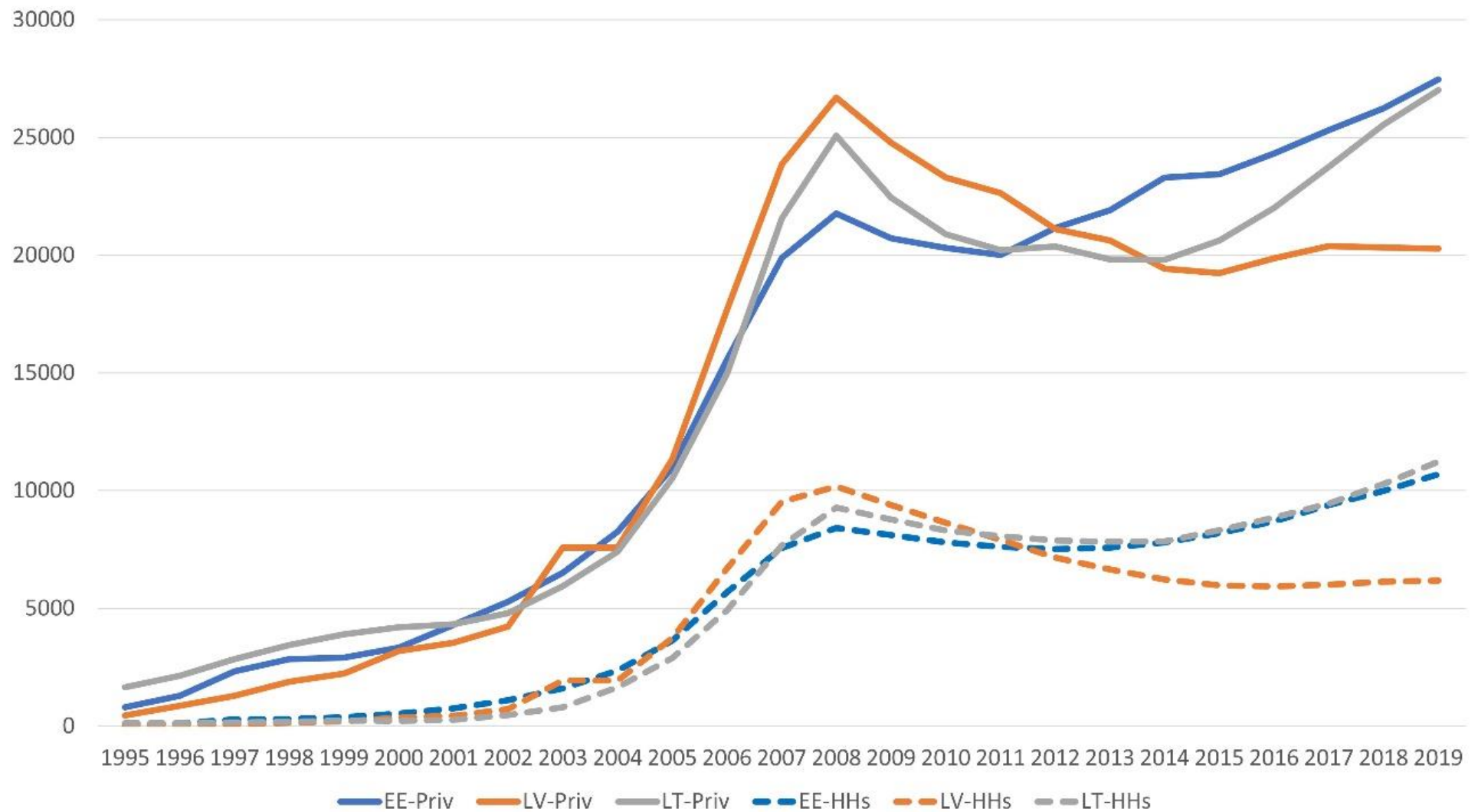
Source: World Development Indicators database, WB

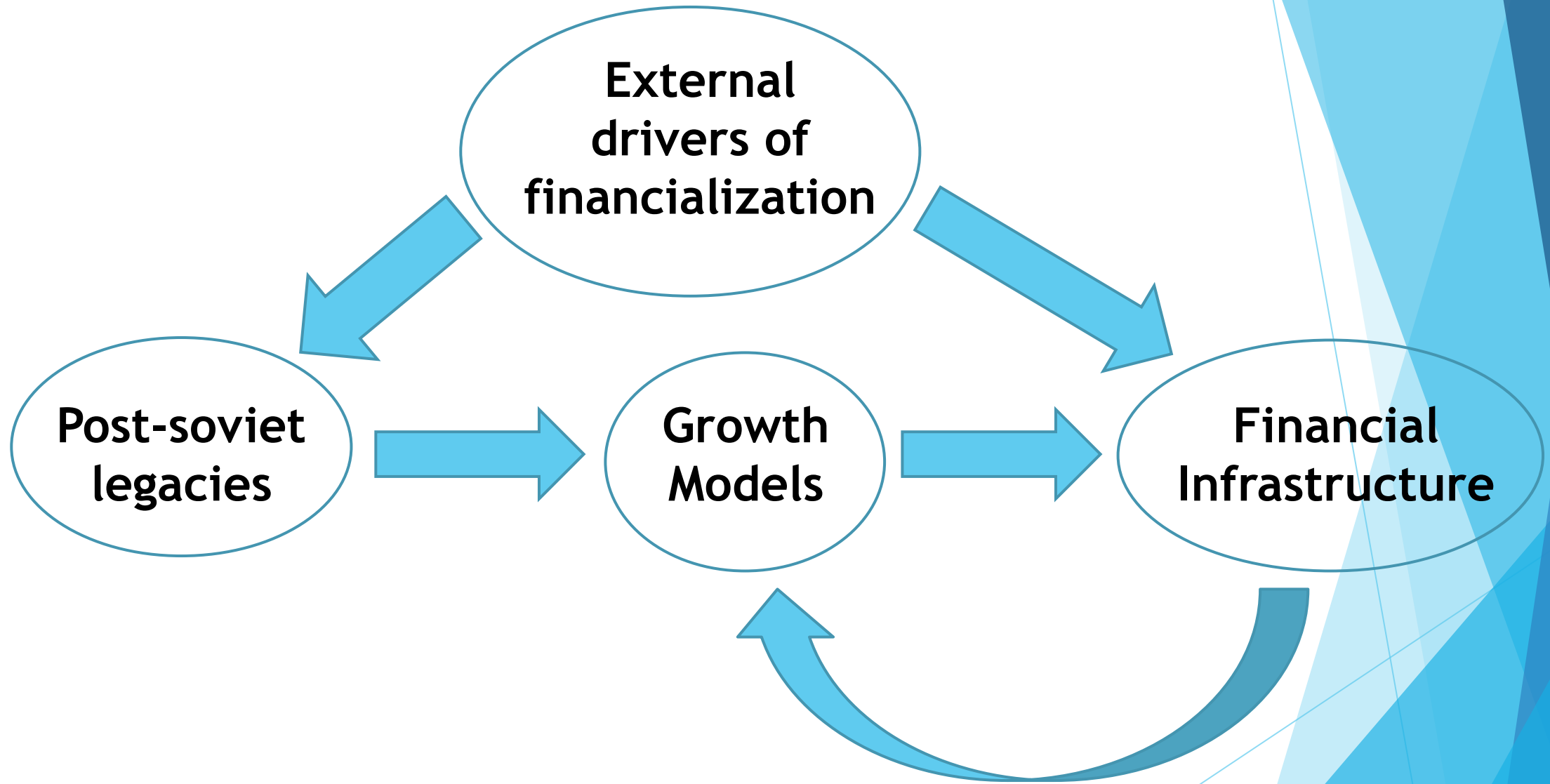
Stocks of FDI in the manufacturing sector, 2009-2020 (in million of USD)



Source: OECD data

Evolution of total private and household debt, 1995-2019 (in millions of EUR)





**External
drivers of
financialization**

**Post-soviet
legacies**

**Growth
Models**

**Financial
Infrastructure**