

# The Public Debt in Eastern Europe

by NND

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**3<sup>d</sup> CADTM EUROPE**  
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Central & Eastern Europe... where exactly?

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- 02 Myths of Transformation
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state	EU	EZ	public debt	citizens	GDP	debt / citizen	debt / GDP
Albania	-	-	5 853 481 137 €	2 783 000	9 659 688 000 €	2 103 €	60,6%
Belarus	-	-	17 773 683 823 €	9 458 000	48 160 639 000 €	1 879 €	36,9%
Bos. & Herz.	-	-	5 838 868 667 €	3 847 000	13 190 712 000 €	1 518 €	44,3%
Bulgaria	+	-	7 184 750 126 €	7 261 000	38 842 786 000 €	989 €	18,5%
Croatia	C	-	24 467 565 600 €	4 258 000	43 473 163 000 €	5 746 €	56,3%
Czech Rep.	+	-	64 405 957 649 €	10 519 000	149 274 458 000 €	6 123 €	43,1%
Estonia	+	+	1 414 478 673 €	1 283 000	16 644 842 000 €	1 102 €	8,5%
Hungary	+	-	76 310 221 456 €	9 894 000	96 591 549 000 €	7 713 €	79,0%
Kosovo	-	-	?	1 826 000	4 755 995 000 €	?	?
Latvia	+	-	7 868 400 867 €	2 018 000	21 606 395 000 €	3 899 €	36,4%
Lithuania	+	-	12 707 301 951 €	2 958 000	32 100 495 000 €	4 296 €	39,6%
Macedonia	-	-	2 450 934 166 €	2 066 000	7 366 578 000 €	1 186 €	33,3%
Moldova	-	-	1 316 512 733 €	3 486 000	5 521 127 000 €	378 €	23,8%
Montenegro	-	X	1 664 035 460 €	620 000	3 258 470 000 €	2 684 €	51,1%
Poland	+	-	204 819 367 118 €	38 548 000	371 278 264 000 €	5 313 €	55,2%
Romania	+	-	47 762 806 245 €	18 612 000	128 956 224 000 €	2 566 €	37,0%
Russia	-	-	167 437 068 237 €	143 455 000	1 539 368 100 000 €	1 167 €	10,9%
Serbia	-	-	18 122 926 380 €	7 203 000	28 472 783 000 €	2 516 €	63,7%
Slovakia	+	+	36 621 545 920 €	5 413 000	69 977 922 000 €	6 765 €	52,3%
Slovenia	+	+	18 271 110 509 €	2 062 000	34 729 349 000 €	8 861 €	52,6%
Ukraine	-	-	50 209 867 919 €	45 454 000	134 172 059 000 €	1 105 €	37,4%
Germany	+	+	2 122 002 715 872 €	80 557 000	2 588 944 800 000 €	26 342 €	82,0%
Greece	+	+	300 798 034 154 €	10 758 000	189 722 878 000 €	27 960 €	158,5%
Sweden	+	-	152 309 248 814 €	9 593 000	400 602 969 000 €	15 877 €	38,0%



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state	debt / citizen	debt / GDP	key social expenditures (2009)			
			social protection	health care	recreation, culture, education	environmental protection, housing, community amenities
			per capita	per capita	per capita	per capita
Bulgaria	989 €	18,5%	655,71 €	209,86 €	248,89 €	122,86 €
Czech Rep.	6 123 €	43,1%	1 828,42 €	1 041,54 €	839,98 €	252,49 €
Estonia	1 102 €	8,5%	1 694,62 €	604,36 €	1 007,87 €	119,80 €
Hungary	7 713 €	79,0%	1 717,87 €	471,66 €	628,03 €	173,08 €
Latvia	3 899 €	36,4%	1 288,40 €	434,89 €	768,93 €	179,78 €
Lithuania	4 296 €	39,6%	1 500,74 €	497,36 €	721,77 €	149,70 €
Poland	5 313 €	55,2%	1 325,77 €	413,37 €	556,31 €	148,45 €
Romania	2 566 €	37,0%	897,75 €	275,30 €	326,98 €	125,44 €
Slovakia	6 765 €	52,3%	1 426,12 €	905,01 €	628,89 €	167,62 €
Slovenia	8 861 €	52,6%	3 074,35 €	1 174,05 €	1 460,62 €	308,49 €
Germany	26 342 €	82,0%	6 439,29 €	2 045,51 €	1 495,84 €	414,49 €
Greece	27 960 €	158,5%	4 267,99 €	1 312,88 €	1 117,12 €	225,51 €
Sweden	15 877 €	38,0%	6 963,65 €	2 252,57 €	2 573,31 €	350,81 €

pink colour indicates expenditures at the level of less than 40% of the

expenditures at a given field in Germany;

red colour indicates expenditures below the level of 25% of the

corresponding expenditures in Germany;



## After the Transformation – huge expectations

- ❖ reduction of the oversized administration
- favourable conditions for the business development
- ❖ *down you lie or up you stand, either way you'll earn a grand*
- ❖ new investments
- ❖ human factor:
  - corruption -> nepotism -> **cronyism**
- ❖ prosperity & welfare
- ❖ capitalism vs financial enhancements
- asset-backed lending & assets-purchase-driven credits

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## Local determinants: banking system

- ❖ ownership structure / instability
- ❖ central banks' role
- ❖ credits supply flow / currency exchange rates

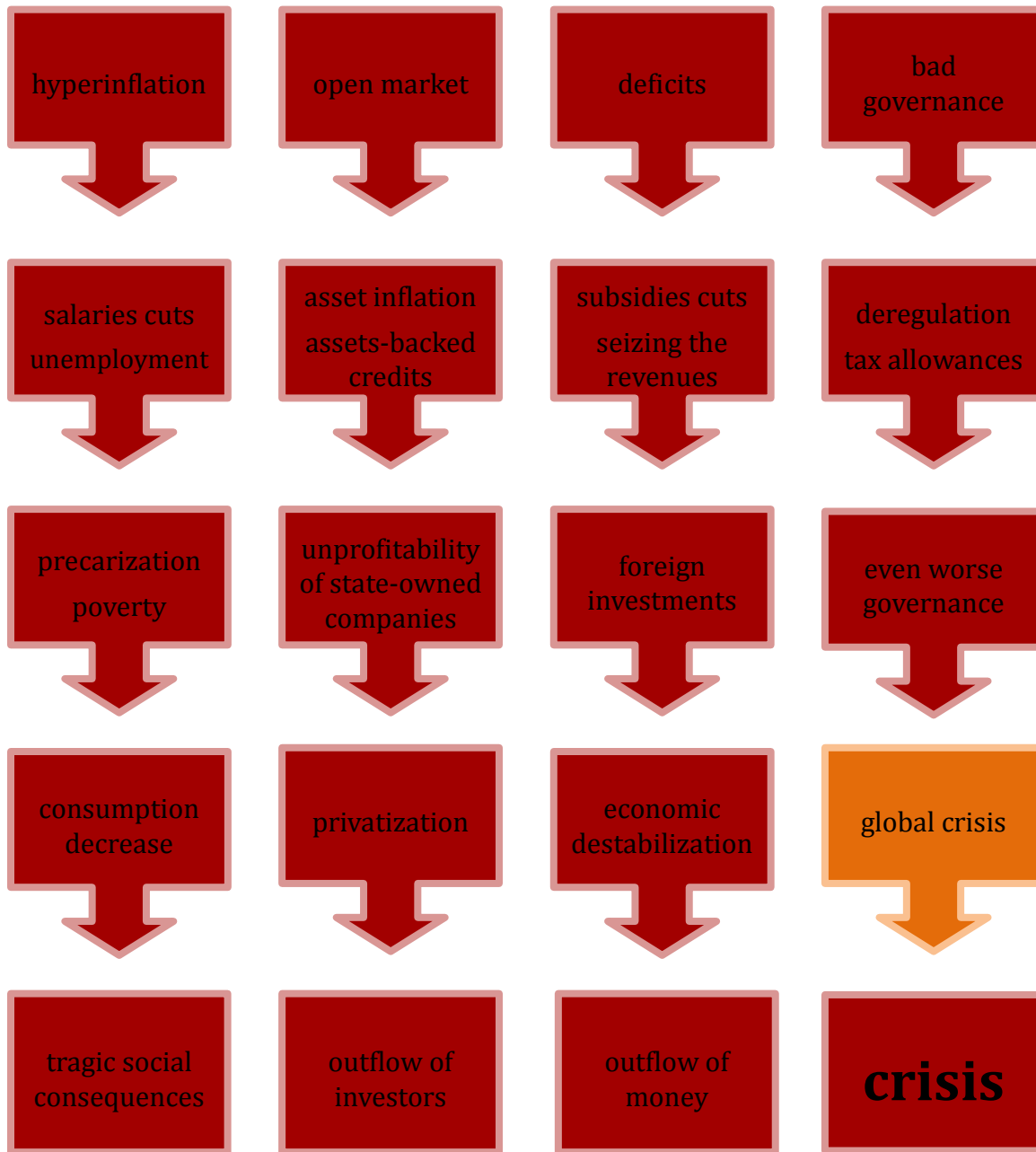
## Local determinants: debt

- ❖ creditor structure
- ❖ interest rate
- ❖ maturity
- ❖ general condition of economy
- ❖ use

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## Conclusions:

- ❖ investments in financial sector vs industrial sector
- ❖ control: private vs state vs civic
- ❖ negative trade balance vs EU-subsidies & investments
- ❖ inflation vs deflation vs speculation
- ❖ consumption: increased vs decreased
- ❖ special economic zones & tax reliefs
- ❖ weakness of the central & national banks (The Vienna Initiative)
- ❖ precarious work
- ❖ optimistic forecasts vs the collapse of the welfare state & dedemocratization processes

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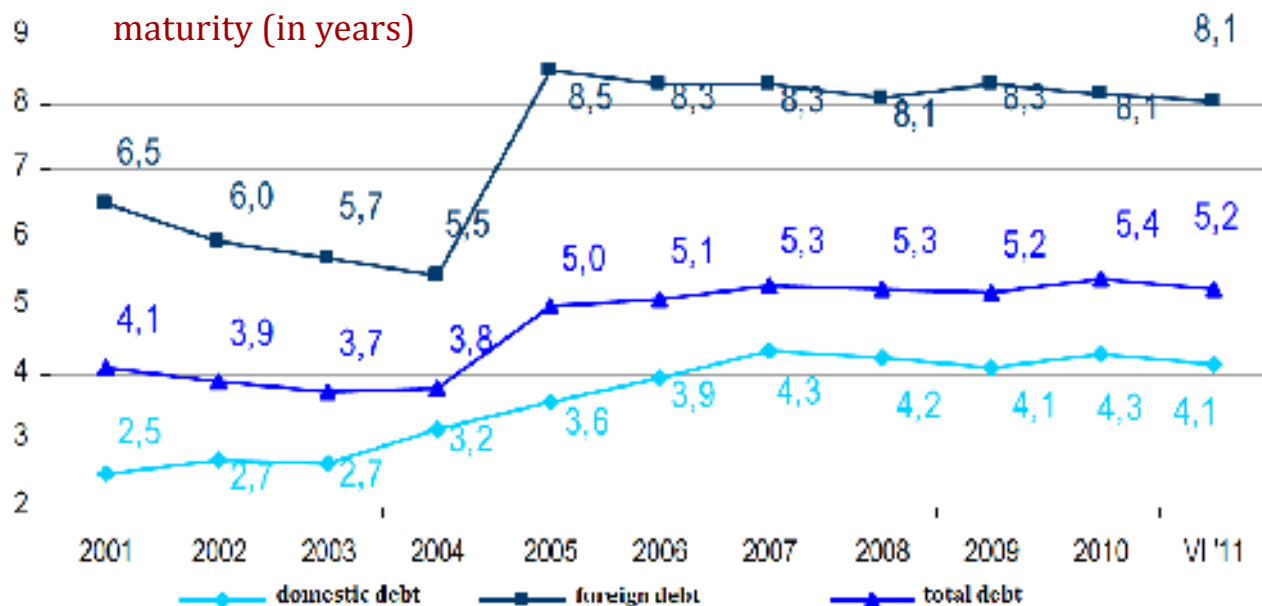
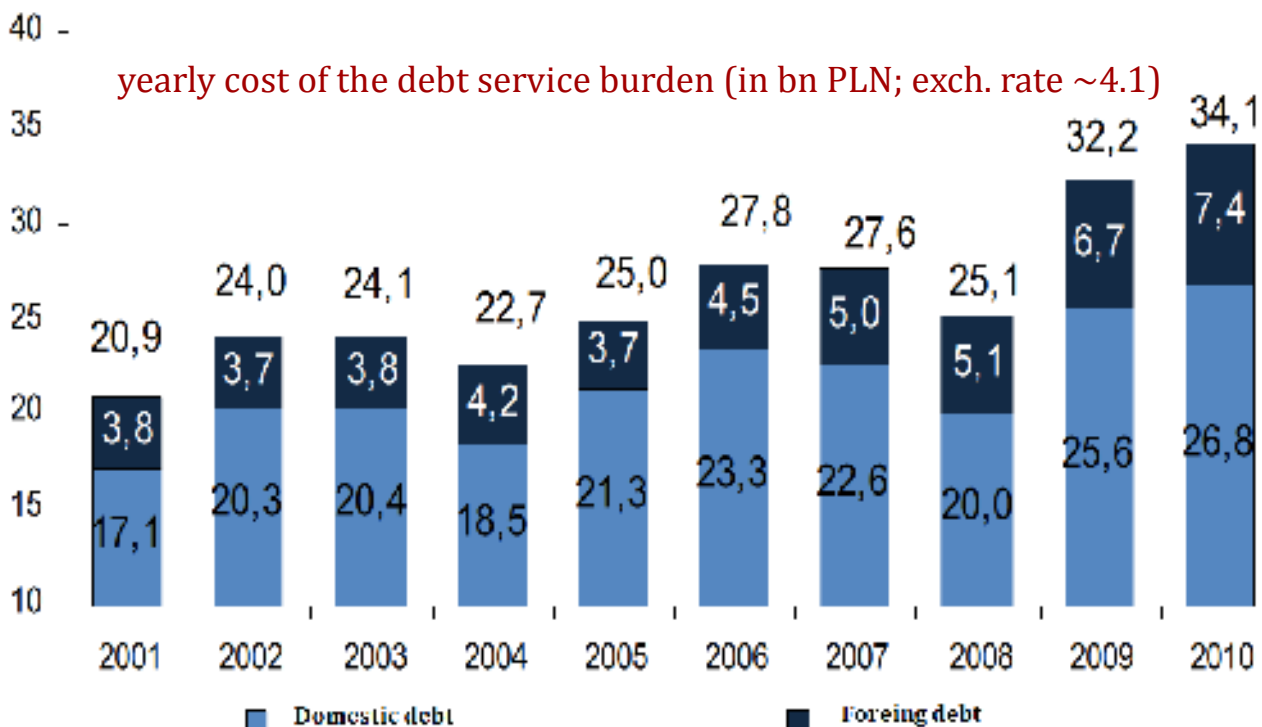
## Debt in Poland:

- ❖ though huge deficit (**3,9% of GDP**), positive moods
- ❖ public debt: **€205 bn** (old debt + OFE + new debt)
- ❖ assumed GDP growth (2012-2015):  
**2,5% -> 3,4% -> 3,8% -> 3,9%**  
2013 -> **1%**
- ❖ assumed budget deficit level (2012-2015):  
**€10,9 bn -> €6,8 bn -> €7,4 bn -> €7,9 bn**  
2013 -> **€8,23 bn** (87% at the end of May ,13)
- ❖ assumed euro exchange rate (2012-2015):  
**4,0 €/pln -> 3,8 €/pln -> 3,6 €/pln -> 3,5 €/pln**  
2013 -> **4,34 pln per euro**
- ❖ how to cover the budget gap...? indebtedness, cuts, privatization vs tax enhancements

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cities' debt level

city	debt indicator		debt service burden	
	total	without EU projects	total	without EU projects
Poznań	71,8%	58,2%	9,4%	9,4%
Kraków	64,0%	59,8%	14,9%	14,6%
Gdańsk	64,2%	54,2%	14,2%	14,2%
Łódź	58,3%	58,3%	14,9%	14,6%
Wrocław	62,6%	57,9%	11,0%	10,9%
Toruń	85,1%	57,6%	8,7%	7,8%
Biała Podlaska	58,1%	58,1%	14,6%	14,6%
Siedlce	64,1%	49,1%	9,7%	9,7%
Włocławek	69,5%	38,7%	7,8%	7,8%
Żory	61,3%	43,6%	19,6%	15,9%

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## cities' debt – over the counter – cities' companies debt

entity	debt	
	2008	2012
MPWiK	€ 69 411 765	€ 179 058 824
MPK	€ 60 235 294	€ 133 647 059
Wrocław 2012	€ 216 941 176	€ 103 529 412
TBS	€ 42 352 941	€ 80 470 588
Aquapark Wrocław	€ 33 411 765	€ 29 647 059
Zoo	-	€ 3 529 412
Wrocławskie Mieszkania	€ 235 294	€ 447 059
Wrocławskie Inwestycje	€ 611 765	€ 400 000
Spartan	€ 447 059	€ 305 882
WCRiMS	-	€ 235 294
<b>TOTAL (companies)</b>	<b>€ 423 647 059</b>	<b>€ 531 270 588</b>
the city	€ 223 529 412	€ 470 588 235
<b>TOTAL DEBT</b>	<b>€ 647 176 471</b>	<b>€ 1 001 858 824</b>
INCOME*	€ 761 647 059	€ 894 117 647
<b>TOTAL DEBT / INCOME</b>	<b>84,97%</b>	<b>112,05%</b>

Wrocław

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## Citizens' debt:

- ❖ total citizens' debt: **9,6 mld euro**
- ❖ increase in non-paid debts for the last 2 months: **2%**
- ❖ number of subprime debtors: **2 257 517**
- ❖ average debt of a subprime debtor: **4 000 euro**
- ❖ % of Poles not settling account on time: **5,9%**

## Context:

- ❖ **10.5 m** out of 23.5 m Europeans whose **daily income is ≤€10** are Polish nationals
- ❖ Poles are **44 %** of EU-citizens with **daily income <€5**
- ❖ **2.2 m** Poles lives in **poverty**; the next **6.5 m** cannot afford even a modest life (**≤€110 per month**)
- ❖ nevertheless the state aid for the poorest is being reduced. **€1.75 bn** (2005) -> **€1.65 bn** (2009)

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Some of the initiatives in Poland:

 **SYREN** 

**rozbrat.org**  
**radykalny**  **poznán**



Le Monde   
**diplomatique**



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## Questions:

- ❖ when a debt is a bad debt?
- ❖ why they say Polish economy is doing well?
- ❖ why Poland is a neoliberal stronghold?
- ❖ what are the life conditions in Poland?
- ❖ who is doing well in Poland these days?
- ❖ what will be the future of the country taken into account the present level of investments in social protection, health care, culture, education etc.?
- ❖ why there are more & more proto-fascists movements?
- ❖ what are the chances for... a change?
- ❖ **and what are the chances for a (mental) revolution?**

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# THANK YOU!

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