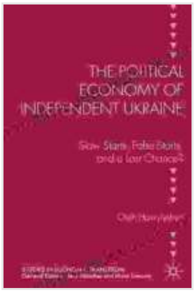
Slow Starts, False Starts, and Last Chance Studies in Economic Transition

Economic transition is a complex and challenging process, and it is not uncommon for countries to experience setbacks and delays along the way. In some cases, these setbacks may be so severe that they derail the transition process altogether. In this article, we explore the concepts of slow starts, false starts, and last chance studies in the context of economic transition. We provide a comprehensive overview of the topic, including the causes and consequences of these phenomena, and discuss the policy implications for governments and international organizations.

A slow start is a period of slow or no growth following an economic transition. This can be caused by a variety of factors, including:

- **Policy uncertainty:** Governments may be slow to implement the necessary reforms, or they may implement reforms that are not well-suited to the country's specific circumstances. This can create uncertainty for businesses and investors, leading to a slowdown in economic activity.
- **Structural rigidities:** The economy may be characterized by structural rigidities that make it difficult to adjust to the new economic environment. These rigidities can include labor market regulations, tax laws, and subsidies.
- **External shocks:** The economy may be hit by external shocks, such as a global recession or a natural disaster. These shocks can disrupt trade and investment, leading to a slowdown in economic growth.

Slow starts can have a number of negative consequences, including:



The Political Economy of Independent Ukraine: Slow Starts, False Starts, and a Last Chance? (Studies in Economic Transition) by Oleh Havrylyshyn

4.7 out of 5

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Screen Reader	: Supported
Enhanced typesetting	: Enabled
Word Wise	: Enabled
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- **Lost opportunities:** A slow start can delay the country's progress towards economic development. This can result in lost opportunities for businesses and investors, and can also lead to social unrest.
- **Increased poverty:** A slow start can lead to increased poverty and inequality. This is because the benefits of economic growth are not shared equally, and the poor are often the most vulnerable to economic downturns.
- **Political instability:** A slow start can lead to political instability. This is because the government may be blamed for the economic problems, and this can lead to protests and demonstrations.

A false start is a period of economic growth that is followed by a sharp decline. This can be caused by a variety of factors, including:

- **Overheating:** The economy may grow too quickly, leading to inflation and other economic problems. This can force the government to implement austerity measures, which can lead to a recession.
- **External shocks:** The economy may be hit by external shocks, such as a global recession or a natural disaster. These shocks can disrupt trade and investment, leading to a slowdown in economic growth.
- **Policy mistakes:** The government may make policy mistakes that lead to a recession. These mistakes can include raising interest rates too quickly, cutting spending too deeply, or implementing tax increases that are too large.

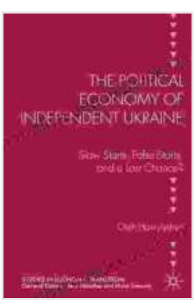
False starts can have a number of negative consequences, including:

- **Lost output:** A false start can lead to lost output and investment. This is because businesses and investors may be reluctant to invest in an economy that is prone to downturns.
- **Increased uncertainty:** A false start can increase uncertainty about the future of the economy. This can lead to a decline in consumer confidence and investment, which can further damage the economy.
- **Political instability:** A false start can lead to political instability. This is because the government may be blamed for the economic problems, and this can lead to protests and demonstrations.

Last chance studies are studies that examine the economic performance of countries that have experienced a slow start or a false start. These studies typically find that these countries have a lower chance of achieving sustained economic growth than countries that have not experienced these setbacks. This is because slow starts and false starts can damage the country's institutions, its human capital, and its infrastructure.

The findings of last chance studies have a number of implications for governments and international organizations. First, they suggest that it is important to avoid slow starts and false starts in the first place. This can be done by implementing sound economic policies, addressing structural rigidities, and minimizing the risk of external shocks. Second, they suggest that countries that have experienced a slow start or a false start should take steps to address the underlying problems that caused the setback. This may require implementing structural reforms, investing in human capital, and improving infrastructure.

Slow starts, false starts, and last chance studies are important concepts in the context of economic transition. These phenomena can have a significant impact on the country's economic development, and they can also lead to social unrest and political instability. Governments and international organizations should be aware of these risks and take steps to avoid them.



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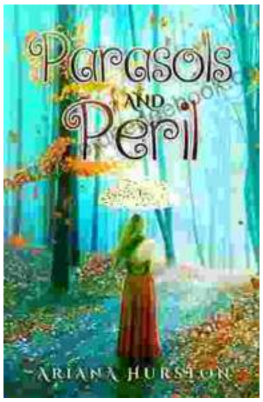

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