Comments on Maria Lissowska's 'Welfare against growth gains in post-transition countries. What are the consequences for stability'.

The paper discusses some factors underpinning the impact of the financial crisis in Post-transition countries, which has been given scarce relevance in most analyses concerning such countries. The paper investigates the contribution to the macro-economic performance of post-transition countries deriving from numerous changes in the structure of these countries. These countries have experienced a higher variability of both consumption and income than other EU countries, before and after the crisis. Before the crisis the rates of growth of these variables have been consistently higher than for the rest of Europe while being usually much lower after the crisis.

The share of wages in the value added (and other policies in favour of labour or capital) together with the financialisation of the economy have been indicated as contributing to long-run growth by some authors. Authors in the post-Keynesian perspective have argued however for a negative effect of pro-capital policies, i.e. policies tending to raise, either directly or indirectly, the profit share in national income, underlining that a reduction in the wage share of income can favour growth only with an increasing degree of financialisation of the economy or an increase in exports. The paper under consideration argues for an explanation of the growth performance in post-transition countries along the same line of reasoning and provides a number of data supporting its main argument.

General comments

The line of reasoning of the paper seems interesting. The author gives a number of indications of pro-capital policies in post-transition countries[1], the increase in the degree of financialisation and the reduction in the size of automatic stabilizers provided by the employment protection legislation. An econometric analysis linking the size and variability of income and consumption to the various pro-capital changes as well as the degree of financialisation taking place in post-transition countries would greatly improve the quality of the paper and convince readers of the validity of this line of reasoning.

Specific comments:

The specific sources of data used for each table should be clearly indicated

Table 1: either the headings of the second and third group of columns are improper or it is unlikely that the per capita GDP and consumption for the EU 27 are 100% of those of EU 15.

Table 2 is missing

Table 3: are the rates of change per annum or cumulated (as I would be inclined to think)?

Table 4: an explanation of the difference between average earnings and consumption could be that the share of the underground economy is much higher in post-transition countries, but I do not know if this is the case.

Table 11. The reference period should be indicated

[1] However, data on the trend in the wage share of value added provided by table 6 are not unambiguous; see, e.g., the change in the period 2000-2007, for which they are available for all countries. Also data for Gini coefficients in table 7 do not uniformly indicate a worsening distribution.

p.13. One cannot argue that FDI did not produce results in terms of technical progress simply because most post-transition countries are still at the bottom of the innovation ranking. In fact, on the one hand, the distance with other EU countries could simply be reduced; on the other, a catching up towards the frontier of technology could have taken place

Data in table 14 might contradict those in table 6, if the variables are not clearly defined.

There are a number of typos and English must be revised.