



dandelion.com

The Successes and Failures of Economic Transition

The European Experience

Hubert Gabrisch and Jens Holscher

palgrave
macmillan

Contents

<i>List of Figures</i>	viii
<i>List of Tables</i>	x
<i>List of Boxes</i>	xi
<i>List of Abbreviations</i>	xii
<i>Acknowledgements</i>	xiv
Introduction	1
1 The Meaning and Measurement of Transition	4
What transition means	4
How transition is measured	7
An alternative measure: economic and social effects	11
Appendix A: the Gini coefficient and the Lorenz curve	17
2 Two Competing Concepts of Transition	20
The 'Washington Consensus' approach	20
The evolutionary-institutionalist approach	23
Fundamental differences in transitional issues	26
The dispute over stabilization policy	31
A country taxonomy of transition	35
Appendix 1: the Lipton-Sachs model of combining liberalization and stabilization	36
Appendix 2: IMF financial programming	38
3 Financial Institutions, Stability and Growth	42
The core of the monetary economy:	
the central bank	42
Financial systems as stabilizers	44
Financial fragility	45
The relevance of financial systems for stability and growth	47
The strategy of 'semi-liberalization'	53
The evolution of financial institutions	55

4	Privatization and Competition	60
	From state to private ownership	60
	A taxonomy of privatization methods	64
	A review of anti-trust practices in EU accession countries	70
5	Emerging Labour Markets	79
	Supply- and demand-side liberalization	79
	The unemployment problem	81
	The optimal speed of transition	84
	The Beveridge curve	87
	Growth and unemployment	88
	Appendix: the Aghion-Blanchard model of the OST	90
6	Opening towards the World	95
	The open and the opening economy	95
	Price convergence and aggregate demand	99
	Relative price shocks and value added	99
	The exchange rate as a tool for trade policy	101
	Capital account liberalization	107
	Appendix: trade opening and negative value added	108
7	Rising Income Inequality	113
	Income distribution and convergence in the transition process	113
	The 'standard explanation' for rising inequality and its application to transition" economies	114
	Macroeconomic aspects of income distribution	115
	Some observations	117
	Cross-country comparisons	128
	Country performances reconsidered	130
	Convergence versus divergence	132
	Appendix: income statistics	133
8	Transition and EU Membership	137
	Competition policy	137
	EMU membership	147
	Fiscal transparency	149
	Fiscal transparency and rules in Poland	150

9 Country Case Studies	158
East Germany: the transfer economy	158
Hungary: the economy of stop-go cycles	164
Russia: the oligarchic economy	171
The 'new rich' and capital flight	174
China: currency undervaluation and economic development	177
Reasons for fixing the exchange rate to the US dollar	178
Does the PBOC waste money? . -	- 179
Adjustment of the balance of payments • •	180
<i>Index</i>	185