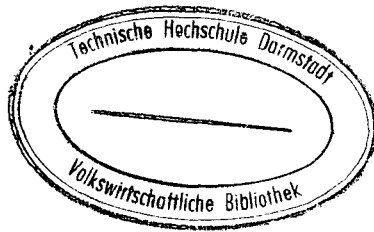


Economic Transformation in Central Europe: A Progress Report

Edited by
Richard Portes



Contents

<i>List of tables</i>	x
<i>List of figures</i>	xiii
<i>Preface</i>	xv
<i>List of contributors</i>	xvi
1 Central Europe: the way forward	1
<i>Domenico Mario Nuti and Richard Portes</i>	
1 Introduction and Summary	1
2 Causes of the Fall in Output	8
3 Lessons from the Experience of Central Europe	12
4 New Policies for the Central European Countries	17
5 A Historical Footnote	19
2 Czech and Slovak Federal Republic: a solid foundation	21
<i>Jan Svejnar</i>	
1 Introduction	21
2 Background	22
3 The Principal Measures During Stabilization and Transition	26
4 Economic, Social and Political Developments in 1989-92	35
5 Policy Challenges for the Czech and Slovak Governments	54
6 Evaluation	55
3 Czech and Slovak Federal Republic: a new approach	58
<i>Valtr Komárek</i>	
1 General Background	58
2 Specific Initial Conditions	64
3 Real Course of the Economic Transformation in 1991	68
4 Deeper Connections, Influences and Consequences	74
5 Recommendations of 'Policy Options for the Future'	92
6 The Problems in 1992	101

4	Hungary: sound money, fiscal problems	107
	<i>Werner Riecke and László Antal</i>	
1	Introduction	107
2	Characteristics of Economic Policy	108
3	Monetary Policy behind the External Balance	115
4	Privatization	119
5	Present Situation and Prospects for the Near Future	120
6	Budget - Public Finance	123
7	Balance of Trade	126
8	A Possible Financial Policy in the Medium Run	127
9	Recent Economic Figures	128
5	Hungary: gradualism needs a strategy	131
	<i>Kálmán Mizsei</i>	
1	Introduction	131
2	Political and Social Constraints of Economic Reforms	131
3	Monetary Policy and Independence of the Monetary Authority	135
4	Public Revenues and Spending	144
5	Price and Foreign Trade Liberalization	147
6	Income Policies	147
7	The Labour Market and Unemployment	151
8	Allocation of Labour - The Role of Public Sector Projects	153
9	Explicit and Implicit Social Contracts - The Welfare Systems	154
10	Demonopolization and Competition Policy	157
11	Privatization	160
12	Bankruptcy and Liquidation	165
13	Trade Restructuring - Shift of Exports to Western Markets	169
14	Restructuring of Production	171
15	Financial Institutions and Intermediation	175
16	Conclusions	177
6	Poland: glass half full	187
	<i>Stanislaw Gomulka</i>	
1	Broad Interactions Between Politics and Economics in the Process of Transition	187
2	Macro Stabilization	189
3	Micro Liberalization	197
4	Privatization and Other Structural Changes	200
5	Major Problems in 1991-2 and Aims in 1993	204

7 Poland: glass half empty	211
<i>Dariusz K Rosati</i>	
1 Introduction	211
2 Reform Results to Date: More Pain than Gain?	212
3 The Slow Pace of Institutional Reform	226
4 Economic Lessons: What Went Wrong?	236
5 The Social and Political Aspects of Reform	255
 Appendix: Devaluation overshooting in the transition to convertibility and free prices	 262
 Appendix: Central Europe: recent economic developments	 274
Czech and Slovak Republics	274
Hungary	277
Poland	280
 Index	 285