All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without the prior permission of Dartmouth Publishing Company Limited.

Published by Dartmouth Publishing Company Limited Gower House, Croft Road Aldershot, Hants GU11 3HR England

Dartmouth Publishing Company Old Post Road Brookfield, Vermont 05036 USA

A CIP catalogue record for this book is available from the British Library and the US Library of Congress.

Printed in Great Britain by Billing & Sons Ltd, Worcester



## Contents

Foreword		ix
Part I	Introduction	1
and sta	erspectives on systemic change abilization in Central Europe: an overview szló Csaba	3
N	otes	14
Part II	Systemic change and stabilization: goals and substance	15
2 Principles of privatization - by Anders Aslund		17
Why Privatize?		18
Specific reasons for privatization in Southeast and Central Europe Gradual or swift privatization? General principles		20 22 23

Privatization of large enterprises Conclusions Notes	25 30 31
3 Systemic change and convertibility: a comparison of Poland, Hungary and Yugoslavia - by Iván Szegvári	33
Historical background Varieties of Actual Convertibility	33
in Central and Eastern Europe Comonalties and differences in currency convertibility	35 36
The controversial role of private foreign exchange accounts	37
Differences in the macroeconomic environment of convertibility	38
Three crises of postsocialism and convertibility  Monetary restrictions -	39
a recipe for structural illness? External implications of systemic change Notes	40 42 43
Part III Systemic change and stabilization: theory and policy	45
4 Political economy of sequencing tactics in the transition period -by Gérard Roland	47
Introduction The dynamic political constraints of transition The sequencing tactics of transition Democratization Privatization Liberalization Restructuring Sequencing tactics A draft country survey of transition Conclusion Notes	47 48 53 54 55 58 59 61 62 63 63
<ul> <li>5 Experiences of IMF stabilization policies</li> <li>in Latin America and in Eastern Europe</li> <li>by Paul Dembinski and Jacques Morriset</li> </ul>	65
Introduction IMF stabilization policies: a working assessment The monetary approach to the balance of payments Conclusion Appendix to Chapter 6	65 66 67 75 76

Not	es	77
6 Stabilizat	ion policy: vision, reality, responsibility	
- by Grze	gorz Kolodko	79
The	general crisis of the socialist economy	79
Scie	nce and policy	80
Nei	ther plan nor market system	82 83
Seco	ond Japan or second Argentina? gination and responsibility	86
Not		88
Part IV	Systemic Change and Stabilization:	
	external conditions	91
	red issues of Comecon trade	
	rtible currencies	93
- by Gab	or Oblath	
	oduction	93 94
	at does trade in hard currency mean? crests on the Soviet side	95
	ects of the switchover under	,,,
	alternative payment regimes	97
	spects and dangers of the switchover	101 102
Not	•••	102
8 The role	of Western capital in the transition	
to the m	arket - a systems' theoretical perspective	103
•	nund Dietz	
Fro	m command to exchange communication	104 107
Con	nstituents of a modern economic system w to orchestrate market coordination	107
110	in postcommunist Europe?	111
Stal	polization and systemic change	117
No		122
Authors		125
		101
Subject in	ndex	12
Bibliography		13