Contents

	Page
ace	vii
Stabilization in the Baltic Countries: Early Experience Tapio O. Saavalainen	. 1
Baltic Stabilization Policies Choice of Monetary and Exchange Rate Regime Developments in Exchange Rates and Monetary Aggregates Fiscal Policies Stabilization Performance Inflation	2 2 3 4 7
Output Developments in Perspective Did the Policy Regime Matter? Conclusion References	11 13 21 23
The Transformation Path in the Czech Republic Biswajit Banerjee	24
Rebuilding the External Sector Reorientation of Exports to Western Markets Foreign Capital Inflows Taming Inflation Output and Employment Performance Restructuring and Privatization Monetary Policy and Financial Sector Reform Monetary Policy Developments Reform of the Banking Sector Fiscal Policy and Reforms Tasks and Challenges Ahead References	25 25 26 26 27 29 30 30 31 32 34
Developments and Challenges in Hungary Mark S. Lutz and Thomas H. Krueger	36
Structural Reforms Pre-1990 Reforms Reforms Since 1990 Macroeconomic Performance Output and Employment Performance Inflation External Balances and Debt Challenges and Recent Policy Response	36 36 38 43 43 47 48 50
	Stabilization in the Baltic Countries: Early Experience Tapio O. Saavalainen Baltic Stabilization Policies Choice of Monetary and Exchange Rate Regime Developments in Exchange Rates and Monetary Aggregates Fiscal Policies Stabilization Performance Inflation Output Developments in Perspective Did the Policy Regime Matter? Conclusion References The Transformation Path in the Czech Republic Biswajit Banerjee Rebuilding the External Sector Reorientation of Exports to Western Markets Foreign Capital Inflows Taming Inflation Output and Employment Performance Restructuring and Privatization Monetary Policy and Financial Sector Reform Monetary Policy Developments Reform of the Banking Sector Fiscal Policy and Reforms Tasks and Challenges Ahead References Developments and Challenges in Hungary Mark S. Lutz and Thomas H. Krueger Structural Reforms Pre-1990 Reforms Reforms Since 1990 Macroeconomic Performance Output and Employment Performance Inflation External Balances and Debt

IV.	Stabilization and Structural Change in Russia, 1992-94 Vincent Koen and Michael Marrese	53
	Ups and Downs of Macro Stabilization Background Trends Disruptions Money, Prices, and Output Is Inflation Essentially a Monetary Phenomenon? Is There a Trade-Off Between Output and Disinflation? Leads, Lags, and Synergies in Structural Reforms	53 53 55 59 60 60 61 62
	Leads Lags Synergies Conclusions References	62 63 64 65 66
Tabl	es	
	 1.1. Fiscal Balances 1.2. General Government Revenue 1.3. General Government Expenditure 1.4. Industrial Specialization in the Baltic Countries in 1988 1.5. Interest Rate Differentials Between the Baltic Countries, 1994 1.6. Disinflation and Output Loss 	6 7 8 12 17 19
	 2.1. Selected Indicators 2.2. Major Components of Operations of the General Government in the Former Czech and Slovak Federal Republic and the Czech Republic 	27 33
	3.1. Hungary: Selected Economic Indicators3.2. Hungary: Balance of Payments in Convertible Currencies	45 49
	4.1. Russia: Summary Indicators	56
Cha	rts	
	 1.1. Real Output and Prices 1.2. Exchange Rates and Monetary Aggregates 1.3. Consumer Price Index 1.4. Inflation in Baltic and Central European Countries 1.5. Real Wages 1.6. Real GDP 1.7. Exchange Rate and Money-Based Stabilizations: Stylized Facts 1.8. Interest Rates in the Baltic Countries 1.9. Cost of Disinflation 1.10. Real Exchange Rate Developments 1.11. Indirect Indicators of Competitiveness 	1 4 9 9 10 11 14 16 18 20 21
	2.1. Exchange Rate Indicators2.2. Output Developments	26 28
	3.1. Hungary: GDP Growth and Inflation3.2. Hungary: Selected Fiscal Indicators3.3. Hungary: Selected Monetary Indicators3.4. Hungary: Selected External Indicators	44 46 47 50
	4.1. Russia: Selected Macroeconomic Indicators	57