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052158177X - Macroeconomic Stabilization in Transition Economies

Edited by Mario I. Blejer and Marko Skreb

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Most countries in Eastern Europe and the Baltics recorded healthy output growth in 1995 following a precipitous contraction during the early 1990s. Inflation in these countries has fallen sharply during the past two years. A sharp deceleration in the pace of price increases has also been recorded in many countries of the former Soviet Union, although the level of inflation in most of these countries remains substantial and, more importantly, output is still declining. The emerging picture is one of renewed growth in countries that showed early determination to implement market-oriented reforms and stabilize their macroeconomy, and of gradual and slow stabilization of output in those countries that entered the process only recently.

The essays collected in this book study in detail both the analytical underpinning of this process – the overall relationships between stabilization, reforms, and growth – as well as the specific stabilization experience in a number of Eastern European and former Soviet Union countries. In addition, the volume discusses some of the central policy issues related to enterprise behavior in postsocialist countries and looks at the longer-run dimensions of a successful transition.

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MACROECONOMIC STABILIZATION IN TRANSITION ECONOMIES

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Preface

Pero Jurković

It was a great pleasure to welcome all participants to the first Dubrovnik conference on transition economies.

In economics, a five-year period is considered to be long enough for macroeconomic stabilization and microeconomic structural changes to be activated. Five years have passed since the fall of the Berlin Wall. Not all of the former socialist countries immediately launched comprehensive reform programs in the autumn of 1989, but by 1990 several countries had already gained some experience in reforming socialist economies; others have joined “the club” only recently. Nevertheless, it seemed the right time to reflect on the results of transition programs and to draw lessons from the most successful (or the least successful) cases. Our main objective was to identify common principles and regularities, as well as common mistakes, in the transition process.

Conference presentations included papers on general issues and papers on country experience. The countries represented by the case studies were chosen so as to embrace extensively studied economies (such as Poland or Hungary) as well as economies about which not much is known but whose experience could still be very useful to other economies in transition.

The conference was organized by the National Bank of Croatia. Participants included senior officials from governments, central banks, and the World Bank and IMF, in addition to researchers from universities and academic institutes. The number of participants was limited in order to facilitate a “think-tank” atmosphere. The beauty and cultural richness of Dubrovnik provided a perfect environment for meeting with fellow economists and exchanging thoughts and ideas. The National Bank of Croatia intends to organize follow-up conferences in Dubrovnik in order to contribute to a continuing study of the progress being made in transitional economies.