Preface

The transition from central planning to a market economy in Central and Eastern Europe has been a monumental task of unprecedented magnitude in world economic history. Establishing the foundations of a pluralistic democratic society and a competitive market-based economy has been a complex amalgam of political decentralization, radical programmes of macroeconomic stability, and long-term changes in the legal and institutional framework of business. Firms and individuals have gradually gained well-deserved independence from government bureaucracies that suppressed their creativity for many decades under communism. But the new economic freedom has emerged primarily in those countries whose governments have enacted major political reforms and have successfully established foundations of a modern democratic society. The unequivocally reformed economic systems have dramatically improved the competitiveness and creativity of businesses, labour productivity and the standard of living in these countries.

The tenth anniversary of the collapse of the Berlin Wall and the subsequent enactment of major programmes of economic liberalization, privatization and stabilization in Central and Eastern Europe provides a special opportunity for the key architects of these programmes to reflect on their achievements and to identify some unfinished tasks. Some of the top leaders of the economic transformation of former Soviet-dominated countries gathered on 15–16 October 1999 in Warsaw at the conference ‘Ten Years After: Transition and Growth in Post-Communist Countries’, organized by the Center for Social and Economic Research (CASE). The conference was aimed at reviewing the ten-year record of political and economic transition. This volume, with the exception of the three chapters in Part II, is a compilation of the scholarly papers and political reflections presented at that conference. The three studies have been written especially for this volume, although they comprise the key statements presented by the authors at the Warsaw conference.

Part I of the volume focuses on various factors determining economic growth in transition countries. Almost without exception, the authors agree that the countries whose authorities have manifested a strong commitment to reform, supported by decisive actions toward liberalization, privatization and macroeconomic stability, have clearly outperformed the non-reformers. The reforming
countries that have recently demonstrated fast-track economic growth have improved the living standards of their societies dramatically.

Part II examines various aspects of global integration of the emerging financial markets in transition economies. By reviewing various responses to international financial crisis, the authors suggest divergent, intrinsically conflicting approaches to the integration of the monetary systems in transition countries with the European Union’s common currency area.

Despite the unquestionable success of the ongoing transition, its terminal point still remains out of sight. There is still a myriad of tasks that need to be addressed and resolved in the future. They generally pertain to the existing structural deficiencies in these economies, the elimination of which will entail high social costs. For this reason, a reconstruction of social safety nets is becoming a focal point of transition. Therefore, Part III of the volume examines various aspects of social safety-net reforms, and particularly pension reforms in transition countries along with their economic and social implications.

In a somewhat unconventional vein, the book’s concluding part features a discussion panel of prominent policy makers who have been instrumental in designing the course of the economic transition.

Although the methodological approach of the volume is based on policy evaluation from a historical perspective and on policy recommendations, the analysis is supported by concrete empirical evidence. I, therefore, hope that both policy makers and the general public will learn from the presented studies of the first-decade experience and will draw conclusions for a more coherent future path of transition.

I am grateful for the opportunity to work with the outstanding group of prominent contributors whom I thank for their input and collaboration. I wish to acknowledge the efforts of the organizers of the Warsaw conference, particularly Ewa Balcerowicz, Barbara Błaszczyk, Marek Dąbrowski and Jarosław Neneman.

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Lucjan T. Orlowski
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