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# Has the Post-Communist Transition Been completed? Economic Perspective

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## **Chapter 3**

### **Has the Post-Communist Transition Been completed?**

#### **Economic Perspective**

#### **Assen Slim**

#### INTRODUCTION

The post-communist transition in Eastern Europe began in 1989 and was a monumental effort to overhaul the centrally planned economic system and the undemocratic political regime. At its core, this transition aimed to achieve two key goals: the dismantling of the existing communist system and its replacement with a decentralized market economy and political democracy. In essence, it was a process of system replacement.

The "transition" issue was first debated in economic terms by the Bolsheviks in Russia in the 1920s. This debate then referred to defining a strategy that had to be followed to move from capitalism to communism (understood here in the Marxist sense as the last stage of the socialist transition). Several phases were then outlined and implemented: War Communism (1917–1921), New Economic Policy (1921–1928), and Stalinist model (from 1928 onward till World War II). From the outset, two conceptions of systemic change were brought to light and contrasted. The first was teleological (representatives: Yevgeni Preobrazhensky, Leon Trotsky, and Grigory Zinovyev), which argued that the expected outcome of systemic transformation determined a proactive policy of change. The second was genetic (representatives: Nikolai Bukharin, Lev Shanin, Vladimir Bazarov), which advocated adjusting emerging institutions to constraints inherited from the past. This debate was reactivated many times afterward, particularly in development economics of the 1950s–1960s, between the proponents of unbalanced growth (representatives: Albert Hirschman, Maurice Byé,

Gérard Destanne de Bernis) and those of balanced growth (representatives: Ragnar Nurkse, Paul Rosenstein-Rodan, Walt Withman Rostow).

In the CEE, it was at the end of the twentieth century, with the collapse of the communist system, that these two conceptions of the transition resurfaced on the regional agenda and, naturally, got contrasted again. On the one hand, liberal economists defended a teleological vision of change, while their heterodox counterparts offered alternative visions to analyze changes underway. This chapter aims to reveal how a teleological mainstream vision shifted to a more genetic approach to systemic changes in the CEE over thirty years. The first part of the chapter presents the teleological approach to the transition, its expected outcomes, and respective reforms implemented in the countries of the CEE. The second part deals with the “surprises” that the liberal reformers faced pursuing the teleological approach. The third part presents the heterodox visions of systemic change and their limits. The final, fourth part examines the objective criteria for asserting whether the transition has already been completed in the CEE.

## What Is the Standard Approach to the Post-Communist Transition?

During the first post-communist decade, liberal economists defined the direction and pace of transition in almost all countries of the CEE. Their teleological and open-market approach to systemic change was dominant and thus guided all major reforms then. This approach was also supported by the large international institutions operating in the CEE in the early 1990s: IMF, World Bank, Organization for Economic Co-operation and Development (OECD), EU, European Bank for Reconstruction and Development (EBRD), and others. “Transition” is generally used to define this initial teleological stage of systemic change.

For liberal economists, the starting point was known (i.e., the planned communist system), and the target was also evident (i.e., the private market economy). The objective was to move from the first to the second. This objective must have been achieved at all costs, as quickly as possible, by implementing a proactive transition policy, regardless of the difficulties and constraints inherited from the past. The liberal analysis is hardly concerned with knowing whether the constraints at the starting point make the transition to the expected targeted point possible. These constraints are minimized and considered as always surmountable. It is about leaving the old system as quickly as possible so that the new one emerges spontaneously and irreversibly. David Lipton and Jeffrey Sachs, for instance, suggested that “a rapid transition to a market economy, with a heavy emphasis on economic integration with Western Europe—through

Free trade, active participation of foreign firms in the domestic economy, and closer political ties will permit Eastern European economies to overcome some of the thorniest transition problems, both economic and political.”<sup>1</sup> The liberal approach emphasizes speed, the destruction of the old system, and the quick conversion of companies to the arrangements of developed capitalist economies.

This vision of systemic change leads to prioritizing some reforms over others. Stanley Fischer and Alan Gelb gave a fairly complete list: liberalization (of prices, exchange rates, internal and external trade), rejection of centralized economy planning, structural adjustment, macroeconomic stabilization, restructuring, privatization, creation of new private companies, labor market flexibility, liberalization of foreign trade, integration into the global economy, reform of the banking system, reform of the financial system, adoption of new laws, and institutional stability. Even if “administrative feasibility alone ensures that not all reforms can be instituted simultaneously,”<sup>2</sup> liberal economists defend the idea of shock therapy, which resides in implementing a maximum of reforms in a minimum of time.

This approach was one of the pillars of the “Washington Consensus”(1989), which was then based on specific economic policy prescriptions that encompassed policies in such areas as macroeconomic stabilization, economic opening concerning both trade and investment and the expansion of market forces within the domestic economy. John Williamson defined ten prescriptions of the “Washington Consensus”: fiscal discipline; redirection of public expenditure; tax reform; financial liberalization; adoption of a single, competitive exchange rate; trade liberalization; elimination of barriers to foreign direct investment; privatization of state-owned enterprises; deregulation of market entry and competition; and securitization of property rights.<sup>3</sup> The reference to “consensus” meant that the prescriptions were supported at the time by governing circles in Washington, including the U.S. Congress and administration, the Washington-based IMF, and the World Bank, as well as promoted by several think tanks and influential economists. Carlos Lopes states, “The theoretical foundations underlying these policy recommendations were nothing else but neoclassical economics espousing a firm belief in the market’s ‘invisible hand,’ the rationality of economic actors’ choice, and a minimalistic vision of the state’s regulation of economies.”<sup>4</sup>

## What Went Wrong with the Standard Approach?

The accumulation of unexpected and undesirable results from teleologically guided liberal transition has gradually led to questioning of this approach to systemic change. Michael Ellman spoke of “surprises of transformation” to describe the unexpected.

Situations which sometimes collided with the objectives of the Washington consensus: “Among the surprises of transformation were the importance of a sound banking system, of a strong, but limited, state, and the fact that transformation is a long and difficult process.”<sup>5</sup> Next, Wladimir Andreff offers an exhaustive list of these situations, explicitly distinguishing macroeconomic surprises from institutional ones.<sup>6</sup>

The macroeconomic surprises are linked to the peculiar CEE phenomena, which keep appearing on an unusual scale. For example, inflation continued longer than liberal theory predicted, so Andreff introduced the notion of “inertial inflation.” Several reasons have been put forward to explain this phenomenon: loans captured by the former elites and individuals in a rent position, the persistence of high margin rates to maintain wages and jobs at their level, fall in production caused by restructuring, conflict of distribution between various social groups, and others. All these reasons exceed the strict framework of the liberal teleological analysis of the transition. The “transformational recession” has also appeared deeper and lasted longer than expected.<sup>7</sup> Often compared to the Great Depression of the 1930s in the United States, this recession finds no explanation in the teleological approach since the elimination of the contradictions of the previous system should have resulted in a sharp increase in production, not in its decrease. In turn, the contraction in foreign trade triggered by the disintegrations of the Council for Mutual Economic Assistance (CMEA), the Union of Soviet Socialist Republics (USSR), and Czechoslovakia also brought unexpectedly grave outcomes. Finally, the unemployment rates experienced strong inertia notwithstanding changes in economic activity, which the teleological approach to transition could not predict. Thus, during the 1990s, job losses were disproportional compared to production decline, which implied an overall decrease in the CEE labor productivity.<sup>8</sup> Conversely, periods of resumption of activities were not accompanied by increases in employment rates, implying that a part of the unemployment problem (the one resulting from economic restructuring) was not resolved by the activities of a new, growing private sector.<sup>9</sup>

The institutional surprises come from the fact that the liberal program was put into practice without completing preparatory adjustments to the CEE institutional frameworks. This generated a series of unexpected effects, including the “entrenchment” of managers as heads of privatized companies, the demonetization of the economy, and the rapid expansion of the informal economy.

Today, these “surprises” of the transition force us to reconsider the relevancy of the teleological vision of systemic change and bring to light alternative approaches that can explain these “surprises.”

## How Did Economic Theory React?

To better interpret the “surprises” of the transition, economists (in particular heterodox) have systematically favored genetic approaches. Regarding economics, the latter scrutinizes all existing constraints and structures to outline the most probable developments, “whether or not they are the most desirable.”<sup>10</sup>

The genetic approach to systemic change is based on a double certainty. On the one hand, no change is always progressive and irreversible. An overly exacerbated voluntarism, which mainly imposes high social costs for the population, may lead to the opposite of the expected outcome. On the other hand, the interdependencies inherent in an economic system cannot be replaced in one fell swoop. Any systemic change is, therefore, a slow and challenging process in which old coherences disappear as new interdependencies arise. Ronald McKinnon considered that functioning markets cannot be produced overnight.<sup>11</sup> There may be situations where the transition reaches a stalemate, emerging from the collision of global economic trends and the structures inherited from the old communist system. On top of that, a meticulously implemented change may also result in unexpected systemic findings (or innovations), which are neither phenomena of a centrally planned economy nor a market economy. The heterodox authors favor the term “mutation” over a more deterministic “transition.” The term “mutation,” which considers the inherent instability in systemic change, does not clearly outline the outcome of the process. The “mutation” is thus a unique equilibrium that emerges when the challenges of the economic transformation are resolved considering constraints inherited from the past. As François Bafoil described it, “Instead of linear causality, it appears that this involves a process in which actors rebuild legacies according to their trajectories and in response to the new rules of the games.”<sup>12</sup> There are three conceptually distinct sets of theories underpinning a genetic approach to economic reform in the CEE: evolutionary, regulationist, and institutionalist. All three highlight the importance of institutions.

The evolutionary theory of mutation invariably advocates that the post-communist transformation can never be completed fast. It takes much time to readjust an inflexible legacy of the communist economy, erect institutions of the new system (be it a private market economy or another), and keep the operating rules stable and predictable.<sup>13</sup> According to the evolutionary theory, the transformation trajectory is subject to the “path dependency effects,” resulting from the institutional heritage and specificity of reforms implemented in the 1990s. The differences between the CEE states (i.e., different starting points and different sets of implemented reforms) are

emphasized as crucial factors within this theory. According to Peter Murrell, any economic system has a “stock of tacit information and knowledge” accumulated throughout history and framed by its institutions and organizations:

*A society's stock of personal knowledge is acquired through a long historical process and is shaped by the institutions and organizations of that particular society. It is useful mainly in the context of those organizations and institutions. Since radical schemes of reform advocate measures that destroy much of society's knowledge capital, judgments on the relative merits of radical and evolutionary schemes for reform will hinge to a large extent on the relative importance that one attributes to technical and personal knowledge.<sup>14</sup>*

Therefore, economic post-communist transformations are perceived as a complex and asynchronous process of removing crucial elements from the society's stock of personal knowledge, defining new values, creating new formal and informal rules, and learning the latter through adjustments to new organizations and behaviors. “Policymakers cannot design a fixed and flawless blueprint for change to a new order because socioeconomic processes are highly complex and the old order conditions society's information stock.”<sup>15</sup> Systemic change is a process that takes time; therefore, the reforms must focus on rebuilding the stock by inventing new coordination procedures and routines. The evolutionary theory emphasizes that rapid change in existing arrangements destroys much of the information that society has accumulated over time: “First, some of the existing institutions must be preserved; change must be slow enough to avoid the collapse of productive organizations. Second, a spurring of the entry-and-exit process is needed in the private sector. A dual economy may be required to meet these contradictory needs during the transition . . . . This is simply a product of the fact that reform itself bifurcates history, which has determined the characteristics of society's organizations.”<sup>16</sup>

Institutionalist theory insists that the market does not emerge spontaneously once the old system is destroyed. On the contrary, the market is perceived as a social construction based on formal (commercial contracts, property rights, etc.) and informal (price standards, behavioral routines, level of trust between economic agents, etc.) institutions. It is, therefore, crucial to implement reforms that make these institutions well-suited to the proper functioning of the market. This is especially relevant for countries in transformation where several modes of coordination of the economy coexist and coevolve: the state, networks, and markets. As such, David Stark believes that the new institutions do not replace the old but embrace and “recombine” fragments of the old socialist system.<sup>17</sup>

Thus, a unique economic sector appears between the private and the public sectors; this is a sector where ownership is hybrid or “recombined” and where companies maintain network links between one another to reduce the risks weighed on all of them. The value of the institutionalist theory is that it underscores the importance of historical continuity and argues “that [the transformation trajectories] under certain circumstances can become interrupted but later reconstructed within newly created institutional entities called ‘hybrids.’”<sup>18</sup> This is precisely what Stark defined as the “recombination of legacies,”<sup>19</sup>. In contrast, Herbert Kitschelt referred to the “endogenous” historical processes of adjusting to new rules: “institutions, political-economic reform strategies, and political alignments tend to be endogenous to legacies at that time or because actors have not yet learned to take advantage of the new arrangements.”<sup>20</sup> A significant gap thus appeared between the trajectories of systemic change pursued by those CEE states that joined the EU and adopted the *acquis communautaire* and those that did not. Moreover, institutional hybridization has not yielded consistent results, even for those CEE states that joined the EU during a “big bang” enlargement. On the one hand, states like Bulgaria and Romania still encounter problems with corruption, an “informal” economy, and, more generally, noncompliance with the law. On the other hand, states like Hungary and Poland, the primary beneficiaries of the EU’s aid in thirty years, switched to a path of “illiberal democracy” (i.e., a governing system in which elections regularly take place, though citizens possess little knowledge about the activities of power holders because of artificial limitations to their civil liberties).

The regulation theory aims, for its part, to specify types of capitalism that may hypothetically evolve in the post-communist CEE states. Bernard Chavance and Eric Magnin outlined a list of factors triggering a decisive impact on the national trajectories of systemic change in CEE: depth of the economic crisis during communism, adopted strategies of reforms, intensity of the chosen stabilization policy, and institutional reforms.<sup>21</sup> Each state follows a particular trajectory of systemic change, characterized by the unique path dependency effects, possible bifurcations, and sometimes an evolutionary dead end when an atypical path is chosen. In the Czech Republic, for example, organizational foreclosure became an issue following the empowerment of banks, making unprofitable businesses' survival possible (through credits). According to Bafoil, the variety of national trajectories revealed the strength of the domestic consensus inscribed in particular historical paths: “Each country combined traditional elements with their evaluations of their situation and ended up not unilaterally adopting a ‘hardline’ liberalism that would have presented pension funds as a panacea.”<sup>22</sup>



## How Do We Know the Transition Is Over?

Jean Lemierre, a former president of the European Bank for Reconstruction and Development, once said: “In 2004, when ten countries joined the European Union, we considered the transition to be over.”<sup>23</sup> Based on the transition scores (see table 3.1), Lemierre considered that only objective criteria existed to measure the progress and outcomes of transition. These numerical scores are supposed to consider a range of indicators and calculate the annual advancements of a specific state on its “transition journey” toward the standards of a well-functioning market economy. In each case, the scale defined by the EBRD varies from 1 to 4+, where 1 indicates little or no progress, and 4+ represents a proper step to constructing an exemplary, advanced, and industrialized market economy. Looking at these indicators, way back in the 1990s, Lipton and Sachs optimistically asserted that the transition would soon come to its end as the liberalization-stabilization-privatization programs demonstrated positive dynamics in the CEE: “On purely economic grounds, there are profound reasons for optimism in the long run.”<sup>24</sup>

However, the assessment of the transition progress in terms of the EBRD and more broadly by the economists and institutions of the “Washington Consensus” is problematic because it is completed based on “quantitative” criteria: numbers of corporate restructurings, numbers of privatizations carried out, numbers of renovated infrastructural objects, and others. Regardless of Lipton and Sachs’s optimism, the completion of liberalization-stabilization-privatization programs did not eventually lead to the emergence of functional markets. I mentioned the “surprises” of the transition earlier. Let me add that particular “stalemate” situations appeared in the CEE during the first decades of the transition, signifying the emergence of new formal and informal institutional combinations. Janos Kornai suggested the possible establishment of “mixed systems” embracing features of both capitalism and socialism: “History has also given rise to impure cases, social formations in which certain components of the two pure cases are, to a certain extent, combined. There is clearly a ‘mixed’ system in place during the transition.”<sup>25</sup> Privatization of a large part of the economy (EBRD criteria A and B), for example, neither eliminated monopolies nor improved the rationality of behavior, especially when ownership was “recombined”<sup>26</sup> or “entangled,”<sup>27</sup> or when there was a “managerial entrenchment.”<sup>28</sup> According to Eric Magnin, the Hungarian privatization process, for example, resulted as early as 1993 “in the formation of a relatively complicated structure of property relations, often crossed, between multiple actors, mainly public, but also private.”<sup>29</sup>

Due to solid uncertainty and threats weighing on economic actors in the context of post-communist systemic change, Yorgos Rizopoulos concluded.

Table 3.1 Scores of the Post-communist Transition

Countries	CBA Criteria																	
	1998		2009		1998		2009		1998		2009							
	A	B	C	D	E	F	G	H	I	A	B	C	D	E	F	G	H	I
Belarus	1	2-	2	2+	1	2-	3	1	2+	2	2	-1	2+	2	2	2	2	1
Bulgaria	3	4	3	4	2+	3-	4+	4	4+	2	3	3-	4+	2	3	4-	2	3
Czech Rep.	4	4	4+	4+	3	4	4+	4+	4+	3	4	3	4+	3	4	4	3	4
Estonia	4	4	4+	4+	3	4-	4+	4	4+	3-	4-	3+	4+	4	4-	4	3	4-
Hungary	4	4	4+	4+	3+	4-	4+	4+	4+	3	3+	4	4+	3	3+	4	3+	4
Latvia	3	4-	4	4+	3-	3	4+	4	4+	3-	3+	3-	4+	3-	3+	4-	2+	3
Lithuania	3	4	4	4+	3-	3	4+	4	4+	2+	3+	3	4+	2	3+	4-	2+	3
Moldavia	3	3	3+	4	2	3	4	4	4+	2	2+	2+	4+	2	2	3	2	2+
Poland	3+	3+	4+	4+	3	4-	4+	4+	4+	3	3+	3+	4+	3	3+	4-	3+	4-
Romania	3-	4-	3+	4-	2	3-	4+	4	4+	2	3-	2+	4+	2	2+	3+	2	3
Slovakia	4	4	4+	4+	3-	4-	4+	4+	4+	3	3+	3-	4+	3	3+	4-	2+	3
Slovenia	3+	3	4+	4+	3-	3	4	4+	4+	2	3-	3	4+	2	3-	3	3	3
Ukraine	2+	3	3+	4	2	2+	4	3	4	2	2+	2	4	2	2+	3	2	3-

A: Large privatization; B: small privatization; C: corporate restructuring and governance; D: price liberalization; E: trade liberalization and exchange rate; F: competition policy; G: banking reform and interest rate liberalization; H: capital markets and nonbank financial institutions; I: infrastructure renewal.

Notes: 1 = close to the planned economy; 4+ = market economy.

Source: EBRD, *Transition report (2009)*, 4; EBRD, *Transition Report (1999)*, 24.

that a “network economy” instead of a “market economy” was being built in the CEE during the transition: post-communist networks “allow the emergence of specific local conventions and, consequently, a fragmentation of the socio-economic space which could hamper the formation of common representations and a relatively coherent and stable institutional framework.”<sup>30</sup> One more challenge arising from the assessment of the transition through the EBRD indicators is impossibility to “measure” tax evasion. The latter increased everywhere in the 1990s, even though tax reforms had been implemented in all CEE states.

In the early 2000s, even the World Bank, which is a “Washington Consensus” institution, admitted that the transition would never be completed as long as there remained dispersion in the productivity, labor, and capital across various types of companies; that dispersion was related to a fact that “new” and “old” restructured companies had to operate on one market simultaneously.<sup>31</sup> For their part, Josef C. Brada, Ali M. Kutan, and Art King suggested that “rapid system change will cease, and economic institutions will stabilize” so that “even if legacies from the communist era persist, the policy concerns in both successful and unsuccessful transition economies will lose their uniqueness.”<sup>32</sup> However, according to Wladimir Andreff, in the case of unsuccessful transition economies, a new system will combine “ ‘etatism,’ paternalism, cronyism, kleptocratic and rent-seeking behavior with weak market institutions” so that “the transition process cannot be regarded as being over, unless one agrees that, from the very beginning, the objective of a new ‘crony rent-seeking state’ capitalist system is as acceptable as a well-functioning market economy.”<sup>33</sup>

Finally, Andreff offered a comprehensive definition of a successful systemic change in the CEE, stating: “Our privileged analysis is that transition ends when the economic phenomena that are specific to transition will vanish,” which is far from being the case even thirty years after the fall of communist economies.<sup>34</sup> So, the analysis based on the EBRD indicators and scores has its merit, though it is not explicit in the light of the transition “surprises.” Some of the latter get overlooked, while others will likely have long-lasting and profound effects. Andreff considers that “the end of the transition process must be associated with the comprehensive disappearance of transition surprises in post-communist economic transformation.”<sup>35</sup> That means that the systemic change in the CEE will be completed only when the economic processes specific to the post-communist transition disappear entirely. By specific economic processes, I mean outcomes of the unexpected “surprises” of the transition: transformational recession, inertial inflation, transitional unemployment, barterization, flourishing informal economy, and managerial entrenchment. None of the CEE states stand close today to truly eradicating these five specific economic processes.

## CONCLUSIONS

What lessons should be learned from this historical experience of systemic change in the CEE?

First, systemic change is not a linear or predefined process. Reforms' successes or failures significantly depend on their "compatibility" with the institutional elements (formal and informal) inherited from the past.

Second, systemic change involves society and requires minimum consent to be sustainable. Otherwise, the new rules will have little chance of being respected. Liberal reforms in the CEE have shown that a weakened state lacks the means to uphold the new economic order and becomes easy prey for corruption and misuse of public powers for private interests.

Third, a standardized model of capitalism does not exist, just as there never existed a standardized model of communism. As a result, the transition in the CEE region is about bringing as much capitalism as a particular state (or a group of states) is committed to. At the same time, the transition progress cannot be measured by the quantitative indicators alone; qualitative indicators should also be thoroughly considered.

Fourth, in light of the preparation for the EU membership, many of the CEE states prioritized the institutional dimensions of the transition (i.e., the adoption of the *acquis communautaire*). This steered them to particular trajectories of systemic change. As Andreff puts it, "The gap between CEE members of the EU and non-members is obvious, decisive."<sup>36</sup> The citizens of the non-EU member-states experience corruption, market failures, complicated bureaucracy, shadow economy, and lawlessness daily. Even some of the EU member-states, such as Romania and Bulgaria, have difficulty resolving these challenges (and, therefore, adopting the *acquis communautaire* genuinely). As for Hungary and Poland, both were formerly perceived as "models" for other states in the transition, and they occasionally attempted to avoid abidance to specific standard EU rules.

Finally, a new generation of citizens has been born, even if the transition continues in the CEE region. This means that in most CEE states, the changes occurring over the next thirty years will not be the same quality and magnitude as those of the past thirty years. Different reasons, such as climate change, loss of biodiversity, and environmental pollution, will inspire these future changes.

## NOTES

1. Lipton and Sachs, "Creating a Market Economy," 77.
2. Fisher and Gelb, "Issues in Socialist Economy Reform," 29.
3. Williamson, ed., Latin American Adjustment, 12.
4. Lopes, "Economic Growth and Inequality," 11.
5. Ellman, "The Political Economy of Transformation," 23.
6. Andreff, *Economie de la transition*, 183–208.
7. Kornai, "Transformational Recession," 39.
8. Richet, "Nouveaux marchés et stratégies," 293.
9. Porras, *Inégalités de revenus et pauvreté*, 59.
10. Andreff, *La crise des économies socialistes*, 12.
11. McKinnon, *The Order of Economic Liberalization*, 85.
12. Bafoil, *Central and Eastern Europe*, 28.
13. Murrel, "Evolutionary and Radical Approaches," 79–96.
14. *Ibid*, 84–85.
15. *Ibid*, 85.
16. *Ibid*, 92.
17. Stark, "Networks of Assets," 109–50.
18. Bafoil, *Central and Eastern Europe*, 28.
19. Stark, "Recombinant Property," 998; Stark, "From System Identity," 301.
20. Kitschelt et al., *Post-Communist Party Systems*, 60.
21. Chavance and Magnin, "The Emergence of Various," 55–74.
22. Bafoil, *Central and Eastern Europe*, 78.
23. Lemierre, "L'Est s'est hissé au rang d'acteur mondial."
24. Lipton and Sachs, "Creating a Market Economy," 131.
25. Kornai, "Du socialism au capitalism," 331.
26. Stark, "From System Identity," 301.
27. Chavance and Magnin, "L'émergence d'économies mixtes," 125–53.
28. Andreff, *Economie de la Transition*, 252–53.
29. Magnin, "Propriété et crédit en Europe," 262.
30. Rizopoulos, "Stratégies organisationnelles," 283.
31. World Bank, *Transition—The first Ten Years*, 6.
32. Brada, King, and Kutan, "Inflation Bias and Productivity," 113. 33. Andreff, "Would a Second Transition Stage," 8.
34. *Ibid*, 7.
35. *Ibid*, 19.
36. Slim, "A l'Est, une mutation encore."

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