

Index¹

A

- Acemoglu, D., efficiency theory of institution, 270, 272
- Active labour market policy (ALMP), 216–218
- Aghion, P.
 - and Blanchard model of privatisation, 104
 - and Blanchard model of transition, 262
- Agriculture, 10, 22, 23, 35, 39, 60, 94, 160, 215–217, 222, 223
 - subsistence agriculture, 215, 216, 262
- Allocation
 - allocation of credit, 29, 244
 - allocation of labour, 205
 - See also* Reallocation
- Åslund, A., 4, 122, 165, 187, 299

- Autarky, 8
- Azerbaijan, 156, 166, 290, 299

B

- Balcerowicz, L., 3, 58, 127, 140n2, 281, 292
- Balkans, *see* South-East Europe
- Baltic States, 8, 86, 126, 135, 236, 258, 291
- Banking
 - bank as owners of firms, 183, 199
 - banking and soft budget constraint, 184, 247, 285
 - banking reform, 67, 68, 100, 243, 244, 249
 - banking sector and volume of credit, 247, 249, 250
 - bank-led restructuring, 189

¹Note: Page numbers followed by 'n' refer to foot notes.

- Banking (*cont.*)
 bank ownership patterns, 243
See also Allocation of credit;
 Competition in banking;
 Finance; Moral hazard
- Bankruptcy, 22, 27, 61, 125, 197, 230
- Barro, R., 147
- Belarus, 96, 156, 178, 206, 244, 245, 273, 290, 297, 299, 300
- Blanchard, O.
 and Aghion model of privatisation, 100
 and Aghion model of transition, 262
 and Kremer model of disorganisation, 154, 156
- Bosnia, 133, 165, 166, 206, 273
- Budget deficit, 12, 73, 114, 116, 118–120, 123, 138, 248
- Bulgaria, 2, 121, 126, 133, 135, 136, 166, 191, 209, 216, 220, 256, 290, 299
- C**
- Calvo, G. and Coricelli, F., model of transition, 154
- Capital flows, 134
See also Foreign direct investment
- Central Bank, 118, 133, 134, 235, 285
- Central Europe (CE), xvi–xviii, 9, 41, 47, 72, 151, 157, 166, 194, 209, 211–214, 218–223, 258, 262, 279, 290, 291, 302
- China, 2, 269
- Coal industry, *see* Mining
- Command economy
 disequilibria, 92
 informal institutions, 13, 287
 planning, 21, 22, 29, 31, 32
 political stalemate at the final stage, 43–46
 systemic features, 30, 31, 41, 208
- Communism, *see* Command economy
- Compensation criterion, 82, 83
- Compensation of losers from reform, 83, 108
- Competition
 competition between consumers under price control, 90–91
 competition in banking, 248
 competition policy, 61, 63, 66–68, 100, 103, 145, 195, 233, 238, 292
See also Entry
- Consumer surplus, 87, 88
- Consumption
 consumption and welfare effects after liberalisation, 94
 consumption under command economy, 5, 21, 27–29, 41
 consumption *vs.* savings, 42, 92
- Coricelli, F., *see* Calvo, G. and Coricelli, F. model of transition
- Corporate governance, xviii, 61, 63, 67, 247, 249, 250
- Corruption, 13, 28, 91, 105, 181, 188, 219, 232, 266, 269–276, 298, 299, 303
 and size of the government, 269, 273

Credit crunch hypothesis, *see* Calvo, G. and Coricelli, F. model of transition

Crisis, *see* Global financial crisis

Croatia, 166, 215, 241, 242, 290

Culture, 12, 13, 107, 147, 282, 283, 289, 290, 294, 301

Czechoslovakia, 2, 30, 43, 121, 122, 126, 140n1, 140n2, 178, 193, 208, 256

Czech Republic, *see* Czechoslovakia

D

Debts

- debt crisis, 120
- debt-equity swaps as part of restructuring programme (*see* bank restructuring)

Defence expenditures, *see* Military spending

Democracy

- and liberalisation, 67
- and privatisation, 103
- and state ownership of capital assets, 187

Demonopolisation, *see* Competition policy

'*De novo*' firms, *see* New private sector

Dictatorship

- in Central and Eastern Europe, 2
- and reforms, 108

Disorganisation model, *see* Blanchard and Kremer

Dispersed ownership, 193

E

East Germany, xviii, 43, 215

EBRD, *see* European Bank of Reconstruction and Development

Economic growth, *see* Growth

Education

- comparative perspective, 304–305
- demand for, 288
- and institutional change, xv–xvii, 58, 73, 108, 175, 254, 279–295
- under the command economy, xvi, 42
- and unemployment, 30
- women, 305

Efficiency

- of allocation, 81, 86
- of banking sector, 233, 244, 250
- budget constraint, 31, 65, 103, 123, 152, 184, 185, 202, 211, 250, 251, 260, 266, 267, 280, 285 (*see also* Hard budget constraint; Soft budget constraint)
- and central planning, 26, 202
- and consistency between residual and control rights, 181
- of energy use, 36
- of government, 74, 107, 117, 186, 201, 233, 235, 265, 273, 292
- of investment, 62, 230
- and maximisation of profits, 26
- as privatisation objective, 179
- theory of institutions, 272
- of unemployment and welfare benefits, 186

See also Competition

- Employment, 187, 211
and privatisation, 46
See also Jobs
- Energy
crises, xvi
exports, 34, 95
intensity of output, 36, 38
revenue and government reserves, 274
use of and liberalisation, 152
See also Efficiency of energy use
- Entrepreneurship
attitudes and values, 75
and employment, 214–217
and finance, xvii
firm, xvii, 153, 184, 237
'insiders', 153, 184
and productivity, 153
as winners from the reform, 87–88
See also Entry
- Entry
entrepreneurial, xvii
freedom, 45, 61, 66, 67, 99, 100, 102, 103, 125, 195, 260–262
and political freedom, 102
and 'transitional recessions', 5, 146, 147, 150–152, 154, 157, 164–172, 192, 237
See also Competition; Foreign direct investment
- Estonia, 2, 121, 133, 151, 166, 178, 219, 220, 246, 258, 290, 297, 299, 300
See also Baltic States
- Ethnic conflicts, *see* War
- European Bank of Reconstruction and Development (EBRD), 11, 60–68, 72–75, 102, 158–160, 165, 169, 172, 200, 247, 248, 262, 284, 292, 297, 300, 301, 303
index of reforms, 300
- European Union
and FDI flows, 7
and labour market outcomes, 220, 223
and size of government, 269
during the 2008–2010 economic crisis, 6
- Exchange rate
and crises, 134, 216
fixed combined with disinflation, output effects, 117, 129, 151
liberalisation, 94, 101, 102, 118
partial liberalisation, 141n4
- Exports
and 2008–2010 crisis, 36, 188
liberalisation, 94
manufacturing *vs.* resource, 9
partial liberalisation, 157
and the share of industry in GDP, 39
and unemployment, 7, 8, 207, 260–265
See also Energy exports
- F**
- Finance
command economy, 182, 191, 192
constraints, 184, 185, 247
and crises, 188, 211, 230, 231, 234
determinants of the size and quality, 239–249
general discussion of financial intermediation, 228–239, 249

- and privatisation, xvii, 99, 127, 179, 191–193
- quality of financial information, 198
- reform, 100, 103
- regulation, 229
- for restructuring, xvii, 185, 193, 211
- See also* Banking; Global financial crisis
- Fiscal system, *see* Government expenditures and revenues
- Food prices, 125, 141n4
- See also* Price liberalisation
- Foreign direct investment (FDI), 7, 70, 180, 185, 186
- Foreign trade
 - command economy, 1–14
 - internationalised sector versus local entrepreneurial sector, 215
 - liberalisation, 94, 128, 259
 - shocks, 151
 - See also* Export
- France, 269, 271, 282, 292
- Freedom
 - economic, 57, 76, 100, 107, 150, 291
 - media, 93
 - political, xvi, 41, 80, 86, 93, 101–108, 181, 280, 288, 289, 291, 293, 299
 - See also* Democracy; Entry; Property rights
- G**
- Georgia, 6, 134, 156, 201
- Germany, 176, 215, 282, 301
- See also* East Germany
- Global financial crisis of 2008–2009, 300
- Gorbachev, M., 2, 24, 41
- Government
 - capture, 87, 235, 292
 - constraints on executive branch, 74, 107
 - expense, 253, 270, 271, 274
 - revenue, xvii, 73, 123, 186, 256, 258, 259, 261, 263–265
 - size of, 253, 266, 267, 273
 - smoothing government consumption over time, 186, 253
 - See also* Budget deficit; Property rights; Social welfare
- Greece, 6, 214, 221, 300
- Gross domestic product (GDP), *see* Growth
- Growth
 - during the 2008–2009 crises, 185, 234, 253, 260
 - factors in command economy, 20, 31
 - factors in transition economies, 70, 75, 114, 171
 - and finance, 219
 - and government finance, 238
 - rate of and volatility trade-offs, 41–43
 - and unemployment, 7, 8, 31, 73, 125, 153, 186, 206, 209, 214, 221, 222, 256
 - See also* Recession; Command economy-crisis
- Gulags, 16n3

H

- Hard budget constraint, *see* Soft budget constraint
- Health care, 28, 47, 69, 256
- Heavy industry, 9, 38, 39, 150, 210
- Herzegovina, 6, 133, 165, 206, 273
- Hoarding
of goods by consumer, 58
- Housing
housing markets and unemployment, 220
housing provision by firms, 7
- Human capital, 127, 218, 238, 302
See also Education
- Hungary, xviii, 2, 21, 30, 43, 71, 72, 120, 122, 134, 138, 140n2, 140n3, 149, 157, 186, 190, 192, 193, 201, 213, 215–217, 256, 289, 291, 299, 300, 305

I

- Imports
command economy, 182
liberalisation, 60, 93, 94, 101, 132
- Incentives
command economy, xvi, 29, 31, 150
and economic freedom, 11, 212, 213, 223
education, 212
employment, 191
finance, 184, 197
government, 184, 235
and liberalisation, 75, 132
managers, 26, 27, 191, 196
privatisation, 196

- and property rights, 25, 26, 29, 31, 58, 75
state firms, 197
voters, 87

Income

- and energy consumption, 36, 37
and share of industry, 39
command economy, 36, 43, 92
distribution and reforms, 69, 80, 93
tax, 197, 219, 257, 260

Industry

- command economy and its structural heritage, 20, 176, 182, 222
See also Heavy industry; Income; Share of industry

Inflation

- at the final phase of communism
incl. repressed, 30, 70
finance, 197, 234, 247, 249
fiscal deficit, 119
growth, 114–116, 151, 234, 248
unemployment, 73

Information

- command economy, 29
and efficient regulatory regime, 238
and financial contract, 229
information cost and democracy, 138
information technology, 32, 212
and soft budget, 198
transactions under informational asymmetries, 155, 182

'Initial conditions', xvii, 86, 120,

- 121, 139, 149, 150, 154, 157–162, 168, 171, 288–291

- Innovation
 command economy, 31, 32
 norms and values, 74
 privatisation, 178, 184
- Insiders
 controlling enterprises, 195
 ‘insider entrepreneurship’, xvii, 184, 215
 insider-outsider theory of unemployment, 183
 ‘insider privatisation’, 183, 184, 192, 193, 196, 211
- Institutional reforms, xvii, 57–63, 74, 76, 98, 100, 113, 114, 118, 123, 127, 128, 145, 183, 186, 254, 262, 281, 284, 292, 300
 factors, 68, 100, 281
- Institutional (regulatory) reforms, 68
- Institutions
 constitutional, ‘higher order’, 74, 108, 282–285, 287, 288, 292, 294
 informal, 13, 279–282, 285, 289
 labour market, 286
- Interest groups, *see* Rents and rent seeking
- Interest rates
 and 2008–2009 crisis, 185, 235
 and banking reforms, 62, 238, 249, 250
 below market equilibrium
 resulting from political pressure, 92, 264
 liberalisation, 62, 69, 249, 250
 spread between lending and deposit, 238, 239
 and unemployment, 8, 206, 207, 209, 211, 213, 218–222, 261
- International Monetary Fund (IMF), 69, 124, 125
- International trade, *see* Foreign trade
- Investment
 command economy, 41
 energy sector, 37
 and finance, 21
 and foreign capital, 7, 238
 and job creation, 219
 and privatisation, 183–186, 193, 194, 197, 199, 238
 and property rights, 74, 182, 183
 and soft budget, 96
- J
- Jobs
 creation, 214, 215, 219, 223
 match, 215, 216, 221
 search, 91
See also Employment
- K
- Kazakhstan, 33, 126, 137, 290
- Khrushchev, N., 41
- Knowledge, *see* Information
- Kołodko, G., 42
- Kornai, J., 20, 21, 29
- L
- Labour
 command economy, 13, 29, 155, 208, 209, 212
 flexibility, 154, 212
 flows between labour market states, 205

- Labour (*cont.*)
 shedding, 100, 208
 subsidisation, 100, 263
See also Employment; Hoarding
 institutions; Jobs
- Labour camps, *see* Gulags
- Lange, O., 31
- Latvia, 2, 241, 242, 246, 290
- Liberalization
 and budget balance, 58, 265
 components of, 63, 96, 108, 254, 262
 external, 60, 61, 66, 67, 87, 90, 93–99, 101–104, 108, 118, 132, 160, 163, 165, 261–263
 financial, order of, 237, 238, 247
 and growth, 45
 inconsistency between
 liberalisation and lack of
 privatisation, 21
 inconsistency between liberalisation
 and soft budget, 128
 political and economic, links
 between, 80, 282, 291, 298, 301, 305
 of prices, 59, 157
 and reform of welfare systems, 209
 under command economy, 24, 32, 43, 91, 96, 97, 215
See also Entry; Institutional
 reform; Price liberalisation
- Lithuania, 2, 166
See also Baltic States
- M**
- Macedonia, 33, 156, 206
- Macroeconomic stabilisation, *see*
 Stabilisation
- Managers
 command economy, 191
 private benefits of control, 183, 229
 and privatisation, 201
 and workers, 190
See also Insiders
- Marxism, 31, 39, 42, 305
- Media, *see* Freedom of media,
 Information
- Metallurgy, *see* Heavy industry
- Migration, 220
- Military conflict, *see* War
- Military spending, 39–40
- Mining, 210, 220
- Mobility, 8, 220
- Moldova, 6, 33, 156, 165, 168, 216
- Monetary overhang, 126
- Mongolia, 43
- Monopolies, 58, 60, 61, 127, 180, 182
- Montenegro, 133, 165, 206, 300
- Moral hazard, 230, 231, 234
- MSME, *see* Small firms
- N**
- Natural resources, 7, 9, 118, 149, 159, 160, 187, 188, 268
- New firms, new private sector, *see*
 Entry; Entrepreneurship
- O**
- Oil, 34, 36, 38, 94, 120
- ‘Oligarchs’, 188
- Output, *see* Growth
- Outsiders as owners, 153

P

- Planning, *see* Command economy
- Poland, xviii, 2, 5, 6, 22, 23, 30, 43, 45, 71, 72, 97, 98, 114, 118, 120–123, 126, 128, 134–136, 138, 140n2, 140n3, 157, 168, 178, 189–192, 207, 208, 213–218, 220, 222, 268, 269, 288–292, 300
- Political freedom, *see* Freedom, political
- Portugal, 214, 221, 300
- Price liberalisation, *see* Liberalisation
- Private sector
under command economy, 24
See also New private sector
- Privatization
banking sector, 237
definitions and measures, 45, 102, 177, 218, 292
effects on wealth and income distribution, 69, 103, 108, 176–202
equivalent, 211
impact on performance of firms, 196
methods, 183, 188–195, 197, 211, 218
objectives, 179, 185, 186, 188, 190, 210, 238
political economy, 179–188
revenues from, 201
- Property rights
and Coase Theorem, 86
and economic crises, 24, 25, 29, 57, 58, 107
and effects of privatisation, 183

- and finance, 183, 185, 186
and labour market institutions, 286
measures, 75
as part of rule of law, 74, 107, 281, 283, 294
in transition countries, xvii, 75
under command economy, 24, 57
- Public finance, *see* Government

Q

- Queuing, 28, 91, 92

R

- Ratchet effect, 35
- Reallocation
political economy modelling, 85
- Recessions
during the 2008–2009 crisis, 260
post-communist, ‘transitional’, xvii, 157
and privatisation, 171, 192
and public finance, 253–272
under command economy, 211, 234
and unemployment, 209, 211, 260
- Redistribution
extent and efficiency of government, 179
and privatisation, 179
and reforms, 82
- Reforms, *see* Institutional reforms; Liberalization; Stabilization, transition

- Restructuring, 103
 EBRD reform measure, 248, 292
 and labour markets effects, xvii,
 205–224
 political economy effects, 100–101
 and privatisation, xvii, 185, 189,
 193
 and public finance, xvii, 220
 and soft budget, 198, 265
- Retirement, 213
- Romania, 2, 39, 43, 71, 72, 121,
 126, 135, 136, 138, 209, 216,
 219, 220, 256, 290
- Russia, xvii, 6, 9, 11, 38, 39, 43, 46,
 71, 72, 79, 80, 95, 96, 121,
 126, 132, 137, 151, 156, 167,
 178, 187, 188, 193, 199, 200,
 211, 215, 242, 256, 268, 269,
 290, 291, 294, 298, 299, 302
- S**
- Savings
 finance, 99, 185, 186, 238, 256
 importance for economic growth,
 12, 42, 185, 256
 and privatisation, 7, 42, 185, 186
- Scandinavian countries, 216
- Sectoral reallocation, *see* Reallocation
- Securities markets, 62, 63, 66, 67, 292
- Serbia, 165, 206, 273
See also Yugoslavia
- Service sector
 command economy, 21, 28, 212
 labour markets after transition
 and beyond, 10
- Shortages
 and transition, 9, 11, 118, 156
 under command economy, 141n4
- Slovak Republic, 201, 215–217
See also Czechoslovakia
- Slovenia, 122, 126, 138, 213, 214,
 220, 241–243, 290, 300
- Small firms
 and labour market outcomes, 153
 reform measures, 158–164
 under command economy, 153
See also Entrepreneurship; New
 firms
- Social welfare and social safety net,
 10, 84, 92, 181, 209, 211,
 220, 223, 257, 258, 260
- Socialist economies, *see* Command
 economies
- Soft budget constraint, 103, 152,
 184, 211, 250, 280, 285
- ‘Solidarność’ (‘Solidarity’), 2, 23, 41,
 45, 46, 178, 292
- South-East Europe, 9
- Soviet Union, 1, 6, 22, 23, 27, 30,
 40, 86, 290
- Spain, 214, 221, 300
- Special interests, 80, 83, 86, 87, 93–95,
 99–103, 108, 145, 271, 272
- Stabilization, macroeconomic, xvi,
 59, 114–118, 120–123, 139,
 146, 151, 158, 162, 234, 237,
 238, 254, 285
See also Liberalization
- Stalin, J. and Stalinism, 22, 29, 41,
 86, 236, 290
- State capture, 108, 181, 266, 289
- State ownership
 authoritarian regimes, 47
 of banks, 11, 33, 37, 43
- Steel, 9, 37–39, 95
- Stock markets, *see* Securities
 markets

Subsidies, 61, 73, 90, 98–101, 119,
124n1, 132, 152, 153, 220,
223, 256, 259, 262, 263

T

Taxes

command economy, 12
and labour market outcomes, 74
political economy, 95, 99, 113,
267–269
property rights, 22–24, 74, 233,
286
and soft budget, 73, 74, 96, 184,
198, 238

Technocrats, 85

Technology

and institutional change, 58, 108,
281

Trade, *see* Foreign trade;

Liberalisation

Trade unions, 2, 41, 126, 191, 220

See also 'Solidarity'

Transaction costs, 85, 91, 103, 185,
231

Transformational recession, *see*

Recessions

Transition

empirical definition and main
components, 14

See also Institutional reforms;
Liberalization

Turkmenistan, 64, 245, 299, 300

U

Ukraine, 6, 9, 11, 39, 71, 126, 165,
168, 219, 253, 269, 273, 294,
305

Unemployment

benefits, 7, 8, 218, 220, 221, 258
and budget balance, 259, 265, 266
and reforms, 84
transitional, 153, 205, 208–218

Union of Soviet Socialist Republics
(USSR), 1, 2, 22, 23

United Kingdom, 282, 292

United States (US), 6, 289, 303

USSR, *see* Soviet Union; Union of
Soviet Socialist Republics
(USSR)

Uzbekistan, 186, 245, 299, 300

V

Verdier, T., efficiency theory of
institution, 270, 272
von Mises, L., 31

W

Wage

arrears, 198, 209, 211
bargaining, 217, 219
command economy, 125
flexibility of, 212
minimum, 221
and privatisation, 84
reservation, 8, 154
and soft budget, 132, 211

Wałęsa, L.

impact on economic growth, 2
Women, 7, 213, 267, 305

Y

Yugoslavia, xviii, 24, 64, 65, 120,
138, 190