Transition and Development: The Limits of the Central European Transition Paradigm in CIS Countries and South-East Europe

Summary: *The transition success stories that we have seen in Central Europe and the Baltic States offer many examples of best economic policy practices. They suggest that the rapid liberalization of prices, commerce, and foreign trade yield better results than the maintenance of hybrid regulatory regimes. They suggest that it is often better to privatize large manufacturing, financial, and energy companies to strategic investors than to try to ensure "national control" or "popular capitalism" through the use of vouchers. They suggest that transparent fiscal and monetary policies are critical to building credibility among foreign and domestic investors.*

But the Central European and Baltic economies have (fortunately) not been touched by conflict, nor do energy, metals, and raw materials make up 80% of their export baskets. The leading transition countries differ dramatically from many CIS and Balkan economies in these respects. Do these structural differences -- combined with other differences in location, demography, and economic development -- justify a different approach to transition? If so, in what ways, and to what degrees?