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Report on the international conference entitled:

"Beyond Transition – Development Perspectives and Dilemmas"

held on April 12-13, 2002 in Poland

Warsaw, May 2002

Results and impact of the conference

1. Conference objectives

Today a number of ”transition leaders” – i.e., the Czech Republic, Estonia, Hungary, Lithuania, Latvia, Poland and Slovenia – are much more advanced in the process of transition than other post-Communist countries, which have implemented fewer reforms. These transition leaders have made substantial progress in economic, political and social reforms and have largely succeeded in adjusting their economies to market principles. In fact, we believe it is justifiable to refer to these countries as “post-transition countries”, as the most important problems they now face are those of more developed countries (in particular, those of the European Union) – including the necessity to increase labour market flexibility, adopt the euro, reform national health care and pension insurance systems. For this reason, our conference was designed to go “beyond transition” and focus on challenges and dilemmas which reform leaders may meet in the next few decades.

In addition, the conference was also meant to:

- Provide a forum for reform leaders from the Baltics and Central Eastern Europe to assess and exchange views on the key challenges to a successful transition, allowing the participants to discuss the progress made towards establishing a market-oriented economy and giving them the opportunity to share their experiences, both successful and unsuccessful.

- Encourage dialogue between scholars, policy makers, and practitioners from various countries, and to acquaint the public with the progress, future prospects and dilemmas that the transition countries will face.

- Establish stronger cross-border dialogue and networks to support reform efforts in the region. Of particular importance for the post-transition economies is establishing and sustaining contacts with the scholars and institutions from the region, Western Europe, and the USA invited to the conference.

2. Conference Proceedings

The conference was held on April 12-13 in Falenty (near Warsaw). The audience consisted of key experts in the field of transition, top policy-makers, high level civil servants, well-known academics, parliamentarians, and representatives of domestic and international media. Altogether the conference gathered about 240 participants from CEE and FSU countries, Western Europe and USA, and from Poland.

A detailed summary of the conference proceedings follows.

The conference opened with remarks by Kalman Mizsei of UNDP, who greeted the guests as a representative of one of the sponsoring organizations, an economist with years of experience researching the transition and, of course, a longstanding friend of CASE.

Session I
Is there room for national monetary policy in the global economy?
Chairman: Lucjan Orłowski
Keynote speaker: Andrew Berg
Commentators: Vittorio Corbo, Mariella Nenova, Marek Dąbrowski, Brigitte Granville

Introduction: The increasing integration of international financial markets limits the economic policy sovereignty of individual countries. This affects monetary policy as well as other forms of economic policy. The series of currency crises in the 1990s demonstrated the fragility of many popular exchange rate regimes such as fixed but adjustable pegs, crawling pegs, target bands, crawling bands, and managed floats. All of them can be classified as intermediate (hybrid) regimes, under which the authorities try to manage both the exchange rate and domestic liquidity simultaneously. Thus, in a world of free capital movement, the only viable choice seems to be between maintaining independent monetary policy with a free floating exchange rate (for example, the direct inflation targeting strategy) and giving up monetary independence by adopting one of the variants of the so-called hard peg (currency board or dollarization/euroization). For developing and transition countries, which lack traditions of low inflation and a strong reputation of their monetary authorities, the key questions are: What is the balance of costs and benefits of maintaining an independent monetary policy? Is it a viable option for the future? Or should these countries rather think of joining one of the major currencies in the near future?

Proceedings summary: Andrew Berg presented a paper by Berg, Borensztein, and Mauro (2000), entitled "An Evaluation of Monetary Regime Options for Latin America", in which the choice of exchange rate regimes was described with reference to Latin American experience. The speaker discussed two extremes of monetary arrangements, adoption of a leading currency such as the US dollar or the euro on one hand and floating exchange rates on the other. He observed that especially for countries that are highly integrated in global capital markets, the choice in the near term seems to be between these two choices (with a big question mark concerning how free the float can be and ought to be). Dollarization or euroization may be appealing for countries lacking credibility and in which this has de facto already taken place. Thus, the most likely candidates for dollarization would be countries of Central America, such as Ecuador or El Salvador, especially when taking into account their close trade and economic links with United States. In these cases dollarization may promote additional trade liberalization and greater integration with the U.S., thus further increasing the appeal of dollarization in the future. Other countries (mainly in South America) seem to be well suited for exchange rate flexibility. Brazil, Chile, Mexico and Colombia may achieve larger benefits by allowing their currencies to float. These benefits come in the form of appropriate adjustments of prices and the exchange rate to terms-of-trade shocks and in adequate responses of interest rates when inflation and foreign interest rates are low. If floating regimes deliver low inflation, they will gain more credibility, and monetary policy will become more effective. However, there is no obvious choice for some other economies. Argentina has neither the credibility that would make floating easy, nor the close integration with the U.S. that would argue in favor of dollarization. While floating is probably Argentina's most viable option at this stage, the road ahead looks difficult either way.

Vittorio Corbo reviewed the paper by Berg *et al.* by expanding on the recent shift toward direct inflation targeting in Latin America. There has been a clear movement towards floating exchange rates in Latin America, and these countries have been forced to put in place an alternative monetary anchor. Corbo explained that different varieties of inflation targeting are applied today in five Latin American countries (Brazil, Chile, Mexico, Colombia, and Peru). He listed the reasons behind the adoption of such monetary policy regimes in Latin American countries in general, and then discussed how monetary policy is carried out by a central bank that follows a direct inflation targeting regime, using examples of particular countries. The commentator concluded with some specific points related to the paper by Berg *et al.* relating to optimal monetary policy in an open economy, importance of trade patterns, relevance of country-specific factors in the determination of capital flows, inflation pass-through, etc.

Mariella Nenova commented on the paper of Berg *et al.* by referring to the goals in adoption of a currency board arrangement in Bulgaria. She referred to the financial turbulence of 1996-1997 and to the considerations connected with pursuing a hard peg regime in her country. She dealt with issues such as the overall economic situation, institutional and policy issues, and the effects of functioning of the currency board in Bulgaria.

Marek Dąbrowski commented on the text of Berg *et al.* chiefly by addressing some theoretical arguments and policy conclusions, and concentrating on post-Communist countries' experience. He discussed the advantages of exchange rate flexibility, the issue of central bank credibility versus currency substitution, political economy and politics, and network externalities. He concluded with an assessment of exchange regime choice for transition economies. While some countries have decided to give up monetary sovereignty, three central European countries have opted for the other corner solution. The remaining economies have intermediate regimes. The CIS countries, on the other hand, are unable to sustain their own independent monetary policy at reasonable costs. They could also face problems if they try to run a currency board regime, due to the weaknesses of their institutions. Therefore, Dąbrowski concluded, the best solution for them would be unilateral dollarization/euroization.

Brigitte Granville commented on the paper by elaborating on some other issues. She pointed out the differences and similarities of currency boards – which were not reviewed in the Berg *et al.* paper – and conventional pegs. Then she noted that truly free floats are rare, as few governments are willing to set monetary policy without some consideration of its exchange rate effects. Finally, the commentator concluded that "no single currency regime is good for all countries at all times" and that countries and exchange rate regimes continue to be wedded on a case-by-case basis, with the criteria ranging from economic fundamentals to political economy characteristics.

Session II
EU enlargement: the way of candidate countries to the Euro zone
Chairman: David Begg
Keynote speaker: Jacek Rostowski
Commentators: Fabrizio Coricelli, Daniel Gros, Ben Slay, Charles Wyplosz

Introduction: Anticipated EU membership and the potential for rapid growth in transition countries applying for such membership imply large capital inflows and therefore large current account deficits. This implies a high degree of risk and presents a dilemma to macroeconomic policy makers in these countries. Opinions are sharply divided as to whether the traditional route to the "safe haven" of the EMU via ERM2 is optimal or even feasible. The alternative of a hard-peg to the euro via unilateral euroization or a currency board has been suggested. The issue of the hard peg is very different for pre-accession countries, which are committed to ultimately adopting the euro, since it is merely a matter of choosing the optimal transitional system. The panel discussed the strengths and weaknesses of this approach, as well as the logic behind the EU's dislike of it.

Proceedings summary: The main speaker, Jacek Rostowski, presented an argument that the most appropriate path for entry to the EMU for the candidate countries of Central and Eastern

Europe is early adoption of the euro (so-called unilateral euroization). Unilateral euroization is an attractive alternative for the standard route to the EMU through ERM2 and strict adherence to Maastricht criteria. Fulfillment of the latter and at the same time sustaining the current account deficit at prudent levels pose difficulties in macroeconomic policy design. Having weighed the pros (elimination of currency risk, higher capital inflows, lower interest rates) and cons (loss of seignorage, threat of contractionary shock and inflationary inertia), Rostowski concluded that the benefits exceed the costs.

Rostowski's commentators in principle agreed with the idea of unilateral euroization, but had some reservations on specific issues. Fabrizio Coricelli, while agreeing with many of Rostowski's arguments, pointed to intrinsic fiscal policy problems in transition economies and their impact on monetary policy and role of the exchange rate. Daniel Gros – who also expressed his sympathy for the idea of euroization – stressed the irrelevance of the seignorage argument in the context of CEECs. This point was also raised by Charles Wyplosz. On the other hand, Daniel Gross questioned the estimates of the Balassa-Samuelson effect and its significance for the fulfillment of the Maastricht criterion on inflation. Ben Slay challenged the appropriateness of the key issues put forward by Rostowski. Both Slay and Wyplosz turned attention to political considerations and the reaction on the side of the European Union and the European Central Bank. They stressed that euroization should by no means be literally 'unilateral'.

During the open discussion on this topic, participants raised various issues, such as the problem of lender of last resort, the importance of a healthy and prudent banking system, and political co-operation among candidate countries as well as with European institutions.

Session III (panel)

How to make national labor markets more flexible?

Chairman: Marek Góra

Panelists: Olivier Blanchard, Juan F. Jimeno, Richard Layard , Jeffrey Sachs, Jan Svejnar

Introduction: The end of the 20th century brought a sharp change in labor market performance. Economies are in a process of permanent restructuring nowadays, necessitating flexibility not only of wages, but also with respect to many other variables. Former gains of workers, such as unionization, minimum wage legislation, restrictive labor codes, social security systems, etc., have in many cases turned against them. Instead of protecting workers they now only hamper flexibility, thereby contributing to high unemployment. Successful and persistent reduction of unemployment requires a new, non-ideological approach. Flexibility does not necessarily mean giving up all regulation. Instead, regulation needs to be modernized in order to let people adjust their behavior as workers to changes in their own preferences as consumers. The discussion in this session presented a wide variety of viewpoints concerning the challenges that lie before the transition and post-transition countries in this area.

Proceedings summary: Both Jeffrey Sachs (in his video speech) and Juan F. Jimeno argued that labor market flexibility is crucial from the point of view job creation. Sachs used the classic comparison of the US and European labor market institutions and outcomes as the argument for increasing flexibility.

On the other hand, Jan Svejnar presented a paper showing that for selected transition economies there is no correlation between various measures of labor market flexibility and economic growth. Svejnar also argued that labor markets in transition economies are at least as flexible as in other OECD countries. He concluded that increasing labor market flexibility is not as important in transition economies as overcoming other imperfections such as housing market inefficiency, poor transport infrastructure, poor legal and business environment, shallow capital markets, low quality of corporate governance and extensive skill mismatches.

Olivier Blanchard presented a set of theoretical arguments for the presence of the government regulations in the labor market even if it leads to loss of labor market flexibility and hampers job creation. He presented a case for modest unemployment insurance payments and a (low) minimum wage.

Jimeno presented the history of developments on the Spanish labor market since the mid-1970s and argued that incomplete liberalization of extremely rigid labor regulations may not be enough to improve the situation on the labor market. He argued that extremely high unemployment in Spain was reduced only after reforms which significantly reduced costs of employee dismissals.

Richard Layard's presentation was devoted to the problem of the relationship between labor market institutions and unemployment. He argued that the willingness of the unemployed to find a job depends on how they are treated by state institutions, emphasizing how important it is that the state not subsidize unemployment. In practical terms, eligibility for unemployment benefits should be conditional on willingness to work, including willingness to change occupations and living places in order to return to employment.

Session IV
International tax competition and tax reform
Chairman: Constantin Zaman
Speaker: Pradeep Mitra
Commentators: Daniel Daianu, Yegor Gaidar, Alari Purju

Introduction: Free capital movement and the partial abolition of barriers to free labor movement pose a new challenge to national tax systems. We observe a process of convergence of tax systems, with efficiency aspects of taxation gaining more attention at the cost of equity considerations. The most fundamental changes are occurring in the area of direct taxation: the rationales behind highly progressive personal income taxes and the very existence of corporate income taxes are being questioned. As a result, both the number of tax rates and their magnitude have been reduced considerably in recent decades. Some of the questions examined in this session included the following: Is a flat rate income tax only a dream of liberal economists or an efficient and non-distortionary source of income? Do the economic benefits of this tax outweigh the political and social costs? And, more generally, what, besides money, do we expect from a tax system?

Proceedings summary: The main speaker, Pradeep Mitra, presented a paper co-authored with Nicholas Stern on tax reform in transition. Describing the situation in transition countries after a decade of reforms, Mitra stressed the positive correlation between higher cumulative foreign direct investment, as a good proxy for the investment climate in the host country, and the share of aggregate employment in small enterprises (representing growth of the private sector). The introduction of hard budget constraints in all enterprises, whether old or new, and the creation of a favorable investment climate have been key to the resumption and continuance of economic growth in transition economies. The question was posed concerning the implication of these facts for tax systems.

The historical evolution of tax revenues in transition countries has been "U-shaped", both with regard to the share of tax revenue in GDP and to the shares of major taxes in tax revenue. At the beginning of the transition, price liberalization rendered many state enterprises uncompetitive, leading to the loss of traditional profit, turnover and payroll tax revenues. This problem was exacerbated by the inability to institute a well-administered tax system with a broad base and low rates that would encourage tax compliance among enterprises; as a result, enterprises (especially new small ones) were driven underground. This led to a fall in the ratio of tax revenue to GDP in general, and to a decline in the share of income taxes in total tax revenues, a rise in the share of personal income taxes, and a sharp increase in the share of domestic indirect taxes in particular. Mitra argued, however, on the basis of a cross-sectional comparison between transition and industrial countries, that these trends in levels and structure of revenue need to be reversed in order to move towards a market economy.

Some final considerations presented by Mitra were that high corporate income tax rates are likely to discourage investment in a world where capital is very mobile, and that limiting the ratio of public expenditures to GDP to not more than ca. 33 percent is advisable. It is important to bear in mind, he said, that the EBRD and the World Bank have found on the basis of survey data that taxes and regulations, and the opportunities for corruption that administering them can provide, are among the most important impediments to expansion cited by new enterprises.

In his comment, Alari Purju presented the experience of the Baltic states. Tax reform in these countries was very much aimed at creation of a competitive market environment, which is evidenced by corporate income tax regime and rates generally friendly for business activities. Better administration of existing taxes and harmonization with the EU requirements are the next important tasks facing the Baltics.

Yegor Gaidar described the tax reform process in Russia, stressing the role of the political climate for radical changes in the existing tax structure.

Session V
Privatization and corporate governance – the remaining agenda
Chairman: Iraj Hashi
Keynote speaker: Simon Johnson
Commentators: Barbara Błaszczyk, Peter Mihalyi, Irena Grosfeld, Iraj Hashi, Dmitrii Vasilev

Introduction: Privatization of state-owned enterprises and the introduction of new corporate governance patterns are the key pillars of enterprise reform around the world, not only in transition countries. Efforts to implement such measures in numerous countries have produced very different results in the area of enterprise restructuring and performance. The task of speakers in this session was to examine the systemic sources of these differences and to show the main factors behind a successful linkage between privatization, corporate governance improvement and better economic performance. Policy and institutional measures aimed at improving competition, hardening budget constraints, improving the regulation of capital markets, promoting prudential regulation, protecting shareholder rights and enforcing property rights were among the key issues discussed.

Proceedings summary: In his presentation, Simon Johnson examined the privatization and corporate governance patterns in various CEE, FSU and Asian countries. Privatization is only effective in improving corporate performance when corporate governance works properly, he argued. In particular, this means protection of the rights of minority shareholders. He linked poor corporate governance among other things to financial market intransparency and poor availability of information about the financial standing of firms. In conclusion, the quality of corporate governance, via its influence on corporate performance, has a very important effect on the general economic performance of a given country.

Peter Mihalyi, on the other hand, argued that the importance of corporate governance institutions for entire economies is often exaggerated. He said that in transition economies most economic activity occurs in firms which are not publicly traded, in which ownership is concentrated in the hands of a single owner or small group of owners. These can be small companies operating only on local markets, or large companies which havebeen acquired by foreign investors. In such companies corporate governance institutions are not an issue. This is an important point to remember in comparing transition economies with economies where capital markets are more developed, Mihalyi said.

Irena Grosfeld discussed research which questioned the oft-held view that closely held corporations are better managed than ones in which shares are widely dispersed among a large group of owners. Especially in transition economy environments, she argued, strong owners with dominant stakes often block trade in shares and restrict the availability of information about the firm's financial standing (in addition to not allowing minority shareholders to exercise their rights). All this impedes improvements in performance. In conclusion, she said that no system of corporate governance is universally applicable in all situations, and stressed the importance of guaranteeing the flexibility of ownership structures, allowing trade in shares to bring about ownership structure changes reflecting shifts in the needs of firms.

Dmitrii Vasilev argued that Russia's mass privatization program, while having led to serious flaws in corporate governance, was the only one possible for the country at the time it was carried out. He argued that Russia is not experiencing a shortage of capital and that it is not in desperate need of foreign investment. What Russia does need is new technology, know-how, and marketing expertise. The country also needs better corporate governance, the lack of which leads to the diversion of a great deal of economic actors' time and money into fights for control over companies.

Session VI

The EU Enlargement: consequences for the CIS countries

Chairman: Sergei Alexashenko

Keynote speakers: Anders Åslund, Andrew Warner

Commentators: Luca Barbone, Vladimir Mau, Hryhoriy Nemyria, Jaroslav Romanchuk

Introduction: The EU Eastern Enlargement will bring far-reaching consequences not only for the current EU-15 members and twelve candidates but also for all their neighbors. The Newly Independent States and the Balkan countries not currently on the list of candidates will have to deal with the enlarged EU in their direct neighborhood. This will involve the EU external trade and custom barriers and EU barriers in the free movement of people (visa regimes). While most non-candidate transition countries do not have free trade and non-visa agreements with the EU (and many of them do not belong to the WTO yet), they have important economic, cultural, historical, geographical and sometimes even ethnic links with the current candidates. Additionally, the lack of clear prospects for future integration with the EU and NATO could negatively influence domestic politics, discouraging continuation of the political and economic reform process. What are the prospects for involving non-candidate countries in the process of European integration, at least in a partial form (association agreements), and can the future eastern borders of the EU be kept open to free movement of goods, people, and capital? The panelists were asked to discuss these issues and characterize the impact of enlargement on CIS economies.

Proceedings summary: In their presentations, Anders Åslund and Andrew Warner examined the effects of EU enlargement on the economic growth in the CIS countries. Recent research on determinants of growth suggests that these effects depend on the impact of enlargement on trade, investments and the institutional set-up in CIS countries. The most important conclusion of both speakers was that enlargement is not likely to have negative trade effects for the CIS countries. But this is not enough, they argued, given the current effective discrimination in EU trade against CIS countries. The speakers were not convinced that the EU assistance to the new member countries, amounting to ca. 4 percent of GDP, would be a substantial benefit, as they suspect that these funds are likely to be disbursed as rents and not contribute to output expansion. They argued that the main effect of the EU enlargement upon the CIS countries might be to force them to sort out their economic systems. Indeed, this is already occurring: CIS countries are undertaking more radical fiscal reforms, reducing both public expenditures and taxes, as they are focusing on their own problems rather than adopting the EU *acquis* agenda. The speakers concluded that CEE and CIS countries are likely to enter qualitatively different growth paths. The CEE countries are likely to benefit from free trade and a larger inflow of FDI, while the CIS countries are likely to gain from a more liberal economic model similar to that of East Asia, with lower taxes, public expenditures and social transfers. It is not obvious which of these models will deliver the greatest economic growth.

In his comment, Luca Barbone underlined difficulties related to the evaluation of the impact of EU enlargement on CIS countries. He also warned against reaching too general conclusions given the very imprecise statistics that are available. In particular, he said, Åslund and Warner used unweighted statistics to show the extent of budgetary expansion in the CIS countries, which blurs the picture. He also noted important differences between "European" or "Slavic" FSU countries (Russia, Ukraine, Belarus), which still pursue policies of high social spending, and Central Asian states with greater achievements in the area of deregulation and reduction of the fiscal burden. On this basis, he questioned conclusions about two different development paths in CEE and CIS countries.

In his comment, Vladimir Mau offered a Russian perspective on the EU enlargement process. The development of EU-Russia relations, pulling Russia into the system of the institutions of Western democracies will play an important, and maybe crucial, role in democratic consolidation in the country. In particular he underlined the importance of the declaration on establishing a common economic area between the EU and Russia, which should be viewed as a step in the development of key institutional guidelines for the socio-economic transformation of Russia. Application of European standards should not, however, be identified with the goal of EU accession. The latter is a political issue which Russian society is not yet ready to discuss. The importance of political as opposed to economic consequences of EU enlargement was also emphasized by Hryhoriy Nemyria. In turn, Jaroslav Romanchuk agreed with Anders Aslund and Andrew Warner on the importance of trade access of CIS producers to EU markets. He put more stress, however, on the importance of the EU integration process for the *qualitative aspects of the economic system.* Although economic integration is not an aim in itself, in the case of Belarus it would mean more economic reforms and therefore also more growth. It would also make it more difficult for Belarussian authorities to resist European standards of sound monetary policy and stable money. While EU enlargement may adversely affect Belarussian black market traders in the short run, a more important negative effect of increased openness of Belarus is brain drain. But EU enlargement by itself will not lead to rapid intensification of the latter process.

The general consensus among discussants was that the consequences of the enlargement would depend mainly on the future openness of the EU. The enlarged EU has a chance to offer substantial support to CIS countries by providing them access to European markets and by exporting standards of democratic and free market institutions. This chance may, however, be wasted if the EU becomes increasingly isolationist after the accession of the CEE countries is completed.

Session VII
Labour migration and movement in the enlarged Europe
Chairwoman: Stanisława Golinowska
Panelists: Elmar Hönekopp, Bill Jordan, Witold Orłowski

Introduction: The panel discussion about free movement and labor migration after EU enlargement confronted two perspectives – Western and Eastern – on the future benefits and costs of free mobility. The first perspective – from Western countries – presented the arguments in favor of the limitation and postponement of free movement. The second perspective – that of

Eastern countries – presented the expectations of those countries connected with free movement and arguments against limitations and postponement in introducing free mobility.

Proceedings summary: The theoretical framework for the panel discussion was laid by Stanisława Golinowska in introductory remarks presenting the main economic theories regarding migration and labor movement (dual development and dual labor market theory, brain drain, center and peripheries) as well as scenarios regarding the consequences of EU enlargement for source and recipient countries of migrating laborers.

Following the introduction, two panelists – Elmar Hönekopp and Witold Orłowski – discussed the potential scale of labor force movement and its consequences for economic growth. In both cases empirical research used to illustrate the regional impact of migration processes concentrated on the examples of Poland – the largest source country – and Germany – the largest recipient country. These two analyses identified factors that will be decisive for the future character and scale of migration processes. The most important of these factors are: the economic performance of the CEE countries; wage differentiation between the source and recipient country; the labor market situation in various EU countries (of crucial importance for the direction and scale of migration); transition costs of migration; labor market flexibility, and geographic distance between regions and countries. One of the conclusions was that no matter what the scale of labor force movement will be, migration will not solve the labor market problems that CEE countries face. The biggest labor market problems of the CEECs are linked to the restructuring of agriculture and (especially in the eastern parts of Poland and Hungary) human capital deficits, while increased labor mobility is more likely to appear in the western regions, which are culturally and geographically closer and for which transition costs are lower.

The presentation by Bill Jordan described patterns of illegal migration, using the example of a sample of Polish illegal immigrants in London. Sociological research conducted among these immigrants challenged common conceptions concerning the motives and behavioral patterns of illegal immigrants in EU countries. The speaker noted that the problem of illegal immigration, presented during the panel discussion from the perspective of the CEE and EU countries, could broaden in the future to include CIS citizens migrating – often illegally – to CEE countries.

During the panel and ensuing discussion several questions of great importance from the EU enlargement perspective were asked, such as whether and in which direction EU enlargement would change labor force migration patterns, how will it affect the development of source and recipient countries, and what are the factors behind changes in the magnitude of labor migration.

Concluding address and summary

To conclude the conference, Polish National Bank President Leszek Balcerowicz gave an address entitled “Financial sector development in the transition countries in a comparative perspective”, and Marek Dąbrowski summarized the discussions of the conference, indicating points on which he perceived a consensus emerging concerning the achievements of various countries in transition as well as the challenges facing them in the next decade. He also thanked all the organizers and received a cake from the participants in honor of his birthday.

3. Conference Impact and Results

Media Patronage

The conference was covered by the main country-wide daily newspapers ("Rzeczpospolita" and "Gazeta Wyborcza") as well as other domestic and international newspapers (“Nasz dziennik”, Polish edition of “Newsweek“, “Komsomolska Prawda”, “Wirtschafts Blatt”, “Puls Biznesu”). A few days before the conference an announcement of the event, as well as a summary of a paper by Bill Jordan were published in the daily. From April 12 to May 2, a number of interviews with conference participants (Vittorio Corbo, Olivier Blanchard, Vladimir Mau and Yegor Gaidar) were published. On May 13 the Polish news television “TVN24” presented a summary from the second day of the conference. Special interviews with two conference participants: Yegor Gaidar and Sergei Alexashenko were presented on the TVN24 canal a few days later. On 30 April 2002, Radio Bis broadcasted a program dedicated to the conference results, during which M. Dąbrowski answered questions concerning the conference sessions and on the subject of dilemmas and perspectives of post-transition countries. A summary of the interview is available on Polish Radio web site: www.radio.com.pl.

In addition, publication of the conference proceedings in English by the publishing house M. E. Sharpe is being planned for the year 2003. The book will be edited by Marek Dąbrowski and Ben Slay.

These dissemination efforts allow CASE to reach an audience extending far beyond the conference participants with the message of the conference. The conference "Beyond Transition – Development Perspectives and Dilemmas" brought together an impressive group of reformers in transition and post-transition countries to discuss their accomplishments and failures to date. As a result, insight was gained into where the differences lie between more and less advanced transition countries. It is clear that the more advanced – “post-transition” – countries have no time to rest on their laurels, as they face the need for a number of difficult reforms, which they share with a broader group of many OECD countries. In fact, interesting perspectives were provided on how less advanced countries like Russia might be able to convert their disadvantage into advantage by leapfrogging over some of the “post-transition” countries in some areas of reforms (e.g., with respect to reduction of the fiscal burden).