

Fifteen Years After Communism: The Mistakes and Successes of Postcommunist Economic Reform

Abstract

Postcommunist transition to a market economy is a lengthy process comprised not only of a various spheres of economic activities, but also involving the cultural, social, and political change. The naive belief that a market economy can be introduced by “shock therapy” has been wrong since the begging, and in several cases, when attempted, had caused more problems than it had solved. Because the market economy requires adequate institutional structures as well as an appropriate business and political culture, transition can be executed only in a gradual manner, since these are very gradual processes based upon the building of new market organizations, new laws, and the changing behavior of various economic entities.

In the course of postcommunist transition to a market economy, political democracy and civic society many mistakes have been committed as well as various lessons have been learnt. Some countries – with stronger institutions and sound policies – are doing better than other. A group of countries leading in transition has joined already the European Union. Hence, what is leading to the success in the postcommunist transition and what may cause its failure?