

Privatization and Capital Market Development in Eastern Europe: Lessons from the Czechoslovak Experience

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Abstract

This paper reviews the unusual approach taken by Czechoslovakia in moving privatization to the forefront and using it to guide the transformation of one of the most highly centrally planned economies into a market economy based on private enterprise. While not without some costs, the Czechoslovak experience has been remarkably successful but will need the development of financial markets for the successful continuation of this process. This paper concludes with some observations regarding the implications of the Czechoslovak experience for other formerly communist nations.