

Systems Research Institute, Polish Academy of Sciences

Preprints

# ***TRANSITION TO ADVANCED MARKET ECONOMIES***



*Abstracts*

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# PLENARY LECTURES

# THE TRANSITION FROM SOCIALISM TO THE MARKET: WHAT HAS BEEN LEARNED

Christopher Clague

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When the countries of Central and Eastern Europe decisively rejected communism and embraced the idea of a market economy and a democratic polity, the initial forecasts of the growth of these economies were quite optimistic. Many observers thought that once the repressive communist bureaucracies were removed, the energies of the populations would be released in a constructive manner and a functioning market economy would emerge quickly. The key to the transition was seen by many to be rapid privatization of the state enterprises that dominated the centrally planned economy.

In the years immediately following the dramatic political events of 1989 there has been intense discussion of the problem of the transition and much greater recognition of the difficulties of changing from planning to the market. There have been debates about the optimal order of steps in the transition, which include price restructuring, price liberalization, currency convertibility, trade policy, small scale privatizations, demonopolization of large enterprises, commercialization and privatization of large enterprises, implementation of new systems of taxation and of safety nets, promulgation of new laws of property and commercial transactions, reorganization of the financial sector, and so on.

This paper will examine these debates in light of recent experience of the economies in transition, especially those of Central and Eastern Europe. Several different schools of thought about the transition will be identified, in particular the evolutionary approach of Kornai, McKinnon, and Murrell, and the rapid privatization approach of Sachs and Klaus. The concerns and expectations of these and other writers will be confronted with the recent experience of the Central European countries Poland, Hungary, and Czechoslovakia.

# **PRIVATIZATION, REGULATION, AND NEW OPPORTUNITIES FOR O.R.**

**Maurice Shutler**

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A synopsis of what I would say about the effect of privatization on OR would be:

New opportunities for OR

- Profit instead of welfare maximization
- Total Quality Management
- Complex systems.

Internal Market Competition effects

- Civil Service
- Privatized industries
- Hiving off.

**DECISION SUPPORT SYSTEMS FOR MULTI-OBJECTIVE  
PROJECT SCHEDULING**

**Jan Węglarz**

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# MULTICRITERIA TOOLS FOR INDUSTRIAL AND FINANCIAL EVALUATIONS

J.P. Brans

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The problem of obtaining valuable industrial and financial evaluations is particularly important in today's competitive economy. It is a complex problem including a large number of factors. A correct approach to such problems requires an appropriate multicriteria methodology. The underlying Multicriteria PROMETHEE-GAIA procedures will be demonstrated.

The BANKADVISER System provides financial institutions with evaluations of their industrial clients. The associated software is particularly user friendly. It displays the basic data of the balance sheet and income statement, it computes several financial ratios used as evaluation criteria and it generates an economical profile emphasizing the strong and weak features of each client. It provides not only an answer to the evaluation of the client itself but is also give the positioning of the client within its economical environment. The BANKS System provides similar information for the international banking sector. In addition, it includes the GAIA visual modelling technique to analyse the structure of the financial market.



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