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SECRETARY'S CIRCULAR NO. 93/91

To: Members of the Executive Board
From: The Secretary
Subject: Report on the Seminar on Coordination of Structural
Reform and Macroeconomic Stabilization

Attached for the information of the Executive Directors is a report on the seminar on Coordination of Structural Reform and Macroeconomic Stabilization presented in English by the IMF Institute from June 17-25, 1993.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND
IMF INSTITUTE

Report on the Headquarters Seminar on Coordination of
Structural Reform and Macroeconomic Stabilization

June 17-25, 1993

Introduction

The headquarters seminar on "Coordination of Structural Reform and Macroeconomic Stabilization" for high-level officials was presented over a period of seven working days. The seminar was conducted in English with simultaneous interpretation into French, Russian and Spanish. The purpose of the seminar was to afford senior officials from member countries, academics, and staffs of the Fund and the Bank an opportunity to discuss recent experience and current issues in the implementation of structural reform, with particular focus on the coordination between reform measures and stabilization policies.

Participation

Participants were invited from member countries on as wide a geographic basis as possible. Priority was given to countries that were discussed in the seminar and program or near-program countries.

The following 33 countries accepted the invitation and participated in the seminar: Argentina, Austria, Bangladesh, Bolivia, Bulgaria, Cameroon, China, Egypt, France, The Gambia, Guinea, Hungary, India, Jamaica, Kyrgyzstan, Latvia, Maldives, Mali, Mongolia, Morocco, Mozambique, New Zealand, Peru, Philippines, Poland, Russian Federation, Saudi Arabia, Sri Lanka, Switzerland, Tanzania, United Kingdom, United States, and Zimbabwe. A list of the participating officials from member countries, Fund officials and guest speakers is given in Attachment I.

Organization and Substance of the Seminar

After the welcoming remarks by the Managing Director and the Director of the IMF Institute, 12 sessions were held to discuss both analytical and practical issues on the subject matter. Several case studies (Argentina, China, The Gambia, and Poland) were presented to review the experience in implementing structural adjustment programs in specific economic settings. To facilitate discussions, a synopsis for each session was distributed, highlighting the main points covered in the relevant documents and suggesting issues to be discussed. The seminar was concluded with a roundtable discussion, in which the general consensus emerging from the seminar, as well as unresolved issues, were summarized, and main lessons were drawn from recent reform programs. The program for the seminar is provided in Attachment II.

There was general agreement that macroeconomic stabilization and structural reform are interdependent and are both required for sustainable growth. Without macroeconomic stability, the clarity of market signals will be diminished, and reform efforts will be hampered by uncertainty and perceived to be unsustainable. Conversely, without a comprehensive structural reform, the implementation of stabilization policies through the use of indirect macroeconomic policy instruments will be inhibited. The lack of development in indirect instruments, in turn, will prolong reliance on administrative controls, which runs counter to the goal of market transformation and tends to perpetuate stop-go macroeconomic cycles.

In discussing price liberalization, it was pointed out that the elimination of price distortions often has a direct impact on fiscal balance. Therefore, it is important to create "fiscal space" through fiscal stringency, in order to compensate for these adverse fiscal effects. Most participants sympathized with the view that in countries where the cash-constrained nonstate sector is not large enough to be an effective competitor, a complete liberalization of prices could result in unconstrained bidding by state monopolies for scarce resources, including producer goods and foreign exchange. However, it was also argued that while price liberalization will give rise to a once-for-all increase in the price level, it cannot of itself be a source of macroeconomic instability; inflation in all cases is associated with excessive monetary expansion.

In the fiscal area, no one disputed that fiscal deficit reduction often requires the restructuring of the tax system, the development of the capacity for tax administration, reductions in subsidies, and privatization. It was pointed out, however, that too narrow a focus on the size of the budget deficit may compromise the sustainability of macroeconomic adjustment and/or slow down reforms. This is mainly because: (a) budgetary reform often involves bringing extra budgetary funds into the budgetary process; (b) price liberalization, bank restructuring, and other reforms may increase explicit transfers or subsidies; and (c) enterprise reform may require the transfer of social responsibilities from state enterprises to the government. For transition economies, it was stressed that institutional reforms, including the establishment of an internal revenue service, a budget office, and a treasury, are essential for effective fiscal management, and that the time required for these reforms should be taken into account in determining the size of fiscal adjustment.

Participants agreed that effective market-based instruments of monetary control, along with a system of prudential regulation and supervision, should be developed at the initial stage of financial sector reform, as financial liberalization is likely to result initially in a rapid growth of credit. Financial sector reform should also be preceded or accompanied by fiscal adjustment; persistent macroeconomic imbalance would hamper a successful implementation of measures to lower the cost of financial intermediation and to foster banking competition. As the market-based system continues to develop, interest rates and the exchange rate will become increasingly important channels through which monetary policy is transmitted to the real economy. Further, during the reform period, both the demand for money and the supply of money will undergo structural changes

and, hence, up-to-date economic and financial indicators will be needed in order that a better judgment can be exercised in implementing monetary policy. In the context of transition economies, it was argued that the effectiveness of indirect monetary control could be hindered by the soft budget constraints on state enterprises and by the lack of reform in many other areas.

Both the hardening of budget constraints and the improvement in the incentive structure were emphasized in discussing enterprise reform, which was viewed as necessary to stimulate growth and to offset some of the adverse effects on output associated with macroeconomic austerity. It was noted that reductions in subsidies and policy lending to state enterprises would improve the fiscal position and slow down credit creation. However, the budget would be placed under considerable strain to support enterprise restructuring itself, to provide unemployment compensation for retrenched workers, and, particularly in transition economies, to provide the social services presently undertaken by the state enterprises.

As to external sector reforms, it was generally accepted that an outward-oriented strategy must be buttressed by prudent and credible macroeconomic policies. Further, exporters must be allowed free access to the international market for their inputs at international prices and at a realistic exchange rate. At the initial stage of trade reform, therefore, a depreciation of the real exchange rate may become necessary. Participants also agreed that current account convertibility, along with trade liberalization, is a source of competitive discipline and appropriate price signals that could guide domestic enterprises toward efficient production and investment decisions.

There were different opinions as to the appropriateness of adopting a fixed or flexible exchange rate regime and the timing of capital account liberalization in the reform process. Some held the view that one of the most urgent objectives for reforming economies is to eliminate excess demand and to control inflation. A fixed exchange rate provides an anchor for domestic prices and is a device to dampen inflationary expectations. Moreover, the selection of a fixed rate regime, which is equivalent to the acceptance of a constraint on national economic policies, together with full currency convertibility early in the reform process, will compel necessary and important changes in policies that might otherwise occur much more slowly. Others emphasized that it is difficult to judge the correct exchange rate and that more flexible exchange rate arrangements will help in protecting competitiveness and the external balance. Further, a lack of policy credibility could be more disruptive under fixed exchange rates than under flexible exchange rates. A few participants argued that capital account convertibility poses the risk of speculative capital flows and, hence, greater volatility in the exchange rate and/or interest rates, which may be especially destabilizing when the reform effort is in its early stages, and policy credibility is yet to be established.

The establishment of social safety nets with the aim of mitigating the adverse effects of adjustment programs on the vulnerable groups was considered important in making the programs politically viable and socially

acceptable. Both temporary arrangements and more permanent social protection measures should be carefully designed and well targeted to ensure that they are cost-effective and financially sustainable. In some cases, reforming existing social protection programs that impose excessive fiscal burdens and/or hamper enterprise reform is a priority task for achieving sustained fiscal adjustment. Participants generally felt that the establishment or reform of social safety nets should be an integral part of an adjustment program, with which the staffs of both the Fund and the Bank should be actively involved.

The roundtable discussion brought out the importance of political commitment, consensus, and macroeconomic environment in implementing reform programs. It was also emphasized that successful economic reform depends very much on the development of new business in the private sector, and policies should be directed toward encouraging self-finance and securing the possibility for the private sector to benefit from success in business. The greatest challenge in transition economies is enterprise reform, without which fiscal consolidation would be difficult and the whole process of economic transformation may be undermined. On the issue of sequencing, it is preferable that macroeconomic stabilization and reforms in all areas are implemented simultaneously because of their interdependence. However, country circumstances differ, and the comprehensiveness, pace, and sequencing of adjustment and reform often depend on what the authorities are prepared to do, although an argument could be made that stabilization together with price and external sector liberalization should be implemented up front. Similarly, the question of appropriate exchange rate arrangement depends on the policy priorities and institutional realities of the country concerned. It was pointed out that whatever exchange rate regime is adopted, it must be one with which the authorities feel comfortable.

In preparing and conducting this seminar, the IMF Institute received invaluable contributions from other departments of the Fund, as well as from the World Bank. Senior Fund staff members, including several Department Heads, from the African, Central Asia, European I, European II, Fiscal Affairs, Middle Eastern, Monetary and Exchange Affairs, Policy Development and Review, Research, Southeast Asia and Pacific, and Western Hemisphere Departments participated in the seminar. Three senior Bank staff members contributed in the areas of their expertise. Papers prepared by Fund staff and other documents used in the seminar are listed in Attachment III.

Proceedings

It is intended to issue the proceedings of the seminar as a Fund publication.

IMF Institute
July 1993

Attachments

INTERNATIONAL MONETARY FUND

IMF INSTITUTE

Seminar on Coordination of Structural Reform and
Macroeconomic Stabilization

June 17-25, 1993

Senior Officials of Member Countries

NAME	COUNTRY	POSITION AND AFFILIATION
Abdyshev, Aidar	Kyrgyzstan	Acting Chief Aid Coordination Department State Commission on Foreign Investments and Economic Assistance
Al-Nasrullah, Abdulaziz	Saudi Arabia	Assistant Deputy Minister for Financial Affairs Ministry of Finance and National Economy
Arias, Luis Alberto	Peru	Deputy Superintendent Ministry of Economy and Finance
Bajo, Momodou Clarke	The Gambia	General Manager Central Bank of The Gambia
Canlas, Dante	Philippines	Deputy Director-General National Economic and Development Authority
Christov, Lubomir	Bulgaria	Chief Economist Bulgarian National Bank
Comboni, Javier	Bolivia	Deputy Director Macroeconomic Analysis Division Economic Policy Analysis Unit
Cottani, Joaquin	Argentina	Assistant Secretary of Economic Programming Ministry of Economy
Davaasambuu, Dalrain	Mongolia	Minister of Finance Ministry of Finance

NAME	COUNTRY	POSITION AND AFFILIATION
Diallo, Cellou Dalein	Guinea	Director General Economic and Monetary Division Central Bank of the Republic of Guinea
Dubinín, Sergei K.	Russia	First Deputy Minister of Finance Ministry of Finance
Dubois, Monique	Switzerland	Deputy Director International Exchange Relations Section Swiss National Bank
El-Dersh, Ahmed	Egypt	First Undersecretary of State International Finance Sector Ministry of International Cooperation
Fuhringer, Antal	Hungary	Director General Ministry of Finance
Guti, Dinah Z.	Zimbabwe	Director Economic Monitoring and Implementation Unit Ministry of Finance, Economic Planning and Development
Henry-Wilson, Maxine Antionette	Jamaica	Minister of State Ministry of Finance and Planning
Islam, Waliul	Bangladesh	General Manager Monetary Management and Technical Unit Bangladesh Bank
Jayasundera, Punchi Banadara	Sri Lanka	Deputy Director Economic Research Department Central Bank of Sri Lanka
Juba, Bruce	United States	Director Office of Latin American and Caribbean Nations Department of the Treasury
King, Stuart	United Kingdom	Adviser Developing World Division Bank of England
Kitzmantel, Edith	Austria	Deputy Director General Federal Ministry of Finance

NAME	COUNTRY	POSITION AND AFFILIATION
Kone, Bacari	Mali	Budget Director Ministry of the Budget
Lazraq, Abderrazak	Morocco	Budget Director Ministry of Finance
Njeck, Jean-Philippe	Cameroon	President Committee for the Preparation and Follow-up of Agreements and Programs Prime Minister's Office
Odunga, Solomon	Tanzania	Deputy Principal Secretary Ministry of Finance
Pages, Henri	France	Deputy Director Economic Analysis and Research Division Bank of France
Saleem, Bandhu Ibrahim	Maldives	Director Ministry of Finance
Salomao, Tomás Augusto	Mozambique	Vice-Minister National Planning Commission
Tiknuss, Andrejs	Latvia	Director of State and Municipal Property Privatization Department Ministry of Economic Reform
Virmani, Arvind	India	Adviser Policy and Planning Department of Economic Affairs Ministry of Finance
Wang, Xiaoyi	China	Deputy Director Research and Statistics Department People's Bank of China
Wasilewska-Trenkner, Halina	Poland	Secretary of State Central Planning Office
Whitehead, John	New Zealand	Director Macro Policy New Zealand Treasury

Guest Speakers

Professor Anne O. Krueger
Department of Economics
Duke University

Mr. Robert B. Liebenthal
Division Chief,
Europe and Central Asia Regional Office
The World Bank

Professor Ronald I. McKinnon
Department of Economics
Stanford University

Mr. Constantine Michalopoulos
Senior Advisor,
Country Department III
Europe and Central Asia Regional Office
The World Bank

Mr. Marcelo Selowsky
Chief Economist,
Europe and Central Asia Regional Office
The World Bank

Officials of the International Monetary Fund

Mr. Michel Camdessus
Managing Director

African Department

Mr. Michael T. Hadjimichael
Deputy Division Chief

Central Asia Department

Mr. Yusuke Horiguchi
Senior Advisor

Mr. Ichiro Otani
Division Chief

European I Department

Mr. Jacques R. Artus
Deputy Director

Mr. Liam Patrick Ebrill
Division Chief

Mr. Michael C. Deppler
Deputy Director

European II Department

Mr. John Odling-Smee
Director

Mr. Donal J. Donovan
Assistant Director

Mr. Ernesto Hernandez-Cata
Deputy Director

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Deputy Director

Mr. Ke-Young Chu
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Associate Director

Mr. Omotunde Johnson
Advisor

Mr. V. Sundararajan
Deputy Director

Policy Development and Review Department

Mr. Mark Allen
Senior Advisor

Mr. David Burton
Division Chief

Research Department

Mr. Michael Mussa
Economic Counsellor and Director

Mr. Donald J. Mathieson
Division Chief

Southeast Asia and Pacific Department

Mr. Steven V. Dunaway
Division Chief

Western Hemisphere Department

Mr. Sterie T. Beza
Counsellor and Director

Mr. Martin E. Hardy
Assistant Director

Mr. Claudio M. Loser
Deputy Director

INTERNATIONAL MONETARY FUND

IMF INSTITUTE

Seminar on Coordination of Structural Reform
and Macroeconomic Stabilization

June 17-25, 1993

Program 1/

Thursday, June 17

- | | |
|-------------------------|--|
| 9:30 - 9:45 a.m. | (1) <u>Welcoming Remarks</u>

Mr. Michel Camdessus
Managing Director |
| 9:45 - 10:00 a.m. | (2) <u>Introduction to the Seminar</u>

Mr. Patrick B. de Fontenay
Director,
IMF Institute |
| 10:00 - 11:00 a.m. | (3) <u>The Link Between Structural Reform and
Stabilization Policies--An Overview</u>

Mr. Mark Allen
Senior Advisor,
Policy Development and Review Department |
| 11:00 - 11:15 a.m. | Coffee Break |
| 11:15 a.m. - 12:00 noon | Discussion on (3) |
| 2:30 - 3:30 p.m. | (4) <u>The Link Between Price Liberalization
and Macroeconomic Management</u>

Mr. Marcelo Selowsky
Chief Economist,
Europe and Central Asia Regional Office
The World Bank |
| 3:30 - 3:45 p.m. | Coffee Break |

1/ Meetings will be held in Room 4-108.

Thursday, June 17 (cont.)

3:45 - 4:45 p.m.

Discussion on (4)

Discussants:

Mr. Ernesto Hernandez-Cata
Deputy Director,
European II Department

Mr. Claudio M. Loser
Deputy Director,
Western Hemisphere Department

5:00 p.m.

Welcome Reception

Friday, June 18

9:30 - 10:30 a.m.

(5) Budgetary and Tax Reforms, Institutional Requirements, and Fiscal Policy

Mr. Alan A. Tait
Deputy Director,
Fiscal Affairs Department

10:30 - 10:45 a.m.

Coffee Break

10:45 a.m. - 12:00 noon

Discussion on (5)

Discussant:

Mr. Liam Patrick Ebrill
Division Chief,
European I Department

2:30 - 3:30 p.m.

(6) The Establishment of Social Safety Nets and Its Implications for Macroeconomic and Structural Adjustment

Mr. Ke-Young Chu
Assistant Director,
Fiscal Affairs Department

Mr. Robert B. Liebenthal
Division Chief,
Europe and Central Asia Regional Office
The World Bank

3:30 - 3:45 p.m.

Coffee Break

Friday, June 18 (cont.)

3:45 - 5:00 p.m.

Discussion on (6)

Discussant:

Mr. Steven V. Dunaway
Division Chief,
Southeast Asia and Pacific Department

Saturday, June 19

10:00 a.m.

City Tour 1/

1:00 p.m.

Luncheon 1/

Monday, June 21

9:30 - 10:30 a.m.

(7) Exchange Rate Management in the Reform Process

Mr. Manuel Guitián
Associate Director,
Monetary and Exchange Affairs Department

10:30 - 10:45 a.m.

Coffee Break

10:45 - 12:00 noon

Discussion on (7)

Discussant:

Mr. Jacques R. Artus
Deputy Director,
European I Department

2:30 - 3:30 p.m.

(8) External Sector Liberalization and Appropriate Macroeconomic Policy Mix

Professor Anne O. Krueger
Duke University

3:30 - 3:45 p.m.

Coffee Break

1/ Please see separate invitation.

Monday, June 21 (cont.)

3:45 - 5:00 p.m.

Discussion on (8)

Discussants:

Mr. David Burton
Division Chief,
Policy Development and Review Department

Mr. Ichiro Otani
Division Chief,
Central Asia Department

Tuesday, June 22

9:30 - 11:00 a.m.

(9) State Enterprise Reform and the Effectiveness of Macroeconomic Policies

Mr. Constantine Michalopoulos
Senior Advisor,
Country Department III
Europe and Central Asia Regional Office
The World Bank

Mr. Karim Nashashibi
Assistant Director,
Middle Eastern Department

Mr. Donal J. Donovan
Assistant Director,
European II Department

11:00 - 11:15 a.m.

Coffee Break

11:15 a.m. - 12:00 noon

Group Discussion on (9)

2:30 - 3:45 p.m.

Plenary Discussion on (9)

3:45 p.m.

Coffee

Wednesday, June 23

9:30 - 10:30 a.m.

(10) Interaction Between Monetary Control and Financial Sector Reform

Mr. V. Sundararajan
Deputy Director,
Monetary and Exchange Affairs Department

Wednesday, June 23 (cont.)

10:30 - 10:45 a.m.

Coffee Break

10:45 - 11:30 a.m.

Group Discussion on (10)

11:30 a.m. - 12:15 p.m.

Plenary Discussion on (10)

2:30 - 3:45 p.m.

(11) Case Studies of China and Poland

Mr. Yusuke Horiguchi
Senior Advisor,
Central Asia Department

Mr. Michael C. Deppler
Deputy Director,
European I Department

3:45 - 4:00 p.m.

Coffee Break

4:00 - 5:00 p.m.

Discussion on (11)

Discussants:

Mr. Wang Xiaoyi
Deputy Director,
Research and Statistics Department
People's Bank of China

Mrs. Halina Wasilewska-Trenkner
Secretary of State,
Central Planning Office
Poland

7:30 p.m.

Evening at Kennedy Center

Thursday, June 24

9:30 - 10:30 a.m.

(12) Financial Growth and Macroeconomic Stability

Professor Ronald I. McKinnon
Stanford University

10:30 - 10:45 a.m.

Coffee Break

Thursday, June 24 (cont.)

10:45 a.m. - 12:00 noon

Discussion on (12)

Discussants:

Mr. Donald J. Mathieson
Division Chief,
Research Department

Mr. Omotunde Johnson
Advisor,
Monetary and Exchange Affairs Department

2:30 - 3:45 p.m.

(13) Case Studies of Argentina and The Gambia

Mr. Martin E. Hardy
Assistant Director,
Western Hemisphere Department

Mr. Michael T. Hadjimichael
Deputy Division Chief,
African Department

3:45 - 4:00 p.m.

Coffee Break

4:00 - 5:00 p.m.

Discussion on (13)

Discussants:

Mr. Joaquin Cottani
Assistant Secretary of
Economic Programming,
Ministry of Economy
Argentina

Mr. Momodou Clarke Bajo
General Manager
Central Bank of The Gambia

Friday, June 25

9:30 - 10:45 a.m.

(14) Lessons From Recent Reform Programs--
A Round Table Discussion

Mr. Sterie T. Beza
Counsellor and Director,
Western Hemisphere Department

Mr. Michael Mussa
Economic Counsellor and Director,
Research Department

Friday, June 25 (cont.)

Mr. Patrick de Fontenay
Director,
IMF Institute

Mr. John Odling-Smee
Director,
European II Department

10:45 - 11:00 a.m.

Coffee Break

11:00 a.m. - 12:15 p.m.

(14) Continued

12:45 p.m.

Farewell Lunch 1/

1/ Please see separate invitation.

INTERNATIONAL MONETARY FUND

IMF INSTITUTE

Seminar on Coordination of Structural Reform and
Macroeconomic Stabilization

June 17-25, 1993

List of Documents

Session 3: The Link Between Structural Reform and
Stabilization Policies - An Overview

Main Papers

Allen, Mark, "IMF-Supported Adjustment Programs in Central and Eastern Europe," in Central and Eastern Europe Roads to Growth, International Monetary Fund and Austrian National Bank, 1992.

Bruno, Michael, "Stabilization and Reform in Eastern Europe: A Preliminary Evaluation," IMF Working Paper, WP/92/30, May 1992.

EBS/93/16, "Review of Experience Under ESAF-Supported Arrangements," February 1993, pp. 1-54.

Other References

Borensztein, Eduardo, "The Strategy of Reform in the Previously Centrally-Planned Economies of Eastern Europe: Lessons and Challenges," PPAA/93/6, March 1993.

Corbo, Vittorio, and Stanley Fischer, "Adjustment Programs and Bank Support: Rationale and Main Results," in Adjustment Lending Revisited: Policies to Restore Growth, edited by Vittorio Corbo, Stanley Fischer, and Steven B. Webb, The World Bank, 1992.

Edwards, Sebastian, "Stabilization and Liberalization Policies in Central and Eastern Europe: Lessons from Latin America," NBER Working Paper No. 3816, 1991.

Fischer, Stanley, and Alan Gelb, "The Process of Socialist Economic Transformation," Journal of Economic Perspectives, Fall 1991.

Genberg, Hans, "On the Sequencing of Reforms in Eastern Europe," IMF Working Paper, WP/91/13, February 1991.

SM/92/132, "Review of Experience with Programs in Eastern Europe," June 1992; and SM/92/146, "Reform Strategy in the Former Soviet Union," July 1992.

Session 4: The Link Between Price Liberalization and
Macroeconomic Management

Main Papers

Calvo, Guillermo A., and Carlos A. Vegh, "Inflation Stabilization and Nominal Anchors," PPAA/92/4, December 1992.

Koen, Vicent, and Steven Phillips, "Price Liberalization in Russia: The Early Record," IMF Working Paper, WP/92/92, November 1992.

Selowsky, Marcelo, "Stages in the Recovery of Latin America's Growth," Finance and Development, June 1990.

Other References

Borensztein, E.R., D.G. Demekas, and J.D. Ostry, "The Output Decline in the Aftermath of Reform: The Cases of Bulgaria, Czechoslovakia, and Romania," IMF Working Paper, WP/92/59, July 1992.

Bredenkamp, Hugh, "Conducting Monetary and Credit Policy in Countries of the Former Soviet Union: Some Issues and Options," IMF Working Paper, WP/93/23, March 1993.

Dooley, Michael P., and Peter Isard, "Establishing Incentive Structures and Planning Agencies that Support Market-oriented Transformation," IMF Working Paper, WP/91/113, November 1991.

Kiguel, Miguel A., and Nissan Liviatan, "Stopping Inflation: The Experience of Latin America and Israel and the Implications for Central and Eastern Europe," in Reforming Central and Eastern European Economies, edited by Vittorio Corbo, et al., World Bank, 1991.

Lane, Timothy, "Inflation Stabilization and Economic Transformation in Poland: The First Year," IMF Working Paper, WP/91/70, July 1991.

Session 5: Budgetary and Tax Reforms, Institutional Requirements,
and Fiscal Policy

Main Papers

Tait, Alan A., "IMF Advice on Fiscal Policy," in G. Krause-Junk (editor), Public Finance and Steady Economic Growth, Proceedings of the 45th Congress of the International Institute of Public Finance, 1989.

Tanzi, Vito, "Fiscal Policy and the Economic Restructuring of Economies in Transition," IMF Working Paper, WP/93/22, March 1993.

Other References

Kopits, George, "Fiscal Reform in European Economies in Transition," IMF Working Paper, WP/91/43, April 1991.

Nashashibi, Karim, et al., The Fiscal Dimensions of Adjustment in Low-Income Countries, IMF Occasional Paper 95, April 1992.

Shome, Parthasarathi, "Trends and Future Directions in Tax Policy Reform: A Latin American Perspective," IMF Working Paper, WP/92/43, June 1992.

Tanzi, Vito, "Tax Reform in Economies in Transition: A Brief Introduction to the Main Issues," IMF Working Paper, WP/91/23, March 1991.

_____, "Financial Markets and Public Finance in the Transformation Process," IMF Working Paper, WP/92/29, April 1992.

Session 6: The Establishment of Social Safety Nets and
Its Implications for Macroeconomic and Structural Adjustment

Main Papers

EBS/93/34, "Social Safety Nets in Economic Reform," March 1993.

Other References

Ahmad, Ehtisham, "Social Safety Nets," in Vito Tanzi (editor), Fiscal Policies in Economies in Transition, International Monetary Fund, 1992.

_____, "Jordan: Restructuring Public Expenditures and Protecting the Poor," IMF Working Paper, WP/91/82.

Gotur, Padma, "Bangladesh: Economic Reform Measures and the Poor," IMF Working Paper, WP/91/39.

Gulde, Anne-Marie, "Sri Lanka: Price Changes and the Poor," IMF Working Paper, WP/91/46.

Hicks, Ronald, and Odd Per Brekk, "Assessing the Impact of Structural Adjustment on the Poor: The Case of Malawi," IMF Working Paper, WP/91/112.

Liuksila, Claire, "Columbia: Economic Adjustment and the Poor," IMF Working Paper, WP/91/81.

Lopes, Paulo S., and Emilio Sacerdoti, "Mozambique: Economic Rehabilitation and the Poor," IMF Working Paper, WP/91/101.

Maret, Xavier, and Gerd Schwartz, "Poland: The Social Safety Net During the Transition," IMF Working Paper, WP/93/42, May 1993.

Paull, Gillian, "Poverty Alleviation and Social Safety Net Schemes for Economies in Transition," IMF Working Paper, WP/91/14, February 1991.

World Bank, "Poland: Income Support and the Social Safety Net during the Transition," 1993.

Session 7: Exchange Rate Management in the Reform Process

Main Papers

Aghevli, Bijan B., Moshin S. Khan, and Peter J. Montiel, Exchange Rate Policy in Developing Countries: Some Analytical Issues, IMF Occasional Paper 78, 1991.

Borenszstein, Eduardo, and Paul R. Masson, Financial Sector Reforms and Exchange Rate Arrangements in Eastern Europe. Part II: Exchange Arrangements of Previously Centrally Planned Economies, IMF Occasional Paper 102, 1993.

Gutián, Manuel, "Exchange Rate Management in the Reform Process," Mimeo, May 1993.

Other References

Frenkel, Jacob A., Morris Goldstein, and Paul R. Masson, Characteristics of a Successful Exchange Rate System, IMF Occasional Paper 82, 1991.

Greene, Joshua E., and Peter Isard, Currency Convertibility and the Transformation of Centrally Planned Economies, IMF Occasional Paper 81, 1991.

Montiel, Peter J., and Jonathan D. Ostry, "Real Exchange Rate Targeting in Developing countries," PPAA/93/2, January 1993.

Session 8: External Sector Liberalization and Appropriate Macroeconomic Policy Mix

Main Papers

Krueger, Anne O., Economic Policy Reform in Developing Countries, Blackwell, 1992, lecture 2.

Mathieson, Donald J., and Liliana Rojas-Suárez, Liberalization of the Capital Account: Experiences and Issues, IMF Occasional Paper 103, March 1993.

Papageorgiou, D., A.M. Choksi, and M. Michaely, Liberalizing Foreign Trade in Developing Countries: The Lessons of Experience, The World Bank, 1990.

Other References

Calvo, Guillermo A., Leonardo Leiderman, and Carmen M. Reinhart, "Capital Inflows and Real Exchange Rate Appreciation in Latin America: The Role of External Factors," IMF Working Paper, WP/92/62, August 1992.

Corden, Max, Protection and Liberalization: A Review of Analytical Issues, IMF Occasional Paper 54, August 1987, Chapter VI.

McKinnon, Ronald I., "Introduction: The Order of Economic Liberalization," Chapter 1 in The Order of Economic Liberalization, Johns Hopkins University Press, 1991.

Session 9: State Enterprise Reform and the Effectiveness of
Macroeconomic Policies

Main Papers

Bennett, Adam, and Susan Schadler, "Interest Rate Policy in Central and Eastern Europe: The Influence of Monetary Overhangs and Weak Enterprise Discipline," IMF Working Paper, WP/92/68, August 1992.

Khan, Mohsin, and Eric Clifton, "Inter-Enterprise Arrears in Transforming Economies: The Case of Romania," PPAA/92/1, July 1992.

World Bank and the IMF, "Subsidies and Directed Credits of Enterprises in Russia: A Strategy for Reform," March 1993.

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