

# Contents

<i>List of Figures</i>	xi
<i>List of Tables</i>	xiii
<b>1. The Basic Facts</b>	1
1.1 The Evolution of Aggregate Output	1
1.2 Composition Effects and the Evolution of Manufacturing Output	3
1.3 The Evolution of Productivity and Employment	5
1.4 Unemployment	8
1.5 Investment	13
1.6 Perceptions of Pain and Progress	14
1.7 Summary and Comparisons: East Germany, Russia	17
<i>Appendix</i>	21
<i>Notes</i>	22
<b>2. The Basic Mechanisms</b>	25
2.1 Reallocation	26
2.2 Disorganization	35
2.3 Restructuring	45
2.4 Macroeconomic Policies	51
2.5 Conclusions	55
<i>Notes</i>	56
<b>3. Looking at the Pieces</b>	61
3.1 The Initial Adjustment of State Firms	63
3.2 Restructuring and Privatization	77
3.3 Reallocation, Flows, and Unemployment	88
<i>Notes</i>	94

<b>4. Putting the Pieces Together</b>	<b>99</b>
4.1 A Benchmark Model	101
4.2 Policies and Transition	112
4.3 Derailments, and Other Extensions	118
4.4 Conclusions	127
Notes	129

<i>References</i>	135
-------------------	-----

<i>Index</i>	143
--------------	-----