

Corporate Governance and Restructuring: Lessons from Transition Economies

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This article paints a synthetic picture of corporate governance in transition economies with an emphasis on its implications for efficiency, taking into account the heterogeneity of managers' skills, the diversity of firms' restructuring tasks and financial situations, and political constraints. The focus is on the efficiency effects of different privatization policies, with special emphasis on the broad dynamic effects of privatization. Different privatization policies have different effects on the distribution of economic power, with potentially far-reaching consequences for state capture, law enforcement, tax collection, stock market development, and private sector development. Moreover, legal reform is not an exogenous but an endogenous process influenced by the vested interests created by a country's initial privatization policy.