**Invited reader's comments on article by Maria Lissowska "Welfare against Growth Gains in Post-Transition Countries. What Are the Consequences for Stability?"**

The article by Prof. Lissowska is a contribution to transitional economy research, which has undergone several waves: from capitalistic conversion in the 90-ies to the actual processes in Central and Eastern Europe (CEE). Former centrally planned economies demonstrated high grade of diversity during the current major crisis: while Poland and Czech republic employing efficient monetary policy fared well during the current crisis, on the contrary, Baltic states demonstrated an unprecedented failure of their service-based financialised economy model and registered monumental GDP falls. In particular, former centrally planned economies Slovenia and Slovakia, which were part of Eurozone at the advent of Crisis, fared very poorly. Therefore the case of study of monetary policy vs. welfare makes enormous sense for CEE economies.

It must be stated, however, that the inequality problem grew during privatisation, reprivatisation, criminalisation stage of the 90-ies. As the capitalistic conversion was based on elites-led model of societal governance, an early problem with enormous growing impact is the shocking misbalance between short-term benefits to elites and power groups vs. decay and destruction of the long-term strategic competitiveness basis in the CEE. This point has been not addressed by Prof. Lissowska. It is rather dangerous to try to explain processes in CEE only looking at econometric equations. In case of Latvia an important point why it underwent unprecedented banking and balance of payments crisis, is the fact that it was governed at crisis onset by the same stagnant conversional elites as in the early 90-ies, whereas in Estonia a complete replacement occurred, the modern technocratic elite allowed for rapid rebound from crisis. Truly, Prof. Lissowska has integrated in her research the point that stagnant elites have high degree of association with societal inequality.

The narrow points in the article are too categorical propositions. The opening proposition "This came about although they neither issued or bought any toxic assets" is unfounded. The IMF Working paper WP/12/163 clearly indicates that in banking crises in Latvia and Ireland the collapse of individual banks has been causal for crisis, this could not happen if the asset sides of failing banks were sound (spoiling of loans occurred later). The author reflects here rather situation in Poland than in CEE. The literature on ongoing banking crisis in Slovenia is scarce.

Implicitly Prof. Lissowska addresses very challenging future problem for CEE. Several of CEE economies have diverged as part of the EU, not converged. The costs of EU macropolicies as unconditional bank rescues and austerity doctrines have exceeded any kind of benefits from structural funds for many years ahead. Small CEE economies are in missing future models for their socioeconomic development. The very confusing EU environment where scale effects are not offset, large low-wage sectors are supported from public sources in richer countries as in Germany (large-scale indirect protectionism) and intra-EU competition is economically perverse, puts CEE economies back in position where they must decide critical issues about their socioeconomic modus operandi. The term "stability" must be therefore defined in this context.