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ON THE PRIVATIZATION OF THE 'THREE OF VISEGRÁD'

Márta MATHEIKA

Department of Economics
Technical University of Budapest
H–1521 Budapest, Hungary
Phone/Fax (36 1) 463–6919

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Abstract

The first part of the study enumerates the main types of privatization analysed from various aspects, and refers to the forms of privatization which are most typical in the investigated countries.

The second part gives a review of the 'history' of pre-privatization in individual countries, then discusses privatization concepts in the period after the change of regime. The privatization practices followed so far by the three countries are compared, while account is taken also of the system of conditions, favourable and adverse, which exists in this field in individual countries.

Keywords: 'Three of Visegrád', spontaneous privatization, state controlled privatization, employee owners.

1. Forms, Types of Privatization

The extensive Hungarian and international literature on the topic analyses privatization from various aspects (theoretical, practical) and in the context of different systems of economic concepts (e.g. market economy, change in the economic structure, class relations and regime). In order to make perceptible the complexity of privatization and its fundamental influence on the economy and society, the *main forms, types of privatization* which have been 'applied' in the investigated countries are analysed from the points of view as follows:

a) According to the interrelation of privatization the literature distinguishes the forms of privatization in a narrow and a wider sense. Privatization in the narrow sense means handing over state property to private individuals, while in the wider sense it is to be meant as the alteration of ownership

as a whole, through increasing the share of the private sector and making it dominant. KAWALEC (KAWALEC, 1990) calls 'strong' privatization when the shares of state enterprises are put up for sale, thus a wide scope of shareholders is being created, while he calls 'weak' privatization the increase of the weight of the private sector, as a result of the development of private enterprises and the foundation of new firms.
b) According to the scope of owners the analysis of privatization shows the opportunity to acquire property by foreign and domestic entrepreneurs in individual countries. The inflow of *foreign capital* into the process of privatization is of vital importance in the investigated countries due to their lack of capital, thus the most important arguments in support are: diminishing foreign debts by means of hard currency obtained in exchange for state enterprises (in the case of Hungary and Poland), the opportunities for technical, technological modernization with foreign capital, the improvement of the chance for Western market entry by means of new relationships, the spread of developed work and management culture in both of the three countries. The Hungarian experience has shown that as a result of low wage level, tax allowances for foreigners some $ 6 billion direct investment arrived into the country in the last three years, of which $ 1.3 billion through privatization. Of foreign capital state industry, trade and financial sector received a share of 56, 12.3 and 10.9 per cent, respectively. The proportion of foreign interests as a whole in entrepreneurial wealth comes to 10–12 per cent at present, the proportion of domestic investors in sales amounts to 50 per cent, owing primarily to the existence credit, privatization leasing, and the organizations of employee Employee Stock Ownership Program (ESOP). The most attractive fields of investment for foreign capital are telecommunications, oil, milk and sugar industry, hotels and banking (PONGRÁCZ, 1993). Those who worry about sovereignty of the national economy emphasize the adverse effects of foreign investments; e.g. the likely fast increase of unemployment due to the inflow of foreign capital, as well as the absence of modernization — that has already been proved in practice — as upgrading would create new rivalry.

The data of the table prove the adverse 'expectations': the increase of unemployment accelerated in the investigated countries in 1991, and continued at a diminishing rate in the subsequent year. In 1993 unemployment in Poland and Hungary ran high over 15 and 13 per cent, respectively. Unemployment increased fast also in Czechoslovakia in 1991; it reached 6.6 per cent. The 5.5 per cent unemployment rate in 1992 is lower than a year before. However, the joint figure 'averages' significant differences between the two parts of the former country: Slovakia with its 'own' indicator of 10.8 per cent might have ranked high in this group of countries. The unemployment rate in the separated Slovak and Czech Republic is above 13 and at about 3 per cent, respectively.

Despite those stated above it is quite obvious that due to the lack of domestic capital, and to the limited ability to capital accumulation of the investigated countries, privatization does not seem feasible without the participation of foreign capital in neither country.

Table 1
Registered unemployed as per cent of active population

	Czecho-slovakia	Czech Republic	Slovak Republic	Hungary	Poland
1989	—	—	—	0.5	...
1990	1.0	...	...	1.0	3.0
1991	6.6	4.1	11.8	8.5	11.8
1992	5.5	2.6	10.8	12.3	13.6
1993					
Q1		2.9	12.0	12.9	14.2
Q2		2.8	13.5	12.7	15.2

Source: (KOLTAY, 1994. in Employment Observatory 1992.1993.)
The privatization in the Czech and Slovak Republic is referred to, in most instances, as Czechoslovakia, since the elaboration and introduction of the privatization program started in the common state, but there are few information available — due to the shortage of time — on its results until now breakdow by the separated countries.

Some of those who endorse the maintenance, extension of *domestic ownership* think privatization of state property attainable through creating *institutional ownership*, while others would rather prefer *natural owners.*

A way of evolving institutional ownership is allotting property to foundations, non-profit institutions (e.g. hospitals, schools), while the other way is founding inter-enterprise holding companies, which own the shares of banks, industrial enterprises, insurance and other associations.

The latter scheme results in the formation of *cross-ownership*, where certain enterprises buy or change the shares of each other. The change of shares is stimulated in Hungary by the fact that share capital not sold within three years after foundation goes over into the ownership of the State Property Agency. Those who oppose institutional ownership argue that, through cross-ownership, the monopolistic position until now continues to increase, the interprenetration of banks — that own also shares — and enterprises will be strengthened, moreover the institutional ownership is impersonal similarly to the former large enterprise ownership.

c) According to the initiator one can speak of state-initiated privatization, which usually covers large enterprises of national significance. (In Hungary the State Property Agency offers for sale 3–4 times a year 40–60 enterprises at one occasion. This means handing over to private hands one third of state property over three years). In the case of small- and medium-sized enterprises privatization usually goes through by *enterprise initiative.*

By reason of presenting a claim by *domestic or foreign* investor groups enterprises of various size and engaged in different industries can be privatized.

d) Regarding the way of realizing the forms of privatization are as follows: spontaneous or state controlled as well as scattered or concentrated privatization.

Spontaneous privatization takes place not on central initiative, no social control 'protects' the process, which is the result of private actions. The typical way of its implementation is that enterprise councils are given full powers in the management of state-owned enterprises, thus they get the chance, for instance, to separate going plants and registrate them as private enterprises to selected persons (not rarely wife, under-age child).

State controlled privatization takes place through state agency, thus the state can 'keep an eye' at the process, its events and consequences.

Arguments can be set forth for and against both procedures.

Those who endorse spontaneous privatization argue against the latter mentioning the retarding effect of bureaucracy, the distorting, retarding effect of the considerations of the budget, and argue for it saying 'no matter who will get it, let only be a real owner.'

It is the view of those adherent to privatization through agencies that spontaneous privatization involves the risk that members of the nomenclature without production experiences can also obtain property; privatization should be carried through in a rational way since there is a need for income on social level, hence private expropriation is contrary to public interest; managers should not be privileged in the course of acquisition because the aim is to select the best owner, and not to allow the assertion of position advantages.

The reasons given against private (spontaneous) expropriation are not really convincing since privatization, by definition, is private expropriation. However, a number of cases prove that the 'true' private owner is often not interested in the profitability of the enterprise; consider for example the privatization of Tungsram or food industry, where the aim, that has already progressively become clear, was to eliminate rivalry, and not to upgrade, make competitive the industry, or consider the managers who made enterprises bankrupt, mainly aimed at they could purchase the enterprise for a fraction of its value.

Because of those stated above the control of privatization is justified and even necessary. However, during state control the assertion of current considerations of the budget inevitably may come to the fore.

The complaints as to private expropriation can be traced back also to the fact that in this way a highly *concentrated* ownership structure comes into existence, that is a large part of former state property may be concentrated in the hands of relatively few large owners.

Scattered ownership means many small- and medium-sized enterprises (vouchers, employee ownership), and this form of privatization is given preference in Poland and Czechoslovakia, though in Poland some voice their concern over the dissipation of property, while in Czechoslovakia the concentration of small- and medium- sized properties is presumed later on; thus they endorse giving state property into the hands of natural owners, arguing that the *natural* owner is the one who risks his property to make successful the undertaking. At the same time, due to the lack of capital and credit, technical, technological backwardness poses a problem, moreover large industrial plants can be transferred to natural owners but over a long period of time; this is why there is a need to ensure prompting conditions, tax allowances, preferred credit terms aimed at extending the private sector, moreover state enterprises, while being dismantled, be given the opportunity for operating their smaller units.

During privatization *natural owners may be*:

- *individuals (natural owners)*, family undertakings (plants, trading units, farms),
- small- and medium-sized enterprises, where capital and operating coincide, joint-stock companies,
- enterprises which come into existence through management buy out. The increase of the number of natural owners contributes to the development of bourgeois civilization, to the spread of more efficient economy, to the privatization of state property;
- *employee owners*: when employees take over the shares of a former state enterprise transferred into joint-stock company. There are several forms of this, one of the best known ones is ESOP (UVALIC, 1993)

when shares are owned for some time by employees, then later on — e.g. when retiring — they will be distributed; another known form is when employees become temporarily joint owners, and by right of this they may obtain additional income while working for the firm, or PEP where portfolio investment from regular savings are exempt from taxation up to a certain limit.

There are differences in the practices of investigated countries in view of whether

- the shares are given free of charge or at reduced price;
- all shares or a part of them goes to employees;
- the sale of shares obtained in this way is restricted or not ;
- *citizens applying for shares* whom KORNAI (KORNAI, 1991) calls anonymous shareholders. They are the ones who place their money in shares, and if they lose their confidence in the enterprise's profitability will try to get rid of their shares.

In Hungary institutional ownership has come to the fore, owing, to not a small extent, to the fact that the reform in 1968 started a process of learning that enabled managerial skills to be acquired. In Czechoslovakia and Poland one may obtain, by civic rights, vouchers that can be used for the acquisition of property, which does not mean of course that organizations, institutions would be excluded from privatization.

e) According to the available sources of privatization one can speak of privatization put into effect *resorting to financial or positional advantages* (STARK, 1991). Those who are to take part in privatization may enter into competition drawing on money and credit resources, or the managers making use of their former position — e.g. wide network of relations — to acquire new properties. The latter is of significant importance in both investigated countries.

f) According to the duration of privatization one can speak of fast and continuous privatization process: *fast privatization* can be achieved through allotting a part of state property to private individuals. The problem which presents itself is the moderate interest of owners (shareholders, vouchers), who regard shares purely as an opportunity to raise money, hence it is hardly to be expected a significant change in the market behaviour of privatized enterprises. Shares, vouchers can be transferred *free of charge*, as in Poland, or against token money, as in Czechoslovakia.

Continuous privatization 'gives time' the inflow of new capital; Hungary has chosen this way.

2. Privatization Practices of the Czech and Slovak Republic, Poland and Hungary, Identities and Differences

Historical preliminaries: there are matters of notable distinction in relation to the process and practice of the transformation of the economy and society in the investigated countries. The beginning of legal privatization goes back to the 1950s in Poland and Hungary, hence there is a long past of the private sector in certain industries in both two countries.

Introducing a new system of economic management in 1968 Hungary was the first Eastern-European country that started to transform the command economy, thus there was no need for a radical transformation program in the early 1980s. The Hungarian reform served as a model for creating the two-tier banking system and money markets, liberalizing foreign trade and foreign investment, evolving the overall tax system.

The room to manoeuvre of small ventures widened significantly in both two countries in the 1980s; in Hungary a peculiar interconnection came about between state enterprises and the network of private ownership (consider private business partnerships and those within enterprises) which enabled employees to raise additional income, and contributed, to a large extent, to widening the range of goods and services on offer. The accelerated spread of private economy in Poland in the 1980s resulted in that one third of employees could be found in the private sector in the early 1990s; the number of employees in the private sector increased by 11 per cent, while in the state sector decreased by 1–2 per cent in 1988. Some 850 thousand private enterprises were registered at the beginning of 1990. The 28 per cent fall of the proportion of state industry was accompanied by a 5 per cent rise of private industry, as a result of which the proportion of state property decreased to 92–87 per cent, accordingly that of the private sector increased to 8–13 per cent. In Hungary the contribution of the private sector to GDP increased by 8 per cent in a year, and came to 33 per cent in 1992.

The most important agenda, and a problem at the same time, in the 1990s is the vast privatization of enterprises in a way that the confidence of the buyers and the support of the society be obtained. If the transformation in Hungary goes through *by continuous reform*, that in Poland can be described as a *fast, radical reform*, launched with the implementation of an overall program in 1990. The main constituent elements of the program are as follows: price liberalization in trade, the significant cut down of state subsidies, restrictive monetary policy, repace of foreign debts, making zloty convertible for the population and in the transactions of the current account, the development of the banking system and credit institutions, carrying out privatization.

Czechoslovakia started a stabilization program in 1991, which mostly follows the 'Polish way' with a strict economic program and the elaboration of a new legal regulatory mechanism.

As to the direction of changes the same tendency can be seen in the investigated countries: economic performance falls drastically, unemployment runs high and inflation rises significantly.

The two most important elements of economic reform in these countries — and also in other Eastern-European countries

– are the *transformation of macro-economic and ownership conditions.* Czechoslovakia did not get noteworthy 'pre-privatization' experiences and results before the change of regime. State and cooperative ownership amounted almost to 100 per cent at the beginning of privatization. There are differences between Czechoslovakia and the other two countries not only in the length of time and rate of the 'demolition' of state ownership, but also in the actual practices of the power change: in Czechoslovakia the former system of policy institutions altered fast, in Poland and Hungary the cessation of the former system took place in a way of negotiations (VIGVÁRI, 1992).

The Three of East differ not only as to 'historical preliminaries' but also the conditions of the real sphere, policy power relations, the characteristics of the institutional network inevitable for the functioning of the market economy, as well as psychological situation of the population vary from country to country.

The differences referred to above resulted in deviations of the privatization practices, besides the existing identities.

The governments 'carrying out' the change of regime strive to as fast as possible privatization, change of owners, in the hope that it ensures, on the side of the economy, the development of market conditions, the rise of performance, the improvement of efficiency indicators, due to incentives arising from the interestedness of producers; seen from the side of fiscal policy, less constraints will be required if privatization goes through, moreover the rise of income is likely owing to higher tax revenue, associated with growing performance; finally on the policy side, the 'owners' democracy' can make popular, more acceptable for the population the transformation and social differentiation during privatization.

The most palpable way of fast privatization is allotting shares to citizens free of charge or for payment in a way when:

- they become joint owners of their enterprises or
- they are given property bonds, coupons which entitle them to shares in any other state enterprise. Accordingly the *allotment of shares* plays an active role in the privatization process in each of these countries. This is not in opposition with those stated above that
- if considering privatization models — the conception elaborated for the privatization of large enterprises in Czechoslovakia and Poland is based primarily on the *allotment* of a part of state property, as against the Hungarian *sales* model.

The susceptibility, commitment of the Czechoslovak and Polish government to neoliberal economic thoughts, as well as the moderate interest of *foreign investors* were conducive to that decisive role has been given to the partial allotment of state property in the process of transforming the ownership structure. However, this process would result but very slow ownership change which is why the selling of enterprises to domestic or foreign partners is of course also present in the privatization practices.

Neither the Hungarian sales model can be the sole form of privatization (ANTAL, 1991), due to the limited effective demand, and to the illusion of the marketibility of state property at market value; thus in addition to selling state enterprises you must not rule out that there will be the necessity to elaborate and apply allotment conceptions, too.

It is likely — on the long run — that increasing role will be given to the employee shareholding program and to management buy out.

The *Polish* conception of allotting state property not only opens up opportunity for obtaining property free of charge, but everyone, as a part of 'national heritage', is given a draft for it, too, in most instances, as Czechoslovakia, since the elaboration and introduction of the privatization program started in the common state, and there are but few information available — due to the shortage of time — on its results until now disaggregated by the separated countries.

In *Poland* 400 enterprises were planned, in the first phase, to be *passed* over to new owners in such a way that as a result of the assertiveness of workers' councils:

a) workers may obtain *without consideration* 20 per cent of the shares of their enterprise, so their position advantage, that is being workers of a given enterprise, can be converted into property. (Of course, unemployed, pensioners and public servants are left out from this form of ownership.)

b) drafts redeemable for shares can be obtained by *civic rights*. The drafts can be converted into shares through *holding companies*. They are foreign firms of vast experience, functioning as holdings of several large enterprises, and — by means of selling enterprise shares — exert influence on the enterprises through evolving their strategies and controlling their activities.

In this scheme the opportunity of action for citizens is limited to collecting the dividend.

To avoid the rise of inflationary tendency the government inserted restrictive measures into the scheme:

- the drafts cannot be transferred from one holding company into another,
- they cannot be capitalized by redemption at nominal value.

c) foreigners can buy 10 per cent of the shares of any state enterprise,
d) the sales by public auction of enterprises in liquidation has been allowed for workers or foreigners, as well as their leasing and amalgamation.

The allotment scheme discussed above might not be the sole way of privatization if the households spent 20–30 per cent of savings for enterprise shares; the sum would amount to only 2.4–3.6 per cent of the book value of state enterprises. S. KAWALEC (KAWALEC, 1990) analyses in detail the privatization program from upwards, its advantages and conditions of implementation. In his opinion if relatively fast (in months) succeeds 'to create a normal market with equilibrium prices and convertible local currency, under the protection of a antiinflation umbrella, provided by the sale of going state enterprises at favorable terms ....' it will launch the process of adaptation of other enterprises, the privatization of state enterprises, thus contributing to the stabilization of the economy and the policy regime.

In the author's opinion if privatization from upwards progresses steadily two thirds of state enterprises functioning at present will go over private ownership during 15–25 years. This time span should be enough to rise GNP, personal income, corporate profits and government revenues to the extent, that the situation be tackled, at that time, even without additional income from the sale of state property.

The privatization strategy of the *Hungarian* government draws primarily on marketability of state property, however, it applies also the methods of allotting property free of charge (churches, social security, local authorities) or at reduced price (employee shareholding).

In *Hungary* in the privatization of large state enterprises — similarly to the Polish practice — key role is given to multinational investments banks and leading Western consulting companies. In this way Hungary and Poland follow the German and Japanese model, the substantial element of which is that banks, holding companies play the main role in raising enterprise capital, controlling their activities, in contrast to the Czechoslovak conception. The State Property Agency offered, in the first phase, 20 enterprises to the firms mentioned above, when their task is property appraisal and the selection of buyers. The Agency lodged a tender to manage the privatization of enterprises, on the understanding that who wins the tender will receive a specified per cent of the selling price. Of few dozen applicants 20 leading banks, consultancy firms were requested for the privatization of the 20 Hungarian enterprises. According to expectations, it is up to the outcome of their activity with whom the country will initiate lasting business.

Hungary follows a *decentralised change of ownership* characteristic of which is cross-ownership:

(*a*) a typical case of enterprise privatization is when — because of increasing debts, deteriorating sales prospects, immediate bankruptcy and to lessen dependence on the state — the state enterprise 'demolishes itself' into several small organizational units (e.g. limited company, joint-stock company) with or without the participation of foreign capital. In the beginning the 'parent enterprise' upholds controlling interest in the joint-stock companies, limited companies, then it sells off property, hence the enterprise becomes one of the several owners.

Further owners are:

(*b*) the stratum of top and mid-management (perhaps, at a negligible extent, highly qualified workers),

(*c*) joint-stock companies and limited companies having been founded in production and service industries, attached to parent enterprises (as it has been discussed above) or obtained share as outside partners (buyer, outside supplier),

(*d*) outside owners, banks, financial institutions which convert the debts of a given enterprise into share (HORVÁTH, 1991).

The main point of the *Czech and Slovak* privatization program is selling by auction, by way of introduction, more than 50 per cent of the shares of some 1000 large state enterprises. Each inhabitant over 18 years of age gets, by civic rights, drafts which are worth 'investment scores' and are good for attending a sale, applying for shares of enterprises to be privatised. Drafts cannot be obtained free of charge — in contrast to the Polish practice — you must pay a contribution of 2000 Czech crowns. Share prices are determined in investment scores by the ministry on a still stimulated market, but later on the supply and demand under real market conditions will determine price behaviour of shares.

In the first wave of a multistage process the government determines the amount of scores for which it is willing to sell the shares of individual enterprises.

In the first wave of the property bond privatization the value of one coupon was equal to 1000 crowns, and citizens were entitled to 1000 investment scores. The second wave of the privatization process started in autumn last year, in which citizens have to make a higher pecuniary sacrifice, as one investment property bond costs 3000 crowns.

In the second wave less state property will be on offer, since ministries do not strive for ranging, at all costs, hardly profitable enterprises with those selected for privatization against coupons.

The primary aim of those who 'found out' the model was to create, as fast as possible, a regular stock market, where a large part of the shares of former state enterprises are sold, thus their sale 'provides for' the real value of property. In accordance with the Anglo-Saxon example, and contrary to the Hungarian and Polish practice, the stock exchange becomes determinant of the Czech and Slovak capital market (in England and also in the United States mainly the security market collects investment sources). The system — by its very nature — results in a relatively large dispersion of owners at the beginning of the privatization process, then later on — as it is hoped by its creators — the concentration of enterprises will proceed.

Experiences obtained so far prove that the weight of the votes of 'property bond' owners is minimal at the meetings of already privatised enterprises, however, if these shareholders would join forces, the joint weight of their votes were equal to that of an investment company possessing 20 per cent of shares. The present practice shows that individual investors are unwilling to join, the reason behind may be the lack of persons who would represent with competence shareholders' interest in the elected bodies of joint-stock companies.

Privatization against coupons, which has been discussed above, is not the sole way handing enterprises into private hands, it covers mostly enterprises in the case of which no 'effective demand' presents itself, thus the system draws consciously on the 'help' of the population to restore the formerly impoverished national economy.

Polish leaders are more concerned about the likely consequences of scattered ownership, as compared to Czechoslovak ones, thus — despite that the above system does provide ownership rights — organizations established by the government are given the control of enterprises.

The Polish privatization program is more overall than the Czechoslovak, since neither group of citizens is excluded, however, the role of shareholders is passive. In this model the state 'gives a gift' to citizens as against the registration fee in Czechoslovakia. The lack of capital poses serious problems in both three countries, however, Polish and Czechoslovak leadership and also the general public treats foreign investors with strong reserve, feels less attracted to them than in Hungary. It has been expressed in various restrictive measures against foreigners (see 10 per cent share limit in Poland).

Table 2
Employment structure in state and private sector (per cent)

		Czech Republic	Slovak Republic	Hungary	Poland
1990					
	state	91.9	95.1	—	66. 4
	private	8.1	4. 9	—	33. 6
1991					
	state	80.1	87. 2	66. 0	59. 7
	private	19.9	12. 8	34. 0	40. 3
1992					
	state	—	83. 0	64. 2	55. 6
	private	—	17. 0	35. 8	44. 4
1992/1990					
	state	84.0[a]	77. 6	66. 0	79. 7[b]
	private	111.3[a]	109. 6	121. 0	107. 7[b]
	together	92.5[a]	87. 6	87. 7	87. 4[b]

a) 1991/1990
b) 1992/1989
Source: (KOLTAI, 1994. in Employment Observatory 1992.,1993.)

The *Table 2* below shows, from the side of employment structure, the results obtained so far in privatization in the investigated countries.

The further course and the rate of the privatization process depends, not at a small extent, on the conditions and prospects of private ventures in the investigated countries. In a study prepared for the World Bank the economist-sociologist RÉTI (RÉTI, 1992) sums up the results of his survey as follows: of entrepreneurs in Eastern-Europe Poles are best qualified, Hungarians are most experienced, and Czechoslovaks' prospect is the finest. The latter statement is based on the fact that entrepreneur are offered the most favourable terms of credit in Czechoslovakia, state capital flows into the private sector in the form of credit. Credit for current assets is available for almost every Czech and Slovak entrepreneurs, while only some 60 and 40 per cent of them can get it in Poland and Hungary. In the light of the above no wonder that one third of Czech private entrepreneurs embarked on business raising a loan, while Hungarians and Poles have drawn almost exclusively on their own savings.

The entrepreneurial sector is most developed in Hungary, Hungarian firms possess most valuable equipment, and one third of entrepreneurs own land or plant (shop), half of Czech entrepreneurs are owners, Poles are mostly tenants.

The proportion of professionals among entrepreneurs is the highest in Poland (nearly 75 per cent), while their proportion is under 50 per cent in the Czech Republic and Hungary.

As to professional skills Czech and Slovak entrepreneurs and their workers rank highest among the investigated countries. It is mainly due to the fact that 60 per cent of entrepreneurs are engaged in their initial profession, while in the other two countries those practising a new trade make up the same part.

Characteristic figures of private ventures are given in the following table.

Table 8
Private industrial enterprises in Eastern-Europe

	Poland	Czecho-slovakia	Hungary
Average number of employees	32	42	44
Monthly sales receipts ($)	47.000	60.000	100.000
Average monthly wages of employees ($)	155	130	207
Per capita monthly labour cost ($)	297	200	303
Fringe benefit ($)	50	10	45
Firms producing for export (per cent)	20	50	50

Source: Leila Webster, World Bank (The survey was carried out in Poland in May 1991, in Hungary in October 1991, in Czechoslovakia in January 1992.)

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