



Cuba Transition Project

Institute For Cuban & Cuban-American Studies
University of Miami



Europe-Asia Studies. V.48, no7, 1996.

University of Nottingham

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Yilmaz Akyüz, Detlef Kotte, András Köves & László Szamuely (eds), *Privatization in the Transition Process. Recent Experiences in Eastern Europe*. Geneva: United Nations, 1994. x + 418 pp.

THIS BOOK CONTAINS 15 papers originally presented at a conference organised by UNCTAD and the KOPINT-DATORG Foundation for Economic Research in Budapest in May 1993. They are divided into four parts, the first of which is devoted to 'An Overview of the Issues', and the other three to country studies on Poland, the Czech and Slovak Republics and Hungary. Parts II-IV contain also at least three different comments on the country papers presented.

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Altogether one could hardly wish for a more complete picture of transformational privatisation: not only are the three leaders in transformation compared with each other but we are also offered alternative interpretations of individual countries' experiences.

Schematically speaking, if the old politico-economic system of these countries can be seen as being based on central planning and public ownership of the means of production, whatever their specific forms in individual countries, then systemic transformation has to change both of these constitutive characteristics, and therefore consists of marketisation and privatisation. Marketisation in turn embraces two kinds of actions: liberalisation, i.e. increasing the realm of economic freedom, and re-institutionalisation, i.e. creating an efficient legal and organisational framework within which economic agents can exchange goods, services and assets. From this it follows that, firstly, privatisation in post-Soviet-type economies (STEs) brings about systemic transformation and therefore can be called transformational privatisation. Secondly, in this process whole economies are being privatised: transformational privatisation is privatisation of post-STEs and not only *in* them. Perhaps slightly paradoxically, this centrality of privatisation in the process of systemic transformation follows from the ideological principles of the old system: 'Not only did the ethical, justice and socio-political aspects (elimination of exploitation and of alienation) elevate public ownership to the sacrosanct level of a new order, but obviously, and perhaps primarily, its alleged function was to show socialism's economic superiority over the capitalist market economy' (Brus, p. 47). In this context looking for third ways can be particularly seductive and precisely for this reason dangerous: the radical character of the past arrangements calls for radical remedies.

The main difficulties in achieving this goal follow not only from its size and multidimensionality but also from the existence of many trade-offs, dilemmas and paradoxes. Although the main objective of transformational privatisation should be increased efficiency of the economic system in the countries, or rather in the region, under consideration, this cannot be achieved without taking into account various socio-political aspects of increasing the share of the private sector in GDP. Similarly one must not forget, as Włodzimierz Brus reminds us in his paper, that '... state assets (as well as those belonging to the formally cooperative institutions) were seldom (if ever) properly assigned to a well-defined public entity with clearly delineated property rights, but instead could be shifted between and by various layers of the organisational structure of economic management supervised by the corresponding ranks of the communist party hierarchy' (p. 47). In consequence, transformational privatisation goes far beyond mere transfer of property rights (privatisation from above) and/or establishment of new businesses (privatisation from below), because its necessary ingredient is also redefinition and reallocation of property rights. The *par excellence* redistributive nature of the processes involved only adds to their enormous complexity and controversial character.

To the extent that the above applies to the Visegrad group and many other countries of Central and Eastern Europe one could perhaps talk about transformational privatisation as a more or less uniform process. However the book is rather a proof to the contrary. Firstly, differences between privatisation processes in Poland, the Czech and Slovak Republics and Hungary are not only accidental consequences of individual countries' strategies and policies, but follow also from different factors, such as previous reform attempts, the macroeconomic situation in the late 1980s, or the strength of the opposition. Any common denominator that could possibly be found will necessarily be a very abstract one. Secondly, each country's experience seems to be open to various interpretations: in the case of Poland, for example, one would sometimes not believe that Blaszczyk and Dabrowski, Mujżel and Kowalik were writing about the same country, and one could certainly find even more divergent opinions.

The date of the conference has also to be kept in mind while reading the papers. Back in the spring of 1993 one might have thought that after almost four years since the breakthrough election in Poland that led to the formation of the Mazowiecki government, enough time had

passed to sum up the experience and to start to rethink the strategy for the future. That such a rethinking was considered necessary can be seen from the gloom which dominates in most papers. Not that this gloom was not justified: disappointment was then quite widespread and for example in Poland only four months later it resulted in the return of post-communists to power. Three years later, after Aleksander Kwaśniewski's victory further strengthened the post-communists' hold on power—and Poland is no exception from this point of view—one can see that an improvement was just round the corner. As usually happens, for the voters the delay was more important than the fact that the reforms eventually produced the intended results.

One thing, however, has not changed since May 1993: the jury is still out on politicians, on whom privatisation from above and the conditions for privatisation from below depend. It is true that the growth rates achieved in particular by Poland and the Czech Republic in 1995 are impressive, but the slowness of selling public enterprises in the former and the relative absence of microeconomic restructuring in the latter do not allow us to interpret economic growth as an unequivocal sign of the success of privatisation. The book provides invaluable material for such an assessment but also shows how difficult—if not impossible—it is going to be.

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