

# Using Vouchers to Privatize an Economy: The Czech and Slovak Case

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## Abstract

The paper analyzes the process and outcome of Czechoslovakia's 1992 voucher privatization. It first describes the mechanics of the voucher privatization process and assesses the overall outcome. It then uses firm-level data on 1,491 firms that were privatized in the five rounds of the voucher scheme to analyze the patterns of demand for shares (bids) by individual investors and investment privatization funds, respectively. Finally, the paper examines the (share) price setting behavior of the authorities between the rounds. The results show that there were systematic patterns and that individual and institutional investors behaved quite rationally. The price setting behavior of the authorities can be explained precisely by a relatively simple functional form.