

The Czechoslovak Large Privatization

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Abstract

Many economists divide the process of economic transformation into the areas of Stabilization, Liberalization, and Privatization/Restructuring. The traditional view is that stabilization and liberalization can be achieved rather quickly--by balancing budgets, freeing prices, and liberalizing trade--but that the area of privatization is one that will require more time, perhaps several years. So far, none of the post-communist nations except East Germany (which has had a large degree of support from West Germany) have succeeded in privatizing large numbers of enterprises, even though more than two years have passed since the changes in government in these nations. Czechoslovakia, however, is currently embarking on an unprecedented path that should lead not only to stabilization and liberalization, but also to very rapid privatization of its sector of large enterprises. The process of large privatization is so unique in Czechoslovakia that it deserves special attention, for if it succeeds in achieving its goals, it may well serve as a model for large-scale privatization throughout Central and Eastern Europe and in the former Soviet Union.