

Table 1
 "Guesstimate" of Relative Importance of the Private Sector

	Hungary	Poland	Czech Republic	Russia
Official Share of the Private sector (% of GDP) (1)	60	60	70	55 (2)

(1) Mid-1995, "rough EBRD estimate"

(2) "Pure private sector" - 25%

[Source] EBRD Transition Report 1995, pp. 11, 29, 30 and 31.

Table 2
 Sectoral Break-down of the Private Sector in Value-added and Employment, 1994

	in value-added		in employment			Services (retail trade)
	Agriculture	Industry	Services	Agriculture	Industry	
Hungary ⁽¹⁾	68.1	54.1	59.7	77.0	61.6	51.6
Poland ⁽²⁾	-	38.0	89.0	-	-	-
Czech Republic ⁽³⁾	82.1	59.0	49.5	23.2	45.2	50.9
(including cooperatives)	-	-	-	77.0	48.0	53.0
Russia (non-state sector)	80	55	84.6	21.2	-	51.4

[Note] Estimates are for the private sector excluding cooperatives, unless otherwise indicated

(1) Including cooperatives and excluding financial corporations; 1993 estimate.

(2) Services include retail trade only.

(3) GDP estimates are for the non-state sector.

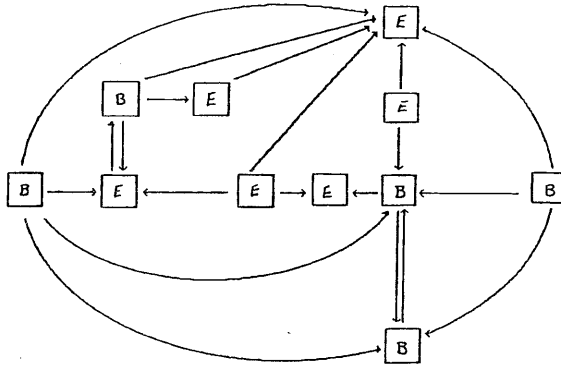
[Source] EBRD, op. cit., pp. 29, 31.

Table 3
Privatization Trajectories Compared

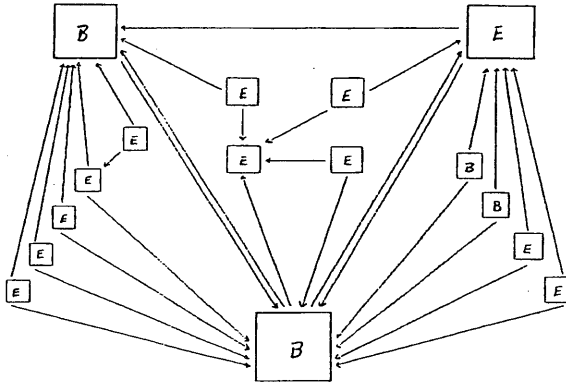
Ownership Forms and Salient Features	Hungary	Poland	Czech Republic
Interwoven Ownership	<p>Institutional quasi-public cross-ownership</p> <p>Spontaneous Privatization from 1988 onwards</p> <p>Important role of banks "Corporate satellites"</p> <p>Relative independence between units(networks relations)</p> <p>Shareholders:SPA, banks, domestic firms(suppliers, customers), foreign companies, local authorities, employees, managers.</p> <p>Weak management control</p>	<p>Interwoven Ownership not yet developed, because of still limited banks-industry links, but on an increasing tendency</p>	<p>Institutional quasi-private cross-ownership</p> <p>Vouchers Privatization begun in 1992</p> <p>Dominating role of banks (founders of IPF)</p> <p>Legacy of the Industrial Associations</p> <p>Strong technical and financial links(hierarchical relations)</p> <p>Shareholders:citizens, State Property Fund, banks, domestic firms(suppliers, customers), foreign companies, local authorities, employees, managers.</p> <p>Weak management control</p>
Employees Privatized Ownership	<p>Limited participation of employees(preferential shares)</p> <p>Some ESOP experiments: uncertain results</p>	<p>SMEs bought after leasing of the firms assets by their workers:Workers' Buy-out.</p> <p>Legacy of the Workers Councils</p>	<p>Weak participation of employees</p>
"Creative Destruction"	<p>Effective Bankruptcy Law, but overburdened courts</p>	<p>Privatization by liquidation</p>	<p>Limited number of bankruptcies</p>
Possible Lock-in? (Fixation)	<p>Mild State-bank-industry links</p>	<p>Pronounced dualism between large public enterprises and small private businesses</p>	<p>Strong State-bank-industry links</p>

Figure 1
Two Inter-enterprise Ownership Networks among Large Hungarian Firms.

Network I.

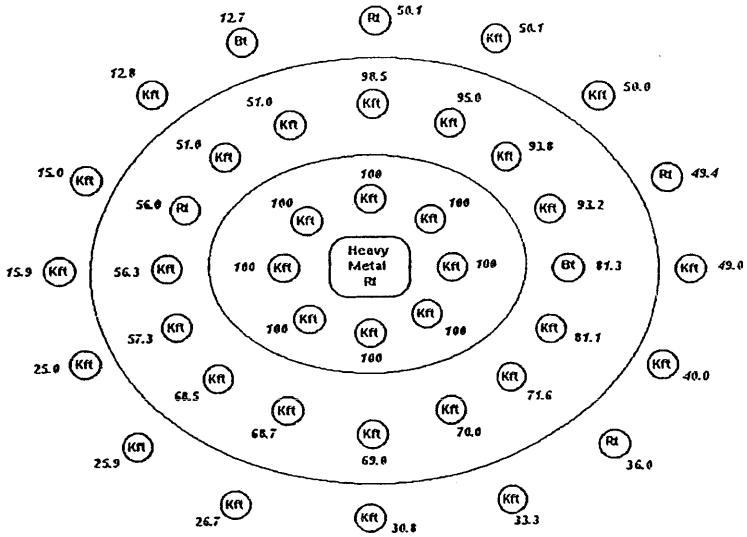


Network II.



B - Financial Institution (Bank or Insurance) E - Enterprise
Source: Corporate files of the largest 200 enterprises and top 25 banks in the Hungarian Courts of Registry.

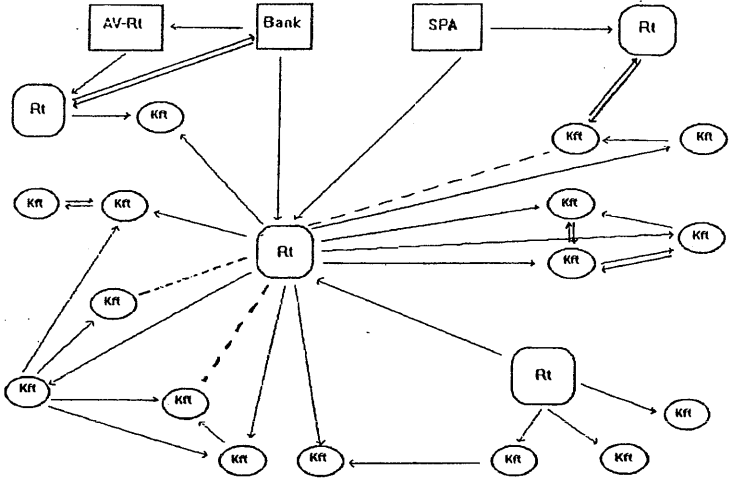
Figure 2
Corporate Satellites at Heavy Metal



Rt - Shareholding Company
 Kft - Limited Liability Company
 Numerals in italics indicate Heavy Metal's ownership stake in a given satellite.

Source: Internal company documents at Heavy Metal.

Figure 3
A Hungarian Recombinet

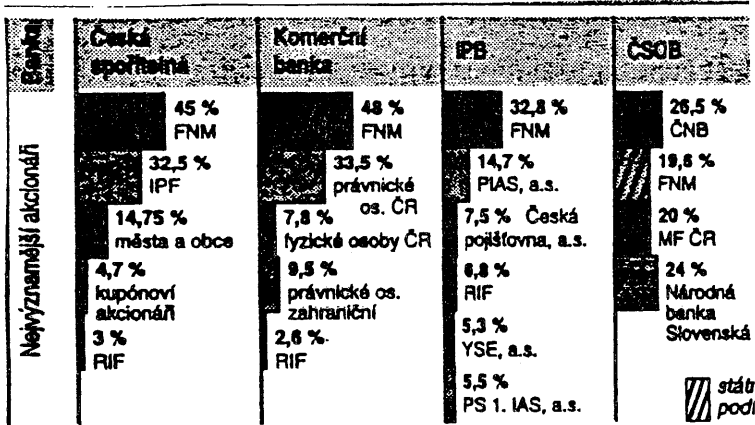


Source: Internal company documents; State Property Agency files; Corporate files, Budapest Court of Registry.

- Kft** - Limited Liability Company
- Rt** - Shareholding Corporation
- SPA** - State Property Agency
- Ownership tie
- ↔ Cross-ownership
- - - Lease

Figures 1-3 [Source] Stark,D.,1994.

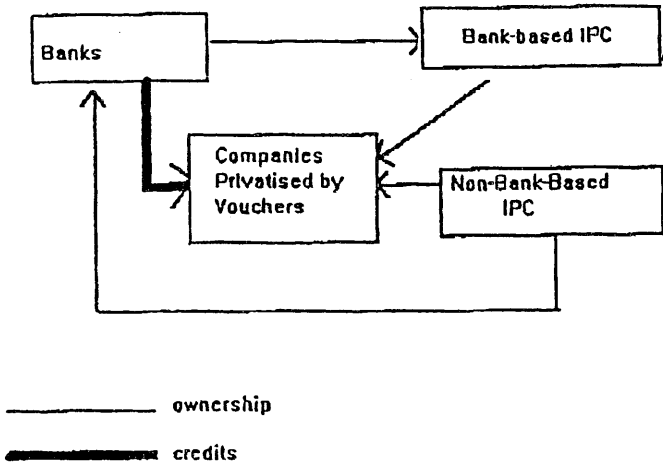
Figure 4
 Biggest Shareholders of Four Largest Czech Commercial Banks



[Source] Mertlik, P., 1995.

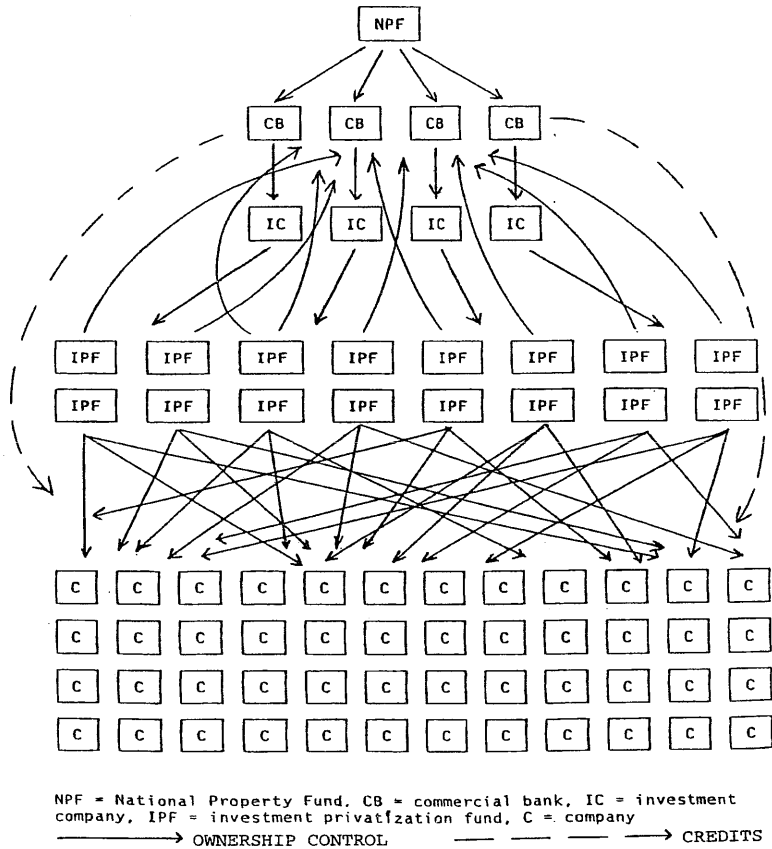
FNM - National Property Fund
 IPF - Privatization Investment Fund
 ČNB - Central Bank
 Mesta a obce - Local Community
 Kupónoví akcionáři - Coupon shareholders

Figure 5
 Interlocked Ownership Structures (Bank-Based)



[Source] Klacek, J., 1995

Figure 6
 Diagram – Ownership Structure of Czech Economy



[Source] Mertlik, P., 1995.