

Contents

Introduction: Privatising the World?	1
<i>Thomas Clarke</i>	

Part I. International Privatisation Policy	23
--	----

Chapter 1

The Internationalisation of Privatisation	25
<i>Francis McGowan</i>	

1.1 Introduction	25
1.2 The Growth of Public Ownership	26
1.3 The Challenge to Public Ownership	28
1.4 Explaining the Spread of Privatisation: Prevailing Orthodoxies, Received Wisdom and the Policy Community	30
1.5 Explaining the Spread of Privatisation: The Role of International Institutions in Developed Countries	32
1.6 Explaining the Spread of Privatisation: The Role of International Institutions in Developing and Former Socialist Countries	33
1.7 The Case of Electricity	35
1.8 Conclusions	39

Chapter 2

The Legal Techniques of Privatisation	43
---	----

Terence Daintith

2.1 Introduction	43
2.2 Common Problems	46
2.2.1 International Legal Constraints	46
2.2.2 Constitutional Issues	48
2.2.3 "Spontaneous" or "Directed" Privatisation	52
2.2.4 Property Rights in Public Enterprises	58
2.3 Changes of Ownership, Activities, and Assets	62
2.3.1 Specialised Privatisation Agencies	63
2.3.2 Valuation, Pricing, and Methods of Sale	65
2.4 Transformation and Liquidation	69
2.4.1 Corporatisation	70
2.4.2 Legal Discontinuities	71
2.5 Conclusion	73

Chapter 3

Privatization and “Popular Capitalism”: The Case of Japan 78

Hiroshi Okumura

3.1	Introduction	78
3.2	The Case of Zaibatsu Dissolution	79
3.3	Dispersion of Frozen Shares	80
3.4	Case of NTT (Nihon Telegraph & Telephone)	81
3.5	Illusion of “Popular Capitalism”	83

Part II. The Retreat of the State in the Advanced Industrial Economies 85

Chapter 4

Privatization American Style: The “Grand Illusion” 87

Laurie Clements

4.1	Introduction	87
4.2	Privatization and Economic Performance	95
4.3	Privatization and Deficit Reduction	97
4.4	Privatization and Economic Growth	98
4.5	Privatization and Union Power	99
4.6	Privatization and “Popular Capitalism”	101
4.7	Conclusion	101

Chapter 5

Privatising State Owned Housing 105

Alan Murie

5.1	Introduction	105
5.2	Privatisations	105
5.3	Preconditions for Extensive Privatisation?	107
5.4	Council House Sales	108
5.5	Evaluating the Effects of Policy	112
5.6	What has been Sold and Where?	112
5.7	Who Buys?	112
5.8	Gainers and Losers	113
5.9	Other Aspects	114
5.10	The Context for Housing Privatisation	114
5.11	Conclusions	116

Chapter 6

- Commerce vs. Politics: Compulsory Competitive Tendering and the Determination of Employment Policy in a British Local Authority 119

Trevor Colling

6.1	Introduction	119
6.2	The 'Problem' of Management	120
6.3	Employment Relations in Local Government	122
6.4	The Development of Compulsory Competitive Tendering	125
6.5	Direct Service Organisations: Corporate vs. Commercial Pressures	128
6.6	Competition and Employment Practice	132
6.7	Competition: Changing Managerial Style and Employee Relations?	136

Chapter 7

- Steel, State, and Industrial Relations: Restructuring Work and Employment Relations in the Steel Industry 139

Nick Bacon, Paul Blyton and Jonathan Morris

7.1	Introduction	139
7.2	Economic Decline and Plant Closures in the First Wave of Restructuring	140
7.3	The Political Context: State and Steel Industry	141
7.4	The Organisational Context: Two Traditions of Industrial Relations in the Steel Industry	143
7.5	Changing Working Practices	145
7.5.1	Increased Flexibility: Multi-Skilling, Teamworking and Changes in the Promotional Structure	145
7.5.2	The Management of Change	147
7.5.3	Similarities and Differences	148
7.6	Conclusions	149

Chapter 8

- The Partial Privatisation of the Commonwealth Bank of Australia 153

John Hughson

8.1	Introduction	153
8.2	The People's Bank	153
8.3	Still the People's Bank	154
8.4	The Role of the CBOA	157

Part III. The Marketisation of the Planned Economies	163
Chapter 9	
Privatisation and Democratisation in Eastern Europe and the Former Soviet Union	165
<i>Hans Aage</i>	
9.1 Means and Ends	165
9.2 Prosperity	166
9.3 Transition to a Market Economy	171
9.4 Privatisation in Eastern Europe and the Former USSR	173
9.4.1 Poland	174
9.4.2 Czechoslovakia	175
9.4.3 Hungary	176
9.4.4 The Former Soviet Republics	176
9.5 Popular Attitudes	177
9.6 Democracy	178
Chapter 10	
The Role of the Banking Sector in the Process of Privatisation	185
<i>Domenico Mario Nuti</i>	
10.1 Introduction	185
10.2 Essential Preconditions and Accompanying Reforms	186
10.3 Financial Restructuring of State Enterprises	190
10.4 Funding Private Acquisitions	193
10.5 Financing Capacity Restructuring	196
10.6 Financing Investment in new Capacity and Working Capital	197
10.7 Hardening Budget Constraints	198
10.8 Constraining Managerial Discretion	198
10.9 Funding Leasings, Buy-outs and Takeovers	200
10.10 Conclusions	200
Chapter 11	
Privatization in Hungary: Wishful Thinking or Economic Way Out?	203
<i>Yudit Kiss</i>	
11.1 Introduction	203
11.2 The Government's Privatization Programs and Policies	204
11.2.1 Antecedents	204
11.2.2 The Government's Privatization Programs and Policies	206
11.2.3 The Rise of the State Property Agency	208
11.2.4 The State-led Privatization Programs	210
11.2.5 The "Preprivatization" Program	213

11.3	11.2.6 Reprivatization	214
	11.2.7 Enterprise Transformations	215
	11.3 The Growth of the Private Sector	218
	11.3.1 Private Foreign Capital	218
	11.3.2 The Hungarian Private Sector	221
	11.3.3 Would-be Entrepreneurs	224
11.4	Some Privatization Paradoxes	226

Chapter 12

Privatisation in East Germany and the Chance of Workers' Participation: A Problems Approach	234
---	-----

Volkmar Kreissig and Ralph Lungwitz

12.1	The Historical Conditions for the Privatisation of Property in East Germany	234
12.2	Ways, Chances, and Obstacles in Connection With the Privatisation in East Germany	237
12.3	Privatisation, Industrial Relations and Participation	242

Chapter 13

Privatisation in Poland: People's Capitalism?	245
---	-----

Jacek Tittenbrun

13.1	Privatisation or "Statisation"	245
13.2	Economic Ownership	247
13.3	Criteria for Distinguishing Real and Nominal Ownership	248
13.4	The Nature of Employee Ownership	249
13.5	Management and Control	251
13.6	Universal Capitalism?	253
13.7	The Conventional Wisdom on Private Ownership	255
13.8	Foreign Investment	257
13.9	Worker- or Management-owned?	258
13.10	Conclusions and Implications	259

Chapter 14

Post-Soviet Privatisation and Workers' Self-Management?	262
---	-----

George Catephores

14.1	Introduction	262
14.2	Leasing and Self-Management Under Perestroika	263
14.3	Individualistic Versus Collectivistic Finance	265
14.4	Workers Participation in new Ownership	267
14.5	Initiative and Procedure	268
14.6	Entrepreneurship Versus Workers' Self-Management	269
14.7	Concluding Remarks	270

Chapter 15	
On the "Third Sector" in Central and Eastern European Post-Soviet Type Economies	273
<i>Benedetto Gui</i>	
15.1 Introduction	273
15.2 The Third Sector: A Brief Introduction	274
15.3 The Third Sector in Eastern and Central European Post-SEEs: Some Perspectives	274
15.3.1 Demand Factors	277
15.3.2 Supply Factors	277
15.4 Concluding Remarks	282
	285
Chapter 16	
Privatisation: East Meets West	289
<i>Guglielmo Carchedi</i>	
16.1 Introduction	289
16.2 Some Features of the Soviet Economic System	292
16.3 The Organization of Production and the Re-Emergence of the Bourgeoisie	292
16.4 From Centrally Planned to Classical Capitalism	301
	309
Part IV. Privatisation, the Public Sector and Development	325
Chapter 17	
A Comparative Study of the Policies Towards Foreign and Chinese Owned Private Enterprises in the People's Republic of China	327
<i>Hing Lung Chan</i>	
17.1 Introduction	327
17.2 Definitions	327
17.3 Policies Towards Private Enterprises	328
17.4 Policies Towards Foreign Enterprises	331
17.5 A Comparison	334
17.6 Outlook	336
17.7 Conclusion	338
Chapter 18	
South Africa: Privatisation and Nationalisation in the Post-Apartheid Economy	341
<i>David Lazar</i>	

18.1	The Economic Debate in Contemporary South Africa	341
18.2	The South African Government's Privatisation and Deregulation Policy	343
18.3	Contention About the Future Shape of the South African Economy	345
18.4	Privatisation and Nationalisation in South Africa: An Overview .	350

Chapter 19

Privatisation of Public Enterprises in the Less Developed Countries	354
---	-----

El-Khider Ali Musa

19.1	Public Enterprises in the Less Developed Countries	354
19.2	Privatisation: A New Development Strategy?	355
19.3	The Empirical Gap	357
	19.3.1 Efficiency Measurement Techniques	358
	19.3.2 Measurement of Industrial Economic Efficiency	358
	19.3.3 Managerial Efficiency	360
	19.3.4 Research Sample	361
	19.3.5 Research Methods	361
19.4	Research Results	361
	19.4.1 Economic Efficiency	361
	19.4.2 Managerial Efficiency	364
	19.4.2.1 Commercial Profitability	364
	19.4.2.2 Capacity Utilisation Rate	369
	19.4.2.3 Factors Contributing to Managerial Inefficiencies in the Sugar, Textile and Vegetable Oil Processing Industries	373
19.5	Policy Implications of the Research Finding for Potential Reform Measures of Sundanese PEs	376
	19.5.1 Commercialisation of PEs' Goals	376
	19.5.2 Liberalisation of PEs	376
	19.5.3 Ensuring Public Accountability of PEs	377
	19.5.4 Improvement of the Services of the Industrial Research and Consultancy Centre	377
	19.5.5 Availability of Production Inputs	377
19.6	Implications for Future Research	377

Chapter 20

Public Enterprise and Privatisation in Botswana	380
---	-----

Keith Jefferis

20.1	Introduction	380
20.2	Public Enterprises in Sub-Saharan Africa	380
20.3	Privatisation in Sub-Saharan Africa	382
20.4	Botswana: An Exceptional Case?	383
	20.4.1 Botswana's Economic Performance	384

20.4.2	Origins of Botswana's PEs	385
20.4.3	Performance of PEs	386
20.4.4	Parastatal Financing	388
20.4.5	Financial Parastatals	389
20.5	The Potential for Privatisation	390
20.5.1	Privatisation and Efficiency	390
20.5.2	Privatisation and Capital Markets	392
20.6	Concluding Comments	395

Part V. Reconstructing the Public Sector 397

Chapter 21

Reconstructing the Public Sector: Performance Measurement, Quality Assurance, and Social Accountability	399
---	-----

Thomas Clarke

21.1	Introduction: Reinventing Government?	399
21.2	Future Paradigms for Public Service	402
21.3	Performance Measurement	407
21.4	Quality Assurance	414
21.5	Social Accountability	417
21.6	Contracts and Consumers	418
21.7	The Citizen's Charter	421
21.8	The Management of Change	423
21.9	Zero Based Budgets	424
21.10	Conclusions: The Imperative of Government	426

International Privatisation: Strategies and Practices St. Andrews University, Scotland 12–14 September 1991	432
--	-----