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Czech Voucher Privatization: A Case of Decision Making under Uncertainty

Katia Hristova, '02
Illinois Wesleyan University

Michael Seeborg, Faculty Advisor
Illinois Wesleyan University

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Poster Presentation P10

**CZECH VOUCHER PRIVATIZATION: A CASE OF
DECISION MAKING UNDER UNCERTAINTY**

Katia Hristova and Michael Seeborg*
Department of Economics, Illinois Wesleyan University

The collapse of Communism in Central and Eastern European countries in the late 1980's led the countries into a drastic political, social and economic transformation. The fundamental economic restructuring consisted of three main processes: macroeconomic stabilization, market liberalization and privatization. A vital part of this triad, privatization was expected to restructure the ownership patterns held for the past 50 years, create a social class of entrepreneurs and, thus, change the manner of operation of enterprises and achieve greater economic efficiency.

In my research I examined a fundamental of economic restructuring in the Czech Republic - voucher privatization. A kind of large-scale privatization, it was conducted in order to redistribute property among the population in a socially fair way in a situation of complete lack of domestic financial capital. It was also thought of as a way to speed up the transition in the economy. In my study this process is characterized as decision making under uncertainty. Looking at the process as a game, I have explored how the rules and players change due to the intervention of international institution. Also, I analyzed asymmetric information in the privatization process led to concentration of ownership in the hands of a few individuals who have limited ability to initiate change in the enterprises. I have looked at the Investment Privatization Funds (IPF's) as an institution that arose as new player in the game representation of privatization. I discuss the information asymmetries in the process and analyzed the players' roles and strategies in voucher privatization.