

Equitization of state companies, one of the Government's major programs which were started since 1987, has included only 330 companies so far. Such an equitization rate is too slow to meet demands set for the program.

There are many causes of this slowness. To solve these problems is a principal measure to mobilize long-term capital needed for intensive investment in new technology with a view to enhancing local companies' competitiveness in both domestic and foreign markets. The following, in our opinion, are main causes and our suggestions about solutions to these problems.

have poor performance and no feasible plan to restructure their financial situation. Realities show that some profit-making companies were equitized quickly and their shares sold like hot cakes. The Government had better take strong measures to restructure state companies before equitizing them. As for loss-making companies that couldn't be improved, the Government could dissolve or sell them in order to invest in healthy ones before equitization.

(3) Inexact revaluation of the company is also an obstacle to the equitization. This problem raises more interest than the business plan making does. Until recently, the value of a company is based on one of

tions: the company's value should be equal to its market or real value, but the Government can make its price high or low depending on the economic development policy. Thus, it isn't necessary to worry about the revaluation and price of a company, what should be done is to make all necessary information available to potential shareholders who will decide on the price and value of what they want to buy.

In the current method of revaluating the company, the price is set by the seller instead of by the buyer. This isn't suitable to the market economy. To solve this problem, the Government can sell the company by auction.

SLOW EQUITIZATION OF STATE COMPANIES CAUSES AND SOLUTIONS

by GIANG VĂN KIỆP

(1) Many managers refuse to admit the need for such a program (some of them worry too much about their position and interests) while laborers are afraid of losing their jobs or income when the company is equitized. In addition, state companies, regardless of their business performance, always enjoy preferential treatment and financial support from the State. The managers know they will lose many things when the company is run by a board of directors. This is the main cause of the slow equitization.

Main measures to solve this problem are:

- Making information and documents about equitization of state companies available to all managers and laborers of companies: Detailed explanation are needed here.

- Separating the equitization board from directorate of companies: Provincial and municipal boards of equitization should form competent task forces responsible for making the equitization plan, if not, the directorate of companies that are included in the equitization program should take full responsibility for this task instead of leaving everything to their willingness.

(2) Many state companies included in the equitization program

four following factors: total expenditure needed for forming the company; market price of the whole company; profitability of company's assets; and market price of existing assets. When revaluating the company, book value of assets and other intangible assets are also taken into consideration. However, division of opinion leads to different results of the revaluation process. In our opinion, the revaluation of company should comply with financial regula-

Generally, the slow equitization originates from many causes, but the most important one is the lack of consistent policies and sense of responsibility among managers and officials carrying out this program. Equitization is a strong measure to reform the public sector, encourage good business performance and help the public take part in the economic development, so it should be carried out properly and without fear.

