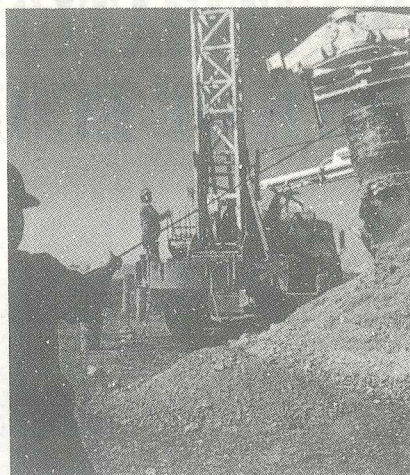


EQUITIZATION OF STATE ENTERPRISES AS A FOOD FOR THOUGHT

by Prof. Dr. NGUYỄN THỊ CÀNH



The equitization of state enterprises was advocated by Council of Ministers by issuing Decision 143/HDBT in early 1990. On June 8, 1992, Chairman of Council of Ministers signed Decision No 202/CT concerning pilot equitization of some state enterprises. According to this Decision, shares of these enterprises would be sold to Vietnamese only, and workers of these enterprises would be given preferential treatment by the following measures:

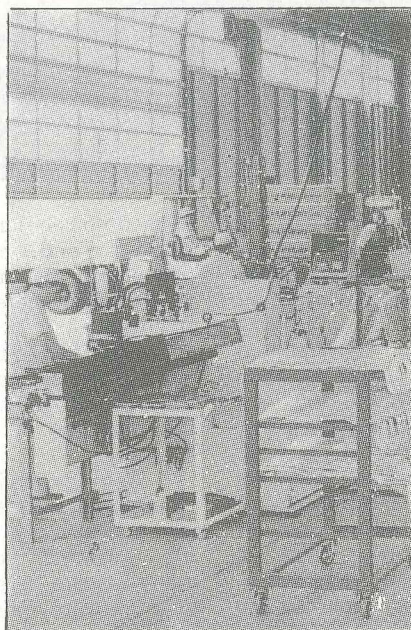
- Funds for benefit or bonus of these enterprises will be divided among workers in order to help them buy shares.

- The government will supply interest-free loans to workers. These loans are from 3 to 5 million and will become due after 5 years.

- As for workers who can buy share with their own money, they can borrow the same amount from state banks with preferential rate of interest (4.7% per year) in a period of 5 years.

In my opinion, the assets of these enterprises were underestimated. According to directive of Ministry of Finance, the estimation of enterprises' assets should be based on the starting capital allocated by the national budget which is adjusted by index of capital preservation, on balance sheet on the day of equitization, and fee of land use will be calculated by method of realistic estimation and method of rate of return. By this way of estimating, the assets of these enterprises, according to many experts and private entrepreneurs, were fixed at a price lower than their real value which would be higher if sold by auction.

In spite of these preferential treatment, the equitization held no in-



terest for workers and directorates. Many enterprises haven't made up their minds yet, and only a few of them have registered for equitization.

In my opinion, the following causes made workers indifferent to equitization:

- Workers have only a limited knowledge of equitization and their interest in a joint-stock company. They were not informed about differences between a joint-stock company and a state enterprise, and differences in the role of workers in an enterprise before and after equitization.

- In equitized enterprises, the workers saw nothing new in governing bodies and they didn't have trust in leaders of the company because you can't teach old dog new tricks.

- There is no stock exchange with its proper rules and regulations in Viet-

nam. Without it, the shareholder - to-be can not sell or buy their shares.

And causes of reluctance of state enterprises in equitization could be as follows:

- The financial situation of these enterprises isn't favorable or isn't clear.

- The procedure for equitizing an enterprise is too complicated and needs many seals of approval from many governmental bodies.

- Many state enterprises have been enjoying privileges of being subsidized, then they don't want to be equitized.

Basing on these analyses and realities of pilot equitization, I would like to suggest some measures to accelerate this work:

- The state enterprises are property of the government, then the government can choose to equitize any enterprises regardless of opinions of enterprises' leadership.

- With mass media, the government should make information about equitization, operation of a joint-stock company, and the role of shareholders come to workers' knowledge.

- Selling of shares should be made public: even in pilot scheme of equitization, the assets of these enterprises should be sold by auction.

- For the sake of social equity, the government had better supply interest-free loans to not only workers of would-be joint stock company but also workers in general, pensioners, soldiers, revolutionaries' families in order to help them become shareholders.

- The stock exchange should be formed as soon as possible. When law of the stock exchange isn't made yet, there must be rules and regulations in order to prevent this new market from disorder and bad effects ♣