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After the end of state socialism, Czech enterprises faced insecure times. What affected them most directly was the transformation from a planned to a market economy. This transformation was carried out by reforms following three main objectives. First, minimising state intervention and deregulating the market. Second, liberalising trade and prices. Third, privatising enterprises, which with only very few exceptions were in the hands of the state. While these economic reforms were implemented, enterprises were confronted with a lot of new challenges, including how they should keep up their output and sales figures without state controlled trade, both on a national and on an international level, and how they should pay their bills and their workers when they did not have enough turnover. Not being able to tackle all of these challenges at once, the search for financial security and attempts to obviate the threat of insolvency became of vital importance.

This paper takes a closer look at both the threat of insolvency the enterprises experienced and the search for financial security on which they embarked. In doing so, it focuses on the time before as well as during the very early phase of the privatisation process, that is around the years 1991 and 1992. The paper aims to contribute to answering the question as to how

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1 The paper only deals with enterprises located in the Czech Republic (today’s borders) even though it mostly covers the very early 1990s during which the ČSFR (Czech and Slovak Federative Republic) still existed.

2 On the origins of the “triat of liberalization, deregulation, and privatization” and on its general significance for East European transformations, see, for example: Ther, Europe.

3 Compared to its neighboring countries Poland and Hungary, where private ownership had already played a more important role during the 1980s, the ČSSR had an extremely small private sector until 1989–90 (Židek, Central, 11f.).

4 Generally, Czech privatisation can be divided into three steps. First, restitution took place. Under certain conditions, citizens could be compensated for private property taken from them after the Communist coup in 1948, or they could have their property returned to them. Second, the so-called small privatisation began, during which small and medium-sized enterprises were sold directly or via auc-
concepts of security, particularly the change of these concepts, should be analysed from a historical point of view. Another objective is to take a share in the historisation of the Czech economic transformation process. In doing so, it suggests that telling the history of this process as a history of (in)security is a valuable option – though definitively not the only one.

The first section commences with some general remarks on the role and the concept of (in)security in post-socialist economic transformations and in historical research. Then, the second section gives some basic information on company magazines, which are the predominant source used in this paper. The third and main section examines the overall role of debt during and after state socialism before dealing with five Czech industrial enterprises and their fight against insolvency. We will see what the reasons for their financial problems were and which countermeasures were taken in order to regain financial security. Moreover, the companies’ discourse on insolvency will be analysed, taking into account inter- as well as intra-enterprise perspectives.

1. (In)security in post-socialist economic transformation and in historical research

In all post-socialist countries, economic transformations opened up new possibilities while at the same time leading to new insecurities. For example, enterprises had to deal with less predictability and stability as well as with an overall change in values (e.g. competitiveness became far more important than before). As the vast majority of companies only slowly became familiar with new market conditions, their existence became endangered. One common phenomenon was a lack of financial security, which meant that companies had severe solvency issues to the extent that they were threatened with complete shutdown. Of course, this threat did not...
only affect the businesses as such but also their employees: many workers feared for their jobs and, in most cases for the first time in their lives, they experienced unemployment. Even though the collapse of the old political and economic system had been mostly welcomed, nostalgia for lost securities soon became a widespread symptom.

However, an increase of insecurity is not only a phenomenon that is associated with systems transforming from a planned to a market economy. Also, on a more general level, capitalist societies are said to have a rather high level of insecurity. In the nineteenth century, Karl Marx and Friedrich Engels predicted that the new bourgeois age would come with continuous changes and thus continuous insecurity, not only in the economic but also in the social sphere. Nowadays, some sociologists speak of insecurity as a strategic element of capitalism: making individuals feel insecure assures that they permanently work harder than they actually want to. A more positive perspective can be found in economic science, where some scholars argue that economic uncertainty generates flexibility and causes societies to develop further.

Historians have written about the productive effects of insecurity, too – for example Eric Hobsbawm with regard to revolutions. In fact, (in)security is not only a common concept in social, political, and economic science but also in all fields of historical research. While this concept is probably most popular in political history, there is no historical subdiscipline that exclusively deals with the history of security. Still, there is one principle that is essential for all ‘historians of security’: namely that security is

7 For example, a survey carried out by the Czech Centre for Empirical Research (STEM/Středisko empirických výzkumů) in 1991 revealed that, over the previous ten years, only 4.6% of the respondents had been unemployed and experienced a job search lasting longer than one month. (http://nesstar.soc.cas.cz/webview/index/en/nesstar-/SDA.c.nesstar-/esky.d.1/V-zkumy-transformace.d.19/Soci-In-spravedlnost-91.s.CSDA00118/Partner-respondenta-pr-ce-respondenta-a-jeho-partnera.h.3/byl-nezamestnany-/fVariable/CSDA00118_V50, last retrieved on 29.04.2020).
8 More general information on post-socialist transformations, insecurities, and so forth, can be found in, for example: Orenstein, Out; Ther, Europe.
9 Bonß, (Un-)Sicherheit, 43.
10 E.g., Rosa, Beschleunigung.
11 E.g, Heiner, Uncertainty (this example is given in: Bonß, (Un-)Sicherheit, 56).
12 Hobsbawm, Europäische.
13 One well-known example from German historiography is: Conze, Sicherheit.
14 Zwierlein, Sicherheitsgeschichte, 365.
neither a universal nor an ahistorical concept and thus needs to be histori-
cised.

For example, when talking about security in the modern era, a paradox is usually pointed out. On the one hand, modernity is defined as a project the aim of which is to overcome contingency, which means reducing life risks, creating more security, and so forth. On the other hand, the emergence of new insecurities is seen as a typical trait of this period. But can this paradox also be detected in post-socialist transformation societies? From a theoretical point of view, it is definitively obsolete to classify post-socialist transformation as a modernisation process.

This is also the case from an empirical point of view, as this paper shows. In analysing how Czech enterprises dealt with financial (in)securi-
ty, the aforementioned paradox can hardly be detected. From the point of view of such companies, the transformation process almost exclusively brought about new insecurities. However, getting back the old securities provided by a planned economy was simply not possible. Therefore, the main challenge for companies was to tackle the problems and uncertain-
ties at hand, including regarding their solvency. Eventually, many enter-
prises were able to regain financial security – albeit only from the perspec-
tive of a capitalist and not from the perspective of a socialist system. The fact that Czech companies were confronted with altering definitions of (fi-
nancial) security makes their case particularly interesting from the perspec-
tive of historical security research, which focuses on how security concepts changed over the course of time.

2. Company magazines as sources

In order to shed light on the role of financial insecurity in post-socialist transformations, this paper is based on the evaluation of the company

15 Tönsmeyer/Vowinckel, Sicherheit, 163f.
16 Classical modernisation theory was applied to the transformation process right after the collapse of state socialism (e.g. Huntington, Third). Post-socialist transfor-
mation processes were thus interpreted as developments towards western political and economic standards. However, modernisation theory approaches were soon criticised and replaced by alternatives which focused more on the historical con-
text, on the role of actors, and so forth (for an overview of transformation theory approaches, see section II in: Merkel, Handbook.).
17 Conze, Securitization, 455.
magazines\textsuperscript{18} of five Czech industrial enterprises (Barum, Fatra, MEZ Mohelnice, Rudné Doly Příbram and ZVU Strojírny).\textsuperscript{19} These were chosen after evaluating approximately twenty-five company magazines at the archives of ČMKOS (Českomoravská konfederace odborových svazů, i.e. the Bohemian-Moravian Confederation of Trade Unions) in Prague, at the Regional Archives in Opava and at the company archives of Continental in Hannover. In addition, press articles were used in order to depict the positions of other contemporary stakeholders.\textsuperscript{20}

Company journals have existed since the nineteenth century and are used as sources in various historical subdisciplines, for instance in business and media history.\textsuperscript{21} When these journals are examined, two main tendencies are exhibited: either they are primarily a study subject of their own,\textsuperscript{22} or – as they are in this paper – they serve to reveal more about certain aspects of a company’s development. Even though we do not know whether every figure and every piece of information which was published in these magazines are reliable, we can be sure that the magazines represent the companies’ perspective on what was going on. They thus allow us to assess how certain effects of the transformation from a planned to a market economy – the continuous threat of insolvency, for example – were perceived and dealt with ‘from below’. At the same time, the magazines’ representation of the threat of insolvency reveals how the companies defined (in)security and how they communicated their respective definitions.

Generally, the company journals in question provide a broad range of information covering financial, economic, and technological issues, while at the same time providing insights into the everyday working lives of their employees. For example, there are articles honoring long-serving workers and articles on company soccer matches. What can be also found are articles addressing the overall political or economic situation as well as standard entertainment features such as crosswords or jokes. Usually, the ma-

\textsuperscript{18} There are several terms for magazines published by companies, e.g. company magazine, company journal, employee magazine, house organ, and so forth. The two first terms are used synonymously throughout the paper.

\textsuperscript{19} For more information on these enterprises (industrial branch, location, and so forth) and why they were selected, see chapter 3.2.

\textsuperscript{20} All press articles are cited herein with the name of the newspaper, the title of the article, and the publication date. Volumes, issues and page numbers are mostly impossible to specify as the articles were researched with the help of a newspaper clipping service available at the Czech National Archives (Centrum kupónové privatizace, Monitoring Tisků), which does not contain this kind of information.

\textsuperscript{21} \textit{Heller}, Company, 179.

\textsuperscript{22} See, for example: \textit{Esbester}, Organizing.
gazines were authored by a small editorial team and their main audiences were the enterprises’ employees themselves.

In order to understand what kind of source Czech company journals from the 1990s are, it makes sense to look back at the state’s socialist period. During this time, the journals had a mostly propagandistic character, both on a political and on an economic level. This meant, for example, that party decisions were praised and workers were encouraged to produce more. Popular text genres were articles or printed speeches by managerial staff. These texts also remained popular after the end of state socialism, but after this point they were increasingly used to discuss the problems which the companies were confronted with, for example the problem of financial insecurity or, more specifically, the threat of insolvency.

3. Czech enterprises fighting insolvency in the early 1990s

3.1. Debt in Czechoslovakia before and after the end of state socialism

Before examining how Czech enterprises dealt with the insolvency problem, some basic information on the role of debt in Czechoslovakia is needed. Czechoslovakia did not suffer from high external debt neither before nor after 1989–90. At the end of 1989, the Czechoslovak external debt per capita amounted to approximately 400 US Dollars, while in Poland it was more than twice and in Hungary more as four times as high. One year later, the ČSFR owed 8.1 billion US Dollars and in mid-1992 it owed 9.8 billion US Dollars to foreign creditors. In 1999, the external debt level in the Czech Republic had decreased to approximately 590 million US Dollars.

In contrast, internal debt had been a central feature during state socialism and became even more prevalent after its end. One substantial part of internal debt consisted of bank loans taken out by state-owned enterprises.

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23 The tendency towards a more truthful and critical way of reporting was also detected in the case of Soviet company magazines, see: Hass, Rethinking, 69f.
26 Figure according to Czech Ministry of Finance (https://www.mfcr.cz/cs/verejny-sektor/rizeni-statniho-dluhu/dluhova-statistika/struktura-a-vyvoj-statniho-dluhu, last retrieved on: 26.03.2020).
In 1989, this debt roughly amounted to 90% of GDP. Quantitatively less significant types of internal debt were private credits as well as outstanding payments between companies. Between 1985 and 1989, private households had taken out loans to a total of 42 billion crowns, equaling around 7% of GDP in 1989. During the same period, intra-enterprise debt piled up to approximately 25 billion crowns, which was a little more than 4% of GDP in 1989.

After the end of state socialism, the number of bank loans greatly increased. For example, from February 1991 to May 1991, the amount the Czech State Savings Bank (Česka státní spořitelna) lent to its customers grew more than hundredfold: from 5 million CZK to 508.3 million CZK. In 1992, 80% of all Czech enterprises and 90% of all Slovak enterprises had taken out bank loans. Intra-enterprise debt also started to increase significantly. It reached roughly 45 billion CZK at the end of 1990 and roughly 145 billion CZK at the end of 1991.

Politicians and the media, and – as we will see later, the enterprises themselves – were well aware of this development. For example, a representative of the left wing party Strana demokratické levice (SDL) noted: “The situation is such that everyone owes something to everyone.” A similar remark was made by the business newspaper Hospodářské noviny: “Nobody pays nobody, everybody is indebted to everybody.” The weekly journal Ekonom described the Czech economy as a “vicious circle in which
many individuals are to some extent debtors as well as they are to some extent creditors.”

Even though at the start of the 1990s, many big Czech enterprises were highly indebted, bankruptcies and specifically shutdowns were not a very imminent threat. This was owing to the government’s wish to get as many enterprises as possible through the privatisation process and to prevent – at least during the next few years – unemployment and other negative socioeconomic consequences. For example, high ranking officials such as Jindřich Vodička, Minister for Work and Social Affairs, and Vladimír Dlouhý, Minister for the Economy, pointed out that a large number of bankruptcies had to be avoided at all costs, and that the state had to be more active in order to deal with the insolvency problem.

Accordingly, the road towards fully-fledged bankruptcy legislation was lengthy and controversial. Only in October 1991 was a provisional regulation set up (Zákon č. 328/1991 Sb.). However, it granted enterprises that were not privatised – which was the case for almost all larger enterprises – a special status. For them, it was completely impossible to initiate bankruptcy proceedings. In April 1993, a new and final version of the law was put into effect (Zákon č. 122/1993 Sb.). This regulation increased the risk of actual bankruptcies, but still contained protective mechanisms in order to keep the number of bankruptcies as low as possible.

In fact, the law’s immediate effect on the Czech economy remained insignificant. For example, in the first three weeks after the law had come into effect, the number of bankruptcies was minimal.


36 In fact, until in the late 1990s an economic crisis emerged, the level of unemployment remained extremely low (particularly in comparison to other post-socialist countries): in 1991 it was at 4.1%, in 1993 at 3.5%, and in 1995 at 2.9% (figures according to Czech(oslovak) Ministry of Labor and Social Affairs, cited in: Večerník/Matějů, Ten, 31). For an overview on the economic crisis in the late 1990s, see, for example: Hodulák/Krpec, Hospodářská, 201–203.

37 Superficially, the wish to prevent bankruptcies did not match the government’s general proposition to build a “market without adjectives” (“trh bez přívlastků”), that is, a ‘real’ market economy in which state interventions were (almost) non-existent. However, also in other regards, a gap between the government’s market liberal rhetoric and its actual reform policies can be detected. This gap has been observed and further analysed by several authors, including: Orenstein, Out, 62f. and 71f.; Myant, Rise, 264.


39 For a detailed analysis of the legislative process and its associated controversies, see: Schäffler, Transformation.
effect, seventeen bankruptcy applications were filed at the commercial court in Prague. After six weeks, thirty-four applications had been received.\textsuperscript{40} Most companies that actually went bankrupt were either small or medium-sized companies, while big companies were consistently viewed and treated as ‘too big to fail’.\textsuperscript{41}

3.2. Reasons for and countermeasures against insolvency

Nevertheless, in 1991 and 1992, the threat of insolvency was a pressing issue for big industrial enterprises. Generally, insolvency was perceived as a problem that could have a negative impact upon the privatisation process of companies and, ultimately, on their very survival. In order to improve their financial situation, enterprises were eager to identify the reasons for their solvency problems and to take measures in order to tackle them.

In the present paper, both reasons and countermeasures are examined with reference to five industrial enterprises. Considering that the insolvency issue was widespread in the early 1990s and had its roots in more general economic developments, these findings certainly have a more universal relevance. The selected enterprises were located all over the Czech Republic and represent important Czech industrial branches, including engineering and the chemical and mining industries.\textsuperscript{42} Today, four of the five enterprises still exist after several ownership changes, but with each having – with one exception – considerably fewer employees than they had under state socialism.

The first company is Barum, a manufacturer of rubber tires located in the South Moravian town of Otrokovice. Barum had approximately 3,700 employees in 1989 and became part of the Continental Group in 1993. Today, it still belongs to Continental and as of 2017 it had around 4,800 employees.\textsuperscript{43} The second example is Fatra, a plastic processing company in the

\textsuperscript{40} N.N.: Ostrava bez bankrotů, v Praze zatím 34 bankrotů, in: Český Deník, 02.06.1993.
\textsuperscript{41} Holman, Transformace, 68.
\textsuperscript{42} From the mid-nineteenth century onwards, the Czech lands had evolved into a highly industrialised region. In 1990, 36.6\% of Czech GDP was generated in industrial enterprises (Slány, Makroekonomická, 353). Defining mines as industrial enterprises is justifiable given that mining is sometimes assigned to the primary and sometimes to the secondary sector (Cezanne, Allgemeine, 268).
\textsuperscript{43} Employee figures according to: Pavlínek, Successful, 235; Barum Homepage: https://www.barum.cz/nakladni/znacka (last retrieved on 27.04.2020).
South Moravian town of Napajedla, which had around 3,000 employees in 1989. In 2015, around 1,100 people worked for Fatra, which had become a part of Agrofert Holding in 2000.\textsuperscript{44} Moravské elektrotechnické závody Mohelnice (MEZ Mohelnice), an electrical equipment manufacturer located in the North Moravian town of Mohelnice, is the third company. By the start of 1991, it had around 3,000 employees and approximately 2,000 in 2014.\textsuperscript{45} As of 1994, its owner is Siemens. The fourth example is Rudné doly Příbram, an ore mine in the Central Bohemian town of Příbram, which had roughly 2,900 employees in 1991.\textsuperscript{46} It ceased to exist in 2001 and is thus the only of the five case companies that has not survived. ZVU Strojírny, an engineering company in the chemical industry (specifically coal gasification) in the East Bohemian city of Hradec Králové, is the fifth company. At the start of 1991 it had around 5,000 employees, but this number had declined to 500 by 2015.\textsuperscript{47} Currently, ZVU Strojírny belongs to Safichem, a Switzerland-based holding company of approximately twenty Czech enterprises.

During the early 1990s, all five companies were in a financially insecure situation. Barum, for instance, had been insolvent since the fall of 1990, only regaining its solvency in mid-March 1991.\textsuperscript{48} Shortly afterwards, the tire manufacturer returned to being insolvent once more, before regaining its solvency in June 1991. Given its financial instability, Barum’s managing director Pavel Pravec was sure that the survival of the company was at stake.\textsuperscript{49} Whether it would be able to make it through the transformation process was also a question for MEZ Mohelnice. After approximately 1,000


\textsuperscript{46} Employee figures according to: Bricault, Major, 236.


employees had lost their jobs in 1991, its fortunes improved: in October 1992, its debts and outstanding payments had dropped by 60% compared to the previous year. Within the same timeframe, however, the company’s output had decreased by almost 50%.

The reasons to which Barum and MEZ Mohelnice and the three other case enterprises ascribed their solvency issues were quite similar and can be divided into macro- and microeconomic factors. From a macroeconomic point of view, price increases, the dissolution of the Council for Mutual Economic Assistance (COMECON), currency devaluation, and changes in the banking sector were identified. For each company, these developments led to an increase in production costs predominantly because resource and supplier prices had gone up. The companies also had problems in finding buyers and were earning less when selling their products. Particularly, currency devaluation led to less revenue from exports. However, the companies had also trouble compensating revenue losses by taking out bank loans. After 1989–90, credit checks had become stricter and interest rates had increased. From a microeconomic point of view, arguments centred on poor payment practices – a phenomenon that had been also omnipresent during state socialist times.

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53 The Council for Mutual Economic Assistance (COMECON), an economic organisation led by the Soviet Union, existed from 1949 to 1991. Its members included the countries from the Eastern Bloc as well as some other socialist states (such as Cuba and Vietnam). COMECON aimed at creating an independent ‘socialist world market’ by coordinating its members’ economic plans.
55 Generally, poor payment practices can be characterised as a specific manifestation of the “soft budget constraint” defined as typical trait of a socialist economy by János Kornai (Kornai, Economics). The term “soft budget constraint” points to the fact that in a socialist economy, loss-making enterprises receive subsidies to compensate deficits, while in an ideal market economy, permanently loss-making companies must exit the market. Therefore, unpaid bills, both from the creditor’s
Given the variety of factors leading to solvency problems, the five case enterprises adopted three types of countermeasures in order to gain more financial security: first, the companies tried to improve their liquidity by canvassing new customers and attracting foreign investors, preferably from Western European countries; second, they made efforts to lower their debt levels through write-offs and through taking out new loans; and third, they tried to tackle the problem of outstanding payments. They noticed that outstanding payments mostly existed because customers were unable or unwilling to pay. However, they also realised that, to a certain extent, this problem was self-inflicted through sloppy invoicing practices. In the following, these three types of countermeasures will be analysed more closely.

Finding customers from abroad was, for example, one of ZVU Strojírny’s strategies to improve its solvency. To this end, the company resorted to external experts, mainly from marketing and consulting agencies. A similar strategy was used by MEZ Mohelnice, which tried to increase its revenue by paying more attention to customer satisfaction and product marketing. In fact, the electrical equipment manufacturer was able to build a large sales network. In 1991–92, companies from thirty-six countries, including neighboring countries such as Germany or Austria but also those further afield, such as Taiwan or Argentina, had developed business relations with MEZ Mohelnice.

MEZ Mohelnice’s quest for financial security also resulted in a search for an international investor. In March 1992, the Siemens group first approached MEZ Mohelnice in order to discuss a possible joint venture. However, after almost two years of negotiations, the original plan was not put into practice. Instead, the German company and the Czech Ministry of and the debtor’s point of view, are perceived as less problematic in a socialist than they are in a market economy.

56 Generally, the role of foreign investment in the Czech transformation process was rather small. About $0.7 billion flowed into the country in 1991. In 1992, investments amounted to $1.1 billion and in 1995 a peak of $2.5 billion was reached (Kosta, Transformation, 167; Pesendorfer, Restaurationsprozess, 163.).


Privatisation came to an agreement that Siemens would buy MEZ Mohelnice as a whole, along with two other electrical equipment manufacturers from Moravia, namely MEZ Frenštát and MEZ Drásov.\(^{61}\)

In Barum’s case, the search for an investor only resulted in a partial takeover. In early 1991, the tire manufacturer started to reach out to international investors, among them the German Continental group.\(^{62}\) After almost two years of negotiations, a German-Czech joint venture\(^{63}\) was formed with Continental to purchase 76% of Barum.\(^{64}\) In the following years, the company was able to reach a considerably higher level of financial security. At the end of 1994, Barum’s management announced that it had no debts or loans and was therefore very well prepared for the future.\(^{65}\)

In 1991, ZVU Strojírny, Rudné doly Příbram as well as MEZ Mohelnice tried better to prepare for their future by applying to the state for a debt write-off. Their hope was that having to spend less money for repaying loans would allow them to spend more money on other purposes, including for resources or for marketing purposes. The companies also expected to benefit indirectly from the debt write-off because it would improve their customers’ solvency. At the end of 1991, however, none of the three enterprises were selected to take part in the write-off process, which was perceived as a harsh setback in their endeavors to arrive at a more financially stable situation.\(^{66}\)

Despite this, indebted enterprises still had the opportunity to negotiate directly with the banks. For example, Fatra was trying to get new loans from Komerční banka, mostly for buying resources.\(^{67}\) Later, the plastic processing company managed to agree on an 11.5 million CZK debt write-off...
off with the same bank. Similarly, MEZ Mohelnice tried to obtain new bank loans even though, by early 1991, twelve of its negotiations to this end had not brought positive results. Later on, however, the electrical equipment manufacturer was able to obtain at least some short-term loans.

While the first and second type of countermeasures against insolvency focused either upon getting money from customers and investors from abroad or from banks, the third type of countermeasures were mainly focused upon getting money from domestic customers. In fact, outstanding payments were a significant threat to the companies’ financial security. In mid-1991, for instance, Rudné doly Příbram was waiting for around 108 million CZK from their business partners. Fatra was in a similar situation: In mid-May 1992, its customers’ outstanding payments amounted to approximately 208 million CZK.

Given this situation, the enterprises took various measures not to further increase the amount of their outstanding payments. The companies therefore resolved to check more thoroughly their customers’ solvency before concluding a contract. Moreover, they tried to draft better contracts, for example by being more precise about payment periods and installments, or by introducing obligatory prepayment and shorter payment periods, as well as by implementing higher late payment fees. Another strategy was not to accept new orders from buyers who had not paid outstanding debts. The enterprises started working on their own invoicing practices, such as by send invoices as quickly as possible and only after carefully checking whether the customer’s name, address, and so forth, were correct.
The companies also tried to collect already existing debt, with the most common strategy to this end being actively to demand outstanding payments. Most of the time, however, the companies were willing to negotiate with debtors and often agreed on extended payment periods. Even if customers were notoriously in default, the companies usually did not want to cut ties as new customers were hard to come by. At the same time, the companies were aware of the fact that some of their customers’ debts would turn out to be irrecoverable.74

One company which put a lot of effort into collecting outstanding payments was Rudné doly Příbram. Generally, the ore mine’s strategy was to talk to its debtors in person and strenuously to ask them to pay their debt as soon as possible. A more specific means to settle payment conflicts were arbitrations: while in the first quarter of 1990 Rudné doly Příbram had initiated 100 arbitrations, by the first quarter of 1991 this number had more than doubled.75 In September 1991, the ore mine decided to exert public pressure on their defaulting business partners: the enterprise’s magazine featured a list of fourteen enterprises that were its biggest debtors.76 Eventually, Rudné doly Příbram’s strategy to appeal to and to exert pressure upon its debtors seemed to work in some cases. For example, in December 1991, compromises with two overdue customers had been negotiated.77

Rudné doly Příbram’s determination to retrieve outstanding payments was also the theme of a caricature in the enterprise’s magazine. The picture shows an employee of the ore mine talking to one of its debtors: “Good day, director! We are from Rudné doly and came to ask, how the situation is regarding your inability to pay our company!” The employee’s politeness only exists on a verbal level, however – behind him stands a very tall and

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As we have seen, the companies in question took various measures in order to deal with the threat of insolvency. These measures aside, however, company magazines reveal a great deal about how financial security issues were perceived and discussed. In the present section, the discourse on insolvency will be evaluated from both an inter-enterprise and an intra-enterprise perspective.

Regarding inter-enterprise debt, the companies were eager to present themselves as creditors and not as debtors. For this purpose, they emphasised that there was a difference between primary and secondary insolvency: primary insolvency being constituted by the company’s own debt, and secondary insolvency being comprised of other companies’ outstanding debts.
payments.\textsuperscript{79} For example, Fatra pointed out that its financial security issues were mostly temporary and not self-inflicted.\textsuperscript{80} According to the plastic processing company’s own account, its payment practices were better than those of their business partners. Even though the company sometimes had problems in paying its bills, it always settled its dues as soon as it had the means to do so.\textsuperscript{81} Its debt to other companies was consequently twenty-six times lower than what other companies owed to Fatra.\textsuperscript{82} A similar calculation was made by Barum: the tire manufacturer declared that the amount it owed to other enterprises was about one-third of its business partners’ debts.\textsuperscript{83}

Rudné doly Příbram also held critical views on its debtors. One assumption was that many of the ore mine’s customers were ‘robbing Peter to pay Paul’, that is they eliminated debts by incurring new ones.\textsuperscript{84} Moreover, a caricature in Rudné doly Příbram’s company magazine suggested that business partners kept making orders and at the same time did little or nothing to improve their financial situation. In the caricature, a carelessly dressed and unkempt man sits in a restaurant and tells the waiter: “Unfortunately, I have sad news for you! My attorney has recently notified me that I find myself in deep insolvency.”\textsuperscript{85}

\begin{thebibliography}{99}
\item 79 This differentiation was also common in the contemporary press, e. g. Málek, Radek: Kdy spadne na podniky Damoklův meč?, in: Prostor, 22.09.1992; Šimeček, Alexej: Čas bankrotů nezurál, in: Hospodářské noviny, 29.09.1992.
\item 82 N. N.: Jak nám plati, in: Fatra 42 (1992), 21, 06.11.1992, 1.
\item 84 In the Czech original, the phase “vytloukat klín klínem” is used, which means “to knock out a wedge with a wedge” (N. N.: Naši dlužníci. Seznam největších ,neplatičů faktur’ v srpnu, in: Hornický Kahan 35 (1991), 17, 25.09.1991, 3).
\end{thebibliography}
In fact, the threat of insolvency – regardless of whether it was ‘primary’ or ‘secondary’ insolvency – was an issue not only on an inter-enterprise but also on an intra-enterprise level. With regard to the latter, solvency issues were mostly discussed concerning job cuts and shutdowns, a topic that, after more than four decades of state socialism, was fairly new for Czech society. Generally, surveys from the early 1990s show that unemployment and precarious life conditions were perceived as threats, even though many Czechs were confident that they would not have to face them personally.\textsuperscript{86} For example, a large study in 1991 featured the following question: ‘Do you think that, during the next five years, the percentage of poor people in Czechoslovakia will increase, decrease or stay more or less the same?’ Almost two-thirds of the respondents believed that it would increase.\textsuperscript{87} Two years later, a survey revealed a more optimistic attitude. When asked about

\textsuperscript{86} In fact, unemployment numbers remained very low (see footnote 36).

their own future as employees, 70% expected to keep their jobs, while only 26% were uncertain and 4% were certain of actually losing them.  

Nevertheless, the threat of job cuts – and closely connected to it the issue of insolvency – was frequently mentioned on an enterprise level. Mostly, managements pointed out the companies’ insecure situation and noted that employees needed to work harder and better adapt to market conditions if they wanted to keep their jobs. For example, in early 1991, Jaroslav Lněnička, managing director of ZVU Strojírny, appealed to his staff: “If we want to keep this enterprise in a somewhat acceptable economic situation and if we don’t want layoffs … it is necessary that we start playing the market game. If we don’t manage to do this, someone else will play it instead of us and without us.” Very similar arguments were used about one year later when the management of ZVU Strojírny urged its employees more actively to take part in improving the company’s situation. It was made clear that they could not continue to carry out their work as they had under state socialism.

Similarly, Barum’s management pointed out that the company’s future was insecure and that various long-term measures had to be taken in order to improve its financial situation. Eventually, the quality of its tires would decide whether the company would be able to continue its existence under the conditions of a market economy. Barum’s management also stressed that doing business in a market economy meant being permanently threatened with solvency problems and even with bankruptcy.

A more optimistic view was held by MEZ Mohelnice’s representatives, but only at first. In July 1991, Drahomír Klimša, manager of the sales department, stated: “The fact that we are able to sell our products on very discerning international markets and that our customers are willing to pay for them means in my opinion that we are still an interesting and promising
supplier from a customers’ perspective.”92 However, after severe job cuts in 1991, managing director Jiří Kuchář explained early the following year that the state of the company was, “after a difficult operation”, suffering from high debt, low solvency, and decreasing sales figures.93

Overall, we can say that these managerial appeals had a rather pessimistic or alarming undertone, and that ‘sticks’ rather than ‘carrots’ were frequently used in intra-enterprise communication. Nevertheless, caricatures published in the Rudné doly Příbram’s company magazine suggest that the threat of insolvency, and thus the threat of earning less or losing one’s job, were faced with a grim sense of humor. For example, a caricature published in March 1992 shows an executive employee talking to his associates: “I have two announcements for you, guys – First, the good one: There will be enough work! And now the bad one: Even though there is enough work, there is not enough money for your salaries!”94

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4. Summary and Conclusion

By evaluating the company newspapers of five Czech industrial enterprises, this paper has shown that the fight against insolvency as well as the search for financial security were important issues during the early 1990s. Just like for other stakeholders – from politicians to private individuals – the first years of the transformation period were a highly insecure time, both from the perspective of the companies’ management as well as from that of their employees. Working conditions started to change and so did every employee’s personal responsibility to contribute to the enterprises’ future success. Even though foreign direct investment was often not readily available, Czech companies were afraid of being unable to preserve their own (brand) identity. A common fear was that they would end up as an ‘extended workbench’ for a competitor from the West.

However, both for the employers and the employees, the most important question was whether the companies would be able to survive until the privatisation process and beyond it – something which four of the five analysed enterprises managed to do. In the early 1990s, this had not been certain as several problems posed serious threats to the companies’ survival. From a financial point of view, insecurity increased for both macro- and microeconomic reasons. The companies could not resort to most securities the old economic system had provided, such as fixed resource prices and regulated domestic and international markets. They were therefore earning less, while at the same time their need for capital was growing. Filling this gap with bank loans was only possible to a certain extent, and paying back these loans turned out to be difficult because the companies had problems not only in selling but also in getting paid for their products. In fact, outstanding payments from their respective business partners continued to threaten the companies’ solvency.

The companies knew about these problems and tried to find countermeasures to tackle their solvency issues. Apart from taking out credits, they made efforts to attract new customers and also investors from abroad, most notably from Western Europe. Another strategy was to reduce inter-enterprise debt: on the one hand, the companies aimed to prevent outstanding payments in the first place, for example by drafting more precise contracts; on the other hand, they tried to collect already existing debt, for example by appealing directly to their debtors or by initiating arbitration proceedings.

95 See footnote 56.
The companies’ solvency issues were not only addressed through the implementation of concrete measures, but were also hotly debated in corporate discourse. Concerning inter-enterprise debt, it was more common to point out other companies’ failures than to recognise one’s own shortcomings. Even though ‘everyone was indebted to everyone’, the companies were eager to present themselves as creditors and not as debtors. Moreover, financial insecurity and its potential consequences, particularly job cuts, were a relevant topic in intra-enterprise communications. Managers mainly emphasised the responsibility of employees actively to contribute to improving the company’s situation. It was made clear that they had to work harder and adapt quickly to the new market conditions – otherwise their jobs would be in danger.

Overall, both the factual and the discursive ways of dealing with insolvency issues show that the companies were determined to survive the privatisation process. Their behavior also indicates that they were well aware that there was no way back to a financially secure situation like the one that they had experienced during the days of state socialism. At the same time, the enterprises seem to have recognised that they needed to look for some new sort of financial security. In order to achieve this aim they adopted a variety of measures – some of them more and some of them less useful than others.

The examples discussed above of their fight against insolvency and their quest for financial security thus show that, for Czech industry, the transformation was a learning-by-doing process. It is very likely that similar observations could be also made when examining other stakeholders in the transformation process: for example, politicians had to deal with multiple insecurities as well. However, their determination to get back to a more secure situation did not always lead directly to successful results but was often hit-and-miss.

Another important observation is that, under certain historical conditions, security concepts can lose their relevance quite quickly. The example of Czech enterprises demonstrates that this is especially true in the context of significant political and economic upheavals. However, if one definition of financial security disappears, a new definition does not automatically manifest itself. For example, financial security was more or less a prerequisite during state socialism, but during the early 1990s there was no fixed new concept to which the enterprises could turn. Rather, they had to find ways out of their solvency issues, for example by adapting their everyday business practices to the requirements of a market economy. By creating new strategies to overcome solvency problems, they were – at least implicitly – contributing to finding a new definition of financial security.
They thus took part in a securitisation process: before 1989–90, both the actual relevance of and the discourse surrounding financial (in)security were rather marginal. However, with the introduction of a market economy, being in a financially stable situation was increasingly perceived as vital aspect of a company’s security and its ability to ‘survive’. At the same time, the maximum level of financial security which a company could reach began to decrease. What would have been considered as totally insecure in a socialist economy – for example, the continuous threat of an actual shutdown – slowly became a normality. Altogether, the example of Czech companies during the early 1990s shows that, when dealing with concepts of security from a historical point of view, it is particularly important to not perceive them as fixed. Instead, we need to analyse how these concepts were continuously shaped by the affected stakeholders’ attitudes and behavior.

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96 Originally, the term securitisation mainly referred to state and political contexts. However, in historical research, securitisation can be applied more broadly (Conze, Securitization, 457f.), for example, in order to analyse the behaviour of economic stakeholders such as companies (as has been done in: Daniels, Landesverrat).


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