Corporate Governance in Transitional Economies
Insider Control and the Role of Banks

Introduction

Masahiko Aoki
Hyung-Ki Kim
editors
EDI Working Papers are intended to provide an informal means for the preliminary dissemination of ideas with the World Bank and among EDI's partner institutions and others interested in development issues.

The backlist of EDI training materials and publications is shown in the annual *Catalog of Training Materials* which is available from:

Training Materials Resources Center, Room M-P1-010
Economic Development Institute
The World Bank
1818 H Street NW
Washington, DC 20433, USA

Telephone: (202) 473-6351
Facsimile: (202) 676-1184
Corporate Governance in Transitional Economies
Insider Control and the Role of Banks

*Introduction*

Masahiko Aoki
Hyung-Ki Kim
*editors*

The Economic Development Institute
of The World Bank
Foreword

This EDI Working Paper will be published as one of 12 chapters in a forthcoming book entitled: Corporate Governance in Transitional Economies: Insider Control and the Role of Banks edited by Masahiko Aoki and Hyung-Ki Kim. The book will have three parts:

Part 1: Generic and Comparative Issues: Theory and Policy Implications (chapters 1-3)
Part 2: Country Studies in Comparative Perspectives (chapters 4-8)
Part 3: Relevance and Lessons of the Japanese and German Experience (chapters 9-12)
A list of titles is provided on the inside back cover of this paper.

The book presents the results of a research project on corporate governance issues in transitional economies from a new perspective based on comparative institutional analysis. A concern with three issues—the emergent phenomena of insider control, the possible role of banks in corporate governance, and the desirability of the comparative analytic approach—sets the common ground for the research presented in this volume.

The coexistence of the alternative models of corporate control in the developed countries suggests that the possible "lessons" for the transitional economies may not be so obvious. It makes little sense to judge the merits of each corporate governance model and its applicability to the transitional economies without taking into account a country's stage of development and the history of its institutions and conventions. In designing corporate governance structures for the transitional economies, economists are required to identify the specific conditions under which each corporate control model (or combination of models) works, the availability of these conditions in the transitional economies, and the most efficient approach to achieve these conditions. By pooling rich individual country studies and cross-examining and comparing their implications, we may be able to avoid premature generalizations or theorizing based on the observation of a single economy. By comparing the workings of diverse systems, we may also be able to uncover latent factors that are conducive to, or constrain, the workability of particular governance structures. Comparative analysis may thus serve in the social sciences as a kind of proxy for laboratory experiments.

This work was prepared as part of EDI’s multiyear Program for the Study of the Japanese Development Management Experience which is financed by the Policy and Human Resources Development Trust Fund established at the World Bank by the Government of Japan. The Program is managed by the Studies and Training Design Division of the World Bank’s Economic Development Institute.

Hyung-Ki Kim, Chief
Studies and Training Design Division
Economic Development Institute
Corporate Governance in Transitional Economies: Insider Control and the Role of Banks

Introduction

During the initial phase of transforming socialist planned economies, there was a naive optimism that the transition to a market economy could be readily achieved by the privatization of the state-owned enterprise, combined with the introduction of the equity market, which would also serve as the market for corporate control. This belief reflected a textbook notion of the capitalist economy, but recommendations for economic reforms based on such theological belief have proven to be unrealistic or simplistic. It has been increasingly recognized that the issue of the transition or evolution of the system has not been well understood because of economists' preoccupation with the idealized model of the market economy, as well as their naiveté regarding the effects of the political economy and the broad diversity of transformation issues. Further, it has come to be recognized that advanced market economies are not necessarily structured according to the textbook description.

The Anglo-American economy is perhaps the closest to the textbook model of market economies, but the continental European economies and the Japanese economy operate very differently from the Anglo-American model. In Japan and Germany, banks, rather than the market for corporate control, have played unique roles in the corporate governance structure. The three largest banks in Germany own a large share of the stocks of publicly traded corporations. They also vote on behalf of individual stockholders. They normally sit in the Aufsichstrats (supervisory boards) of large, publicly traded corporations, which select the management boards. In Japan, the size of stockholdings and the extent of board participation by the banks are, on the surface, not as large as in Germany. Yet it has been observed that the financial difficulties experienced by large corporations have almost surely triggered bank intervention and, very often, the shift of management control to the bank.

The coexistence of the alternative models for corporate control in the developed countries suggests that their possible "lessons" for the transitional economies are not so obvious. It makes little sense to judge the merits of each corporate governance model and its applicability to the transitional economies without noting a country's development stage and the history of its institutions and conventions. In designing corporate governance structures for the transitional economies, economists are required to identify the specific conditions under which each corporate control model (or the combination of different models) works, the availability of these conditions in the transitional economies, and the most efficient approach to achieve these conditions.

This volume presents the results of a research project on corporate governance issues in transitional economies from the perspective of the new comparative institutional analysis. In this approach, banks and other outside institutions can play an important role in corporate governance. This contrasts with the traditional approach, where enabling stockholders to exercise control is the goal of efficient corporate governance. The traditional analysis suggests that the problem of creating corporate governance in transitional economies should be addressed by promoting the development of efficient securities markets, nurturing the growth of active and influential stockholders, and legislating corporate laws that would assure stockholders a controlling position on corporate boards. But a series of events in transitional economies has made it clear that the matter is not so simple. We cannot ignore the path-dependent, or evolutionary, nature of the transition process. The legacies of socialism, the increased autonomy of managers of state-owned enterprises in the last phase of the communist regime, and the strong political power of the workers in many transitional economies, including Russia, Poland, and
China, seem to have left strong constraints on the privatization process of the succeeding transitional economies and the nature of the evolving corporate control structure.

In many transitional economies, the phenomena of insider control are becoming evident. By insider control we mean de facto or de jure capture of controlling rights by the managers and the strong representation of their interests in corporate strategic decisionmaking, often in collusion with the workers. Some recent privatization programs have, in effect, legitimized the de facto control of insiders by transferring the majority of the ownership of many large enterprises to incumbent managers and workers. In Russia, by November 1993, 91 percent of the privatized enterprises had adopted the so-called type II privatization program, in which employees (including managers) buy up to 51 percent of shares at the pre-inflation book value. In many privatized firms, board meetings and shareholders’ meetings are dominated by the management, who also find ways to prevent workers from selling their equity holdings (see the chapter by Belyanova and Rozinsky in this volume). In Poland, widespread asset stripping by state enterprise managers took place when the government started loosen control over the state-owned enterprises in the late 1980s (Lipton and Sachs 1990). After privatization, insiders, especially the management, continued to preserve their privileged status, and workers’ representatives on the supervisory board have continued their activist Solidarity tradition and played an important role in enterprise decisions. In China, evidence from some 4,000 experimental shareholding companies suggests that employee-shareholders have benefited greatly from unfair profit division between themselves and the state, and employee-shareholders have continued to demand excessive wage increases and in-kind benefits. In many collectively owned Chinese enterprises, spontaneous and formal privatization—unauthorized transfer of assets to formal or de facto private ownership—has become common (see the chapter by Qian).

In the orthodox stockholder sovereignty model, the problems of management slack, incompetence, and moral hazard are corrected by outside stockholders through an efficient capital market for corporate valuation and control and institutions such as competitive labor markets for managers and for workers’ labor services. In the transitional economies, however, both competitive capital and labor markets are lacking. Managers have established strong control within their enterprises; there is no external agent with the decisive power to dismiss them for poor management performance or moral hazard behavior. Workers have strong attachments to their employing enterprises, which protect their vested interests and jobs. Insider control has evolved out this relationship. Outsiders would then anticipate substantial agency costs to investing in insider-controlled enterprises. Therefore, the funds necessary for restructuring formerly state-owned enterprises would be difficult to come by from the capital market (“insiders, dilemma”—see the chapter by Berglöf). Faced with a majority or substantial share ownership by the insiders (managers and workers), any external pressure over strategic decisions that might adversely affect the job security and other benefits of the insiders would surely face tremendous resistance. If the securities market is thin and the workers and managers have strong attachments to their employing firms, market signals of corporate valuation would be garbled and full of noise. Further, exercising corporate control through the market (the takeover mechanism) would simply not be feasible unless insiders gave up their shares. The design of the corporate governance structure in transitional economies must face this reality.

Recognition of the strong tendency toward insider control compels us to search for an alternative external monitoring mechanism over enterprises, which may work even if outsiders are not the dominant stockholders and managers and workers do not voluntarily give up their vested interests and rights. An obvious candidate to implement such a mechanism would be the bank. In the postwar high growth stage of both the German and Japanese economies, banks maintained continuous relationships with corporate clients and occupied unique positions in corporate governance. Their role has been somewhat different from that played by anonymous stockholders. There are phenomena in both economies that would suggest that bank monitoring might be consistent with, even complementary to, a certain degree of insider control. In Germany, worker representation on the supervisory board (Aufsichtsrat) through codetermination is matched by the high concentration of voting rights in a few large, universal banks.
In Japan, the main bank system, in which investors delegate the monitoring of the enterprise to a single bank, emerged after the demise of the planned war economy and the massive sales of stock of major Zaibatsu corporations to insiders. This bank, called the main bank, selectively intervened in the internal management in the event of financial distress.

The idea of applying the bank-oriented monitoring system of the German and Japanese model to transitional economies has been proposed rather casually in many writings and public discourses. Its genuine applicability to transitional economies is, as yet, far from obvious. The German and Japanese systems evolved in different historical and institutional circumstances and there are major differences between the two. The role of banks in the corporate governance structure in each economy may be complementary to other institutional facets that may not exist in the transitional economies (for example, participatory work organizations, competitive product markets, or neutral government regulatory power).

The old banking institutions inherited by the transitional economies from the planned era suffer from bad debts and bad reputations. Can the spin-offs of the former state banking sector, privatized and recapitalized, be transformed into a solid banking system? Will the emerging new banks evolve, eventually, into accountable financial intermediaries to which monitoring of enterprises may be delegated and trusted? Alternatively, should the nonbank intermediaries, such as mutual funds, be nurtured as potential corporate monitors in spite of the temporary phenomena of insider control, or should the banking sector and the securities markets be developed in complementary ways?

These questions do not seem to be readily answerable by mechanically extrapolating the experiences of existing bank-oriented systems to the financial system design of transitional economies. On one hand, we need to carefully identify the historical conditions prevailing in existing bank-oriented economies that were conducive to the evolution of such systems, and the institutional environments that might have been complementary to their effective operation. On the other hand, we need to carefully observe current developments in transitional economies and identify conditions that may (or may not) call for, and facilitate the development of, the banks as potentially active players in corporate governance.

By pooling rich individual country studies and cross-examining and comparing their implications, we may be able to avoid premature generalizations or theorizing based on the observation of a single economy. By comparing the workings of diverse systems, we may also be able to uncover latent factors that are conducive to, or constrain, the workability of particular governance structures. Comparative analysis may thus serve as a substitute for the laboratory experiments difficult in the social sciences, although the potential sample numbers are extremely limited.

A concern with three points—the emergent phenomena of insider control, the possible role of banks in corporate governance, and the desirability of a comparative analytic approach—sets the common ground for our collective research, which resulted in the present volume. The volume is composed of three parts. Part I contains three chapters that deal with generic and theoretical issues of corporate governance in transitional economies from the perspective of comparative institutional analysis. The five chapters comprising Part II deal in depth with various aspects of the corporate governance problem in three transitional economies: Russia, China, and East Germany. Part III contains four contributions dealing with aspects of Japanese and German experiences relevant to the transitional issues. Let us briefly introduce each chapter.

In the first chapter, entitled “Controlling Insider Control: Issues of Corporate Governance in Transition Economies,” M. Aoki first overviews the tendency toward insider control in transitional economies and explains why the model of stockholder sovereignty may be ineffective in coping with this problem. He emphasizes complementary relationships between corporate governance structure and other facets of institutional arrangements of the economy, especially internal organization of the enterprise. He presents a theoretical possibility of contingent governance in which the control rights can shift automatically from the insider to the outsider (the lead bank of a consortium) contingent on the financial distress of the enterprise, and indicates how the expectation that such an intervention can occur effectively
controls various incentive issues for the insider-controlled enterprise. This scheme appears to be more applicable to financially viable insider-controlled firms in the posttransition period rather than as a solution to the transition problem itself. Since the direction of the institutional development of internal organization in transition economies remains full of uncertainty, the paper advocates an evolutionary approach to corporate governance design in the transition. It argues that only the organic development of an institutional cluster will ultimately determine the relative importance of the banking institutions and capital markets in corporate governance.

In Chapter 2, entitled “Political Economy Issues of Ownership Transformation in Eastern Europe,” G. Roland takes up the issue of political constraints on privatization and restructuring arising from the legacies of the socialist system. He makes an important analytical distinction, not necessarily mutually exclusive in practice, between the strong government, with agenda setting power, and the weak government, susceptible to the rent-seeking activities of various groups. Using this framework, he argues for the importance of correctly sequencing the privatization procedure so that the transition is politically irreversible and restructuring is effective. Massive giveaways or distribution of corporate assets may well result in insider control (as in Russia and Poland) or the concentration of economic power (as in the Czech Republic), the result of which may be the deterrence of economically viable restructuring and de facto renationalization (rescue by the government). He recognizes advantages of the gradualism in privatization pursued by the agenda-setting Chinese government. He concludes with several concrete proposals for banking reform from both agenda-setting and rent-seeking perspectives.

Recent academic thoughts on the subject of corporate governance are much more subtle than the single-minded advocacy of the stockholder control over corporate governance. Unique roles for debt contracts and bank intermediaries are increasingly recognized. In Chapter 3, entitled “Corporate Governance in Transition Economies: The Theory and Its Policy Implications,” E. Berglöf introduces a valuable conceptual distinction between “arm’s-length” and “control-oriented” financing and argues that these two kinds of financing are actually complementary and mixed in various ways, depending on national conditions. Under the condition of the illiquidity of asset markets and ambiguity about property rights, he predicts that controlled-oriented financing will play a dominant, albeit not exclusive, role in the transition. He presents a nuanced and balanced argument for positive and gradualist intervention by the government to transform the fragile banking sector into credible financial institutions.

In Chapter 4, entitled “Corporate Governance, Banks, and Fiscal Reform in Russia,” J. Litwack argues that the commitment and trust in economic relationships developed through long-run personal and mutually beneficial ties have a long tradition in Russia, which may favor the development of a bank-oriented financial system as opposed to an American type, arm’s-length model. He notes, however, that the current practice of using the commercial banking system for the administration of implicit subsidization distorts the incentives of banks to monitor, while discretionary taxation encourages managers of enterprises to minimize legal profits by diverting resources to hidden consumption by insiders. He argues that, given the magnitude and scope of the necessary restructuring in Russia, the reduction of subsidies should be gradual and based on optimal sequencing, but for an accountable banking system to develop, subsidies should not be made through the commercial bank network.

Chapter 5 by N. Akamatsu, entitled “Enterprise Governance and Investment Funds in Russian Privatization,” provides detailed, up-to-date institutional descriptions of privatization schemes, Voucher Investment Funds (VIFs), corporate and bankruptcy laws, and the emergent industrial financial conglomerates in Russia. In conjunction with Chapter 6, it gives a most comprehensive overview of the current Russian situation surrounding enterprises and the financial system. He describes the rivalry between the GKI (the State Property Management Committee), responsible for privatization schemes and capital market regulation, and the Ministry of Finance, responsible for commercial banking regulation. As the former tries to promote investment banking and restrict commercial banks’ activities in capital
markets, he makes an interesting point that the mixture of Anglo-American-style capital markets and a German-style banking system may well result in the Japanese model.

Chapter 6 by E. Belyanova and I. Rozinsky, entitled “Evolution of Commercial Banking in Russia and Its Implications for Corporate Governance,” is a rare contribution by academicians-cum-practitioners from Russia regarding the recent development of the banking sector in Russia. Based on recent statistical data and questionnaire studies, the paper provides a valuable glimpse into the relatively unknown workings of the newly emergent banks, as well as spin-offs of former state banks. It depicts the Russian banks as becoming much more important financial institutions in comparison with investment funds, and so forth, and predicts that the best part of the banking sector, the so-called “hard currency islands,” will play a significant role in mid-term investment financing and corporate governance in the future. Because of situational and historical differences from Japan, however, they argue that a German-style system, based on more formal controlling instruments, is more likely to be viable in Russia. From this perspective, they criticize the recent regulation on banks’ holding of industrial shares.

Chapter 7 by E. von Thadden is entitled “Centralized Decentralization: Corporate Governance in the East German Economic Transition.” It describes and assesses the privatization process mediated by the Treuhandanstalt, which had privatized about 18,000 businesses or business parts by the end of March 1994. More than half of these new entities were purchased by West German firms in a manner analogous to the working of takeovers in competitive capital markets. The presence of strong centralized control by the Treuhandanstalt prior to privatization was instrumental in curbing the insider control problem. The chapter argues that the complete independence of, and institutional time limit imposed on, the activity of the Treuhandanstalt (it will cease its operations at the end of 1994 by law) and the career concerns of its managers effectively precluded any long-term gains possible from collusion and lobbying by interest groups. Another interesting point is that West German banks did not play any significant role in the provision of risky restructuring finance to Treuhandanstalt firms prior to privatization. That this is the case, even under the exceptionally favorable institutional environment of East Germany, suggests that the role of banks may be limited in the transition process, if not in posttransition corporate governance.

Chapter 8 by Y. Qian, entitled “Reforming Corporate Governance and Finance in China,” provides a comprehensive description and analytical discussion of the most recent corporate governance reforms in China. He portrays the paradox of Chinese reform: that the communist leadership was able to delegate more decisionmaking authority to managers precisely because of their retention of control over personnel appointments, and thus control of managers’ career incentives, but this increased delegation leads to a tendency toward de facto insider control. He compares proposals for reforming corporate governance in China within the political constraints of gradualist privatization. He reaches the conclusion that reforming corporate governance should not follow a single model in China, although a sound banking system would certainly constitute an important element of any reform to counterbalance insider control. From this perspective he outlines a proposal to spin off the vast network of the existing central bank as multiple regional commercial banks.

Part III turns to the experience of Japan and Germany. After a brief introductory note concerning broad historical contexts for the emergence of a bank-oriented system in Japan, Chapter 9 by T. Hoshi, entitled “Cleaning Up the Balance Sheets: Japanese Experience in the Postwar Reconstruction Period,” describes how Japanese banks and enterprises resolved a serious postwar, economywide insolvency problem caused by the repudiation of wartime compensation by the government. His careful case traces how the bad loans of banks and losses of enterprises were cleaned up without interfering with ongoing business through the separation of old and new accounts, the cancellation of debts and capital in the old accounts against losses (bad loans), and the subsequent recapitalization through new equity issues. Because the balance sheet clean-up was performed in close cooperation between enterprises and single partner banks, sometimes against the interests of workers, the reorganization process had a significant
impact on the subsequent development of the corporate governance structure. Since the insolvency and recapitalization problem is an important issue in today’s transitional economies, this chapter may be very suggestive and relevant for policymakers.

In Chapter 10, entitled “The Privatization of Ex-Zaibatsu Holding Stocks and the Emergence of Bank-Centered Corporate Groups in Japan,” H. Miyajima utilizes hitherto unused original documents of the privatization following Zaibatsu dissolution in the postwar period of Japan and describes its consequences. As in the current privatization process in Russia, the initial objective of the occupation army was the democratization of stockholding, supplemented by employee ownership. The subsequent slump of the stock market and the managerial effort to fend off outsider’s control eventually led to the formation of bank-centered cross-holding among related enterprises. He presents some empirical evidence to indicate that the main bank, which had a multidimensional, close relationship with the client enterprise, functioned as an effective monitoring device to counteract insider control in the reconstruction period.

In Chapter 11, entitled “Savings Mobilization and Investment Financing during Japan’s Postwar Economic Recovery,” J. Teranishi discusses how the banking sector evolved as an effective intermediary, channeling savings into investible funds in the high growth period after the mid-1950s. He argues that the interim period (1950–55) between the immediate postwar period (as dealt with by Hoshi) and the high growth period was characterized by a low share of investment to GNP and a heavy reliance by large enterprises on internal financing. Using rich statistical data, he showed that the establishment of an effective system of maturity transformation of short-term savings to long-term financing was instrumental and responsible for ushering in the period of high growth. He analyzed the workings of this system, in which rationing of corporate bonds to the banks and the accommodating supply of Bank of Japan credits to the banks at below market rates played very important roles. From this analysis he opposes the view that the postwar system is a simple inheritance of the wartime system.

Chapter 12, “Shareholder Voting and Corporate Governance: The German Experience and a New Approach,” is by corporate and banking law scholars in Germany, T. Baum and P. Randow. They describe the German experience, in which a substantial proportion of voting rights in large corporations are exercised by leading banks on the basis of their own shares, their custodial shares, and shares held by investment companies that are bank subsidiaries. They point to the danger of a conflict of interest problem inherent in such a system and propose an institutional solution—the creation of a specialized proxy agent. The conflict may arise between the bank’s interest as the representative of value-maximizing small shareholders and the bank managers’ own interests in expanding their business with corporations through underwriting syndicates, lending, and so forth. As Akamatsu indicates, there is already a similar potential conflict in Russia and other Eastern European economies where banks also control investment funds through subsidiaries, and their analysis of the German experience may be relevant and instructive.

These introductory paragraphs only touch the surface of the analyses and presentations of empirical evidence in what is a set of deep and richly nuanced studies of the issues. Without flinching from too bold a generalization, we may succinctly summarize the consensus view drawn from the project as follows:

- Sole reliance on the stockholder control model of corporate governance would be of limited merit in transitional economies because of the evolutionary tendency toward strong insider control.
- The comparative analysis indicates that, while the tendency toward insider control is generic in transitional economies, its degree and scope varies across economies, depending upon evolutionary and institutional factors (the strength of the government authority before and after the demise of communist control, the development stage and the historical legacy of the economy, and the political-economic processes involving many interest groups during the transition, to name but a few influences). Therefore
institutional responses to insider control should also be diverse. At least on a theoretical level, however, strong banking institutions can be considered effective for controlling insider control, and public policies encouraging such developments need to be recommended. But the effectiveness of the banking sector may depend upon the simultaneous development of other complementary institutions. Because there is much uncertainty in this regard, the banking system and the capital markets should not be taken as alternative choices in the transition.

- Although sound banking institutions can be designed to play an effective monitoring role in the corporate governance structure of viable insider-controlled firms, the role of banks in the transition may be limited because of their undercapitalization, the low level of monitoring capacity, the legacy of soft-budgeting, and so forth. Therefore, government subsides may need to be continued in the restructuring process, but they should be separated from the commercial banking sector for its sound development.

- Many subtle lessons can be drawn for corporate governance and financial system design in transitional economies from the experiences of Japan—particularly in how insider control can be controlled, how banks are to be motivated to monitor, how bad debts of banks and enterprises are to be resolved through their recapitalization at the time of restructuring, how the banking institutions are to be nurtured as an effective vehicle for transforming saving into long-term financing, and the like. Obviously, however, the direct transplantation of the Japanese system is out of the question. The developmental, historical, institutional, and international conditions are different in many important respects between postwar Japan and the current transitional economies.

Masahiko Aoki
Hyung-Ki Kim

Reference
<table>
<thead>
<tr>
<th>Working Paper Number</th>
<th>Title</th>
<th>Author(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>94-43</td>
<td>Controlling Insider Control: Issues of Corporate Governance in Transition Economies</td>
<td>Masahiko Aoki</td>
</tr>
<tr>
<td>94-44</td>
<td>Political Economy Issues of Ownership Transformation in Eastern Europe</td>
<td>Gérard Roland</td>
</tr>
<tr>
<td>94-45</td>
<td>Corporate Governance in Transition Economies the Theory and Its Policy Implications</td>
<td>Erik Berglöf</td>
</tr>
<tr>
<td>94-46</td>
<td>Corporate Governance, Banks, and Fiscal Reform in Russia</td>
<td>John M. Litwack</td>
</tr>
<tr>
<td>94-47</td>
<td>Enterprise Governance and Investment Funds in Russian Privatization</td>
<td>Noritaka Akamatsu</td>
</tr>
<tr>
<td>94-48</td>
<td>Evolution of Commercial Banking in Russia and Implication for Corporate Governance</td>
<td>Elena Belyanova and Ivan Rozinsky</td>
</tr>
<tr>
<td>94-49</td>
<td>Reforming Corporate Governance and Finance in China</td>
<td>Yingyi Qian</td>
</tr>
<tr>
<td>94-50</td>
<td>Centralized Decentralization: Corporate Governance in the East German Economic Transition</td>
<td>Ernst L. von Thadden</td>
</tr>
<tr>
<td>94-51</td>
<td>Cleaning Up the Balance Sheets: Japanese Experience in the Postwar Reconstruction Period</td>
<td>Takeo Hoshi</td>
</tr>
<tr>
<td>94-52</td>
<td>The Privatization of Ex-Zaibatsu Holding Stocks and the Emergence of Bank-Centered Corporate Groups in Japan</td>
<td>Hideaki Miyajima</td>
</tr>
<tr>
<td>94-54</td>
<td>Shareholder Voting and Corporate Governance: The German Experience and a New Approach</td>
<td>Theodor Baums and Philipp v. Randow</td>
</tr>
</tbody>
</table>
For information on EDI publications write to:

Training Materials Resources Center
Economic Development Institute
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433, USA
Tel: (202)473-6351
Fax: (202)676-1184
Telex: MCI 64145(WORLD BANK)