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UDK 338.45:351.778.5

Izvorni znanstveni rad

MACROECONOMICS OF HOUSING INDUSTRY MARKET TRANSFORMATION

Hrvatska kao nova neovisna zemlja prolazi kroz složeni proces tranzicije prema tržišnom okruženju. Taj proces naročito obuhvaća stambenu izgradnju, jer je taj sektor bio posebno izložen ratu i agresiji, a to je rezultiralo u ciljanju glavnine potencijala prema rekonstrukciji razorenog i uništenog stambenog vlasništva. Djelotvoran proces privatizacije i uspostavljanje čvrstog i nadmoćnog privatnog sektora nezaobilazan je preduvjet za sveukupni ekonomski razvitak, a i za učinkovitost stambene industrije.

Pre-transitional settings

The supply side i.e. Croatian construction industry for more than 20 years of pre-transition period was a peculiar combination of large state owned construction companies on one side and of small “semi-legal” private businesses on the other. Demand side was defined, as equally odd combination of publicly owned housing companies on one side and individual households’ demand on the other.

Large construction companies were providers of mass housing i.e. cheaper flats in housing “blocks” mostly in new settlements at the outskirts of old historical townships.

Mayor buyers of these establishments were publicly owned housing companies engaged in real estate, purchasing, utility procurement and maintenance of these settlements. This type of demand was essentially created through the state owned sectors of the economy. Employees in all state owned enterprises and companies were obliged to detach pay 4% of their gross monthly wages as a “quasi tax” or mandatory contribution to the housing construction.

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These contributions were then channelled to public housing companies on local (municipality) level and created public demand while enterprises and not the workers remained as formally nominated owners of flats. This resulted in particular version of informal private ownership for once a worker moved in a designated flat it was for life (her/his descendants were also allowed to formally inherit housing “licence” and remain in the flat) even after the employee left the company. That was the reason why the housing projects privatisation was swift and efficient. It just formally and under relatively favourable financial arrangements (low prices and prolonged instalments) confirmed/formalised existing informal ownership.

Small construction businesses, which were tolerated and sometimes encouraged, concentrated mostly on two housing market segments. Larger segment was individual market, which created housing demand mostly by rural immigration to the cities and industrial centres. Plots of privately owned arable land in the townships’ vicinity were “urbanised” turned to construction sites and sold to immigrants (former farmers).

This created specific individual demand for small cheap family homes that could not be satisfied by large construction companies. The next segment of housing market was exclusive individual homes and villas in residential areas of the old townships. Regime’s “nomenclature” and new entrepreneurs and/or former ex-patriots “gastarbaiters” created this demand.

Therefore small construction firms blossomed some years before transition and encompassed one third of housing market in Croatia.

Privatization Impact

Privatisation and transition process curtailed supply of and demand for cheap mass housing. Large construction companies have undergone privatisation and restructuring process and public housing companies lost their monopolistic position in real estate, procurement and maintenance activity. Most importantly, privatisation process and market oriented activity of formerly state owned enterprises cut out demand for cheap housing created by mandatory employees contribution from workers salaries.

Therefore, market for cheap and sound housing based on proper market demand, which undoubtedly exists, has yet to be established as one of the most serious challenges of transition process.

The importance of privatization could be compared with sensitive surgical operation. It is more than evident that potential danger coming from these processes is not in objective (privatization) but in timing and speed of transition process itself. Very slippery crossing from one environment to another has to be done with

main parts of economic “machine” at constant work until, like in heart surgery, the very heart (ownership) is exposed. And then the critical moment comes when original heart is to be stopped, body put to hi-tech machines, transplantation with new heart built in accomplished, and all body function back to normal. One could imagine the ailing EE economies as the bodies, centrally planned economy as the old heart, market economy as the new heart, and Western markets and FDI as the hi-tech equipment indispensable to keep body functions going while “transplantation” is being done (Družić, 1995., str. 229).

Complexity and significance of the process of privatization can be seen in their entirety only if the impact of this process at all the levels of the economy, with appropriate time span, is considered:

- (1) At national level macroeconomic measures and instruments (from the system of allocating resources, determining prices, to foreign trade, the exchange rate, and interest rates policy) establishing private ownership rights over enterprises brings about a radical change in the conditions under which economic agents behave and in the efficiency of the national economy as a whole (Staniszki, 1991., str. 51).
- (2) At the so-called level of industrial organization, at which privatization brings about fundamental changes in the structure of enterprises, banks, and other subjects with regard to production, business, organization and the legal system. Privatization encourages the development of market institutions and makes possible the functioning of the capital, goods and labor markets, without which enterprises cannot operate in market terms (stocks exchanges, brokers, banks, trade associations, internationalized rules of behavior, standards etc.).
- (3) At the company level, where privatization has a fundamental impact on the allocation, control, and management mechanisms in the company and defines clearly competence, rights and obligations, as well as the carriers of risk and responsibility, among the owner, entrepreneur, manager, and worker, thus encourages efficient and rational operation and development.
- (4) At the level of the citizen as an individual owner, who is, along with, to a lesser extent, the state and para-state institutions, the only and the most important holder of ownership rights. This is also the level where these ownership rights appear in complex forms of corporations, where privatization leads to motivation, interest and involvement and is thus an irreplaceable factor of the market economic process.

In practice there were two fundamental dilemmas with which policy makers in Transition Economies are encountered.

The first dilemma pertained to the privatization methods i.e. to sell the state-owned assets or to distribute them freely. The main advantage of the concept of

sale praised e.g. in Hungary were seen particularly in the increase of budget revenues and in possibility that new owners will increase efficiency of the enterprise. It has been said that the point is not to hand out the property, but to place it into the hands of a really better owner (Kornai, 1990., str. 82-84). It has been also said that a precondition to this is that genuine private entrepreneurial motivation coming out from real purchase of property should gain ground and hold. However the main disadvantage was/is that the concept is unacceptably slow and demands skillful administration. The serious problem accompanying the sale was the valuation of enterprise assets. The best example of another approach is the free distribution of state assets model also called “voucher privatization” developed in Czech Republic. The state assets have been distributed to every adult citizen in the form of vouchers with whom they may buy real enterprise shares. The main advantage was that it could accomplish widespread private ownership quickly. The basic disadvantage was that it sacrificed potential budget revenue and enterprise efficiency because of excessive dispersion of ownership. The Czech approach also showed that orientation to certain techniques and model needs not to be exclusive whether it concerned privatization or stabilization (Wozniak, 1998., str. 9).

Second practical dilemma for transition policy makers was “gradualism” versus “jump” into free market environment.

Those in favour of “jump” were more interested in denouncing “gradualism” than in praising the benefits of their proposals, when stressing that gradualism opens the door to an unstructured free-for-all: consumers will go to the black market, and firms will produce for the black market. Households will turn to Deutschmarks and Dollars and thus provoke hyperinflation, and workers will privatize firms spontaneously. Those who are left out or fall behind will radicalize. The common experience was that economic disintegration takes much longer to come than one thinks, but that it ultimately happens much faster than one would have thought. “Gradualism” may seem low-risk strategy in that, day to day, when events seem under control. But the realistic answer is immediate, radical reform, not the mirage of a phased-on move to a market economy. Temporary collapse may be inevitable one way or the other, but in the context of radical reform it may at least be the seed for reconstruction (Dornbusch, 1993., str. 111). Further more to quote now famous sentence by “great jump” fan, gradualism promised incoherence, not less pain. It would be as if the British decided to shift from driving on the left to driving on the right but decided to shift it gradually- first by having just the trucks shift over to the other side (Sachs, 1992., str. 342).

Those in favour of “gradualism” were equally more interested in finding faults and weakness in “jump” approach than in pursuit of their own doings. Sometimes they were equally witty claiming that there was not even slightest chance of switching on the engine of self-development without private property in all forms, but

warning that the case of Poland is quite different from the case of multiethnic states because these states were not united by the authority of a single church and the colossal authority of Roman Pope (Davies, 1991., str. 127). More specific approach in favor of “gradualism” argued that the experience of transition especially experience of restructuring (i.e. privatization) from NEP onwards demonstrates that results of dealing with mass unemployment as the consequence of “jump” into restructuring activity could be as consequential as the original difficulties transition had been implanted for (Shapiro, 1991., str. 158).

The combinations of options are more feasible, and probably the best way to cope with variety of sectors and types of businesses that are in the process of privatization. For instance some shares may be distributed, when some may be sold by auction to domestic and foreign investors, others may be sold to employees etc. There is an increased interest in this model in Baltic States, Romania, Russia, and Slovenia. The combined model has caused reorientation in the privatization policy even in the countries that were reluctant to such ideas from the very beginning such as Hungary.

Recent transition developments in Eastern Europe and the best results in privatization process are shown by economies able to combine rapid privatization of small businesses with relatively slow (Pohl, et al., 1997., str. 19), but high quality, privatization of medium and large-scale enterprises, which usually account for the bulk of industrial production (Gomulka, 1998., str. 20). The future of those firms showed to be highly uncertain and will remain so for a while, but all have to be restructured and reorganized. Contemporary statistical data confirm the notion that the longer a transition economy waits the more “unofficial” privatization and plundering of state assets will take place. Thus privatization must take place even before firms have been restructured, although many of large firms will have to close and few will survive and expand. But, the empirical data also strongly suggest that the privatization of large enterprises should be relatively slow and designed to provide strategic investors capable of deep restructuring and introduction of new products.

Privatization in construction industry has undergone more or less the same process. Large construction companies that were providers of mass housing i.e. cheaper flats in housing “blocks”, hardly survived restructuring and privatization phase. Therefore small construction firms blossomed and encompassed most of the housing market.

However, it is more than evident that the crucial moment of the whole privatization process and of the decisive role of private sector greatly depends on real privatization of large firms. And privatization of large firms needs capital that is extremely scarce resource in all transition economies undergoing simultaneous process of privatization and stabilization.

Therefore foreign investments are considered as welcomed and crucial factor in ending the privatization process as well as in Croatia's accelerating economic progress. All official documents are directed towards Croatia joining the world market and attracting foreign investments. Still, the legal procedure lacks transparency: the realization of foreign investments in Croatia is regulated by about 20 legal acts, which in principle discourages potential investors (Jurković, 1994, str. 9). It had cumulative effect on the role of private sector in construction and housing industry because of limited foreign investment in real estate sector and forced reciprocity in financial sector (Družić, 1997. str. 479). Permanent adoption modern market environment and recent improvement in legal transparency of privatization resulted in significant advance of private sector that also encouraged complete restoring of construction and housing industry based on market economy development consistent with the country's advanced European surroundings.

Privatization of housing industry is actually a long term process. (Table 1).

Data show that long term privatization process of housing industry was evident and gaining momentum even in the 1980s when the number of dwellings constructed in private ownership was approx. twice as large as number of dwellings constructed in other forms of ownership. The average surface area of dwellings in private ownership was 30% larger than the average surface area in other types of ownership (Table 1). Transition process in the 1990s has accelerated privatization and more than 300 000 dwellings with tenant's right of tenure were sold.

Housing (Dis)equilibrium

The transition and privatization process combined with the need for the reconstruction of destroyed homes and settlements, has curtailed the supply of, and demand for, cheap mass housing. Furthermore, large construction companies have undergone a process of privatization and restructuring and public housing companies have lost their monopolistic position in real estate, procurement and maintenance activities. Most importantly, the privatization process and the market-oriented activity of formerly state-owned enterprises have cut demand for cheap housing as a result of mandatory contributions by employees paid from their salaries. Therefore, the market for cheap and sound housing, based on proper market demand, which undoubtedly exists, has yet to be established, and is one of the most serious challenges of the transition process.

The first peculiarity to be faced with when discussing the Croatian Housing Economy is the probable general equilibrium between aggregate supply and demand. When comparing the total available housing with the total population, or the number of families and the average size of a flat/housing unit, then it seems that there is almost no lack of flats (Tomašević, 1991., str. 53). However, there are

Table 1

CONSTRUCTION AND HOUSING

Completed Construction works ⁽¹⁾	Annual chain indices			Residential units constructed									
	Prices of construction material ⁽²⁾	Average Nominal net wages in Construction ⁽³⁾	Value of construction works by ownership, %	Number of dwellings		Surface area, 000 m ²		Average surface area, m ²		ownership types of		ownership types of	
			Works on construction in private ownership	Total	In private ownership	Total	In private ownership	Total	In private ownership	Total	In private ownership	Total	In private ownership
1981	137	158,1	17	30 453	18 237	12 216	2 278	1 533	745	74,8	84,1	61,0	
1982	118	117,5	17	83	27 301	15 451	11 850	2 059	1 294	765	75,4	83,7	
1983	115	127,5	19	81	28 924	16 601	12 323	2 215	1 416	799	76,6	85,3	
1984	140	153,5	18	82	25 266	15 903	9 363	1 959	1 354	605	77,5	85,1	
1985	181	220,7	14	86	22 758	13 060	9 698	1 708	1 107	601	75,0	84,8	
1986	205	163,6	14	86	23 796	14 113	9 683	1 830	1 214	616	76,9	86,0	
1987	194	187,6	15	85	22 768	14 762	8 006	1 772	1 267	505	77,8	85,8	
1988	277	307,1	21	79	21 766	13 869	7 897	1 709	1 223	486	78,5	88,2	
1989	1215	1549,9	24	76	20 341	13 871	6 470	1 611	1 216	395	79,2	87,7	
1990	580	626,3	23	77	18 596	13 512	5 084	1 495	1 176	319	80,4	87,0	
1991	128	231,4	21	79	12 623	8 470	4 153	996	736	260	78,9	86,9	
1992	463	930,5	26	74	7767	5 805	1 962	623	500	123	80,3	86,2	
1993	1836	2037,3	30	70	8343	7 535	808	691	642	49	82,8	85,2	
1994	193	180,2	30	70	9710	8 902	808	820	775	45	84,4	87,0	
1995	114	100,2	28	72	7359	6 514	845	624	572	52	84,8	87,9	
1996	139	99,9	35	65	12624	11 407	217	1 047	975	72	83,0	85,5	
1997	125 ⁽⁴⁾	99,8	36 ⁽⁴⁾	64 ⁽⁴⁾	12 496 ⁽⁴⁾	11 703 ⁽⁴⁾	793 ⁽⁴⁾	1029 ⁽⁴⁾	981 ⁽⁴⁾	48 ⁽⁴⁾	82,4 ⁽⁴⁾	83,8 ⁽⁴⁾	

(1) Calculation of chain indices is based on value of construction works completed in the reporting year, expressed in current prices by the NCEA

(2) Monthly report on producers' prices of industrial products in Croatia

(3) Monthly report of statistics on employment, wages and salaries, not converted to the NCEA

(4) First results

Source: CSY, 1999.

at least three reasons for the serious problems Croatia is facing in the construction of flats, particularly in the construction of cheap council flats.

The first reason is the spatial disequilibrium between supply and demand. In rural areas there is a surplus of housing which was even recorded before the homeland war. The massive exodus from villages resulted not only in a relative decrease in the agricultural population in relation to the total population, from over 70% to a mere 12% immediately before the transition, but the numbers of the agricultural population decreased by more than 1 million.

On the other hand, the sudden urbanization process created a deficit in housing and a large surplus of demand. This long-term process was intensified during the homeland war and the transition. The displacement of a large number of people from mostly rural and suburban areas caused an additional migration towards urban centers which had unexpected consequences. The long-term status of displaced person, which continued for five or more years, also lessened the desire to return to the abandoned settlements.

This is particularly true of the young generation that is available for work. A better chance of employment and a higher standard of living in the cities has resulted in the fact, deduced from sociological research, that only one third of the displaced population want to return to the areas where they lived previously. The process has been additionally complicated by the intensification of the directions of migration. The earlier migrations were mostly directed towards four of the largest cities: Zagreb, Osijek, Split and Rijeka, three of which are located near the very borders of the Croatian state territory.

During the homeland war and in the transition, migrations were almost exclusively directed towards Zagreb, causing substantial economic and social consequences, one of which is also the accentuated need for a large amount of cheap council housing. On the other hand, the state is carrying out the understandable and necessary reconstruction of areas destroyed during the war, in order to enable the return of the displaced population.

Unfortunately, the necessary reconstruction of demolished flats in mainly rural, war-damaged areas for those displaced people who slowly, or not at all, return, and the lack of housing in the cities in which one part of these people want to settle permanently, has resulted in a sub-optimal allocation of scarce financial resources.

The second peculiarity concerns the distribution of urban housing in relation to the age structure of the tenants. Namely, only recently has the use of housing space started to be rationalized. Until recently, the non-economic prices of housing resulted in a surplus of housing space in traditional city centers inhabited mostly by the older generation and families consisting of 1 or 2 members. At the same

time, in satellite settlements around the city centers, there was a pressing need for housing space for younger families of 4 or 5 members.

Such a situation leads to additional social expenditure and the non-rational allocation of scarce financial and other resources. Namely, the decreasing number of mainly older members of the population in the city centers has resulted in a surplus of the social infrastructure: primary schools without a sufficient number of pupils, surgeries and hospitals with just a few patients, an insufficient number of customers in post offices and supermarkets, etc.

At the same time, in satellite settlements, there is an evident deficit of all these services. It is only recently, with the introduction of market criteria in the housing economy, that we have been able to notice more rational behavior, appropriate to the life cycle, where young families start off living in smaller flats and, as the family grows, move to larger ones, whereas, when the children grow up and become independent, the older families once again move to smaller flats.

The third peculiarity concerns large differences in the quality of housing. Some rural settlements and housing units do not meet recognized international standards, so that they have been counted as housing areas only statistically, even though parts of these settlements, or even whole small settlements, have long been abandoned and are completely unsuitable for living.

The fourth peculiarity embraces specific Croatian demographic trends. The growth of the population in Croatia has shown long years of stagnation, even negative natural growth. This means that in the future the problem of housing will concentrate on the improvement of existing housing conditions and on the restructuring of demand within the framework of the existing housing stock, whereas the demand for more economical and cheaper flats, in the light of the growth of the population, will decrease.

However, the process of market restructuring and the need for the rationalization of costs in business activities will surely bring about wage restrictions, whose movement is not in harmony with growth in productivity. In this case, the decrease in real wages on the one hand, and the temporary rise in unemployment, on the other, will cause an increasing demand for cheap flats.

Construction and Housing Market

The described situation brings to the fore the problem of financing the construction of flats, particularly low-cost ones where, apart from economic criteria, social factors also have to be considered. The problem of financing construction is worsened by the actual interpretation of the market-friendly policy which, by generally cutting costs, aims to keep a balanced budget, which makes the problem

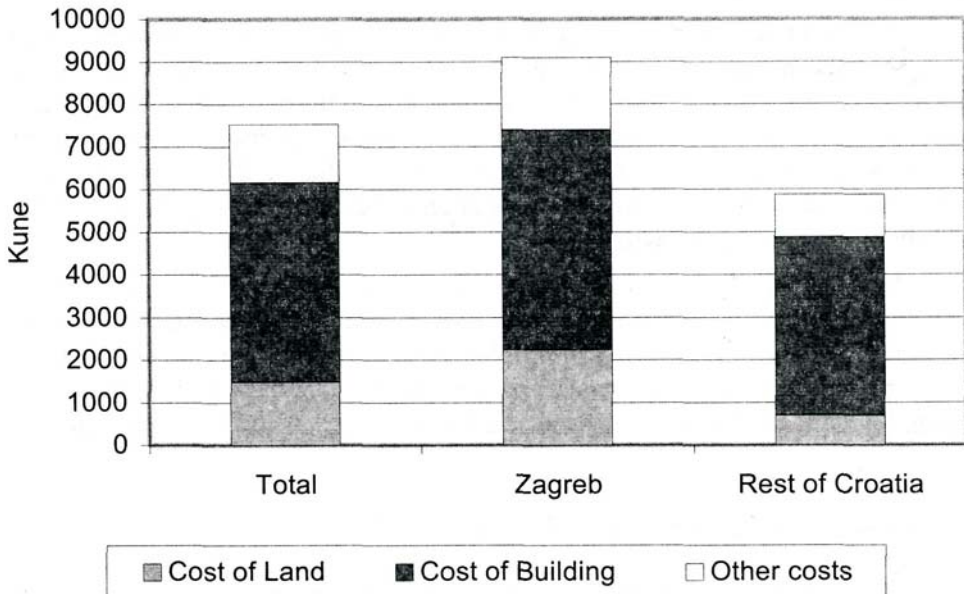
of building cheap flats more difficult. The problems of financing can be grouped into three categories.

The first category influencing the high price of flats consists of problems in financing the preparation of the building site, that is, the problems of land and ground rent. These tasks are under the jurisdiction of the local county, city and municipal government.

The extremely high land rent which manifests itself in the so-called location and building permit, and the so-called utility rates which are materialized in the price of utilities (electricity, water, gas, sewage system) greatly increase the total price of a flat. Since these expenditures are used more to cover the current costs of local budgets than to properly prepare building plots, this causes a chronic need for prepared building sites. An additional consequence is the constant lack of financial means and, with it, a spiraling growth of prices, so that the ground rent and utilities make up over 40% of the price structure of a flat especially in Zagreb (Figure 1)

Figure 1.

AVERAGE PRICE PER 1m² OF NEWLY BUILT DWELLING



Source: CSY, 1999.

A second category consists of the problems of financing the construction, that is, the builders. The process of market restructuring and the privatization of construction companies have resulted in increasing uncertainty and growing risks of bankruptcy. A clear example is medium-sized and small building companies which collapsed before having completed the buildings already started, and with their demise, the investments of the buyers of the future flats also fell through. The uncertainty and risk have led to a situation where buyers do not want to pay in advance the contracted price of a flat, but only when the building has almost been completed.

This substantially limits the sources of liquid capital for building companies who must rely on relatively expensive bank loans. Namely, the relatively unfavorable portfolios of the commercial banks, burdened by loans which are being slowly repaid, or are not being repaid at all, have necessarily increased the price of capital, that is, the interest rate which is passed on to the high price of construction. These problems have a significant effect on the slow construction of cheaper council flats which the state would be able to rent at reasonable prices to socially deprived and unprivileged families.

The third category encompasses the problems of financing the buyers, particularly those who are inclined towards the market of cheaper flats. The restricted capital in commercial banks that has been absorbed by unfavorable loans to non-restructured companies is only one aspect of the problem. This aspect has a direct effect on the high interest rates on housing loans, so that the monthly repayments of long-term housing loans of 15-20 years are often up to 50% higher than the average monthly salary in Croatia. The second aspect is the absence of an efficient mechanism for resolving housing problems, ranging from the lack of building societies and cooperatives to the organization of the construction of cheap flats appropriate to the market environment.

Housing Development Constraints

The formation of a model for meeting the housing needs of low-income families in Croatia leans on the contemporary experiences of developed market economies like Great Britain, Austria, the Netherlands, etc. Three groups of factors influencing the speed and quality of solving these problems are emphasized here. The first, dominant problem is the scarce financial means, and the second focuses on the building industry and the building technology of cheaper, socially and ecologically acceptable housing developments.

Due to scarce financial means, the housing problems of the poorer groups of the population will be solved in stages. The housing problems for those belonging

to the socially deprived bracket will be more significantly eased only with the completion of the reconstruction and renewal of living premises for returnees and displaced persons in the areas affected by the war. The extent of the problem is evident in the unsolved housing status of over 150,000 workers and young families. These are at the same time families with a very low income and a large number of children, who are not able to afford the market price of a flat, or pay the market rent. The innovations introduced in financing housing constructions in 1998 span two aspects. Firstly, the establishment of specialist savings banks for property is made possible. These institutions can deal exclusively with attracting savings for housing and providing flat/house-purchase loans. The state subsidizes by 25% the amount of savings made for housing. These incentive measures from the state budget should allow fair subsidies for all savers.

Secondly, in 1998, the “fund for the long-term financing of housing construction with the support of the state” was established as a separate unit within HBOR (Croatian Bank for Reconstruction and Development). The financial means of the Fund are provided from the state budget to the amount of approximately US \$60 million per year. The fund can also supply additional funds by taking foreign and domestic loans and by issuing bonds within the country and abroad (Abramović, 1998. str. 2).

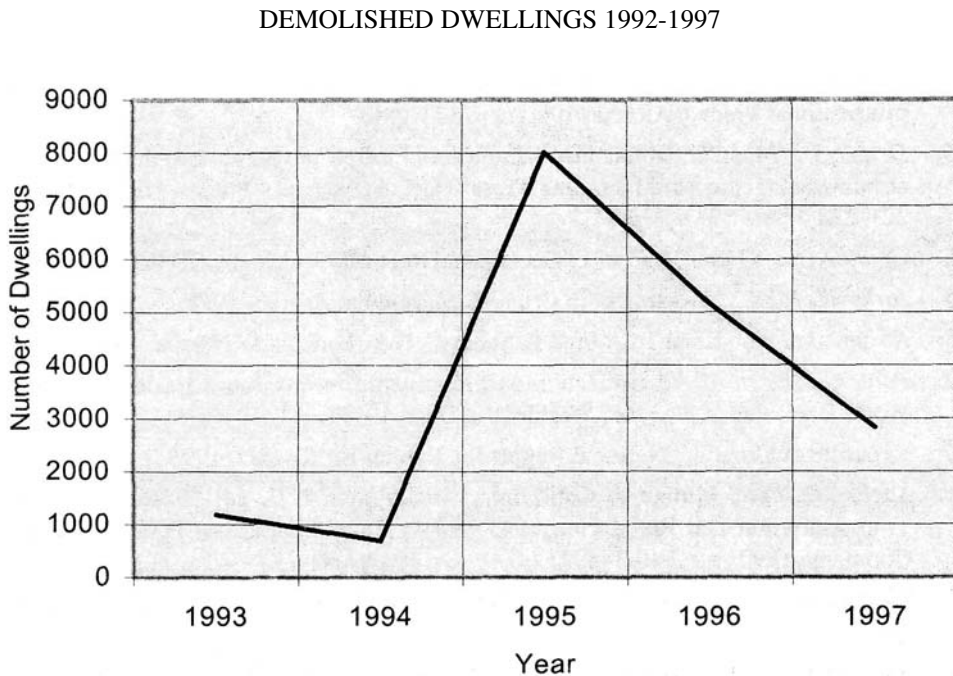
The functioning mechanism of the fund helps solve housing problems as a whole, using the means of the fund or by subsidizing the housing loans approved by commercial banks. The analysis of the categories of the population that have the right to use loans from the fund shows that the function of the fund is not only to solve the housing problems of the poorer sections of the population. Namely, among five categories, in addition to the low-income group, young families and returnees from abroad, there are also state officials and employees, as well as professionals in short supply in outlying and depopulated areas of Croatia.

Apart from the financial issue, the problem of the building program and technology represents another aspect of solving the housing needs of the poorer category of the population (Republic of Croatia, 1995., str. 19). An effort has been made to solve this problem by building standardized terraced family houses, according to the parameters set in the Program of the Ministry of Construction, Urban Development and Protection of the Environment. Council flats, as a more economical form of housing, would be built from standardized materials: brick blocks, tiles, plaster-cardboard, YTONG for partition walls, wood, ceramic tiles, etc. The improvement of building technology leads to better thermal isolation improved hydro-isolation, new bricks and paneling, etc. The program also includes standards for the minimum/maximum surface area of council flats and the minimum equipment of the flats.

Therefore, Croatia has a relatively satisfactory program and a financial and architectural-construction mechanism for building flats for low-income families. However, the realization of this program is significantly limited by the financial resources available, primarily by the policy of public expenditure known as “hard-budget constraints”.

Thirdly, significant constraints are imposed by needs of reconstruction in the environment of stagnation, or even the decrease, of all the main macroeconomic indicators in the transitional period, which has become particularly evident in 1999. Estimated war damages to human settlements exceeded 10 bill. USD and direct damages to housing were more than 4 bill USD (Figure 2).

Figure 2.



Therefore construction industry and scarce financial resources were mainly engaged in reconstruction of more than 130 000 housing units that were partly or completely destroyed during homeland war.

The necessary reconstruction of Croatia includes various policies (environmental, social etc.) as prerequisite for creating a new quality of harmonized urban, regional and national development. Numbered priorities are too much of a burden for economy that beside war, has suffered long term transition recession. In these

condition privatization process should be accompanied by restructuring of construction industry and opening of real estate and housing market to foreign investors.

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MAKROEKONOMIJA TRŽIŠNE TRANSFORMACIJE STAMBENE INDUSTRIJE

Sažetak

Hrvatska kao nova neovisna zemlja prolazi kroz složeni proces tranzicije prema tržišnom okruženju. Taj proces naročito obuhvaća stambenu izgradnju, jer je taj sektor bio posebno izložen ratu i agresiji, a to je rezultiralo u ciljanju glavnine potencijala prema rekonstrukciji razorenog i uništenog stambenog vlasništva. Bitna suvremena rekonstrukcija mora također uključiti sve oblike tržišne, društvene, politike okoliša i ekonomske politike, kao funkciju nove kvalitete života koji bi pogodovao uspostavljanju skladnog regionalnog i održivog razvitka. No, od najveće je važnosti primijetiti da je djelotvoran proces privatizacije i uspostavljanje čvrstog i nadmoćnog privatnog sektora nezaobilazan preduvjet za sveukupan ekonomski razvitak, a i za učinkovitost stambene industrije. Zato je povećana uloga privatnog sektora u jakoj uzajamnoj vezi s uspješnom transformacijom tržišta i vremenom potrebnim da se “dostigne” putanja rasta.