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PRIVATIZATION IN SERBIA - AN ASSESMENT BEFORE THE LAST ROUND***

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ABSTRACT: *Serbia has had a long history of privatization. It commenced in 1990 and was only fully completed, as defined by the privatization legislation, in 2015. The reasons for this are many and complex and the paper provides a short historical overview. Privatization, however, began in earnest after the democratic revolution of 2000 and the paper analyses the political motives behind the adoption of the current model. The paper goes on to explain the model design, as well as its dynamics and results. The analysis probes more deeply into the specific weaknesses of auction implementation, showing that an alternative approach could have produced better results in terms of revenue. The specific institutional flaws that led to a high failure rate*

in the privatization of companies are identified and analysed. These weaknesses lie in the design, implementation, and monitoring, which led to results that were not in line with the goals of the privatization process. The designers of the privatization model gave scant attention to broader institutional coherence, which enabled large-scale manipulation of the process. In some cases this enabled motives unrelated to the future of the firm being privatized to dominate the process. Finally, the scope of the last round of privatization in Serbia, which commenced in June 2015, and the probable results are discussed.

KEY WORDS: *Privatization, Transition, Institutional Design, Serbia*

JEL CLASSIFICATION: P26, P31, L33

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*** This research was supported by the Ministry of Science and Technological Development of the Republic of Serbia through the project The Role of the State in the New Growth Model of the Serbian Economy (no. 179065). We are grateful to the Privatization Agency and the Ministry of Finance of the Republic of Serbia for providing the data without which this paper would not have been possible.

1. INTRODUCTION

The last round of privatization in Serbia began in June 2015. What this meant was that over 500 enterprises would end their existence as state or socially owned enterprises in the course of one year or slightly longer. This very fact, keeping in mind that the process has been going on for years - with twists and turns described in this paper - but in earnest after 2001, says a great deal about the deficiencies of the privatization process in Serbia. In order to answer the question of how Serbia got here after fifteen years of renewed efforts at privatization, a short overview is needed of the historical and political context in which this process was initiated and carried out.

Privatization in Serbia as the centrepiece of the transition process had several phases, for many reasons. The armed conflict in former Yugoslavia led to prolonged instability. United Nations sanctions also affected the economy significantly. These were no small constraints, which basically led to privatization being carried out in a setting of serious economic devastation after the overthrow of the Milošević regime in late 2000. Regime change itself, as shall be argued, created a need for speedy privatization in dire economic circumstances, which then led to the neglect of certain institutional features that were to deeply affect the results of the privatization process.

When analysing the privatization process, it is necessary to be aware of its political conditioning. It is our belief that the privatization process is predominantly politically determined, with institutions being formed to achieve political goals and overcome perceived political and economic constraints. Furthermore, we will argue that the political aspect of privatization was one of the primary factors and possibly the determining factor that led to some or most of the institutional failures of privatization in Serbia.

Privatization has long-term consequences regarding economic and social structures. This is truer in countries undergoing transition, where privatization, as a process of large-scale property rights transfer, creates new winners and losers, a new capitalist class, and new rules in an economy that used to be based on social ownership - even if, as in the Yugoslav case, on a socialist market and self-management model.

This is what makes privatization not part of a neoliberal approach, as many in Serbia argue today, but a part of the transition process. Privatization in such circumstances is radically different from privatization that unfolds as part of a

neoliberal approach in an established market economy. The consequences may add to political constraints and contribute to the creation of long-term obstacles to the completion of the transition process. In turn, this may foster statist approaches and lead to prolonged stagnation.

2. THE HISTORICAL BACKGROUND

Contributors to the theory of self-management should not necessarily be identified with the workings of the Yugoslav economy. Purely theoretical models exist in their own right and a vast body of literature of lasting importance was produced in the heyday of self-management (Vanek 1970, Estrin 1984, Svejnar 1982, etc). Nevertheless, it is the case that the original inspiration came from the system that used to exist in Yugoslavia, albeit imperfectly. It should also be mentioned that there were various forms of political control and some elaborate plans for introducing a certain degree of planning through so-called 'social compacts' between firms in Yugoslavia. In spite of this, however, the Yugoslav economy was certainly much closer to a market economy than to a centrally planned economy. The defining feature of both the theoretical models and the Yugoslav economic system was the right of managers and workers' councils to use firm funds within the bounds of the law but without the right to sell the firm's property and assets. In other words, the system provided employees with rights that in their minds were synonymous with ownership. This needs to be emphasized because it affected the course of privatization and also bred a staunch condemnation of the process of privatization as such, which is still entrenched in the people's minds today.

Given this historical heritage, the logical way to proceed with privatization would have been to recognize it and include it in a variant of the model of insider privatization. Indeed, this was the case before the break-up of Yugoslavia began, commencing at the level of the federal government. The Act on Financial Operations and Laws on Social Capital, passed in 1989, promoted a model of insider employee participation in the privatization process. A 30% discount was introduced for the benefit of former and present employees who wished to buy shares in their enterprises. A 1% additional discount for each year of employment was given to the workers. This potentially added up to a maximum discount of 70% for workers who had been life-long employees. This model was barely implemented due to the commencement of armed conflict. However, prior to the outbreak of the turmoil around 1,220 enterprises began the process of privatization (Zec et al. 1994, p.227).

In spite of the fact that with the break-up of Yugoslavia the first privatization law was quickly scrapped in all the former republics, it did set the model for later privatization, at least in Serbia. The Serbian leadership chose to follow the general process of transition that had just begun in Eastern Europe, as isolation from this process was seen as politically costly. More importantly, the process had already been initiated, which meant that a number of firms were in the process of privatization. This meant that the direct annulment would breed opposition and resistance, at least in the parts of the management and labour force that had hoped to benefit. On the other hand, the overwhelming majority that the Socialist Party of Serbia (Milošević) had won in the first parliamentary election was achieved through advocacy of social stability, which basically meant that property transformation would go slowly and would favour the embedded interests of managers and workers. This political message was voiced against the background of clear signs that there would be armed conflict, which only amplified the need for stability.

Serbia adopted the Law on Conditions and Procedures to Transform Collective Property into other Forms of Property in 1991. This was to enable the privatization of 'social capital' and non-state-owned firms whose ownership was 'transformed' into ownership by state or local authorities. Therefore the first acts that followed were geared to 'nationalize' some of the major companies and subjugate them to state control, thus limiting the scope of potential privatization. Furthermore, privatization was not obligatory, which again potentially limited the scale of the process. Finally, the privatization model was made more restrictive, as it offered employees less favourable options. The discount for employees was lowered to 20%. For each year of employment another 1% discount was added. The maximum discount, therefore, was lowered to 60%. The time period for completing payment was five years. This was obviously less in every respect in comparison to the former federal law. The new legislation also limited the sum for buying shares to the equivalent of DM (Deutsch Mark) 20,000 for individual employees and to DM 30,000 per manager. This made it difficult for insiders to achieve working control in the larger enterprises. The previous privatization processes were obliged to adjust to the new model.

Privatization did proceed nevertheless, but on a lesser scale. Between August 1991 when this new law came into effect and the spring of 1994, only 668 enterprises had commenced the privatization process (Zec et al.1994 p.235). A significantly larger number (almost double) had embarked on the privatization process through the previous legislation. Be that as it may, half a million workers in Serbia became shareholders, with the overall structure of capital in these firms

being 80% private and 20% social (Uvalić 2010 p.65). Along with this process, the parallel process of nationalizing social capital was accelerated. Public utilities and large enterprises became state-owned companies.

The hyperinflation of 1992 that accelerated in 1993 basically undermined the whole process. Privatization became politically unacceptable because it turned into a give-away in a hyperinflationary environment. The previous legislation had provided for revaluation of capital on a yearly basis. At this point, the Democratic Party as an opposition party under the leadership of Đinđić tried to rectify hyperinflationary consequences by proposing amendments that led to capital revaluation. This was meant to bridge the vast gap that was introduced between a realistic share value and the undervalued shares that were a result of the process of privatization unfolding during hyperinflation. The ruling Socialist Party of Serbia did more than adopt the amendments, setting the application of revaluation coefficients with the covert agenda of basically annulling the results of the previous privatization. The coefficients applied drastically overvalued social capital. Their application, needless to say, led to a dramatic drop in the share of privatized capital. At the end of the process, enterprises that had initiated the process earlier were left with between 1%-40% of private capital. Companies that had embarked on the privatization process in 1993 had their share of privatized capital reduced to 1%-2% of total capital (Vujačić 1996 pp. 398-9). Thus was the whole privatization process jeopardized, or, at the very least, significantly set back. Certainly this led to broad discouragement and great reservations in regards to the continuation of privatization. The process of privatization was basically halted and compromised. It would be surprising indeed to observe insider enthusiasm for privatization against the background of the sanctions and political turmoil that followed.

With the political agreements on the peace in Bosnia and Herzegovina and the lifting of sanctions, the Serbian government, hoping that there would be normalization and foreign investment, revised the privatization model, probably as a way to send a clear sign that it intended to go down the road of transition to a full market economy.

The 1997 privatization law was once again based on the insider model. This time a generous give-away of free shares was introduced. After valuation, 10% of company shares would be transferred to the State Pension Fund. Following this, former and current employees would receive shares in the companies that they worked for. The value of shares individuals could receive would be equal to the sum of years of employment multiplied by DM 400. The total sum to be

transferred to former and current employees would have a cap set at 60% of the total capital of the firm. If this limit was not attained, citizens of legal age would become eligible for receiving these shares on equal terms. This would in effect amount to a direct property transfer.

Following this, the second round gave insiders another incentive. Employees were given the right to purchase extra shares at a 20% discount. For each year of employment an extra 1% discount would be awarded. The limit of these combined discounts was set at 60%. In the second round, employees could obtain shares up to DM 6000 in value with a payment period of up to 6 years. Proceeds from the sales were to be divided between the Pension Fund and Employment Fund equally (25% each). The Development Fund would get the remaining 50%. Shares that remained unsold would be transferred to the Shareholder Fund (state ownership) and would be sold later at an appropriate time.

The result was that only some 400 enterprises began privatization under the 1997 legislation. The lack of interest stemmed not only from disbelief in the process, given the previous revisions of legislation and the effective annulment of privatization, but because of poor economic incentives. With the official market exchange rate being way below the (black) market exchange rate multiple times over, the constraints on the process were immense. The new model had put in place a methodology for the evaluation of enterprises to undergo privatization in such a way as to use the black market (real) exchange rate to arrive at the value of the firm. Simultaneously, the official exchange rate was used to calculate the discounts and values that could be ascribed to former and current employees in the privatization schemes. Thus these double standards in the valuation of the firms on the one hand (realistic valuation) and the valuation of discounts to former and current employees on the other (low value of benefits) made it difficult for the employees to acquire a majority stake in the privatization process. Therefore it should not come as a surprise that there was a lack of incentive for insiders to initiate privatization.

The vigorous pursuit of the privatization process commenced after the interim government was formed following the democratic revolution of October 2000. Between October 2000 and the formation of the new democratic government in late January 2001, another 350 enterprises chose to enter the privatization process. This brought to 778 the total number of businesses undergoing privatization procedures according to the 1997 law (Uvalić 2010, p.97), the reasons for which were straightforward. The valuation of both firms and benefits to former and current employees were now calculated using the same exchange rate to the DM.

The double standard in the valuation of firms and insider benefits was abolished by equalizing the market rate and the official exchange rate at 30 dinars to 1 DM as opposed to the official rate of 6 to 1, creating a tangible potential gain for insiders in the better firms and thus an incentive to privatize. The other reason for a jump in initiated privatization procedures can be ascribed to the perceived uncertainty concerning future privatization legislation. With good reason, employees anticipated that the new privatization law would limit their rights and benefits, thus becoming less attractive for insiders. This expectation was proved accurate very shortly.

The 1997 legislation, along with an exchange rate that would guarantee a decent percentage of shares in firms, gave an extra incentive to employees of relatively successful medium-sized firms to initiate the privatization process. It seems only logical to assume that the legislation was used to privatize better performing firms. This should be kept in mind when evaluating the overall results of privatization in Serbia. More to the point, the failure rate of privatizations since 2002 is high, but would probably be lower if the 778 privatizations that were initiated and completed before this date were taken into account.

3. A NEW BEGINNING

The Privatization Law passed in 2001 was heavily influenced by the perception of the privatization process as both economic and political. A model based on sale was seen as the most appropriate to satisfy both the political and economic agendas.

Privatization was seen as an opportunity for a clean break with the past system of self-management and the derived models of insider privatizations, which had been judged inadequate. The fact that the process of insider privatization had been reversed by political action and hindered by a lack of employee motivation only confirmed the reformers' belief that a radically different approach was necessary. The insider privatization model was seen as a perpetuation of the inherited system that so far had achieved modest results. Therefore the new government opted for a model based on sale. It also chose this model to raise the revenue needed to meet the urgent needs of an economy devastated by sanctions and war.

From a political perspective the privatization process was viewed as fundamental to solidifying the process of reform and making it irreversible. Privatization was to guarantee a separation of management and ownership on the one hand

and employee management on the other. This means that although in small and medium-sized firms management and ownership would probably be embodied in the same persons, the fact that they would have a working majority stake would curtail the assumed deficiencies in corporate governance that were perceived as the major flaw of employee management, which would have been the result of insider privatization resulting in a diffuse ownership structure. The desirable result consisted of a definite break with self-management. This, in the minds of the new political elite, would prevent entrenched interests of the past from creating a political movement that could at some point try to restore the previous system. Furthermore, better corporate governance was seen as a necessary pillar of a fully-fledged functioning market economy. The perception was that this desired goal would be unattainable through insider privatization. Finally, it should be neither forgotten nor neglected that the self-management system had been compromised during the 1990s when it was effectively suspended, with managers taking over and using their dominant position to abuse socially owned firms through asset stripping for personal gain and to provide material support to the regime.

As already mentioned, a privatization approach based on sale was also the result of inheriting a devastated economy. The lifting of sanctions would reveal a country on the verge of bankruptcy. Selling was therefore seen as economically necessary and as a means of meeting budget needs. Sales revenue would provide much-needed investment in infrastructure and cover arrears in social security payments. The revenue would also create social welfare funds, thus smoothing the project of reconstruction and transition in the social sphere. It is not surprising, therefore, that the proceeds from privatization were to be allocated to the state budget (75%), the Restitution Fund (5%), the Pension Fund (10%), and the Infrastructure Fund (10%).

The new approach based on sales did preserve some of the incentives for insiders based on the previous legislation. However, the benefits for insiders would be available only after the completion of a majority share stake arrived at through sale. Each employee or citizen would be allotted DM 400 per year of employment, up to a limit of DM 14,000, free of charge. However, they would become eligible for these shares only after the completion of the sale of 70% of the share value of the firm. Therefore, the amount employees, former employees, or citizens could acquire free of charge was limited to 30% of the value of the companies to be privatized. This was meant to give employees a stake in the privatized firms and to pacify political resistance.

Restrictions were introduced on privatizations that had been undertaken under the previous legislation. Companies that had embarked on this process in the previous period were stopped from distributing shares in the second round of privatization and were obliged to transfer the remaining shares to the Share Fund. At the request of the Agency for Privatization, the Share Fund would sell these undistributed shares on the stock market. A time limit was set, making it mandatory for the Share Fund to sell these shares within six years. This could be done either through the stock market or by auction.

The model provided for two types of sale: tenders and auctions. Tenders were to be applied to large strategic enterprises. These enterprises were seen as potentially of interest to foreign strategic investors. If all went well, foreign investors would bring know-how and efficient management. In short, they would help the economy achieve competitiveness in the world market after years of sanctions and isolation, thus providing the basis for an export-led growth strategy. Auctions were to be applied to privatizations of small and medium-sized enterprises. Another 75 large state-owned enterprises were designated to undergo serious restructuring before being privatized.

The tender process was designed in such a way as to take into consideration future investment, a social programme, and an environmental programme. In other words, the offered price was not the sole determining criteria. This should not be seen as a problem, since all of these aspects of the privatization process could be converted to a monetary equivalent. However, monitoring and oversight were needed to ensure that these obligations were fulfilled. The social programme was to guarantee the workers employment for a period of time, usually five years, or to compensate them for redundancy. Social programmes were to mitigate unemployment and prevent it from becoming a mass phenomenon during the restructuring phase of privatized firms. It was assumed that overall there would be around 150-200 tenders, a number that could be controlled and monitored. In reality the number was closer to twice that, reaching 300 (public offerings). The outcome of auctions, on the other hand, was to be determined solely by price and planned investment. They were to be transparent and the hope was that outsiders would be the main actors. However, it did not and obviously could not discriminate against employee participation. Finally, it is worth stressing that for the first time the legislation made the privatization process mandatory.

Institutionally there was a division of labour between the Ministry of Privatization and the Privatization Agency. The Ministry was to set policy, oversee the privatization process, and participate in the forming of tender commissions. The

main task of the Privatization Agency was to initiate, carry out, promote, and control the privatization process.

4. THE MODEL'S CONSTRAINTS AND WEAKNESSES

The adopted model had certain constraints, like all privatization models. The major problem, however, was that there was a gap between the model and its objectives. The model based on sale was expected to generate considerable revenue, but there was no strong demand for the purchase of the enterprises undergoing privatization.

In the very beginning, interest in tender privatization came from some of the foreign firms that had shown interest previously (even under UN sanctions). In this type of privatization, profitable firms that can be restructured relatively easily are the first to attract investors. They are also relatively cheap and can easily be integrated into the core business of the buyer. The obvious targets were in the sectors of steel, breweries, cement, and the like. In other words, market share and/or cheap acquisition were the primary motives. Naturally, it is easier to sell successful companies than less profitable companies or those on the verge of bankruptcy. On the other hand, acquisitions by foreign flagship companies were supposed to be a sign that Serbia was business-friendly. A recognized pro-business government would hopefully attract new investors to the privatization process, which would eventually lead to growth and mitigate the social strains of the transition process.

The tender process was reserved solely for legal entities. Thus it was a more straightforward process, where large enterprises were the object of privatization. Foreign consultants participated in the valuation process and in setting the conditions of the tender. This process was more in the public spotlight, which in itself should have ensured transparency. In spite of this, it was possible for large foreign firms to obtain some advantage in the process by setting up tender requirements through foreign consultants, as was probably the case in at least a few of these privatizations.

The other disadvantage of the model based on sales stems from the length of the process. The first order of business for a firm to be sold is to establish a price. Procedures had been put in place that required firms to be evaluated by licensed evaluators. After determining the price, a Dutch auction followed (bidding down from a set price). A limited number of evaluators were available for the task at

hand. Thousands of firms were lined up to be evaluated so as to initiate the privatization process. Not only would the process take time but it would also have to be monitored. In other words, the evaluations themselves would have to be evaluated.

In a nutshell, the government could not achieve a massive sale at favourable prices and complete or even initiate the process speedily. The government should have not underestimated the constraints of the model. A quick sale obtaining large revenue in a short period of time was a goal that could not be met. In other words, the government should have opted to either sacrifice the originally desired speed of the privatization process or the maximization of revenue from privatization sales. Failing to choose, the government fell short of both of its objectives.

As the government became aware that the process of privatization was not moving as rapidly as it had hoped, the model was amended. In August 2002 the methodology of auctions and the methodology of valuation of firms were significantly changed. The amendments to the model were done through executive orders (ordinances). They introduced fundamental changes to the procedures that had guided the privatization process till then. English auction or ascending bidding was introduced, as opposed to the Dutch auction that had been originally planned. The bidding would start at 80% of the value that was to be determined. Finally, instead of a true evaluation, a quick rough evaluation was used that amounted to corrected book value.

Speed had become the priority, and the revisions did speed up the process, as they were designed to do. The valuations based on net present value might have been at levels that would have been impossible to attain in the market due to insufficient demand. An anticipation that this would occur, however, was the very reason that Dutch auctions were introduced. The corrected book value in effect gave an advantage to insiders (mostly management), since due to inside information they were in a better position to estimate a firm's real worth. Thus insider and management buy-outs were incentivized in the process of privatization. It should be kept in mind that insider privatization was exactly what the original model was designed to discourage.

Problems unrelated to pricing came to the fore after true valuation was eliminated. The corrected book value method practically eliminated basic due diligence. This opened the door to problems stemming from unrecognized contaminated assets, unreported debt, the true obsolescence of equipment, etc. Unfortunately, problems of this nature became clear only after the completion

of the privatization process. In some cases this, in turn, could have caused the annulment of privatization. Also, it could have caused the failure of firms that were thought to be profitable under different assumptions regarding the state of the firm in question.

A further disadvantage of the approach of starting at a low reserve price (in general the book value being lower than the one that would be assessed through evaluation) was political. In the public mind, low reserve prices were seen as a garage sale, that is, that firms were being sold below what was assumed to be their 'true value'. The seed of resentment against privatization was planted and gave support to the attitude that privatization amounted to theft. Little could be done in terms of explanation to alleviate this broad based public perception. On the contrary, over the years it became even more widespread and ingrained.

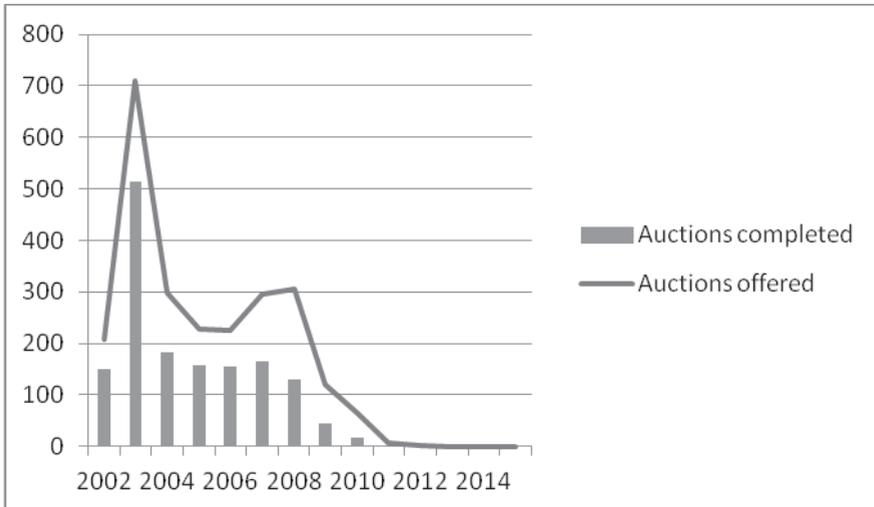
5. RESULTS AND DYNAMICS

Before analysing institutional flaws and evaluating auction mechanisms, we wish to present a broad overview of the results and dynamics of the privatization process.

As already noted, the change in valuation methodology and bidding procedures did speed up the auction process. The speed of the tender process basically depended on the time needed for larger firms to be evaluated and offered. The following Figures show the different dynamics of auctions and tenders. This is as expected, since auctions took less time to set up. What is striking is that there is a pretty large discrepancy between the number of offers and the procedures completed.

Unless otherwise indicated, absolute numbers are on the y-axis while years 2002 to 2015 are on the x-axis throughout. The bars show the number of auctions or tenders completed, while the lines show the number offered.

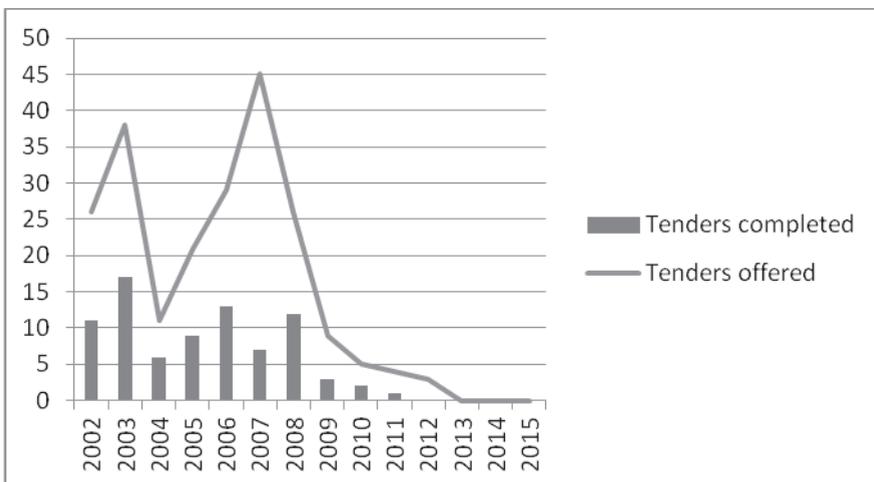
Figure 1. Auctions offered and completed



Source: authors' calculations based on Privatization Agency yearly data (2002-2015).

This is particularly troubling in the case of tenders, which were much less numerous than auctions. Furthermore, the auctions and tenders labelled 'completed' include all of the auctions and tenders that were, for various reasons, later annulled.

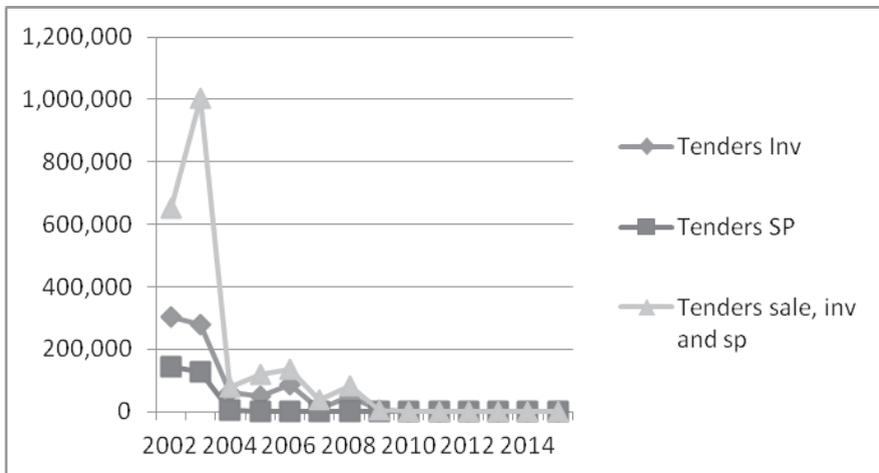
Figure 2. Tenders offered and completed



Source: authors' calculations based on Privatization Agency yearly data (2002-2015)

When looking at the results in terms of revenue from sales through the tender process, it appears that the big sales were accomplished during the first couple of years of the privatization process. This should not come as a surprise since, as has been noted before, it is natural to assume that the more attractive large firms would be bought at the beginning of the process. This also holds true for the accompanying programmes of future investment and social programmes. Obviously, these programmes played a larger role in the early privatizations and, in terms of funds became less and less important as privatization through tenders unfolded over the years. This is quite obvious in the following Figure 3.

Figure 3. Tenders sales, investment (Inv), and social programmes (SP) (in 000 euro)



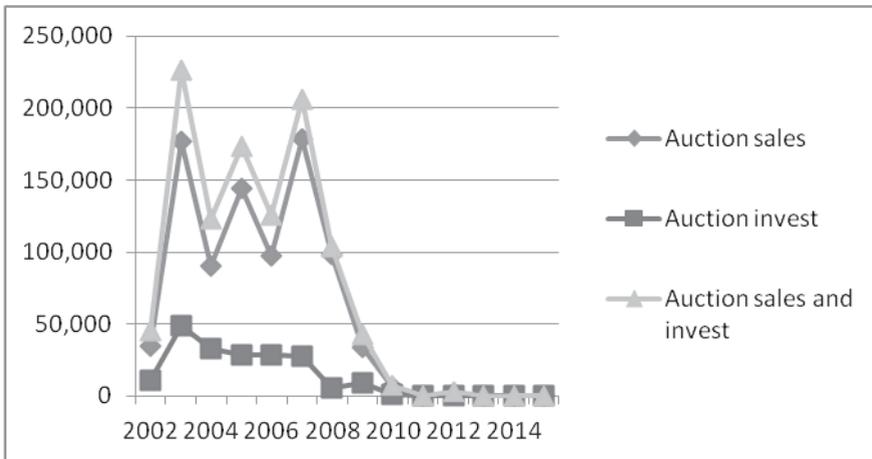
Source: authors' calculations based on Privatization Agency yearly data (2002- 2015).

The cumulative effect for the whole 2002-15 period is given as the sum of sales, funds committed to future investment, and social programmes. (These figures are given in Table 1 in the Appendix of this paper.) The sum of sales, funds committed to future investment, and social programmes through privatizations by tender for the whole period came to 2,114 million euro. Of this sum, 990 million euro were obtained from pure sale through tender, with investment funds committed at the level of 847 million euro and 277 million for social programmes for the workforce of the purchased firms. The striking feature is that the funds committed to future investment amounted to 85% of the funds obtained through sale. What is more, this was seen as a positive sign, as new investments were to upgrade the economy and make it more competitive. This was in line with the expectations of the implemented privatization model. In fact, given that in the

first two years of privatization (2002 and 2003) sale by tender amounted to a little less than 800 million euro, funds committed to investment came to slightly over 580 million, and funds allotted to social programmes were set at the level of 275 million euro, the prospect for the success of the privatization process looked promising. Let it be noted that the GDP of Serbia in 2003 was estimated at around 18 billion euro, making the proceeds from privatization 4.4% of GDP, and with the combined commitments for the upcoming investment and social programmes slightly above 9% of GDP.

From a macroeconomic perspective, the auction process also seemed promising. This can be observed in the following Figure 4.

Figure 4. Auction sales and investment (in 000 euro).



Source: authors' calculations based on Privatization Agency yearly data (2002- 2015).

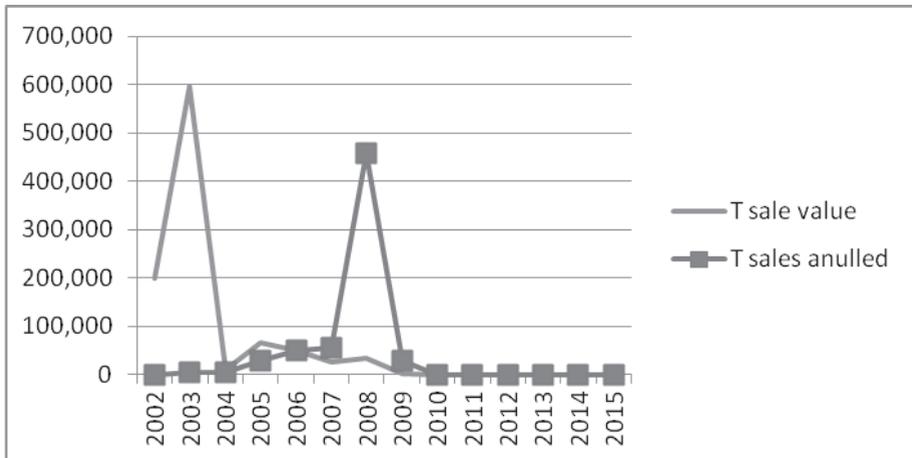
Again, observed from the level of revenue from sales through auction and committed funds for investment in the firms sold through auction, the future of the economy looked bright. In 2002 and 2003 combined sales through auction amounted to close to 212 million euro and the combined funds committed to investment to close to 60 million euro, amounting to a total sum of over 270 million euro.

All in all, in the first two years the privatization revenue was one billion euro, and a somewhat smaller amount was committed to investment in the privatized companies. Concerning the dynamics of the process, it can be seen that there was another spike in tenders offered right before the crisis of 2008, but that this did

not lead to a very significant increase in revenue. Auctions, however, showed a smaller spike in the number of auctions offered and a significant spike in revenue in the year before the crisis, exhibiting a W pattern.

The results, had they been permanent, would have been quite satisfactory. However, what occurred was a reversal of the process on a massive scale, with a large number of privatizations being annulled. In value terms the picture is pretty grim in terms of tenders, as these annulments made the net result of the tender process modest and disappointing.

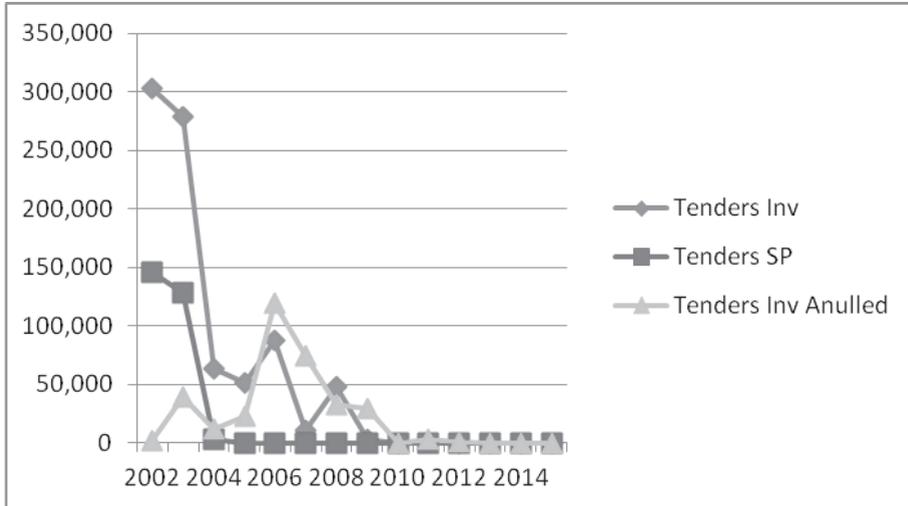
Figure 5. Tender sales and tenders annulled



Source: authors' calculations based on Privatization Agency yearly data (2002- 2015).

The value of investment committed to enterprises in privatizations by tender also suffered as a result, as can be observed in Figure 6.

Figure 6. Tender investment and social programmes with tender investment annulled (in 000 euro)

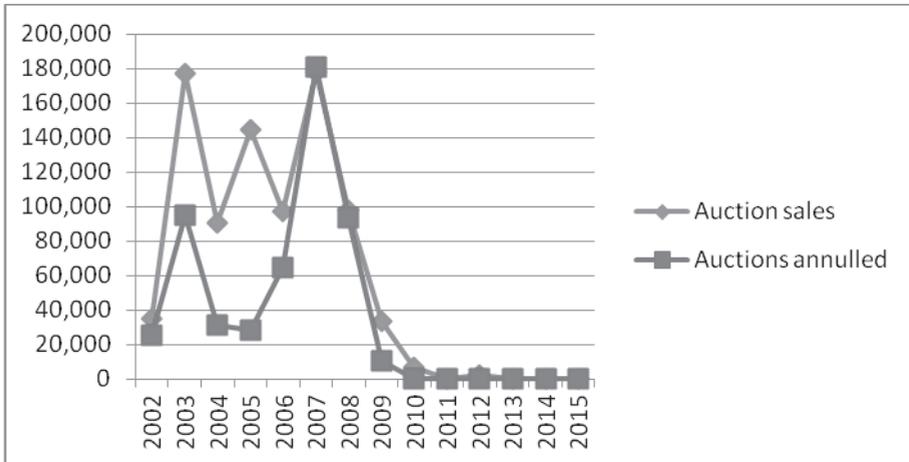


Source: authors' calculation based on Privatization Agency yearly data (2002- 2015).

The total value of annulled sales revenue and investment committed to firms privatized by tender came to 631 million euro and 335 million euro respectively, while the value of social programmes affected was negligible, giving a total sum of 966 million euro (Table 1, Appendix). To sum up, the net effect in terms of revenue from sales by tender, associated investment, and social programmes committed to privatized firms amounted to 1,148 million euro.

The early success of auctions was also reversed by a growing number of annulments as time went by. The following Figure 7 shows a growing and alarming number of annulments over time, both in numbers and in the value of transactions.

Figure 7. Auction sales and auctions annulled (in 000 euro)

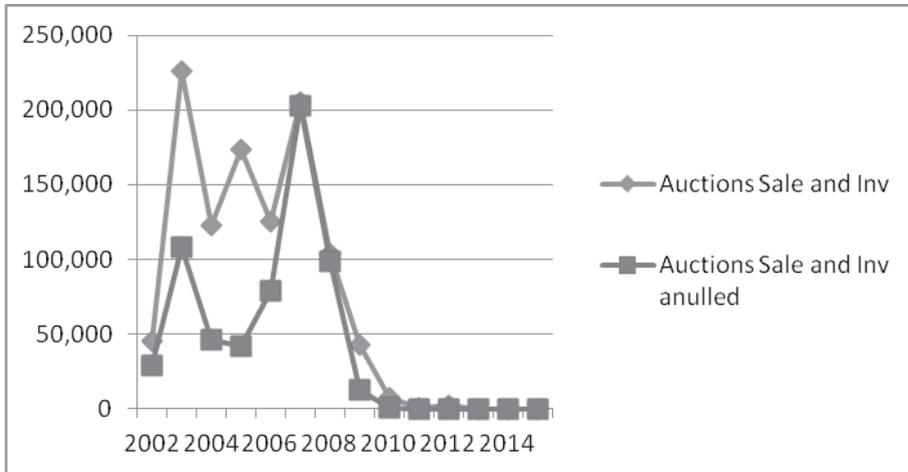


Source: authors' calculations based on Privatization Agency yearly data (2002- 2015).

Privatization through auction throughout the whole 2002-15 period brought in 864 million euro in sales and 193 million euro committed to investment in the privatized firms, a total of 1,057 million euro. However, the total value of annulled auction sales was 530 million euro plus another 89 million in investment committed to the privatized firms, a total of 619 million. This would give a net effect of 437 million. The dynamic and magnitude is changed only slightly by combining the worth of auction sales and investment with the worth of annulled auction sales and designated investment changes, as is shown in Figure 8.

The combined net effect of tenders and auctions would amount to 1,585 million euro during the whole period (2002-2015). This figure, however, should be taken as an indication only, and needs to be significantly modified. It is more indicative than accurate because it is a gross figure, spread over a 15-year period, and does not take into account frontloading, which occurred in terms of both tenders and auctions during the first years of privatization. Also, what is missing in these figures is the value of transactions done through the stock market, which included sale of the stock of companies that had already been privatized under former legislation, the stock of companies that had had their privatizations annulled, and the stock that the state had acquired during the new privatization process.

Figure 8. Auction sales and investment, auction sales and investment annulled (in 000 euro)



Source: authors' calculations based on Privatization Agency yearly data (2002- 2015).

By far the largest amount of stock was sold by the Share Fund that was part of the privatization process, which brought in 549 million euro in revenue. The value of a part of the stock of companies whose privatizations had been annulled amounted to 95 million euro, while the sale of stock of previously privatized firms reached a figure of 78 million euro.

Combining all this, we arrive at 2,300 million euro as an approximate figure for the value of transactions in the privatization process in Serbia up to 2015. This should not be taken as an exact figure because there is no way to tell how much of the value sold in stock was double-counted after some of the privatizations were annulled. Nevertheless, as an approximate figure is an indication of the magnitude of the revenues achieved through the privatization process.

A feature indicating the scope of the privatization is the number of employees that worked in firms that were privatized during the observed period. The official figure is 333,000 employees belonging to firms that were privatized in one of the ways described, including stock market sale.

6. EVALUATION OF RESULTS

The evaluation of privatization results is not a happy task. After the democratic revolution of 2000 both the Serbian government and the public had high expectations of coming out of isolation. It is also clear that there was a widespread illusion (which is still with us today) that most of the firms could easily be put back on track after the years of isolation under sanctions that had left them technologically outdated, depleted in human capital and labour skills, and displaced from former markets. The fact that due to historical events Serbia was a latecomer to transition was not widely perceived as a problem. That vast changes had occurred in other transition economies that experienced the massive wave of foreign investment that came with the fall of centrally planned economies was not seen as a serious challenge.

The general strategy of finding foreign investors for the larger companies, which would bring in new technology, know-how, managerial skills, and a niche in the world market was, in the opinion of the ruling elites, the only way forward, privatization being a means to achieve this end. This has remained the dominant view to this day, in spite of vast changes in the ruling political elites, all of which have openly subsidized foreign direct investment. The subsidies have been criticized at various stages of the political debate (mostly election time), but every government has continued the practice. There appears to be a consensus in this respect, so that the general strategy should not be the field of confrontation. One criticism sometimes made against this approach was that foreign direct investment, including FDI that came in through privatization, was more in the field of services (finance, trade, telecommunications, etc.) than in industry. This, however, was the general trend in the region, and in this regard Serbia was no exception (Estrin and Uvalić 2014).

Very few studies have followed up on the effects of privatization of firms. The methodological obstacles are immense, since the sample is not large and the time span is short, given that privatization took off in 2002 and that the economy was affected by the crisis of 2008. It is therefore extremely difficult to judge the effect on the performance of privatized firms. In a study of privatization effects in industry, Nikolić (2013, 2014) used panel analysis for the period 2002-2007 to assess the impact of privatization on firm performance while excluding the impact of the 2008 crisis. His conclusion was that the prior existing private sector contributed most to value added in the observed period. According to this study, large companies privatized by tender experienced a jump in productivity, but the companies privatized later much less so. This is in line with the assumption

that the best companies were sold first. However, auction sales had little effect on performance. An earlier study (Golberg et al. 2005) also found that generic private firms were more efficient, as were some privatized firms. These studies basically showed what was expected. Privatization of large firms within the first years of privatization led to restructuring, technology transfer, a rise in labour productivity, and a rise in total factor productivity. More to the point, profitable firms or firms with potential were easy to identify and were easy to privatize, achieving relatively quick positive results in terms of efficiency and productivity and probably enhanced profitability at a later stage. This was predictable. Using data from the early years of privatization leads to self-selection, as relatively efficient firms before privatization would become more efficient firms after the process was completed. In fact, that is the reason that there was so much interest in their privatization to begin with.

These efforts at quantitative measurement deserve support, but case studies (Radulović and Dragutinović 2015) or manager surveys (Cerović et al 2015) should provide better results. The failure of a large number of privatizations by tender needs to be explained more thoroughly, since they were by their very nature more transparent and were expected to spearhead the recovery of the Serbian economy. In our view, this topic should be analysed on a case by case basis and should be part of an agenda for future research.

In evaluating the results it is also necessary to observe some of the relationships between the purchase price and the book value, as given in the summary table (Table 1, Appendix). In the privatizations through tender the ratio of purchase price to book value is 1.20. There is not much difference between this ratio and the same ratio calculated for the tenders that were annulled (1.26). In the case of privatization by auction, however, there is a significant difference between successful and unsuccessful privatizations. The ratio is 0.89 for successful and 1.43 for unsuccessful privatizations by auction. Taking tenders and auctions together, the ratio is 1.03; that is, purchase price and book value are almost identical. Stock market sales in the privatization process did not show much variation between privatizations that had been annulled and privatizations that had embarked on the process earlier using the previous models.

Auctions deserve a closer look, not just because of the larger variation in purchase price to book value but also because of the sheer number of auctions that were undertaken. In other studies that we refer to here (Vujačić et al 2014), some of the characteristics of the auctions in the privatization process were analysed both

from the theoretical aspect of the techniques used and by the empirical results and produced certain, albeit tentative, conclusions.

In the vast majority of cases, first-price sealed bid and English auctions were used. The reserve price was set at 80% corrected book value. The majority of companies were sold in English auctions. In 788 out of 1,547 (51%) English auctions, more than one bidder participated.

In 49% of English auctions only one bidder paying the reserve price was present.

It seems obvious to us that in cases in which there was one bidder, the English auction was a bad choice. In these cases it was crucial to determine the optimal reserve price to prevent a huge loss in revenue, one of the major goals set out in the privatization model that was applied. Also, we speculate that in some of these single-bidder auctions collusion among bidders was present, resulting in the absence of competition. In a number of different Serbian privatization auctions the same bidders appear, sometimes as winners and sometimes as losers, while the winning bid is not far from the reserve price. In both of these cases the process should have come under the scrutiny of antitrust agencies, because it is evident that such auctions were not an example of a non-cooperative game. Unequivocally, for these companies first-price auction was clearly a better solution, making a possible cartel agreement unstable. Furthermore, even in cases without collusion, a single bidder would bid higher than the reserve price because he would not know whether there were other competitors in the auction. These auctions did not come under scrutiny because antitrust legislation was put into place at the end of 2005 and the auction mechanism was designed without seriously taking into account the enforcement of competition in the process.

The magnitude of the seller's premium, defined as the ratio of the difference between the highest bid and the reserve price and the reserve price itself, shows that it is positively correlated, as expected, to the number of bidders. In the Serbian privatization process, one bidder was present in 49% of the cases in English auctions, another 18.6% had two bidders, and a further 12.8% three bidders. In other words, in over 80% of the auctions there were three bidders or less and in well over two-thirds of the cases two bidders or less. This is important because more than two bidders opens up the possibility of hybrid auctions probably resulting in a higher price, as hybrid types of auction could have boosted competition.

Although there were, comparatively, many fewer cases of first price auctions, still it is indicative that here too there was only one bidder in over 50% of the cases. The

analysis here boils down to finding the proportion of high asymmetries between bidders in the auction process. The asymmetry between bidders is defined here as the ratio of the difference between the highest bid and second highest bid to the second highest bid itself. Although the sample for first-price auction bidders is small, the results show that there were high asymmetries in 35% of the cases, thus justifying the first-price bid technique.

The conclusion that can be drawn from this is that first-price auctions are a much better technique for the privatization process in the setting of shallow markets from the point of view of the seller's motive of maximizing revenue. The choice of an English auction in the vast majority of cases was not the optimal technique for maximizing revenue and containing the dangers of collusion in the auctioning process. In short, the auction design and monitoring and the ensuring of competitive bidding were neither tailored nor implemented adequately so as to ensure a price that would maximize revenue - one of the major declared goals of the privatization process.

However, the biggest flaw in the institutional design of the auction process had to do with the creation of arbitrage; i.e., dual pricing in the auction process (Vujačić and Petrović-Vujačić 2011). As a result of low demand, individuals and not just legal entities were allowed to participate in the privatization process. Furthermore, individuals were given a privileged position, as they could pay the purchase price in six yearly instalments. Legal entities could not exercise this option. Individual buyers were in reality getting a lower price by being given an implicit credit with a zero interest rate - although their purchase did carry a certain exchange rate risk, as the purchase price was set in euro. This difference in real price created arbitrage, which made the process less transparent and, to an extent, skewed.

Banks issued guarantees to individuals who often acted as proxies for others who wished to remain out of the spotlight or wished to launder money, thus transforming illegal wealth into legal ownership. There were also perfectly legitimate privatizations, based on personal debt taken on by individuals in order to finance management and employee buy-outs. What made this option truly detrimental was that under it the new owners could terminate the process before its completion by simply not meeting the second instalment, or any other, before the final one was due. It seems likely that the bidders' main motive was not the operations and profits of the firm, but its tangible assets and other property. In other words, asset stripping or tunnelling were enabled, since the large scale of the auction process prevented serious and in-depth monitoring of

the operations of firms after privatization. What compounded this problem in the auctions was the fact that shares in the privatized enterprises could be used as collateral for obtaining credit. This enabled individuals to create Ponzi schemes within privatization, in which one firm, bought on delayed payment in six-year instalments, could be used as collateral to obtain credit for purchasing the next firm scheduled for privatization. Further purchases of firms would follow, paying off the debt taken on for previously purchased firms through asset stripping and tunnelling of funds. These schemes were exposed later in cases that involved money laundering of wealth acquired through criminal activity.

This brings us to the issue of money laundering, transparency, the origins of capital, and the new investor class that played a significant role in business activities and the privatization process during the Milošević regime, and was ready to play a part in the new post-Milošević era. After the democratic revolution only the Đinđić government tried to address the issue of the individuals who had enriched themselves during the 1990s under sanctions and during the general devastation of the Serbian economy. The new government tried to deal with the issue head on by levying a one-off ‘extra-profit’ tax on their wealth. This was intended to bring some revenue to the government and to demonstrate that the newly enriched would have to at least partly compensate the public for what was perceived as a privileged position in the former destructive regime. Most importantly, this tax would clear the slate for all those that were not involved in criminal activity and would make them legitimate investors in the process of privatization in the new model, thus clearing the names of the so-called ‘tycoons’ and enabling them to engage in economic activity. Since foreign capital would be neither sufficient nor desirable as the only actor in privatization, this proposal was seen as a pragmatic move. Unfortunately, for a number of reasons, mostly political and coming from many sides of the political spectrum, from governing institutions, and from wealthy individuals, this proposal was sidelined and scuttled. The failure to address this issue left Serbia with a controversial legacy concerning local businessmen, which spilled over into the privatization process. This legacy is still present today and manifests itself in the treatment of local businesspeople as either ‘entrepreneurs’ or ‘tycoons’, depending on the political actors at election time. The lack of an enforceable law on the financing of political parties has formed a deep suspicion in the public at large of a strong association between the business and political elites that translates into corruption and influence on legislation. This has recently, as of 2012, led to a political backlash, with the current government prosecuting ‘tycoons’ under dubious charges to gain political popularity and support. This swing of the pendulum can be easily explained. The consequences can, however, be dire, in the sense of making the

domestic entrepreneurial class risk-averse and extremely reluctant to invest, due to the permanent public government campaign against domestic big business while simultaneously strongly supporting foreign direct investment. This approach cannot bring about a calmer and sounder business climate.

Worse still, the issue of money laundering connected to criminal activity was not dealt with before the first privatizations were underway. The Đinđić government had come up with a proposal for the introduction of a Special Prosecutor for organized crime. Related to economic issues, the proposal included expropriation of assets and property acquired through criminal activity. The assassination of Đinđić postponed this legislation, and in the meantime money laundering entered the privatization process and was not adequately dealt with. The lack of control in this area enabled individuals widely suspected of criminal activity to purchase firms in the privatization process in order to launder money earned in, among other things, the international narcotics trade. It goes without saying that the uncovering of some of these cases of money laundering in privatization led to a deepening of public resentment concerning the privatization process itself. The most prominent case is that of Darko Šarić, facing trial for drug smuggling and money laundering. He is suspected of laundering an estimated 20 million euro, mostly through privatizations (Dojčinović S. 2014, *Dnevnik* 2014). Since this is merely the case of one criminal group, it is reasonable to assume that the total money laundering figure connected to privatization is much larger. Given the prolonged trials, many of these firms may end up in bankruptcy due to lack of managerial motivation.

Finally, due to lack of broader considerations and the complexity of dealing with certain issues, two very important issues that needed to be addressed institutionally were neglected.

The first is that of restitution, on which we will not dwell at length. Suffice it to say that the neglect of this issue manifested itself in a low percentage of privatization revenue (5%) being ascribed to the Restitution Fund. Furthermore, the neglect of working on this law for years, or until the very moment when it became a condition for moving the accession of Serbia to European Union membership forward, has led to deficiencies in the law. For our purposes, without going into the inequities of the model, suffice it to say that more attention would have been paid to the funds and the fiscal side of restitution had the issue been addressed earlier.

The second issue is much more important and has fundamentally affected the privatization process. This is the problem of land use and ownership. The inherited system had given land use rights to firms, meaning that urban land was the property of the state, delegated for management to cities or local government. Leaving aside the fact that it is also linked to restitution, the privatization model should have provided some type of legal solution to this issue. The failure to do so allowed motives totally unrelated to business plans to enter the privatization process.

During the communist period, in spite of the self-managed socialist market economy, land rent was not explicitly recognized. Since there was no market for urban land or urban land use, in the early years of industrialization a number of factories were either built or put back into operation after nationalization in locations of prime urban land. However, the very fact that this made no sense or that companies did not have ownership of the land at their locations does not justify that this property was not part of the firms' valuation. The neglect of this issue to this day shows not only that this is a complex issue that might involve restitution, but that in a number of instances this introduced real estate acquisition motives that were unrelated to long term business plans or the potential profitability of firms. Potential owners could dislocate a factory, turn the former premises into a real estate housing project, and compensate the full purchase price of the factory including the cost of its dislocation.

The fact that real estate development was the ultimate goal in some privatizations and regulation of this privatization issue was neglected paved the way for corruption in obtaining building permits and urban planning, encouraging dealing in insider information. Data on such cases is not easy to come by, but it would be interesting to incorporate it in a future research agenda. At the very least, a hypothesis can be developed regarding this aspect of the privatization process in Serbia. For example (see Table 1), looking at the purchasing price to book value ratio, it does look strange that it stands at 1.43 for the annulled auctions and at only 0.89 for the auctions that were not annulled. This supports the hypothesis that the higher bids were the result of motives related to real estate (office space use) or other tangible assets. It would also be interesting to find out the reasons for annulments on a case-by-case basis.

Searching through the Privatization Agency database we found that 40% of annulled privatizations were due to the failure of the new owners to meet instalment payment schedules. This can be judged a major failure of the auction model implementation design. However, given the backlash in public opinion

concerning the mass failure of privatizations through auction, the Privatization Agency reacted by annulling another 25% of privatizations undertaken through auctions. The rationale was that the new owners had not kept the level of core activity as envisaged in the terms of the privatization model, or had changed the core activity. In some cases the Privatization Agency acted too harshly, as it should have left some space for market adjustments in changing circumstances.

Finally, stock market sales of shares (see Table 1) were very successful for firms that were privatized early on (90%). This was to be expected. However, the purchase price to book value was lower than in the sale of firms with previously annulled contracts. This is a surprising result and gives reason to suspect that, at least, share price manipulation was present. Given the shallow stock market, this would not have been difficult.

For reasons of space, we will not go into the possibilities of recapitalization through in-kind investment. This opened the possibility of appraised second-hand equipment delivering an extra number of shares to the new owners and diluting the ownership of minority equity owners, whose rights were practically left unprotected.

Here, in our opinion, lie some of the major reasons for the perception by the public at large that the whole process of privatization was predatory and unfair. This perception was augmented by the fact that the privatization process was unsuccessful, given the vast number of annulled auctions. We have already estimated the net effect of the privatization process in value terms. Suffice it to say that, when looking at sheer numbers, we come to the conclusion that approximately one in three auction privatizations failed.

7. THE LAST ROUND OF SERBIAN PRIVATIZATION

In 2014 a new Law on Privatization was passed in order to complete the process. Some 526 firms employing around 92,000 people and consisting of firms that were originally put under restructuring, firms in which privatizations were annulled, and specific entities that had not undergone the process of privatization like local media and spas were to be privatized in close to a year's time.

According to the new law, besides sale of capital and assets, the government can directly look for strategic partners for these firms and can transfer capital free of charge to employees or strategic partners. The methods to be used are public

gathering of bids and public bidding, with the price reaching one half of the estimated value for the first bidding process, and one third of the estimated value for the second bidding process if the first one fails. The alternative method in the case of strategic investors showing an interest is for the government to announce a public gathering of bids and to decide on them. In spite of the government's first statements saying that there was a lot of interest in a many of these enterprises, it turned out that few serious investors showed any interest in the listed firms.

The process, which was supposed to commence in earnest in June 2015, has already been amended, in the sense that a group of 17 companies (21,000 employees) and 10 spas have been given special status for a year, postponing debts (frozen debt claims regime) for a year and thus continuing the restructuring process for that period of time. These companies have an outstanding debt to the broadly defined government of Serbia of close to 1.2 billion euro and almost an identical sum to private creditors. The value of the assets of these firms is less than 2 billion euro, leaving them with a negative value of over 400 million. It is probable that the government would write off some or all of its claims if a genuine strategic partner appeared.

It is difficult to see how it could also take on the private debt without a serious deterioration of the public finances that it is struggling to consolidate. The largest 50 firms that are due to go into the last round of privatization have outstanding debt to the state of 2 billion euro (which will obviously be written off) and another 2 billion euro of debt to the private sector that will not be written off. The other group, whose privatization has been postponed, consists of 10 spas that are to be privatized by the year's end.¹

Starting in June 2015, a solution was to be found for an extra 338 firms with close to 19,000 employees. However, a certain number of firms were exempt from this group for various reasons. These exceptions make sense, as the businesses belong to very specific categories. They include 18 companies in Kosovo, which has a disputed status and will be part of political talks in Brussels, mediated by the EU. Another group consists of 24 water supply companies that have been entrusted to the state-run company Srbijavode, which is in charge of regulating water supply (irrigation, flood control, etc.) at the national level. Another 23 veterinary

¹ The figures quoted in this section are compiled from Ministry of the Economy press conferences and press releases and the newspaper *Politika*, May 21 2015, p.12 and May 22, 2015, p10.

stations have been transferred to municipalities, thus continuing to function as state-owned enterprises at the local level.

The remaining group of 189 companies mostly consists of companies that ceased operating a long time ago, with 5,000 employees. Some 60 of these went into outright bankruptcy: the rest were privatized. Another 72 local media organisations with some 2,500 employees were privatized in 2015.

This leaves 143 enterprises with a total of around 65,000 employees, including the aforementioned 17 large companies that have been exempted from the current process for a year and the 10 spas.

The way this final round of privatization is being handled shows that there are serious political constraints and that the easiest steps in terms of potential political fallout are to be taken first. In other words, the political cost in terms of unemployment will be lowest in the beginning. At this point, a social programme of 200 euro per year of employment in the company is offered as severance pay to those that opt for this solution, or to all affected in the case of bankruptcy. All in all, the expected results will be bankruptcy for the majority of the firms in the last round, and another 40,000 unemployed people.

The immediate consequences will be further pressure on the fiscal side that will be postponed through a loan from the World Bank. The extra pressure in fiscal terms might come through the transfer of redundant employees into retirement, with further extra expenses not just for social security but also for social welfare due to impoverishment. Finally, this last round of privatization will add to the general negative perception of privatization per se, since it will not only add to the failure rate in terms of state revenue but will also raise unemployment significantly in the short term.

8. CONCLUSIONS

The privatization process in Serbia was undertaken under the specific conditions of being a latecomer to transition with an economy devastated by almost a decade of sanctions and an infrastructure badly damaged through the 1999 bombing by NATO. The democratic revolution that brought regime change made an effort to alter and accelerate the privatization process. It did so, however, under difficult economic and political constraints. Nevertheless, institutional failures, including the shift to corrected book value, English auctions, and introducing arbitrage

and credit for physical persons, led to poor overall results. The fact that money laundering was not controlled and auctions were not monitored added to the general public aversion to privatization. Finally, neglecting to address the issue of land use and land ownership further skewed the process by introducing real estate motives that should not have been present in the privatization process. Real estate and land development becoming a central motive in some privatizations led to corruption in urban planning, and strengthened the belief that wealthy businessmen and politicians were beneficiaries of the privatization process at the expense of the public. The fact that a large number of privatizations were annulled and that there was asset stripping and tunnelling in the meantime, leaving companies as empty shells, only cemented this perception.

The large number of annulments created a pool of companies that needed to undergo privatization again. To this must be added the overwhelming majority of the 75 enterprises left for restructuring before being subjected to the privatization process. In fact, little was done in terms of restructuring, thus creating a long-term subsidy to these firms, which were mostly suffering losses. As time went by the chances of restructuring these firms diminished. The last round of privatization aims to complete the process that began fifteen years ago. At this point, most of the companies cannot be revitalized. Chances are that most of them could not have been turned into profit-making enterprises at any point in time. The expectation is that the vast majority will end in bankruptcy proceedings. Such an outcome will only augment the general resentment of the public towards the privatization process

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APPENDIX

Table 1.

Cumulative	No. of public offerings	Sum offered	% of success	Sold or/annulled	Number. employed	000 euro Book value (B)	000 euro Purchase price (P)	P/B	000 euro Investment
Sum 2002-2015									
Tenders (T)	304	220	37%	81	63 738	827 952	990 461	1.20	846 622
Tenders –annulled				49	35 412	500 189	631 019	1.26	334 785
Auctions (A)	4.071	2462	62%	1.519	127 259	971 709	862 954	0.89	193 294
Auctions- annulled				639	50 147	370 426	529 601	1.43	89 077
Tenders + Auctions (T +A)	4.375	2.682	60%	1.600	190 997	1 799 661	1853 415	1.03	1 039 916
Stock market(SM)		674	86%	583	120 774	531 413	549 032	1.03	5.902
Stock Mkt. previously annulled contracts (SMa)		283	64%	180	21 272	85 133	95 049	1.12	0
Stock Mkt. previously privatized (SMp)		1.135	90%	1021	85 994	74 149	78 484	1.06	0
Total T+A+SM+SMa+SMp		3 639	65%	2 363	333 042	2 490 356	2 575 980	1.03	1. 045 818

Source: Privatization Agency of the Republic of Serbia

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Sum 2002-2015	Investment In 000 euro I		Social Programme in 000 euro SP	I/B	S/B
Tenders (T)	846 622		276 956	1.02	0.33
Tenders –annulled	334 785		1 775	0.67	0.00
Auctions (A)	193 294			0.20	
Auctions- annulled	89 077			0.24	
Tenders + Auctions (T +A)	1039 916		276 956	0.58	0.15
Stock Market (SM)	5 902		0	0.01	
Stock mkt. previously annulled contracts (SMa)	0		0	0.00	
Stock mkt. previously privatized (SMp)	0		0	0.00	
TOTAL T+A+SM+Sma+SMp	1 045 818		276.689	0.42	0.11

Received: March 01, 2016

Accepted: May 05, 2016

