From the Era of State Control to the Era of Liberalization in Europe: Is this a Possible Solution for the Greek Problem?

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Abstract

The aim of this paper is twofold. In the first stage we present how the European economy has been shifted from a statehood economy where most sectors were under state control to a liberalized economy. It is true that liberalization has been one of the most wealth mentioning events that took place in late 1990s onwards, within the framework of the so-called globalization era. In the second stage of our paper we investigate the causes of this process, and we summarize the advantages and disadvantages of liberalization and privatization at the country level. Furthermore, we present the most important privatizations in the European states and the effects of privatization at the macro and microeconomic level. Last but not least, we will represent the turn of the Greek economy from the state control to liberalization and privatizations and discuss whether this policy can be the exit of the country from the economic crisis.

Keywords: Privatization, Liberalization, State Control, investments, globalization, GATT-GATS
JEL Nr.: L32, L33

I. Introduction

After the World War II, statehood had prevailed in the wider area of Europe[1]. This was the result of the war as investors were afraid of another financial disaster. Preparing to rebuild the international economic system while World War II was still raging, 730 delegates from all 44 Allied nations gathered at the Bretton Woods, New Hampshire, United States, for the Bretton Woods Conference. The result after the United Nations Monetary and Financial Conference was the founding of the International Monetary Fund (IMF), the World Bank (WB) and the General Agreement on Tariffs and Trade known as GATT.[2] The purpose of GATT was to promote international trade with substantial reduction of tariffs and other trade barriers and the elimination of preferences, on a reciprocal and mutually advantageous basis. General Agreement on Tariffs and Trade was signed by 23 nations in Geneva

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1 Barry Eichengreen (2006),"The European Economy since 1945: Coordinated Capitalism and Beyond"

2 Brookings Institution, "The WTO and GATT: A Principled History"

on October 30, 1947, it remained in effect and held total 9 rounds until the signature by 123 nations on April 1994 of the Uruguay Round Agreement, which established the World Trade Organization (WTO) on 1 January 1995. The broad mandate of the Uruguay Round had been to extend GATT trade rules to areas previously exempted as too difficult to liberalize (agriculture, textiles) and increasingly important new areas previously not included (trade in services, intellectual property, investment policy trade distortions). The main objectives of the Uruguay Round were: to reduce agricultural subsidies, to lift restrictions on foreign investment, and to begin the process of opening trade in services like banking and insurance to include protection of intellectual property.[3] Yet, the most important decision taken by the Uruguay Round was that for the first time services were incorporated into the trade.Things have gradually improved following the implementation of the agreements as domestic and international trade has developed.

II. Literature Review

Ben Zissimos et al. (2006) aims to investigatehow the institutional rules imposed on its signatories by the GATT created a strategic incentive for countries to liberalize gradually. Ben Zissimos supports the idea that trade liberalization must be gradual, and free trade can never be achieved, if punishment for deviation from an agreement is limited to a 'withdrawal of equivalent concessions' and if initial deviation from an agreement is also limited. The paper shows how countries have an incentive to deviate in a limited way when operating under GATT dispute settlement procedures.

Narjess Boubakri et al. (2014) investigates the decisions of governments to resort to gradual, staggered sales that result in full privatization. Using the Cox proportional hazard model, she finds that full privatization is a slower process in collectivist societies and when political constraints and employment protection laws are more stringent. Finally, she documents a positive effect of full privatization on firm outcomes (namely, risk-taking, efficiency, profitability, and growth), supporting previous theoretical and empirical arguments that full relinquishment of control and ownership is required in order to change firms' objectives.

Maria Th. Kasselaki, Athanasios O. Tagkalakis et al (2016) investigates the effects of fiscal policy on private non-residential investment and output in Greece. They investigate the role of financial markets and economic sentiment in the transmission of fiscal policy shocks. They support that a government spending-based fiscal consolidation improves financial markets and boosts economic sentiment and this in turn mitigates the direct negative effects of fiscal consolidation on private investment and output leading to a more rapid recovery.

III. Globalization leads to Liberalization and Privatization.

The liberalization of international trade, the encouragement of foreign direct investments, the deregulation and privatization of former state monopolies industries and the increasingly decreasing cost of production due to technological developments

[3] Overseas Development Institute (1987), "The GATT Uruguay Round"

in electronic communications and transportation but also in labor market, resulted to the quickness of globalization. The phenomenon of globalization can be described as the interdependence and integration of global economy to enhance the worldwide exchange of capital, goods, and services.[4]The development of globalization had several positive results such as: the increase of international trade, the financial integration, the exchange of technologies, the worldwide employment opportunities and last but not least the facility of multinationals to build factories in other – cheaper - countries. The internationalization of business which resulted in a significant economic growth could be possible only with a multilateral agreement for the reduction or/and the removal of barriers between national borders in order to facilitate the flow of goods, capital, services and labor.[5] As the investors were feeling safe again after WWII, the pace of globalization was quicken, and the policy of statehood started to recede. A new plan started to fly in the air of Europe. This plan had in the centre, liberalizations and privatizations.

At this point, a distinction has to be made between the terms of privatization and liberalization. Privatization is the transfer of control of ownership of economic resources from the public sector to the private sector. It means a decline in the role of the public sector, as there is a shift in the property rights from the state to private ownership. The public sector had been experiencing various problems, since planning, such as low efficiency and profitability, mounting losses, excessive political interference, lack of autonomy, labor problems and delays in completion of projects. Another term for privatization is Disinvestment. The objectives of disinvestment were to raise resources through sale of PSUs (Public Sector Undertaking) to be directed towards social welfare expenditures, raising efficiency of PSUs through increased competition, increasing consumer satisfaction with better quality goods and services, upgrading technology and most importantly removing political interference.

On the other hand, liberalization is the elimination of state control over economic activities. It implies greater autonomy to the business enterprises in decision-making and removal of government interference. It was believed that the market forces of demand and supply would automatically operate to bring about greater efficiency and the economy would recover. This was to be done internally by introducing reforms in the real and financial sectors of the economy and externally by relaxing state control on foreign investments and trade.[6]

From 1st January 1998 European Union after the commitments taken under the WTO Agreement requires the liberalization of services such as telecommunications. European Union did not impose from state-members the policy of privatization but only the policy of liberalization. Privatizations arise from the weakness of state-owned mechanism and state owned enterprises to compete with private firms.

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[4] Albrow, M., & King, E. (1990). "Globalization, Knowledge and Society." Sage Publications, London.

[5] Josph Nye & John Donahue (2000), "Globalization of the Economy", National Bureau of Economic Research

[6] RomainWacziarg& Karen Horn Welch (2003), "Trade Liberalization and growth: New Evidence", National Bureau of Economic Research.

The idea that private ownership has advantages over public ownership in terms of being inherently more efficient, as well as that it induces a better public sector financial health, is not new. In 1776, Adam Smith wrote: "In every great monarchy in Europe the sale of the crown lands would produce a very large sum of money which, if applied to the payments of the public debts, would deliver from mortgage much greater revenue than any which those lands have ever afforded to the crown. When the crown lands had be- come private property, they would, in the course of a few years, become well improved and well cultivated" (Smith, A. 1776, p. 824).

From a microeconomic scope, it has been theoretically established that, under conditions of perfect competition, absence of information problems, and complete contracts, ownership does not matter; someone would observe the same performance of firms regardless their ownership structure.[7]

Under non-competitive conditions –characterized by decreasing aver- age costs in the relevant range of demand within the specific market– the existence of more than one firm is not justified on efficiency grounds. The possibility of exploitation of monopoly power by a private owner created the need for public ownership in those "natural monopoly" sectors. The argument in favor of public ownership represented several well-known scholars (Shleifer 1998).

The market failure argument, and the perspective that the government takes into consideration social marginal costs, has been called the social view. The formal analysis of information problems and contract incompleteness, and thus the role of incentives in promoting efficiency within the firm, has shown that efficiency losses involved in public ownership are non-negligible. In many cases, they are higher than the gains that can be obtained by solving a market failure problem. This is especially so as the scope of competition becomes larger when the size of the market increases, the economy is open to interna- tional trade, and technology develops. Thus, the weakening of the market fail- ure argument and the evidence in favor of the relevance of the other two conditions –asymmetries in information and market incompleteness– gave rise to a re-thinking of the original views in favor of public ownership.

In relatively competitive markets, the advantages of public ownership were put in doubt. In non-competitive sectors, however, the natural monopoly argument cannot be abandoned as a justification of public ownership without solving one important policy question: how to deal with the possibility of exploitation of market power by private owners. Natural monopoly is a type of monopoly that exists as a result of the high fixed costs or startup costs of operating a business in a specific industry.[8]In this regard, the evolution in the theoretical work on regulatory mechanisms and their properties, functioning as a second- best solution to the above problem, showed that there was an alternative to public ownership.

The macroeconomic effects of privatization programs are more difficult to evaluate. Given the level of aggregation, it is difficult to isolate the effect of

[7] EytanSheshinski& Luis F. Lopez Calva (2003), "Privatization and Its Benefits: Theory and Evidence", CESifo Economic Studies, Vol. 49, 3/2003,429-459

[8] www.investopedia.com

privatization on variables like GDP growth, employment level, and fiscal deficit, because of the diversity of events taking place at the same time.[9]

Table 1: Privatization proceeds as percentage of GDP in EU countries (1989-2008).

	Privatization Ranking	**Averages**			
		1989-93	**1993-98**	**1999-03**	**2004-08**
Portugal	1	1,4061	2,6910	1,3376	0,6444
Czech Republic	2	1,1417	1,0701	2,5761	0,9155
Hungary	3	0,6406	2,8346	0,4436	1,2821
Slovak Republic	4	0,1249	0,5596	3,8876	0,4165
Finland	5	0,2823	0,9615	1,5223	1,1551
Poland	6	0,6189	0,7169	1,4081	0,4595
Greece	7	0,2354	0,5419	1,1877	0,9443
Sweden	8	0,1042	0,6355	0,8901	1,1300
Italy	9	0,1617	0,9852	1,0044	0,4628
France	10	0,1469	0,4933	0,2334	0,9980
Ireland	11	0,2658	0,1356	1,1605	0,1762
Spain	12	0,1963	1,2065	0,2713	0,0400
Austria	13	0,1119	0,7881	0,4555	0,2921
Netherlands	14	0,1462	0,4546	0,5593	0,4066
United Kingdom	15	0,8945	0,4076	0,0942	0,1016
Germany	16	0,0724	0,2617	0,3919	0,3220
Denmark	17	0,0148	0,7932	0,0249	0,1178
Belgium	18	0,1416	0,3038	0,0000	0,1836
Note: Privatization proceeds refers to the monetary value of all transactions whereby state-owned entrprices (SOEs) are partly or completely privatized. The ranking refers to the highest 1989-2008 averages in descending order, EU countries comprise the current member states, excluding the Baltic States, Malta, Cyprus, Bulgaria, Rumania, Luxemburg and Slovenia.					

Source: Privatization Barometer (2010) for proceeds; World databank (2010) for GDP.[10][11]

IV. Methods and Forms

The transfer of a public enterprise to individuals can be done mainly in the following ways:[12]

- **Share ownership**:

  Sharing is considered an initial step for the full privatization of the public enterprise. If no more than 51% of its shares are transferred to individuals, then the government continues to own and run the business that is essentially in the public sector as a joint venture. In the case of a public company's shareholding, the state holds shares held by the public in a public offering. Depending on the percentage of the total number of shares available to the public, the extent of the substantial transfer of the business to the private sector is also considered. If this

[9] EytanSheshinski& Luis F. Lopez Calva (2003), "Privatization and Its Benefits: Theory and Evidence", CESifo Economic Studies, Vol. 49, 3/2003,429-459

[10] Jasinski, P. and G. Yarrow (1996), Privatization: Critical Perspectives on the World Economy, vol. 1, Routledge, London.

[11] OECD (2007), "Lack of Proportionality Between Ownership and Control: Overview and Issues for Discussion, OECD Publishing , Paris.

[12] Klaus M. Schmidt & Monika Schnitzer (1977), "Methods of Privatizations: Auctions, Bargaining and Giveaways"

percentage is below 50%, then the only objective achieved is to strengthen the state budget, to partially disperse stocks and to raise capital resources from the savings and the private sector.

- **Liquidation:**

  If it is not possible to sell the shares, it may be possible to choose to sell a partial or total asset (liquidation) of a public company by auction or auction or direct trading with specific investors.

- **Restructuring:**

  If a public undertaking involves a variety of activities and as a whole it is not easy to find the appropriate buyer or the public considers that certain activities are to be held by it, it is appropriate to transfer parts of this business to private investors. This process facilitates the sale (total or partial) of the business and strengthens competition for certain activities, even in the form of holding companies, with the creation of several subsidiaries.

- **Leasing:**

  If the full privatization of a public enterprise is not feasible or desirable, it is possible to choose the asset-leasing method, or the administration, which ensures for a predetermined period of time technology (machinery and tools) and methods of private sector management.

V. The Privatization Debate

As all ideas have their supporters and those who criticize and disagree with them, the same is done with the idea of privatization. To date, there is a vast literature in microeconomics that addresses the question of why ownership matters.[13]

At this stage of analysis we represent the positive and negative effects of privatization in economy. According to privatization's supporters, the change of ownership between the state and the private sector has a lot of advantages.[14]

First of all with privatization there is an improvement in efficiency with the meaning that private companies have a profit incentive to cut costs and be more efficient. If you work for a government run industry, managers do not usually share in any profits. However, a private firm is interested in making a profit, and so it is more likely to cut costs and be efficient. Since privatization, companies such as BT, and British Airways have shown degrees of improved efficiency and higher profitability.

Secondly, the supporters of privatizations have argued that with privatization taxpayers save money. By applying a variety of privatization techniques to state services, infrastructure, facilities, enterprises, and land, comprehensive state privatization programs can reduce program costs. Over 100 studies have documented cost savings from contracting out services to the private sector. Cost savings vary but

[13] See, for example, Kay and Thompson (1986); Vickers and Yarrow (1989); Stiglitz (1991); Yarrow (1992); Laffont and Tirole (1993, ch. 17); Willig (1993); Galalet. al. (1994); Tirole (1994); World Bank (1995); McLindon (1996); Shleifer and Vishny (1996); Schmidt (1990, 1996); Perotti and Guney (1993); Hart, Shleifer and Vishny (1997); Shleifer (1998); and Nellis (1997).

[14] V Dirnfeld (1996), "The Benefits of Privatization", CMAJ, 1996 Aug 15; 155(4): 407-410

average between 20 and 40 percent, depending on the service. For some services, such as prison construction and operation, savings are generally less, while for others, such as asphalt resurfacing, savings are often greater. Competitive bidding whenever possible and careful government oversight is crucial to sustained cost savings.

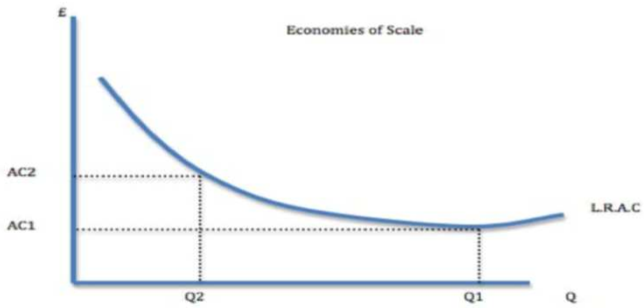
Thirdly, privatization improves service quality. A number of surveys have indicated that public officials believed service quality was better after privatization. In a survey of 89 municipalities conducted in 1980, for example, 63 percent of public officials responding reported better services as a result of contracting out. If competitive bidding is instituted for a service, service quality can improve even if the service is retained in-house. The reason is simple: competition induces in-house and private service providers to provide quality services in order to keep complaints down and keep the contract. Service quality is not assured, however, by privatization. Contracts must be well designed with performance standards that create incentives for high quality service.

Moreover, with privatizations Government will raise revenue from the sale. Selling state owned assets to the private sector raised significant sums for the UK government in the 1980s. However, this is a one off benefit. It also means we lose out on future dividends from the profits of public companies.

Lastly, private companies are combined from Shareholders. It is argued that a private firm has pressure from shareholders to perform efficiently. If the firm is inefficient then the firm could be subject to a takeover. A state owned firm doesn't have this pressure and so it is easier for them to be inefficient. On the other hand, a lot of opponents have argued that privatization is something bad for the state, for the individuals and general for economy.[15]

It is argued that privatizations lead to the creation of natural monopolies. A natural monopoly occurs when the most efficient number of firms in an industry is one. For example, tap water has very significant fixed costs. Therefore there is no scope for having competition amongst several firms. Therefore, in this case, privatization would just create a private monopoly which might seek to set higher prices which exploit consumers. Therefore it is better to have a public monopoly rather than a private monopoly, which can exploit the consumer.

Graph 1: Economies of Scale.



Source: "Macroeconomics 8th Edition", Abel, Bernanke, Croushore (2013)[16]

[15] Joseph E. Stiglitz (1993), "Some Theoretical Aspects of the Privatization: Applications to Eastern Europe.", Privatization Processes in Eastern Europe pp. 179-204.

[16] Abel, Bernanke, Croushore (2013), "Macroeconomics", Pearson.

Moreover, there are many industries, which perform an important public service, e.g., health care, education and public transport. In these industries, the profit motive shouldn't be the primary objective of firms and the industry. For example, in the case of health care, it is feared privatizing health care would mean a greater priority is given to profit rather than patient care. Also, in an industry like health care, arguably we don't need a profit motive to improve standards. When doctors treat patients, they are unlikely to try harder if they get a bonus.

Furthermore, it is said that government loses out on a potential dividends. Many of the privatized companies in the UK, for example are quite profitable. This means the government misses out on their dividends, instead going to wealthy shareholders.

Moreover, with privatization,it's creating a problem of regulating private monopolies.Privatization creates private monopolies, such as the water companies and rail companies. These need regulating to prevent abuse of monopoly power. Therefore, there is still need for government regulation, similar to under state ownership.

Finally, as well as the government being motivated by short-term pressures, this is something private firms may do as well. To please shareholders they may seek to increase short term profits and avoid investing in long term projects. For example, the UK is suffering from a lack of investment in new energy sources; the privatized companies are trying to make use of existing plants rather than invest in new ones.

Table 2. Pros and Cons between Privatization.

Privatization		
	Advantages	**Disadvantages**
1.	Improved Efficiency	Natural Monopoly
2.	Save taxpayers money	Public Interest
3.	Improves Service Quality	Government loses out on potential dividends
4.	Government will raise revenue from the sale	Problem of regulating private monopolies
5.	Shareholders	Short-termism of firms

Source: Mackinac Center For Public Policy.[17]

VI. The Greek Situation.

After a failed effort in 1999, in 2002 Greece managed its target and became a member state of the European Union. Shortly after its accession to the single currency, Greece enjoyed a growth period of 2001-2007. However, in 2008 Greece is affected, like many other European Union countries, by the economic collapse, but especially Greece was very difficult to get out of this recession. The Greek sovereign debt crisis, launched at the end of 2009, was the first of the five sovereign debt crises in the Eurozone. At the end of 2009, fears were raised about Greece's ability to meet its debt obligations. This led to a crisis of confidence, for which reason the markets were lent at very high interest rates which made it impossible for the country to borrow. Thus, Greece was forced to participate in the IMF rescue package in co-operation with the ECB, offering liquidity

[17] Mackinac Center For Public Policy

at lower interest rates than the market, subject to the application of the measures set out in the memoranda.[18]

Privatizations are an integral part of the country's rescue program and have remained in the forefront since the beginning of the financial crisis. Despite the many efforts, the real effect, both in terms of finalized offers and raised funds, is much lower than initial expectations. The forced privatization process, the lack of supportive reforms and the socio-economic situation in Greece have played an important role in moderate results. However, even in the most recent agreement between the country and creditors, privatizations remain an integral part of the deal.

The privatizations in Greece started to become reality unfortunately when signed the 1st and 2nd Memorandum of Understanding.[19] Especially, The need for privatization and the proposed roadmap for their implementation has fueled a long-standing debate in Greece, with no obvious end to the spectacle. During 1980, privatization was a "taboo" word for politicians who drew their attention to what the expansion of the state's economy was, to the nationalization of businesses facing severe financial difficulties. The first tentative steps towards partial privatization were taken during the 1990s. However, in most of these cases, the government retained the majority of the shares and played a vital role in management, resulting in ineffective efforts. According to Royal College, Professor of Economics at University College of London, a shift to real privatization and sale of public property was put into effect in Memorandum of Understanding I & II between Greece and its creditors. In her presentation on behalf of the National Bank of Greece, Skreta argues that privatizations are a basic prerequisite for bailouts in Greece and, in response, the Greek government formed HRADF- (Public Property Development Fund for the State). The original target was for the fund to raise € 50 billion by 2019, however, it has been repeatedly reviewed and reduced to comply with market assessments. According to Deutsche Bank and analyst Dieter Bräuninger, TAIPED was founded to implement the previous plan effectively and without political influence. However, this was not always the problem, as government officials largely influenced the management committee. In addition, the legal framework puts considerable barriers to the privatization process, and government officials have created additional "bureaucracy" instead of removing it. TAIPED is an institution governed by private law and not by public law. The Fund's Management Board includes a representative of the Eurogroup and a European Commission representative, each with the right of observer. All the assets that the government intends to sell, develop or liquidate are gradually transferred to the cashier. Despite these rules and unlike the original intention, the Fund was not always able to withstand political influence. At the end of January 2015, the elected government under the Leftist Prime Minister Alexis Tsipras not only put all the major privatization plans on ice, but also the Court of First Instance extradited the Greeks from the members of the Fund's Board of Trustees. Thus, the privatization process was slow and yielded only a fraction of 50 billion euros. According to the latest TAIPED report released in December 2014, the total volume of

[18] European Economy (2010), Occasional Papers, European Comission.

[19] The Economic Adjustment Programme For Greece(2010), European Commission.

privatization receipts amounted to EUR 7.7 billion. However, only 3.1 billion euros has actually been received so far, more than half of this amount in 2011.[20] In 2012, revenue was negligible, while in 2013 and 2014 it amounted to 1.05 billion euros and 0.65 billion Euro, respectively. According to TAIPED, the major privatization deal in 2012 and 2013 was the sale of OPAP SA, the former state gaming monopoly and the expansion for other gaming licenses. Total revenues amounted to more than € 1.7 billion, while another € 770 million came from the sale of state lotteries. Based on this date, the lion's share of privatizations revenues from the gaming sector, with another € 381 million coming from the renewal of mobile telephony licenses. The majority of the remaining revenues contributed to the sale of real estate in Greece and abroad.

Moreover, in the current situation in Greece and in the 3rd Memorandum of Understanding[21], privatizations remain an important element of the agreement. What has changed significantly, however, is the executive structure, as goals now have to be achieved through a new 50 billion Euro at the fund. Deutsche Bank argues that privatization in Greece has played a prominent role in restoring confidence in the government and sustainability of the country's debt. Privatization is therefore an important element in the agreement between the Greek government and the Heads of State or Government of the other Eurozone countries reached at the Brussels summit of 13 July. The agreement provides for the Greek authorities to "develop a major privatization program with improved governance" and that "valuable Greek assets will be transferred to an independent fund that will turn assets into privatization by means of privatization and other means." The parties involved are seeking 50 billion euros of privatization revenue. From the 50 billion, half will be used to recapitalize the Greek banks, another 12.5 billion, to repay part of the public debt and the remaining 12.5 billion, to stimulate the Greek economy. According to the agreement, the fund should be based in Greece, staffed by Greek officials and overseen by the institutions, and especially by the European Commission.

Table 3: Ranking EU Countries by Total Privatization Revenues, 2014 and 2015 (through August).

2014 Country:	#Deals	Value (Euro mil.)	Value ($ mil.)	January-August 2015 Country:	#Deals	Value Euro (mil.)	Value USD (mil.)
United Kingdom	20	12,987	14,812	United Kingdom	8	12,116	13,818
Spain	13	11,336	12,929	Sweden	2	7,673	8,751
Greece	5	9,643	10,998	Italy	3	6,185	7,053
Italy	9	5,467	6,235	Spain	2	4,582	5,225
France	19	5,448	6,213	Germany	2	2,555	2,914
Finland	6	4,194	4,783	France	2	1,216	1,386
Portugal	4	1,577	1,798	Netherlands	1	1,122	1,279
Netherlands	4	2,350	2,680	Ireland	3	1,036	1,181
Denmark	1	1,466	1,672	4 other countries	7	747	852
Cyprus	2	1,335	1,522				
10 other countries	33	4,460	5,087				
2014 Totak EU, 17 countries	117 deals	60,263	68,732	Jan-Aug 2015 Total EU, 12 countries	30 deals	34,897	39,801

Sources: Privatization Barometer, Securities Data Corporation (SDC) New Issues and Mergers and Acquisitions files, and author's search of various news media (principally Financially Times). [22]/[23]

[20] Jared A. Blacker (2012), "Privatization Under Duress: The Privatization of the Greek Economy", Lehigh University.
[21] Memorandum of Understanding, 19 August 2015, European Commission, IMF, ECB.
[22] OECD (2008), Privatization in the 21st Century: Recent Experiences of OECD Countries – Report on Good Practices, OECD Publishing.
[23] 1 EUR = 1,14056 USD, 2017-07-13.

VII. Conclusion

As mentioned above after the WWII, Europe makes an important turn, and goes from the era of statehood to the era of privatization. This big step for the economy of Europe is the result of Bretton Woods's conference that decides the creation of GATT. The General Agreement on Tariffs and Trade, helped the world to develop the trade with substantial reduction of tariffs and other trade barriers. The development of trade led to a globalize world that promoted the liberalization of markets and privatizations. An important conclusion is that the benefits of privatization depend to some extent on the establishment of appropriate institutions in the market. Countries that manage to secure the protection of property rights and the rule of law, impose the necessary discipline on their budgets, increase competition, and improve corporate governance, enjoy the greatest benefits. In the absence of appropriate institutions, privatizations often fail to improve performance both at company level and at the level of the economy at large.

In Greece, they are taking up more and more land after the financial crisis as a lifeline from the recession and show some positive elements along the way, yet we must be precarious. If done properly, they can bring significant benefits to businesses, consumers, the State and the economy in general. The challenges and possible problems should be identified in advance and tackled with appropriate measures. Experience shows that success depends to a large extent on the level and depth of the preparatory work prior to privatization.

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