

Social Legitimacy of Mass Privatization: The Case of Bulgaria

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Abstract

Mass privatization is an important part of the Bulgarian post-socialist transformations. Because of citizens' direct involvement in it, its social legitimacy is crucial for the social acceptance of the privatization in general. The paper analyzes the problem of the social legitimacy of mass privatization in a long-term period and the main research question is: did privatization succeed in acquiring social legitimacy or did the attitude towards it remain mostly negative. To contextualize the topic, a brief overview of the results of mass privatization in the Czech Republic and Russia is also included in the analysis. The main research hypothesis is that privatization could not legitimize itself as the right path taken in Bulgarian society. The main reason behind this is the non-success of the main wave of the Bulgarian mass privatization. To prove the main hypothesis, data of national representative survey is analyzed in the paper.

Keywords: mass privatization, social evaluation, social transformation

JEL: A14, Z13

Introduction

The first wave of the Bulgarian mass privatization was carried on in 1996-1997 when, according to data by the Bulgarian Privatization Agency, 14.58% of all state assets were privatized and 22.08% of the assets were intended for privatization. During the second wave that continued for a significantly longer period (nominally until 2005) the intensity and the number of transactions dropped significantly. At that time mostly minority stakes were privatized, so the first wave can be considered the main period in which the Bulgarian mass privatization was conducted. After more than 20 years, the full effect of mass privatization still awaits its thorough evaluation. One of the most important aspects of this evaluation is

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its social legitimacy or its acceptance by society as the right or at least the more effective path that Bulgaria had followed during its post-socialist transformation. The problem of social acceptance becomes even more important when taking into consideration the latest debates of potential renationalization of some privatized assets regarding the energy crisis at the end of 2022 (Goranova, 2022). The present paper focuses on the mentioned problem and seeks to answer the following question: did mass privatization succeed to legitimize itself in time among the Bulgarian society as the right path taken or was the attitude towards it mostly negative?

Main definitions and hypothesis

The mass privatization in Bulgaria was part of a bigger process of denationalization of the industry after the end of the socialist period (McForan, 1997). In all countries of Eastern Europe different privatization approaches were applied with the aim to create a private sector in a short period of time in economies that until then had been dominated exclusively or mainly by the state (Bennett et al., 2007). The privatization was a crucial part of the economic transformation of post-socialist Eastern Europe (Stark, 1992). Moreover, some authors as Estrin (2008) consider it as the transformation itself. Mass privatization as part of the bigger process of the denationalization played a key role not so much with the direct financial effect but with the opportunity to include maximum number of citizens in it, as was the case with privatization in UK in the 1980s (Rodhes et al., 2014). In that way it was possible for more people to participate directly in the economic cycle as they had the chance to be owners of industrial property in the privatized organizations.

To achieve such a purpose the process had to guarantee equal opportunities for all citizens to participate in it. Such equality is achieved most frequently by using non-liquid financial instruments: bonds or vouchers that are given to the citizens with the only purpose to be used during the privatization process. Such a method was applied during the mass privatization in most Eastern European countries. While this approach could not bring direct profit, as would be for example in the case when an enterprise is sold to an international company, mass privatization approach seeks to include more people directly in the process and as such is crucial for the social legitimacy of the privatization process in general.

Here social legitimacy will be used in the meaning introduced by Weber (Weber, 1992: 62-67). Legitimacy is related to the acceptance of the authority, not only seen as authority of the political system (Lipset, 1959) but also seen as authority within smaller social entities as social organizations (Bitektine, 2011). In this paper legitimacy will be analyzed regarding privatization as a social and economic phenomenon: it is accepted (or not) as socially legitimate. In other words, the question is whether privatization is accepted positively within society, as something that had to be done and is the right path to follow. Even though this potential acceptance has no direct impact on privatization's financial and economic results, it is important regarding privatization's long term-effects because such social "evaluation" could provide the basis for the future revision of privatization's results, as happened in the

case of Russia that is commented further below. And vice versa, if privatization is considered as “the right path” taken by the country, that could also influence positively the social acceptance not only of privatization but the whole post-socialist transformation, more popular in public space as the “Bulgarian Transition”. Yet if privatization is considered as “mistake” or failure, it would be socially delegitimized and evaluated negatively by society at large, i.e. by the majority of the population. Here, social legitimacy of mass privatization is analyzed as part of the overall process of privatization, as it affects directly at least part of the citizens who took part in it. Hence its impact on them is expected to be stronger.

The main research hypothesis is that due to the non-success of the main wave of the Bulgarian mass privatization, the citizens do not hold a positive opinion towards privatization in general; they consider it as a mistake and a path that should not have been taken. Respectively, most favor the possible “correction” of the effects of the path taken, i.e. a potential renationalization of the privatized assets.

To understand if privatization, and in particular mass privatization, is accepted or rejected, it is necessary first to analyze its results and then analyze the public opinion of it. The first goal is achieved through an analysis of documents related to mass privatization. The second goal is accomplished through the analysis of the results of national representative survey, conducted in 2019 (see below).

The context of the Bulgarian mass privatization: the examples of Russia and the Czech Republic

The Bulgarian privatization was not an isolated phenomenon. Such processes took place in all the Eastern European countries and to understand the Bulgarian case other examples of mass privatization should be taken into consideration. For the purposes of the analysis the cases of the Czech Republic and Russia were selected as mass privatization was an essential part of the economic transformations in the two countries, although with fairly different results. In both countries the mass or (as was more popular) the voucher privatization was conducted at a very early stage of the economic transformation – before 1995, while in Bulgaria the process began at the end of 1990s. In both countries the privatization was made very fast, though its effects were completely different.

The privatization in Czech Republic began while there was still Czechoslovakia (Hanushek and Kroch, 1998) and was carried out in two waves. The first one took place before the separation with Slovakia and during this period approximately 60% of the enterprises were privatized by vouchers. Voucher privatization included two types of participants: individual investors and investment funds that can operate with the vouchers of the former. During the first wave most people preferred to participate through investment funds (Ibidem). During the second wave the activity of the individual investors increased.

The second wave was carried out in the Czech Republic in the 1994-1995 period. More citizens participated in the second wave, but at the same time there were offered minor shares or such that were unsold during the first wave (Kocenda and Valachy, 2001: 7). After

this second wave of the voucher privatization, however, the government still had control over strategic companies (in mining, banking, telecommunications, etc.) so after the end of the second wave the government proceeded with the so called secondary privatization, especially for such type of companies that were sold mostly by direct sales to strategic foreign investors (Ibidem).

The Czech privatization as a whole is considered successful as it was made in a very short period, with increased interest of many individual participants; also many enterprises continue their existence after the privatization.

The Russian privatization is one of the fastest in Eastern Europe, given that, in a very short period, it achieved its main goal – to create the private sector in a country where practically all the industrial property was in the hands of the state (Nesterov and Buhvald, 1995). Other academics think that in the longer run the Russian privatization was not successful and could even be considered an unfavorable phenomenon, considering that it led to super-concentration of capital in a very small minority as a result of personal relations and contacts and no other type of merits or qualities; i.e. the privatization became the main factor for the creation of the Russian oligarchy (Oslund, 1996: 275).

In Russia the voucher privatization as an important part of the whole process of privatization was conducted in the 1992-1994 period. It had two stages. During the first one the opportunity was provided for the employees to participate in the enterprises' privatization by obtaining free shares or opportunities to buy shares of the capital and pay part of it with vouchers (Pankow et al., 1994: 3-4).

The second phase was the real process of privatization through vouchers. The trade of vouchers was made by actors who were not part of the enterprises: individual investors or investment funds. In this period, more than 9,000 enterprises were sold, and in the process 52 million of vouchers were used. The fast voucher privatization was considered advantageous but the economic effects of it were not evaluated positively. The budget revenues were insignificant because during this period the Russian economy experienced dire problems: in 1992 for example, the inflation rate went beyond 1,000%. Also, during privatization several problems appeared, one of them being the "value" of the vouchers. During that period in Russia a proper financial market did not yet exist, so the number of shares sold by vouchers was distributed proportionally to the number of people who declared that they would participate in the voucher privatization. The other criterion was connected to the local funds of the respective enterprise and accordingly the number of shares that should be sold in the respective region was distributed. This led to deviations in the value of the shares and the opportunity to buy them. This was the most criticized aspect of the voucher privatization, as it caused disparities in the sales of the shares in the different regions.

After 2004 the government policy changed and the tendency of going private was reversed. For example, in 2004 only 4% of the active joint-stock companies were 100% owned by the state, whereas in 2008 they fell to 54%. The enterprises where the state owns less than 50% of the capital comprised 81% of all active joint-stock companies and in

2008 these enterprises stood at a mere 39% (Berman and Filipov, 2010). Consequently, the attitude towards privatization in the country was revisited in favor of a more protectionist state-oriented policy. Thus, the perceptions of privatization have swung from highly positive to mostly negative not only in the academic circles but also in the public opinion according to surveys².

The examples of Russian and Czech privatizations allow for a number of conclusions that can serve as background and starting point for studying the legitimacy of the Bulgarian mass privatization. The first one is that fast privatization does not necessarily lead to positive outcome (the case of Russia). The Bulgarian privatization was delayed (as described further in the text) but this fact *per se* does not mean that its results would be unsuccessful. The key factor for success (or lack thereof) should be how privatization is executed: in the case of Russian mass privatization obviously different mistakes were made during the assessment of the assets and the distribution of vouchers and shares. Another important factor is the achievement of goals of the privatization and of the mass privatization in particular. In the case of Russia the specific goal was to cover a maximum number of citizens in the sale of industrial property. This is something in which the mass privatization in Czech Republic succeeded, unlike that in Russia. Respectively, in the case of Russia the public opinion of privatization in general became more negative as a result of privatization problems and lack of success.

A brief summary of Bulgarian mass privatization

This part of the paper aims at briefly describing the main specifics of Bulgarian mass privatization in relation to its potential impact on the citizens.

Unlike in the Czech Republic and Russia, mass privatization in Bulgaria began relatively late, in 1997, although the legislative framework for privatization in general was accepted as early as 1992. Mass privatization was carried out by a specific institution set up to this effect – the Center for Mass Privatization (CMP). That seemed to be necessary, considering that at that time in Bulgaria there was no stock exchange where the shares of the denationalized companies could possibly be traded³ (it was the same in the cases of Russia and the Czech Republic). The CMP was founded only with the aim to organize the first privatization wave and after this, such deals had to be made in the future stock exchange. However, the delaying of the functioning of the stock exchange was one of the obstacles to include more subjects in the denationalization of the industrial property (after the first mass privatization wave). At present CMP ceased to exist, replaced by the Central Depository that keeps information about the shareholders and the respective shares' property whether acquired during privatization or not. The Central Depository, however, does not have the authority to control the privatization deals of the mass privatization.

² About the surveys see Levada Center page, available at <http://polit.ru/article/2008/03/27/sobstv/>.

³ In the UK, which was the first country to apply privatization approaches, the shares were sold directly on the stock exchange (Parker, 2009).

Every citizen had the right to participate in the mass privatization receiving the same amount of investment bonds. The bonds (similarly to vouchers in Czech Republic and Russia) were non-liquid instruments, which could be used only during the privatization and then they were only meant to be used during the first wave of privatization. If there are any problems to be addressed regarding to the privatization prerequisites, it should be regarding its delay: the situation in which the execution of the first wave was prepared differed slightly from the situation in which it was actually carried out (as explained further in this text).

Apart from direct participation, the citizens could also take part in privatization by means of investment funds, called also privatization funds. The formation of such funds was defined in a separate law, adopted in 1996, i.e. immediately prior to the start of the first privatization wave. Given the fact that these funds played a major role in the first privatization wave, the rushed legislation that defined them could be interpreted as a sign of the problems with their functioning despite the fact that it was adopted indeed with the aim to accelerate the privatization (initial ideas were these privatization funds to operate as “regular” investment funds in general but the legislation for such financial intermediaries was not ready at that time).

The beginning of the first wave should be placed after the adoption of the so called Program for Privatization through Investment Bonds at the end of 1995. After several delays, caused by different factors, including the political and economic crisis at the end of 1996, most of the privatization deals took place in 1997. Between the adoption of the main privatization legislation in 1992 and the start of the first wave of the mass privatization in 1997, six governments came to power. In the eve of the first privatization wave, a bank and financial crisis happened followed by hyperinflation, which skyrocketed up to 242% in the beginning of 1997 (Hanke, 2012: 4). The consequent devaluation of the Bulgarian currency had its negative influence on the value of the privatized assets and also on the enterprises that were intended for privatization, as they also suffered the consequences of the crisis.

All these factors had a negative impact on the first wave of the mass privatization and especially on its final results. According to the Agency for Privatization in Bulgaria (AP), the revenue of the first wave for the whole period 1996-1997 is more than symbolic, equivalent to 71 400 BGN (denominated)⁴. This is mostly due to the fact that the financial evaluation of the enterprises was made before the economic and financial crisis, which changed the real value of the assets intended for privatization.

More than 3 million people (of approximately 6 million who had the right to participate) took part in the first wave, most of them through privatization funds. It can be concluded that the first wave attracted enough public interest. Every citizen who registered for participation received a book with bonds equivalent to 25,000 old Bulgarian leva at the time, but due to the hyperinflation this was the equivalent to only \$350. That is one of the obvious problems during the first wave of the mass privatization. Overall 81 privatization

⁴ After the hyperinflation of 1997, Bulgarian currency was denominated. The values are presented here in denominated and not the actual at the time BGN.

funds participated in the first wave, and out of the 69 million of shares sold, the majority (or 60 million) were bought by privatization funds (Hristova, 2013). The independent participation of citizens was relatively rare. According to the AP data, shares from 1,050 enterprises were offered during the three sessions of the first wave that is an equivalent to 14.58 % of all the state assets or 22.08 % of the assets that were intended for privatization.

The beginning of the second wave could be dated July 1998 when the registration of new investment bonds began. The second wave continued for a longer period but with lower interest by the citizens, probably because of the discouraging results of the first wave. Apart from the low value of shares, some of the funds that operated with the citizens' bonds also suffered financial difficulties and eventually some of them went bankrupt. Also, several of the denationalized enterprises had financial difficulties. The formal end of the second wave was 2005 when the validity of the bonds registered for the second wave expired. In the second wave only 1.1 million of people took part, i.e. half the number of those who participated in the first stage (Vasileva, 2005). During this period the rules for trading in investment bonds changed various times, not least because of the adoption of new privatization law. According to the AP, in 2005 more than half of the depositary receipts for these bonds were not taken by their owners, i.e. notwithstanding the changes, these citizens had no interest in their bonds. There is no aggregated data for the revenues of the second wave but due to the fact that the deals included only sales of minority stakes, it can be concluded that these sales have no significant impact on the privatization process as a whole.

To evaluate the full effect of the mass privatization there should be a detailed analysis of the results of the transactions and the fate of the enterprises, which goes beyond the purposes of this paper. However, this brief account of the Bulgarian mass privatization reveals that the mass privatization cannot be defined as successful. First, this is because of the weak financial effect of the main wave. The second reason is the fate of the main actors in the first wave, i.e. the privatization funds that had undergone a number of difficulties thereafter. After the privatization they were transformed in investment funds. However, many declared bankruptcy and nowadays from the initial 81 funds, only 56 are functional and have been transformed into holding companies⁵. The fading interest in participation in the second privatization wave by the citizens is also a sign that the mass privatization did not succeed in achieving its main goal: to include the maximum number of participants in the denationalization of the economy.

Studies of and data on the mass privatization in Bulgaria

There are several studies on the overall effects of the privatization in Bulgaria, mostly focused on the initial phase of the privatization. Privatization in general was in the focus of different analyses at the time of its onset. A comparison between different approaches

⁵ The full list of the funds can be found in a 2007 publication of *Dnevnik* daily (Dnevnik, 2007).

to privatization and their main problems and risks is offered by Tchipev at the onset of the Bulgarian privatization (Tchipev, 1993). Another description of the start of the privatization process in the country is provided in the article of Keremidchiev (1993). In the same year, the Center for the Study of Democracy published an analysis, which included also a survey of the public opinion regarding the then upcoming privatization (CSD, 1993). The same was the focus of a study by one of the government consultants (McForan, 1997). Worth mentioning is the assessment of the privatization policy in Bulgaria, the stages of privatization and the results of the first wave of the mass privatization (Keremedchiev, 2001). The outcomes of the Bulgarian privatization with an emphasis on the citizens' and employees' financial participation, including during the first wave of the mass privatization are analyzed in The PEPPER III Report for the Promotion of Employee Participation which was based on data prior to 2006 (Keremidchiev and Ivanova, 2006). An analysis of the outcomes of the first wave of the mass privatization, including a financial analysis of privatization funds' portfolios and their opportunities for further development is carried out by Tchipev in the book *Mass Privatization Schemes in Central and East European Countries. Implications on Corporate Governance* (Tchipev et al., 1998).

All these studies offer the economic perspective towards Bulgarian privatization and mass privatization. The sociological studies of privatization are relatively rare. There are only two sociological dissertations on the topic, dedicated exclusively to the potential changes in the privatized enterprises (Kirov, 2001; Getova, 2017). Some studies discuss privatization as part and parcel of the process of social transformation (Fotev et al., 1996; Chalukov et al., 2008). These analyses, however, rarely discuss the problem of the long-term effect of the privatization and particularly of mass privatization, since they mostly focus on the social transformation in Bulgaria and not so much on the social results of the privatization. Additionally, the data for the privatization results is very unsystematic. The only official sources are the reports of the Agency for privatization (now called Agency for the Public Enterprises and Control) about post-privatization control and they do not include information about the mass privatization as it was carried out by different actors. There is partial public information of CMP about the results of the first wave of the mass privatization that also can be used as source of analysis.

The cited surveys of the privatization were conducted at the early stages of the privatization process and covered only information and attitudes as they were at that moment, when the privatization had not been completed yet. The study of the long-term effects of privatization and especially of the citizens' attitudes towards privatization over time requires that the research should be conducted *after* the privatization had been finished so that public opinion can be taken into account.

The present analysis uses data from a survey that was conducted following the end of the privatization and the data allow drawing conclusions about the public opinion on privatization. The survey was conducted by the author in 2019 under a grant by the Bulgarian Ministry of Education and Science Young Scientists and Post-docs Programme. The fieldwork was part of an omnibus national representative survey. The size of the

sample was 980 respondents (weighted). The survey aimed at revealing the attitudes and opinions towards mass privatization in a long-term period after the privatization process was concluded.⁶

Importantly, attitudes towards privatization are not formed only on the basis of the citizens' direct involvement with the phenomenon; attitudes can be based on different factors, including the shared opinions of those who participated, publications and analyses in the media, etc. Researching "the sources" of positive/negative attitudes towards privatization could be an interesting study topic *per se*. However, this goes beyond the purposes of the present paper. Here it is important to know that in the survey there are representatives of various (in regards to their relation to privatization) groups – those who did take part, those who did not take part, even though they had a chance to do so, and those who could not take part in mass privatization. The indicators, commented below refer to all respondents and not only to participants in mass privatization, i.e. the model of national representative sample is adequately chosen regarding the aims of the study.

Attitudes towards mass privatization in Bulgaria

The indicators analyzed in the paper refer to two main topics: the attitude towards the effects of the mass privatization and the potential "correction" of these effects, i.e. potential renationalization of the privatized enterprises.

These indicators were included in the text in regards to the main hypothesis, because they refer to participants' attitudes towards privatization in general and whether they think that privatization in general has a positive effect not only on citizens but also on the state in general.

Chart 1 shows the respondents' opinion regarding the benefits of the privatization in Bulgaria. Two questions in the survey referred to this topic focusing respectively on two of the main actors in mass privatization transactions: the citizens, on the one hand, and the state, on the other.

Since the questions address citizens' opinion of the long-term effects of privatization, the latter were asked to all respondents regardless of the fact that than 25% of them declared that they took part in privatization and 18% of the rest stated that they were too young to have had the opportunity to participate at the time. It should be stressed that less than 4% of the surveyed answered that they had heard about mass privatization for the first time during the survey. Thus, it is safe to assume that more than 90% of the respondents (regardless of whether they had the opportunity and ability to take part in the mass privatization) knew enough about the phenomenon to have formed an attitude about

⁶ It should be noted that part of the respondents, respectively the population that the representative sample refers to, did not take part in the privatization because they were not born or did not have the right to participate at that time. There is a question in the survey that identifies the different type of respondents, in regards to their actual and potential participation in mass privatization. As already mentioned, according to AP data a significant part of the citizens did not participate even in the first wave of privatization.

its results. As can be seen in Chart 1, people who think that privatization had mostly positive effects are few (less than 5%). In a way, participants are unanimous that privatization did not bring positive effects, or at least not for the majority of the citizens or the state in general.

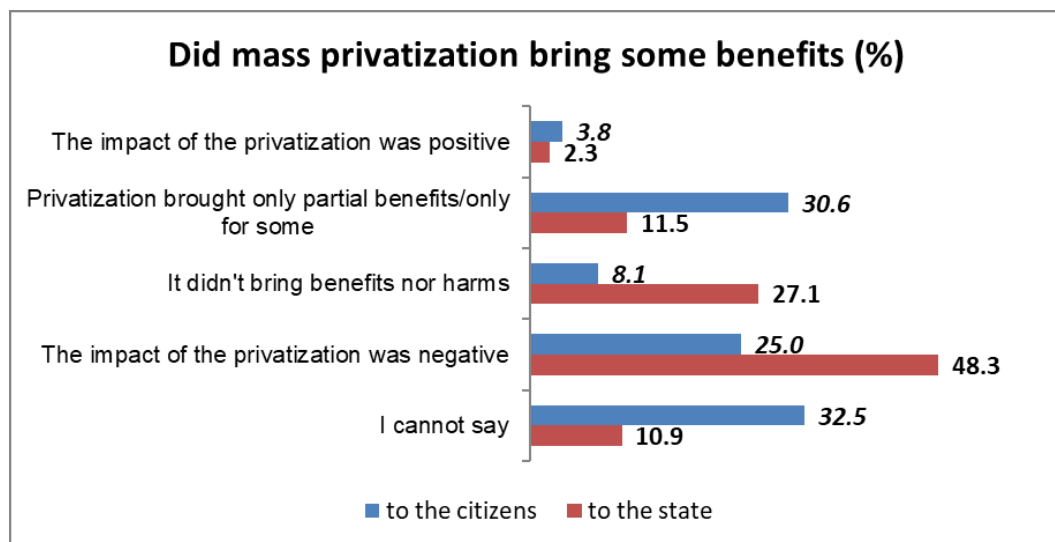


Chart 1. Respondents' opinion on the benefits of privatization

Source: National representative survey from 2019

On the other hand, it can be seen that almost 1/3 of the participants cannot evaluate the effects privatization had on the citizens, while only 10% do not have an opinion about the effects on the state as a whole. This divergence can be explained with the fact that part of the respondents could not, or chose not, to participate in the privatization. Therefore they cannot evaluate the direct effects on the citizens judging from their own experience, while the macro-effects on the state as a whole are more discernible. Also, the already mentioned problems in the course of the privatization process were open to the public through discussion in the media. Thus, it is hardly surprising that the majority of respondents share well-defined opinions about the impact of privatization on the state. Negative opinion predominates: almost half of the participants think that mass privatization had a negative impact on the state as a whole. The people who think that privatization had a negative impact on the citizens form a twice smaller group of 25% of all the respondents. Almost one third of the surveyed think that only some people took advantage of privatization, which cannot be considered a downright positive opinion because it refers to the fact that the mass privatization gave advantage to a certain minority, which was the exact opposite of its declared goals. In general, perceptions of the negative impact of privatization on the state predetermine the negative attitude towards privatization. Indicatively, neutral opinions (privatization as neither good, nor bad in terms of its impact) are shared by a relatively small group of respondents (27% think that privatization had a neutral effect on the state,

and less than 10% think that it had neutral effects on citizens). When combined with the few actually positive opinions about the benefits of mass privatization, the conclusion is drawn that the majority of the participants in the survey harbor mostly negative attitudes about the effects of mass privatization.

Table 1 shows the confidence intervals of the unknown percentages of the general population, based on the representative sample data of the national survey (see Gatev et al., 1991: 221-222). The interval estimates are calculated with the probability of 0.95 (95%).

The interval estimates in Table 1 show that with the probability of 95% the above conclusions can be applied to the general population. In short, the attitude towards the effects of mass privatization is mostly negative: not only with regard to the effects on the state, but also with regard to its effects on the majority of citizens. This outcome calls into question the problem of the social legitimacy of mass privatization (as described above). Thus, based on this predominant negative attitude, it could be deduced that the majority of citizens do not accept the privatization or at least mass privatization as the right path of development.

Table 1. Confidence intervals of the survey sample to the general population

Confidence intervals	Minimum (%)	Maximum (%)
Privatization brought benefits to the citizens including me	2.6	5.0
Only some people had some benefits of the privatization	27.7	33.5
It brought neither benefits nor harms	6.4	9.8
It the impact of the privatization on the citizens was negative	22.3	27.7
I cannot say	29.6	35.4
Privatization brought benefits to the state	1.36	3.2
It brought only indirect benefits to the state	9.50	13.5
It brought neither benefits nor harms	24.32	29.9
The impact of the privatization on the state was negative	45.17	51.4
I cannot say	8.95	12.8

Source: constructed by the author

Given these results, it is somewhat surprising that the majority of the survey participants are not directly in favor of a potential change of this path, i.e. a renationalization of privatized enterprises in Bulgaria. As can be seen in Chart 2, half of the participants in fact do not hold a definite opinion on this matter. This uncertainty can be attributed to various reasons. It is possible that despite the mostly non-positive attitude towards mass privatization, some respondents could also think that it is clear whether potential renationalization would bring any positive effects for the states and/or for the citizens. Given the low trust in state

institutions⁷ that would be responsible for renationalization, such doubts are probable. Another reason could be that the majority of people do not feel competent enough to prescribe the right remedy for the minimization of what is considered as negative effect by them.

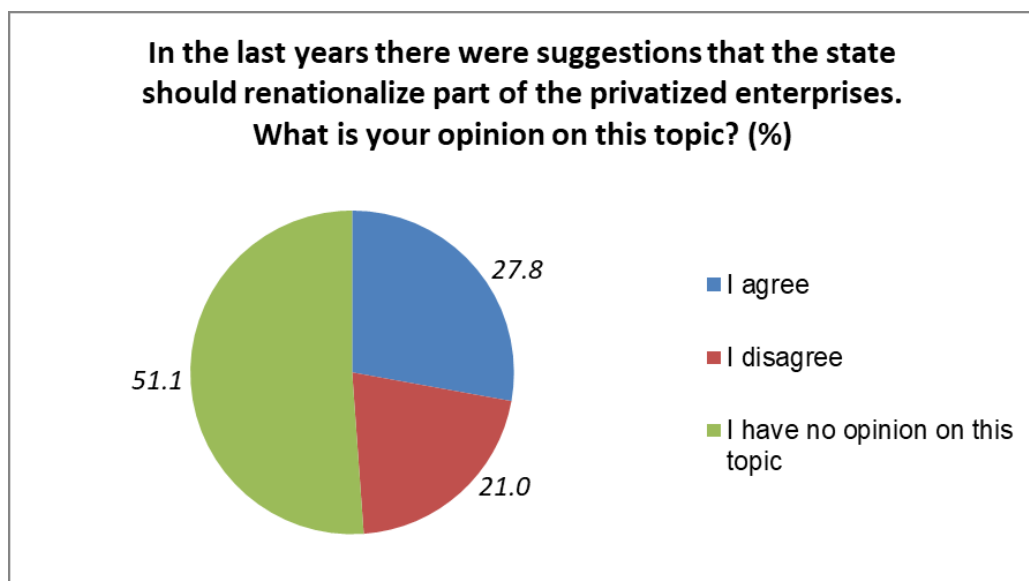


Chart 2. Opinions on renationalization

Source: National representative survey from 2019

Otherwise, the percentage of the people who agree with the potential option for the state to renationalize some of the privatized assets is higher than the percentage of those who directly disagree. The Z-test performed on this data shows that with probability of 95% H1 or the alternative hypothesis should be accepted, meaning that there is a significant difference between both percentages among the population (for details about Z-test and its application see Gatev et al., 1991). The results of the test are shown in Table 2.

Table 2. Z-test on the survey data about renationalization

Test Assumptions		Test values	
H0	$\pi_1 = \pi_2$	Zt	1,96
H1	$\pi_1 \neq \pi_2$	Zem	3,47

Source: developed by the author

⁷ Many surveys made in the last years, show low trust in different public institutions. See for instance surveys of ALPHA Research, one of the leading Bulgarian sociological agencies (at <https://alpharesearch.bg/blog/>).

While the percentage of the people who agree is higher than those who disagree, it should be kept in mind that the highest percentage belongs to the group that has no opinion on this topic. In general, it can be concluded that there is no strong opposition against potential renationalization, as only 1/5 of the people are against it and less than 1/3 are in favor of it, while the rest can be defined as neutral. This data show that plans for renationalization would not encounter a strong disagreement among the general public. This indicator also shows that public opinion at most leans to the potential revision of mass privatization results rather than being overtly in favor of it.

Conclusions and discussion

The analysis of the survey data confirms the main hypothesis that the majority of people would have a non-positive or mostly negative opinion of the effects of the mass privatization on both the state and the citizens. Such opinion can be attributed to the non-success of the mass privatization in terms of the failure to involve enough citizens, on the one hand, and the delay of the privatization, on the other, which also coincided with one of the big crises in the Bulgarian economy. It should be mentioned that despite the negative facts about the Bulgarian mass privatization some authors consider the privatization process as whole as a success as it led to its main goal: to denationalize the Bulgarian economy (Angelov et al., 2004). If it is seen from such perspective, mass privatization can be defined as successful as the transactions for the majority of the enterprises were finalized. The long-term effects, and especially the long-term effects on the citizens, however, are doubtful, which is also reflected in the mostly negative public opinion about privatization. On this ground, it can be concluded that the mass privatization in Bulgaria did not gain sufficient and solid social legitimacy given the fact that the attitudes towards it in the long term are not positive. A potential step towards reversal of privatization effects (as for example would be a partial renationalization) most probably would not be opposed by the public as the majority of people harbor neutral or positive opinion towards such an idea.

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