

# TRANSITION

## PRIVATISATION

Since becoming independent, in Republic of Macedonia the process of privatization was developing according to the so-called "Law for State Capital" adopted in 1989 and revised in 1990. In accordance with this law was adopted also the "Law for sale of the state apartments" of 1990. With the new Constitution of 1991, the state guarantees freedom of the market and equal legal position of all the subjects at the market.

The property of the state was transformed based on the provisions of the Law for Privatization and the procedure for transforming of the state property in other forms of property, which was adopted at the beginning of 1991 and revised in three turns. Especially important is the law adopted in 1996.

Still, the privatization had not fulfilled the expectations and had not brought to increase of the income in the budget based on the sale of the capital.

Of all the changes that occurred with the privatization in Republic of Macedonia was caused a wave of firing (downsizing) of the employees of the up-to-then state-owned enterprises.

**You are a bit late! There are just 2-3 companies that we haven't given to the Greeks!!**



"Forum", 02.06.2000

## 1 Law on Transformation of the Enterprises in State Property (1993)

### Article 1

The transformation of the enterprises with state capital...is being done with organizing of the enterprise in joint-stock company or Limited Liability Company with capital in private ownership, i.e. with a determined owner...The transformation is done by selling of the state capital or of all the assets of the enterprise...

### Article 3

The individuals and legal entities... cannot acquire owners' rights on the natural treasures of Republic of Macedonia, the flora and fauna, the goods of common use, as well as the objects of especial cultural and historical significance...

## 2 Sale of the state apartments

...the goal of the changed law is relieving of the state of a big part of the debt towards the depositors in foreign currencies...

According to the estimates that are made regarding the value of the apartments that will be for sale, for an apartment of 55 square meters, 20 years old and with amortization of 30%, should be paid 23.587 DEM (German marks), or a new apartment with the same surface in zone 2 will cost 67.000 DEM.

... until the end of August of this year, were sold a total of 12.500 state apartments, which means that for sale remain about 48.000 apartments or about 80%. If we take the average surface of 50 to 60 square meters for an apartment it comes out that the value of the state housing fund in Macedonia is worth about 2 billion German marks.

*Daily newspaper "Večer", 7 October 1992*

## 3 The privatization had brought little money

Until the end of 1999, in the privatization process were included 1488 enterprises with total capital of 4.1 billion DEM, with about 215.000 workers. The privatization procedure had ended in almost a half of the enterprises, while for the remaining 700 enterprises the privatization procedure should end by the end of this year.

Out of 1700 enterprises, only 10 still had not determined the owners. 384 enterprises were bought by the workers themselves, while the foreign investors had invested in 156 enterprises.

So far, the state made profit of 444 million DEM, out of which just 65 million were paid in cash. In the course of the first three months, the privatization had ended in 51 enterprises, while 12 other enterprises had sold just a part of the stocks. In the course of 1999, the privatization had brought to the country 72 million DEM and by the end of 2000 it is expected that the state would receive 125 million DEM more, out of which 10 percent in cash.

*Daily newspaper "Fakti", nr. 699, 29.07.2000*

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Besides the first estimates that the privatization will end by the end of 2000, that had not happened. The most problematic and most difficult cases and companies are still not privatized. The Agency for Privatization is optimistic that the procedure will end successfully. There was no comment made about those privatizations that were regarded as scandalous.

*Magazine "Kapital", 11.01.2001*



## Which are the consequences of the transition in the society?

Characteristic for this period is also the sale of important economical objects with direct agreements between the Government of Republic of Macedonia and foreign companies.

The procedure of transition had brought many financial scandals among which the collapse of banks, savings banks and enterprises, with far-reaching consequences for the population of Macedonia. The biggest of them was the scandal with the savings bank TAT of 1997 when 23.000 people had lost their deposits in the amount of 60.000.000 euros.

### DENATIONALIZATION

Among the last important laws from the economical sphere was the Law for Denationalization adopted in 1998. With it was foreseen the return of the nationalized properties of after 1944. Object of denationalization was the state property, i.e. its return to the previous owners. This procedure is still not over.

**Dont worry the state guarantees for your foreign currencies deposits**



Osten, 27.04.1991

5 Discrete sales  
The Government trained from the negative example with the sale of Skopje refinery OKTA of two years ago (that transaction was done in absolute discretion and the most important elements of the deal are still unknown) that was treated as top secret, had decided on transparency in the case of Macedonian Telecom.

The media had literally bombarded with any type of information and amounts of money that were given in foreign currencies, and without exaggeration, they made the Macedonian's head spin... The message to the public was clear and unambiguous: *All of us will work with Telecom in an exceptionally transparent way, i.e. in the cleanest possible way.*

*Magazine "Makedonsko vreme", January 2001*

6 Law on Denationalization  
Article 1  
With this law is set the manner, the conditions, and the procedure for return in ownership of property, i.e. giving refund to individuals, citizens of Republic of Macedonia for property seized in benefit of the state.

Article 4  
The provisions of this law are applied also when the property is seized by confiscation sentenced for criminal acts until the entrance into force of the Criminal Code ("Official Gazette of FNRJ" nr.13/51), except for acts of war crimes.  
The provision of paragraph 1 of this article is not applied for conviction of criminal acts that had as a consequence the following:  
- death, heavy body injury of one or more people or other heavy forms of violence on people;  
- demolishing or damaging of someone else's property of bigger size, explosion or other act of terrorism;  
- theft, burglary, robbery, or robbery theft.

*"Official Gazette of Republic of Macedonia" nr. 20/98 of 29.04.1998*

7 The Law on Transformation of the State Capital of 1993 had indicated the denationalization. But, besides this determination of the state, there was strong resistance among some political actors and individuals. That is why the citizens had formed the Association for protection of the interests of the owners of the expropriated properties through which they requested faster adoption of a law on denationalization. The Law was adopted in 1998, but it was not acceptable for the former owners. With the law of 1999, the citizens had regained a big part of the expropriated property and compensation with bonds and stocks. The first decisions for returning of the property were handed in to the owners on 05.09.2000...

*Interview with Vasiliki Vikentijevich, President of the Association for protection of the interests of the expropriated properties*

8 A part of my property (land) was expropriated from me in 1949. On my property was build an object of the cooperative of the village. After the adoption of the Law I had submitted a request to the Government of Republic of Macedonia and in 1996 (za Mire: kako ako prvite odluki za vrakajnje na imot se od 2000, a zakonot e donesen vo 1998/9?) my property had been returned on the basis of the adopted Law on Denationalization.

*Jusuf Murati from the village Odri, Tetovo*

### Private companies

### Industrial giants



Osten, 18.11.1991

### No electricity

### No raw materials

### No salary's



Osten, 13.02.1991

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### Hooray we have pluralism



"Osten", 16. 01.91

### Unemployment

1990 - 156.000 unemployed.

2000 - 361.300 unemployed.

The number of employed is reduced in:

Industry	- 44,5%
Agriculture	- 48,0%
Constructions	- 47,0%
Transportation	- 20,0%
Trade	- 77,0%
Tourism and catering	- 48,0%

Statistical Annual Book of Republic of Macedonia, 1991-2001

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### Time of poverty

... There were strikes. Nine hundred workers from LTD Refrigerators for households from the Bitola based holding FRINKO had entered in general strike. The requests they presented are not unusual: resignation of the director and of the management team, as well as payment of 20 accrued salaries, of all the contributions and benefits that the enterprise is skiving since 1994. ... Sometimes here were produced 250 000 coolers per year, and now only 2000. The markets in Italy, France, Germany, Austria, America, etc. are lost.

Weekly "Denes", nr. 30, 7 May 1998

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### Problems with housing

I am 36 years old. Me and my wife got married 10 years ago in 1997. At that time she was still a student, and I worked in the Ministry of Internal Affairs as a technician for maintenance of equipment, where I also work today. After the wedding we lived with my parents, because we didn't have conditions to live in a rented apartment or in an own place, of which we were not even thinking back than, but we wished for it so much. We thought that in time the living conditions will improve, that my wife will be employed, that we would get a housing credit and buy an apartment. My wife had graduated at the faculty, but she was not able to find a job for several years. In the meantime we got two beautiful children, Bojana (7 years old) and Aleksandar (3 years old). We still live in a 55 square meters apartment together with my parents, my sister and my children. My wife got a job, but still with our salaries we are not creditworthy to be able to get a housing credit and to solve this life problem.

Memory of Daskalovski Dime

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### Immigrants

Faced with the lack of perspectives, unemployment, poverty, and on top of that with war, living in a country that does not guarantee security, many young people are looking for salvation in some of the promised lands. The advertisements in the media offer fast and easy way to escape. Most often, the most wanted are the immigrant visas for Canada and New Zealand. The interest for the USA, Italy, Australia, Germany, Switzerland and other countries is also not small. The possibilities are bigger especially for those that had studied some trade or are engineers, mechanical engineers, software experts, technicians, medical personnel or similar. The list is longer, but the listed professions have bigger advantage, and of course the knowledge of foreign languages.

Cradle of immigrants of R.M.



Makedonsko vreme, korrik 2001



Start, 14.04.2000

In the transition years many people got rich in a fast, and for many, unknown way. These people were feeling the need to justify their illegally gained money as legally earned. That is how were invented words like "money laundering" i.e. money earned in a dirty way to pass through some legal business deal in order to change their previous origin.



In the time when the crossing over to multiparty system happened and when the citizens were free to choose for whom they would vote, many disorders happened at the voting polls. The improper legal regulations regarding voting and its non-application were the reasons to use non-democratic measures and methods for obtaining votes or to prevent the normal course of the voting, as well as illegal annulment of valid results.



Committee of shadows

13 Besides the data that are a convincing indicator for the adverse economic situation in the country, constantly are been publicized the same data for the average salary, and sometimes even with the same percentage of growth. What is paradox in this regard is that the average in the economical activities is the same, while the salary notes a growth in the non-economical activities. Taken as a whole, according to the data for average salaries, the standard is good. The main thing about the statistical data is to show that still there is a standard. But, reality is different than the numbers, because according to the logics of this statistics, it comes out that if someone eats meat, and someone cabbage, in average everyone eats 'sarma' (note transl. "sarma" is a specialty made out of minced meat and stuffed cabbage)! In our case, among other, it comes out that even the ones which had not received salaries for months are eating 'sarma'. According to this it can be concluded that the more the number of unemployed grows, the bigger the average salary is.

Jeta, 10 October 1997, page 14

14 **Delinquency and transition**  
When we speak of juvenile delinquency, than we are thinking of a broad range of behaviors among the young people between the age of 14 and 18, starting with indecent, insolent, ill-mannered behavior to perpetrating of the most severe criminal acts. One part of the delinquent behaviors (fleeing from home, fleeing from school, rude and indecent behavior etc.) can not be precisely qualified, although for sure we could discern that they are enhanced. Juvenile delinquency in our country shows characteristics of ever more severe crime with bigger participation in severe criminal acts, with bigger degree of organization, bigger participation of recidivists and of younger people. The number of criminal acts per years is as follows: 1986-1738, 1987,1988-1763, 1989-1762, 1990-1809, 1999-2211, 1992-2668, 1993-2616, 1994-2289 i 1995-2314. From this it can be seen evidently that in this period, that we are calling transition, the criminal acts note an increase.

Weekly "Denes", nr. 22, 12.03.1998

**EPITAPH OF THE TRANSITION** (When the time comes)  
When someone knows and he knows that he knows – learn from him;  
When someone knows and he doesn't know that he knows – make him aware;  
When someone doesn't know and he knows that he doesn't know – teach him;  
When someone doesn't know and he doesn't know that he doesn't know – get away from him.

"Studentski Zbor", 20.12.1995

1. Which changes occurred with the process of privatization in Republic of Macedonia?
2. Why didn't the sale of state enterprises met the expectations?
3. How did the process of transition reflect on the numbers of jobs in the country?
4. Where were the unemployed people looking for a way out?
5. How did the problems of the transition reflect on the young people?

**Make an interview with a person that had lost his/her job in the period of transition. Find out about the causes and the consequences from that, and also for the expectations and the disappointments of that person.**