

The Financial and Economic Lessons of Italy's Privatization Program

William L. Megginson, Dario Scannapieco

First published: 04 October 2006

<https://doi.org/10.1111/j.1745-6622.2006.00098.x>

We wish to thank Martin Serreqi for his invaluable contribution in researching and collecting data for this project, and Bernardo Bortolotti for his comments on preliminary drafts of the article. All remaining errors are the authors' alone.



PDF

Abstract

Since 1994 the Italian government has sold equity stakes in some 75 large state enterprises, in the process raising over \$125 billion—more than any other country during the same period. In this article, a U.S. academic collaborates with the Italian government's Director of Privatization in summarizing the accomplishments and disappointments of Italy's privatization program, assessing its impact on Italian capital markets, and offering lessons for other countries embarking on new privatization programs. The article also describes the share issuance methods used by the government to execute several massive offerings, including the largest IPO in history.

The principal benefits of Italian privatization have been dramatic increases in the size and efficiency of Italy's stock markets and in the safety and stability of its banking system. Despite such improvements, however, privatization has failed to bring about the increased competition in key industries and lower prices for consumers its planners originally envisioned. And based on this experience, the authors offer a number of lessons for government planners.

Perhaps most important, privatization is likely to yield decisive benefits only if the divestment program is properly designed *and sequenced*. Governments should begin by privatizing state-owned banks and other financial institutions, and as quickly as economically and politically feasible. Especially in less developed economies, commercial banks are for many companies both

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

ABOUT WILEY ONLINE LIBRARY

Privacy Policy

Terms of Use

About Cookies

Manage Cookies

Accessibility

Wiley Research DE&I Statement and Publishing Policies

HELP & SUPPORT

Contact Us

Training and Support

DMCA & Reporting Piracy

Sitemap

OPPORTUNITIES

Subscription Agents

Advertisers & Corporate Partners

CONNECT WITH WILEY

The Wiley Network

Wiley Press Room

Copyright © 1999-2026 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.



This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)



Manage Preferences

Accept All

Reject Non-Essential