**PRIVATIZATION AND ENTREPRENEURSHIP
IN POST-SOCIALIST COUNTRIES**

Privatization and Entrepreneurship in Post-Socialist Countries

Economy, Law and Society

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Contents

	<i>page</i>
About the authors	vii
Foreword	xi
Introduction	1
<i>Gianmaria Ajani, Bruno Dallago, Bruno Grancelli</i>	
Part One: The autonomous sector, entrepreneurship and transition	29
1 The autonomous sector in a society of shortage	31
<i>Horst Brezinski</i>	
2 Perestroika, the autonomous sector and the transition from the 'contra-system' to a civil society?	47
<i>Robert Sharlet</i>	
3 Property relations in the period of transition	59
<i>Màrton Tardos</i>	
4 Issues in state and private sector relations in the Soviet economy	69
<i>Anthony Jones</i>	
5 Organizational innovation and entrepreneurial formation. Some comparative remarks	89
<i>Bruno Grancelli</i>	
6 From underground to legitimacy: The normative dilemmas of post-communist marketization	111
<i>Maria Łos</i>	
7 Seeking legal forms for the autonomous sector	143
<i>Victor P. Mozolin</i>	

Part Two: Economic, legal and social problems of ownership transformation	153
8 The reality and potential of autonomous entrepreneurship <i>Teréz Laky</i>	155
9 Transformation of a centrally-directed economy: Ownership and privatization in Hungary during 1990 <i>Paul Marer</i>	173
10 The role of law in autonomization of the USSR economy <i>John Hazard</i>	187
11 New economic forms, Soviet labour law and the trade unions <i>Ger Van den Berg</i>	193
12 The entrepreneurial spirit and Soviet medicine <i>David Powell</i>	215
Part Three: The cooperative movement in the Soviet Union	245
13 The role of new cooperatives in the Soviet economy <i>Domenico M. Nuti</i>	247
14 Soviet cooperatives and the labour market <i>Silvana Malle</i>	275
15 Entrepreneurship: Some legal and social problems <i>Louise Shelley</i>	307
16 The role of the non-socialized sector in <i>perestroika</i> : Present state and prospects <i>Svetlana Glinkina</i>	327
17 On the efficiency of Soviet cooperatives: A critical appraisal <i>Ruud Knaak</i>	343

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Foreword

It was our desire to clarify the issues outlined in the introduction to this book that prompted us to organize an international conference (at Trento, Italy, 8-11 April 1990), the aim being to compare the experiences of the various countries of the East and draw on the knowledge of outstanding scholars from these countries and the West.

The conference took place at a particularly appropriate moment. The political situation internal to these countries had by then become sufficiently clear, with the formation of new democratic governments and the accumulation by others of their first, precious experience. At the time of the conference, the outcomes of economic options and legal evolution in these countries were highly uncertain, as they are still today, with the partial exception of Poland. Thanks to our fortunate timing, the conference turned into an invaluable forum for the interdisciplinary analysis and comparison of such themes of outstanding immediacy and relevance as privatization and entrepreneurship in the countries of ex-real socialism.

However, although this book has grown out of the conference, it seeks to be more than just a collection of papers. The contributors have incorporated into their essays the assessments made of their papers at the conference and points raised in the ensuing debate.

Bob Sharlet, Louise Shelley and John Hazard remind us that the Soviet state, far from acting as the arbiter of market process, is still an instrument manipulated by the bureaucracy either to obstruct privatization or to encourage it in certain sectors, according to considerations of corporative opportunism. Viktor Mozolin guides us through the system of legal rules that should govern transition, while Ger van den Berg explores the relation between entrepreneurship and work relationships. Louise Shelley, again, shows that cooperatives are, in certain respects, subject to increasing regulation at the sub-legal level, while in others they are trapped in a vacuum of legal, economic and financial structures which force them to resort to illegalities in their search for resources.

David Powell, in his study of medical cooperatives in the USSR, demonstrates that the underlying causes of the spread of private medicine lie with the real functioning of central planning and with bureaucratic performance standards. Tony Jones broadens the

analysis to examine the wider range of the forces that have favoured the institutionalization of entrepreneurship in the Soviet Union. He explains why there is increasing collusion, in a variant of a black economy, between state and private sectors. Bruno Grancelli describes some organizational and socio-cultural settings which have helped new (and old) forms of entrepreneurship to emerge in the terminal stage of the command economy. Maria Łos, in her comparative study of underground entrepreneurship in ten socialist and post-socialist countries, provides a wealth of information on the corrupt and ritualistic relations between economic agents and the state bureaucracy.

Horst Brezinski outlines a theoretical scheme for interpreting the role of the autonomous (non-state) sector in a traditional shortage economy. Márton Tardos examines the problem of property relationships in the transition from the Soviet-type system to a market economy. Terez Laky's contribution analyses the development of the autonomous sector in Hungary over the past fifty years, paying particular attention to the repeated attempts at reform of the 1980s. Paul Marer sets out the chief problems faced by Hungary in its privatization programme and transition to a market economy. Svetlana P. Glinkina takes a close look at the role of the non-socialized sector - in particular new cooperatives - in the Soviet Union of *perestroika*, while Domenico Mario Nuti analyses the vicissitudes of the law on cooperatives in the Soviet Union, highlighting its contradictions. Silvana Malle gives a detailed description of the new Soviet cooperatives while stressing their problematic role in today's Soviet Union and their relations with the state sector. Ruud Knaak, after discussing the political and economic environment of the new Soviet cooperatives, addresses the important issue of efficiency.

The Conference's opening round table and its closing discussion were enriched by contributions from W. Andreff, D. Barry, J. Beksia, A. Bergson, J. Berliner, R. Buxbaum, G. Crespi Reghizzi, F. Feldbrugge, P. Hanson, T. Horváth, H. Izdebski, T. Jezek, K. Jowitt, A. Klishin, D. Loeber, P. Maggs, S. Manzhiev, B. Ruble, B. Rudden, W.B. Simons, D. Stark, V. Valli, K. Waedekin, Jinglian Wu, Z. Zile.

The written contributions to the Conference were of such interest that it was decided to publish two separate books. The present volume contains essays concentrating specifically on processes of privatization in the ex-socialist countries. The other volume,

published in Italian by the Banca di Trento e Bolzano, Trento, as a book in the series edited by the journal *Economia e Banca*, contains a selection of papers giving a general overview of the current situation in the East European countries and China.

The organization of the conference and the publication of the present book could not have been possible without the generous help of various institutions and the unstinting work of a number of people. Apart from the Departments of Law, Economics and Social Policy, and the Rector of Trento University, we wish to thank the Provincia Autonoma di Trento and its President, Mario Malossini, the Consiglio Nazionale delle Ricerche, the Banca di Trento e Bolzano and the Istituto Trentino di Cultura, and also UNESCO for supporting the Conference.

Invaluable for the organization and successful outcome of the Conference was the work of Edith J. Kismarjay, Federica Silvestri, Brigitte Branche, and that of the administrative and secretarial staff of the Departments listed above. Finally, Edith J. Kismarjay helped with the editing of the present volume, Adrian Belton carefully revised the English texts, and Cooperativa Prisma prepared the camera-ready copy.