

Summary

New Trends in Small Business under Endogenous Initial Financial Conditions. Simulated Likelihood Approach

Arshakuni K.V.

In this paper we examine the dynamics of the new small firms. The survey SINE98, performed by INSEE (France), provides information on the new firms emerged during the first six months of 1998 and their evolution during the following five years. The principal initial characteristics such as initial capital, bank credit and public aids are likely to be endogenous with respect to post-entry performance of new enterprises. Therefore, we have estimated two joint dynamics models, namely a model of employment dynamics and a lognormal survival model. These models were estimated using contemporary simulation-based techniques. We find that both financial and human capitals are the main factors that condition firm post-entry performance. Our findings indicate that the public subsidies and tax exemptions have a significant impact not only on the firm dynamics but also on the initial capital and on the bank loan provision. This result acquires a particular importance while designing the public assistance programs for the new enterprises, since the initial size of a start-up is a key factor of its post-entry performance.

New Approaches of the Individual Preferences' Theory and Its Consequences

Sapir J.

The theory of preferences is an actively developing branch of the modern economics. However, this theory, being a cornerstone of the theory of maximizing rationality, has its own limits. Neoclassical economists considered that the hypotheses about structures of preferences, which are necessary for a formulation of a hypothesis of expected utility, will be fair at a level of simple intuition check. The theory of preferences is central for the search of a new paradigm for neoclassical economists and serves as a barrier between the economics in their understanding and social behaviour.

**Modernization of Russian Enterprises:
the Value Chain Perspective.
The Case Study of Tube&Pipe and Furniture Sectors**

Avdasheva S.B., Budanov I.A., Golikova V.V., Yakovlev A.A.

The paper is the first analysis of the competitiveness of Russian enterprises from the perspective of value chains (the approach that was developed in the framework of Institute of Development Studies, Sussex, UK), with a focus on the example of tube & pipe and furniture producers. The first value chain is governed by the suppliers of raw materials and the second one by the retail traders. In both industries, the competitiveness of Russian producers is limited to the abilities of key players in the value chain to redistribute value added in their own favor. That is why in spite of the advantages on the raw material side Russian enterprises have not enough resources for modernization and the overall competitiveness level of domestic producers in both industries remains modest. Study shows that any non-selective methods of supporting enterprises (such as tax reductions) exert extremely limited influence on the performance of domestic participants in those chains where one of the links is characterized by serious entry barriers and related opportunities of rent redistribution in favor of a particular player.

**Russian Lease Market Structure:
Analysis, Characteristics, Basic Tendencies**

Yusupova A.T.

Paper deals with Russian lease market which is used as an example of new industrial market. Current state of this market is discussed; main tendencies of its development are defined. It is shown that market is highly concentrated. At the same time leveling tendencies and competition appearance could be observed. Positions of leading firms are analyzed. Special terms of stability and sustainability of leadership are introduced. Sources of market power are studied. Data on Russian leasing companies provided by ExpertRa agency are used as empirical basis for the research.

**The «Shuttle» Business in the Russian Economy:
the Role and Scale**

Kapralova N.L., Karaseva L.A.

This paper is devoted to a comprehensive assess of «shuttle» business as a significant social-economic phenomenon in the post-soviet Russia.

Amerged in the late 1980's in Russia and former Soviet Republics as an illegal business, «shuttle» trade through the years of Perestroyka turned into legal wide-spread model of economic activity. It played appreciable role in supplying population with consumer goods and helped to solve an employment problem durind the period of economic transformation.

The first part of the paper concentrates on the development trends of «shuttle» trade before and after the crisis of 1998: reshaping of infrastructure and mechanisms of purchasing, transportation and sale of goods on the Russian markets.

The second part is dedicated to the analysis of current situation in «shuttle» trade and evaluationof its scale.