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## **TRADE ACTIVITY OF CITIZENS OF THE SOVIET UNION AS A FORM OF INFORMAL ENTREPRENEURSHIP IN THE 1950s AND 1960s**

While the economists and politicians of modern-day Ukraine are striving to establish and update the approaches to improving the currently low level of the democratic and economic processes in the country, the historical roots of the issue seem to be obvious, both for general public and the scientists. People's insufficient involvement in the state economy is closely related to the remnants of the Soviet way of thinking adopted by the Ukrainians who tend to underestimate their strengths and opportunities and attribute financial success to making money in a dishonest way (speculation, bribery, fraud), concealment of income. Few people demonstrating proficient entrepreneurial skills and savvy have learned to think and act in accordance with democratic values. Our hypothesis is that the reasons for such attitudes lie in the former political system of the Soviet Union that incubated the conditions calling for the unofficial entrepreneurship.

Entrepreneurial people had to work actively and creatively, to take risks other than financial to obtain additional income and unleash their natural potential. Therefore, informal (illegal) entrepreneurs relied on imperfect legislation, faulty systems and the natural temptation for private property characteristic of the general population, to develop a series of individual-labor activities in various spheres of life. Due to the specific nature of the activity and the distortion of official information, the

statistics describing the scale of informal entrepreneurship cannot be obtained through the usual sources available to historians, namely the official documents, mass media etc. Informal entrepreneurship manifested itself in three main spheres of life: trade, manufacture and services.

Trade activity is understood as the activity of citizens involving purchase and resale of goods or other items in order to obtain additional income, qualified as speculation in the Soviet period and punished depending of the scale of activity, from administrative to criminal liability (up to seven years of deprivation of freedom) [1, p. 9]. Speculators were citizens who, due to their natural skills, active attitudes, determination, ability to take risks and entrepreneurship tried to gain additional material benefits. Like the rest of the citizens, they worked at state institutions and enterprises, but used their free time to improve their financial situation. For example, the driver of the Pereshchepka motor depot of the Dnepropetrovsk oblast Teslenko was engaged in buying up potato from the population of the region and reselling it in Kharkov at speculative prices. Being aware of the villagers' need for furniture, he brought chairs to be exchanged for potatoes. In 1961, Teslenko was sentenced to two years in prison [1, p. 10].

These economically apt citizens engaged in trade activities more efficiently than government agencies, without having any theoretical background knowledge, they studied and identified the demand of citizens for certain groups of goods. Therefore, the range of goods supplied through illegal trade was wider than the assortment of goods provided by the state and cooperative system. Illegal manufacturers provided people with goods the supply for which was scarce, closing the "economic holes" in the work of state enterprises, and thus indirectly contributing to the development of the state economy. The scientific research demonstrates that the population of the country acquired scarce goods from private traders in the following proportions: 48.8% of trade workers; 36.4% of private persons who traded in crowded places "from hand to hand"; 16.4% of people who had been abroad; 4.8% turned to employees of the service sector for the necessary goods; and, finally, 12.8% were supplied with goods purchased directly from illegal producers [2, c. 22].

To summarize all of the above, the inflexibility of the legislation and the official ideology in conditions of planned economy and shortage of everyday goods caused the emergence of a wide range of factors that stimulated the development of entrepreneurial activity and unofficial entrepreneurship as a way of providing the population with goods and services that were in low supply. In general, it is important to note that entrepreneurship in the USSR in the '50s-'60s of the twentieth century developed under conditions of ideological dictatorship; the regulatory and legal framework that prohibited market relations evolved gradually, shaping modern view of business and entrepreneurship. The change in the model of social development, the official course on advancing the market economy allowed many shadow workers to become post-Soviet entrepreneurs.

### **References**

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