

THE POST-SOCIALIST TRANSITION THROUGH THE PRISM OF O. WILLIAMSON'S INSIGHT

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ABSTRACT

The choice and combination of various forms and mechanisms of economy regulation is the most important, the most complex and the most controversial issue in the post-socialist countries. It results from the problems of wider social regulation (political, institutional, social, moral, cultural, etc.) i.e. from development level of the social capital. Apart from developed countries, dominated by institutional pluralism, many post-socialist countries have opted for neoliberal economic policy, which by definition prefers institutional monism. Therefore, from this aspect, it is interesting to phenomenologically analyze the post-socialist transition seen through the prism of certain arguments of Nobel laureate, O. Williamson.

Ignoring the practical differences of the post-socialist neoliberalism (as a quasi-institutional monism) from theoretical neoliberal monistic model, this paper put forward the hypothesis that theoretical understanding of Nobel laureate O. Williamson is on the background of the needs of institutional pluralism, control of opportunistic behavior and cutting transaction costs. This means that they could have (but did not) served the transition reformers in creating the post-socialist economic environment.

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1. INTRODUCTION

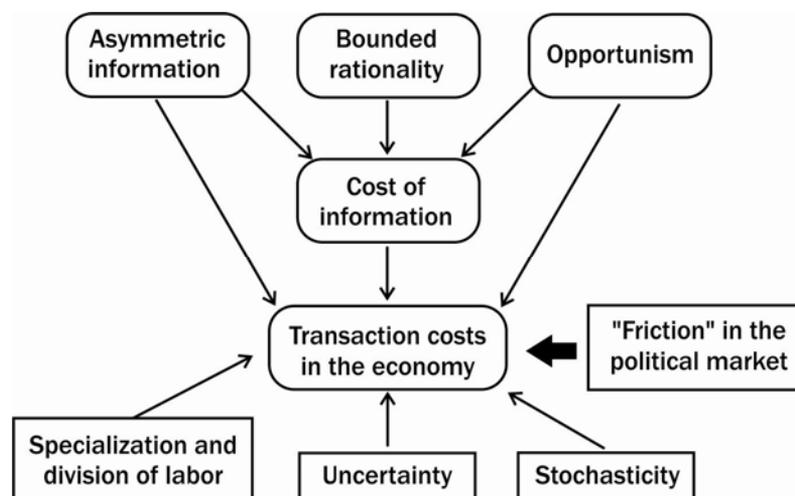
Conceptual progress of O. Williamson's New Institutional Economics (NIE) is reflected in analyzing the theory of enterprise as a structural governance, rather than a simple manufacturing function. In his new concept, he explores the problems of existence and reduction of transaction costs in the explicit context of the vertical boundaries of the enterprise, where opportunism is a major threat. Therefore, the task of Transaction Cost Economics (TCE) is to propose adequate management mechanisms, including vertical integration, which provides a greater degree of control over transactional environment and expands as long as it is economically rational to organize the sets of additional internal transactions before market exchange. TCE is based on the following assumptions: a) transactions are performed under conditions of bounded rationality; b) subjects involved in the transaction do not have symmetric information, and they operate under uncertain conditions; and c) at least one of the subjects behaves as an opportunist (i.e. tries to deceive other subjects whenever it is profitable).

Williamson shows that TCE can act as a control mechanism over transactional environment only in situations where competitive market is not operating. The market is not competitive when enterprise invests assets as a support to specific set of transactions, and when in such situation an enterprise is under the influence of opportunistic actions by the third party. When invested assets are specific for that set of transactions, the enterprise faces the threat of opportunistic behavior of other party, which tries to negotiate better terms of the agreement. This hazard occurs because the investments that support a set of transactions actually narrows the field of possible alternatives. This problem Williamson considers to be a fundamental transformation that increases the cost of using the market mechanisms.

Uncertainty, risk and opportunism may cause market failures, which increase transaction costs. Therefore, an enterprise stops relying on market-based solutions and begins integrating its functions. A high frequency of transactions, a greater degree of uncertainty and greater specificity of assets (capital, knowledge, and skills that in addition to economic also bring so-called quasi-rents) increase the possibility of corporate decisions to vertically integrate. Otherwise, if the market activity result shows allocative efficiency, the enterprise will not benefit from the internalization of certain functions, and it will not opt for vertical integration.

Since enterprise operates in environment full of constraints (resource, human, bureaucratic, institutional and other), Williamson proposes the use of non-standard contracts and alliances. The main goal is development of long-term and strategic relationships between suppliers and customers. He believes that this is the way company economizes, i.e. minimizes transaction costs, to which it is exposed to a greater or lesser extent. Thus, a fundamental transformation leads to a bilateral interdependence in the contract implementation, but also in the process of their reconstruction: in transactions, exchange partners build business and social interdependence, which shape their behavior. Vertical integration and mega-corporations are institutional personification of the profits.

Figure 1: Sources of "friction" in the economic system



Source: Author's adaptation

In addition to other interpretations of the entrepreneurial function, O. Williamson has, within the NIE, interpreted an entrepreneur as a subject that makes selection between agreed market relationships and organized enterprise in order to minimize transaction costs. In this way, entrepreneurship may get interpreted, in institutional terms, as a separate and alternative regulatory mechanism, which is different from the price mechanism and state regulation. He explained that economic transactions are more efficient within a firm than between two firms, due to lower transaction costs, which increases the competitiveness. Based on a comparative analysis of the firm efficiency with different types of management structures, he came to the conclusion that the hierarchy is preferred because of unique intrafirm management as a special form of command economy, reducing transaction costs, as well as smaller and simpler strategic implications for adaptation of specific assets (investments) and minimizing opportunism. Therefore, Williamson could be considered to be an economic researcher of non-market economy.

Williamson has (1981) observed the institutions as regulators and coordinators of behavior of economic agents, which increase the efficiency of transactions and thus reduce transaction costs through coordination of economic activities, and that is enabled by harmonization of interests between economic subjects (horizontally) or based on a property relations (vertically).

2. THEORETICAL NOTES

Many authors understand institutionalism as a "rebellion" against neo-classical formalism and abstraction, i.e. as an effort in the economic theory to reflect not only the formal abstract model and rigorous logical scheme, but real life and its diversity. After almost unnoticed achievements of the old institutionalism, since the 1970s has begun a fast and productive development in two directions: neoinstitutional and new institutional economics. Regardless of an apparent identity of the name, there are various approaches to the analysis of institutions. What they do have in common, in our opinion, is the multidisciplinary character of institutional analysis, and the fact that they have, as representatives of the Neo and New institutional economics, preserved the essence (core) of neoclassical economics, but significantly corrected, adapted and improved its protective shield. They tried to explain the factors that appear for the neoclassics as external: politics, ideology, norms of behavior, family law, crime, social selection, contracts, etc.. They have changed protection shield with considering a broader range of property types (private, public, collective and mixed), they have introduced the concept of information costs, proving the existence of transaction costs parallelly with production costs, etc.

The term was not introduced by O. Williamson (1975, p. 1) in economic theory. It was later adopted by many authors (D. North, R. Coase, Alchian A., E. Furubotn, H. Demsetz et al.), who have indicated the deterministic importance of institutions and institutional structure for economic behavior. In an early stage of his research, O. Williamson (Ibid) has emphasized the complementarity of NIE with neoclassical theory: "*The new institutional economists both draw on microtheory and, for the most part, in regard to what they are doing as complementary to, rather than substitute for, conventional analysis.*" However, we believe that, in his later creative oeuvre he mostly did not rely on the neoclassical theory.

Although Williamson (1975, p. 4), Coase (1984, p. 231) and North (1995, p. 18) have accepted the principle of the *man as being boundedly rational*, they have never completely abandoned the neoclassical theory and attitude that NIE represents only "extended neoclassical theory." In this sense, the opinion of D. North's (1995, p. 17) is indicative: "*The new institutional economics is an attempt to incorporate a theory of institutions into economics. However, in contrast to the many earlier attempts to overturn or replace neoclassical theory, the NIE builds on, modifies and extends neoclassical theory ... What it abandons is instrumental rationality - the assumption of neoclassical economics that has made it an institutional theory-free.*" However, we believe that North has indirectly distanced himself from institutional monism, because: a) it supports the view of H. Simon on bounded rationality, because "*information is incomplete and there is a limited mental capacity by which to process information*", and b) "*ideas and ideology play a major role in decision making and transaction cost results in imperfect markets*" (Ibid., p. 19).

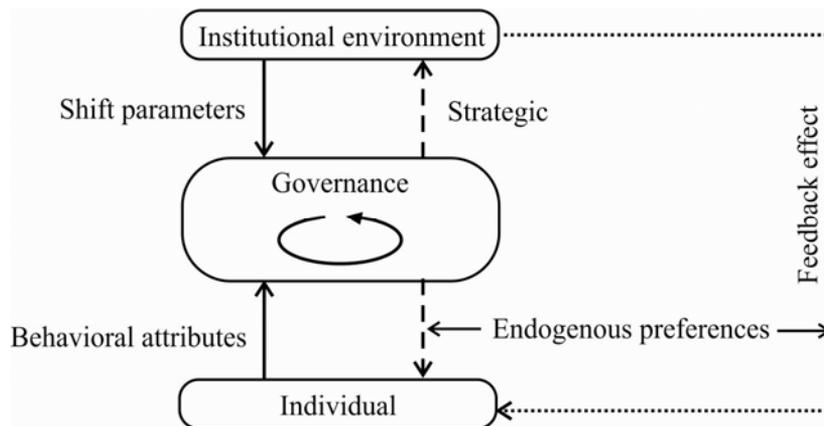
But it should be noted that in many research segments North distanced himself from the neoclassics, primarily advocating better specified property rights, regulatory, stimulating and limiting role of institutions, their interaction with technology, the role of transaction costs in relativization of neoclassical results of efficient (perfect and balanced) markets, accepting the dynamics of institutional and other changes, uncertainty, violence as anti-institutional behavior that significantly reduces the rationality and stability of the system and so on. By marking ideology as the cause of inefficient institutions, he pointed to the contradiction between the problems of collective action and opportunism of the dominant group. Therefore, he indirectly accepted Olson's argument that within neoclassical approach there is an inconsistency between the rational self-interest and group activities.

Williamson (Ibid.) have pointed out that general terms of the NIE include many "*aspects of mainline microtheory, economic history, the economics of property rights, comparative systems, labor economics, and industrial organization*", whose research have illuminated the various economic problems through the prism of "transaction" as a key concept. E. Furubotn and R. Richter (1984, p. 3) have stated that basis of the NIE consists of three main directions: Property Rights Economics, Institutional Evolution and Constitutional Choice. According to Nabli and Nugent (1989, p. 10), the NIE includes two salient general approaches: transaction and

information costs (including transaction cost economics, property rights approach, and contract theory - for private goods), and theory of collective action - for public goods.

Distancing from the neoclassical research, Williamson has focused on the issue of bounded rationality, where opportunistic behavior is influenced by an economic organization. Later, (1985, p. 16) he has introduced transaction cost economics (TCE) as a "part of new institutional economics". He has proposed a hypothetical methodological scheme with three interdependent levels (Figure2), where transactions are implemented.

Figure 2: Levels of transactions implementation



Williamson 1995, p. 175.

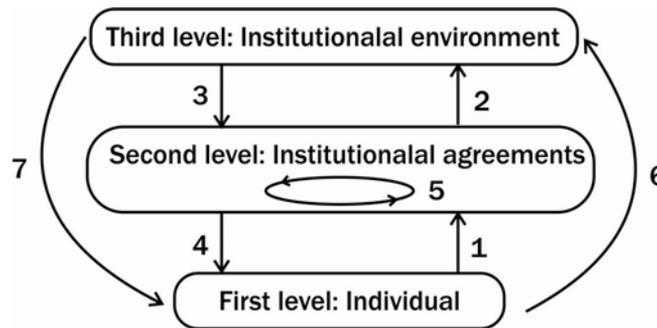
Figure 2. illustrates interaction between the institutional environment¹, management structures and individuals in terms of transaction cost theory. These actions are calculated during the implementation of transactions (conditionally: business). The bold diagram arrows correspond to the basic (primary) i.e. the main effects of reciprocal actions, while dashed arrows correspond to feedback effects. Diagram shows that both effects arrows intersect in the field of management structures. In the methodological context, that exactly corresponds to the regulatory function of institutions, which aligns behavioral attributes of change parameters in the environment.

Aforesaid Williamson's concept can be hypothetically presented in Figure 3, which shows the interaction and relationship between individuals (*first level*) and institutions of various types: those that represent institutional arrangements (*second level*) and those that are integral parts of the institutional environment (*third level*). Institutional arrangements are voluntarily established rules of exchange between economic subjects, rules of market operations, rules of reciprocal effects between organizations (hierarchical structure) and various hybrid forms of institutional arrangements, which contain signs of the market (contractual) and hierarchical relations.

Figure 3 shows seven types of mutual effects: *first*, the impact of individuals on the institutional arrangements (agreements), *second*, the impact of institutional arrangements on the institutional environment, *third*, the impact of the institutional environment on the institutional arrangements, *fourth*, the impact of institutional arrangements on individuals, *fifth*, the impact of institutional arrangements on each other, *sixth*, the impact of individuals on the institutional environment, and *seventh*, the impact of institutional environment on individuals.

¹ "The institutional environment is the set of fundamental political, social, and legal ground rules that establishes the basis for production, exchange and distribution. Rules governing elections, property rights, and the right of contract are examples" (Williamson 1995, p. 174)

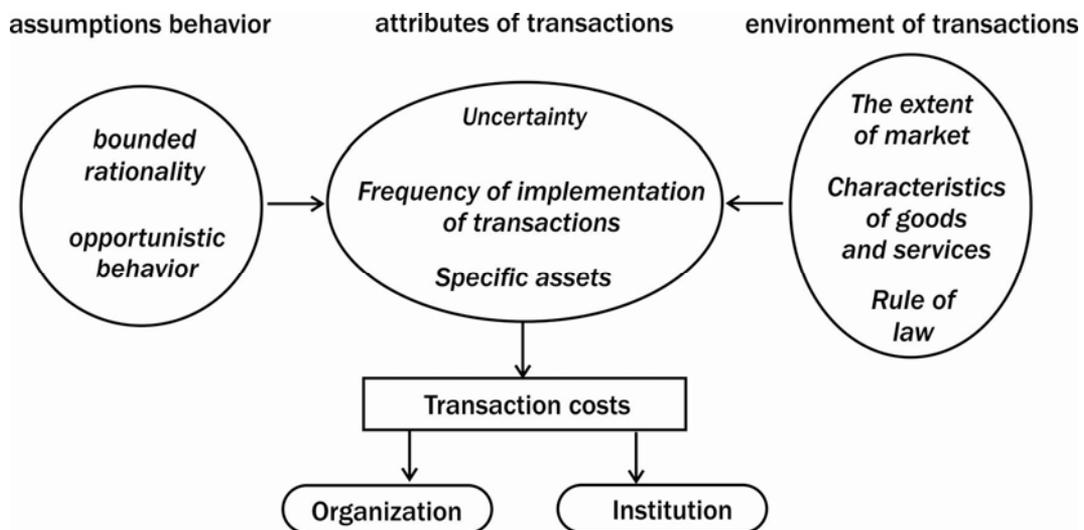
Figure 3: The interaction of individuals and institutions



Source: Williamson 1985, s. 31.

K. Menard (2007, p. 142) in the article "Transaction cost economics: the Cost theory to empirical research", has presented a hypothetical framework of analysis, reduced to transaction costs. However, essential for our study are two basic assumptions of economic behavior: limited (institutional) rationality and opportunistic behavior (Figure 4). This behavior stems from the transactional economy environment, which in the most general sense is made of the ratio: market, characteristics of goods and services, and the rule of law. Figure 4 essentially reflects Williamson's insight.

Figure 4: Framework of the Williamson Institutional Analysis



Source: K.Menard 2007, p. 142.

3. ACKNOWLEDGEMENTS TO O.WILLIAMSON

Williamson differs hierarchy of the firm, starting from the horizontal market relations, where sometimes occurs market fiasco due to the opportunistic behavior of market participants, who follow their own interests. While not denying the crucial role of the contract, he generalizes and systematizes organizational forms of firms into hierarchies, markets and hybrids as combinations of contractual relations (market) and administrative "power" (command and control, hierarchy). The firm appears as "stabilizing structure" that helps to overcome the problems of uncertainty,

numerous in the environment. Aforesaid interpretation gives contractual character to the economic relations, in which individuals pursue their own interests, and that is consistent with their egoistic nature. The firm is seen as an instrument of the economy for searching the information, specification of the property rights, concluding the contract etc.

Since the contracts are inevitably incomplete, the stability of hybrid forms requires certain mechanisms that are designed to coordinate activities, organize transactions and dispute resolution. The foundation of the hybrid architecture is special way of internal control, which Menard calls authorities, emphasizing their difference from the "hierarchy". These power relations combine autonomy with transferring a number of appellate decisions, especially the legal subjects, which are responsible for coordinating their activities.

Williamson has identified three main types of contracts: classical, neoclassical and relational (referring to the highly specific long-term transactions, where critical importance is character of the partner, because it is impossible to find equivalent of exchange in the market). Relationship becomes long, informal discussion to gain an advantage over formal obligations. Each type of contract corresponds to a separate regulatory framework, i.e. organizational mechanism for evaluating the participant's behavior. Classical contract regulates the market, neoclassical contract regulates the arbitration, relational contract regulates two-sided informal negotiation within firm as a unitary regulatory structure, where decisions are unilaterally made by management body.

Significant are Williamson's conclusions that the firm provides secure protection of specific resources from the market extortion and allows owners to quickly adapt to unforeseen changes, so the profit is achieved at the cost of weakening stimulation and boundaries of the firm depend on the balance between profitability from better protection and adaptability of specific assets on one hand, and loss of stimulation, on the other.

Williamson sees the institutional structure as a mutually arranged set of institutions (formal and informal), that forms the matrix of social and economic behavior and determine the limits of social and economic subjects. They consist of the basic political, social and legal norms, which are common for economic activities. Essential function of institutional structures is to ensure order in society and to reduce the uncertainty in the relationship between people and organization.

O. Williamson (1993, p. 115) considers the opportunistic behavior as a central category of transactional economic theory, explaining the formation of the firm as a hierarchical structure. Since the turbulent environment is not suitable for neutralizing the uncertainty and risk, there are real possibilities to express the opportunistic behavior as a means of economic agents acting in accordance with their own interests, which does not take into account the moral norms, nor contradict the interests of other agents. It is believed that the direct basis of opportunistic behavior is the asymmetry of information, resulting from the uncertainty. It represents uneven distribution of information, necessary for concluding the agreement between potential partners. Since the economic processes are implemented in real time, it is important to distinguish two basic types of opportunistic behavior: *before contracting* (which may consist of concealing the necessary information, or so-called "harmful choice" or *adverse selection*) and *after contracting* - a typical example is so-called "avoidance" or *shirking*, which manifests through violation of the contract, including strategic manipulation of information (Eggertsson 1991, p. 115), as well as the corresponding the lack of positive effects of the contract. Avoiding obligations legally occurs as a consequence of inability to specify all obligations between the contracting parties, i.e. due to the phenomenon of incomplete contract.

Management is one of the constitutive elements of the firm. The management structure consists of three elements: bounded rationality, opportunistic behavior and specific resources. In this context, the firm can be defined as the management structure destined for the regulation of mutual relations between economic agents in terms of bounded rationality, opportunistic behavior and specificity of the used resources. Bounded rationality is characteristic of human behavior under conditions of uncertainty, assuming an inability to predict all possible accidents, and to determine optimal direction of behavior. It is basically an incompleteness of contract. Specific resource is the resource whose alternative usage costs are less than the income from the most

efficient usage. O. Williamson (1985, p. 31) has proposed Table 1, showing how the dominant form of contractual relationship depends on the absence of any of the three management elements.

Table 1: Attributes of the Contracting Process (dominant forms of contractual relationships depend on the absence of one of the three management elements)

<i>Behavioral Assumption</i>		<i>Asset Specificity</i>	<i>Implied Contracting Process</i>
<i>Bounded Rationality</i>	<i>Opportunism</i>		
0	+	+	Planning
+	0	+	Promise
+	+	0	Competition
+	+	+	Governance

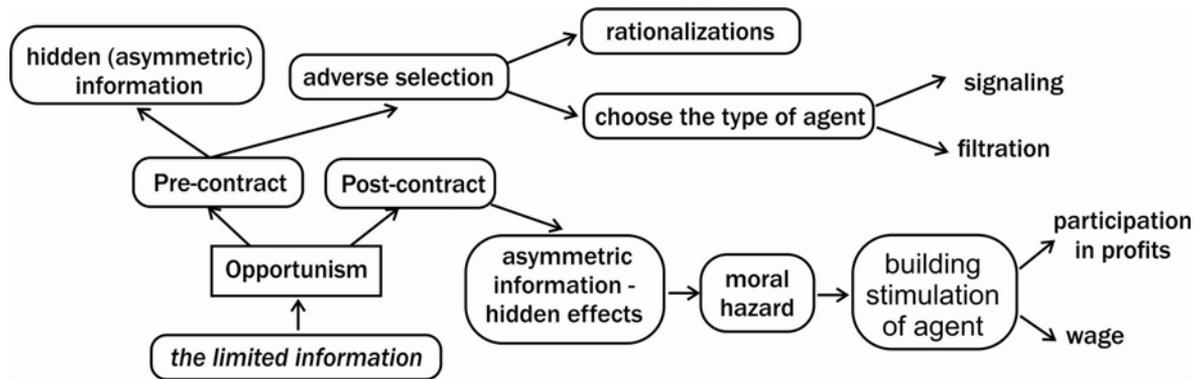
Source: Williamson 1985, p. 31.

Under conditions of extreme uncertainty (bounded rationality), if there is no opportunistic behavior, contractual relations are achieved through the formulation of promise. Regardless of whether the contract provides realization in any case, the parties will act in accordance with the given promises (as pre-accepted obligations). If planning is possible in a relatively simple real conditions (characterized by stability, a small number of external connections, appropriate level of competence of the parties and the like), then the implementation of contractual relations is possible for the personified relations, in which the key importance is trust or reputation. Opportunistic behavior is not desirable for all economic agents no matter which part of the specific resources income can be appropriated to their advantage. In the case of radical uncertainty and opportunity as a representative of economic disparity (or even conflict among them), the possibility of strategic manipulation of information is reduced to competition.

Only in the case when parallelly with opportunistic behavior (caused not only by contradictions in economic interests, but also by extreme uncertainty) specific resources are used. There is a need for implementing such a contractual relationship, which provides insurance and, consequently, reduces the risk of losing part of or the whole so-called quasi-rent, obtained by using specific resources. Quasi-rent is a difference of income that is derived from resources exceeding the best of missed alternatives. Above mentioned contractual relationship, Williamson calls management.

Decision on concluding the contract is a standard case of discrete choice. Williamson proposes that two sides are involved because they expect that their benefits from the contract will be greater than the benefits that would be achieved from the same transaction in some other way. In literature, the main reasons for concluding the contract are the risk shifting (insurance) and achieving the stimulation. Difficulties associated with asymmetric information are studied using a model of principal-agent, when action of one person affect the action of other person, and this is a classic contractual relation between two sides. In theory of stimulation, focus is on several types of behavior (figure 5).

Figure 5: Conditional scheme of adjusting the stimulation agent when contracting



Source: Author's adaptation

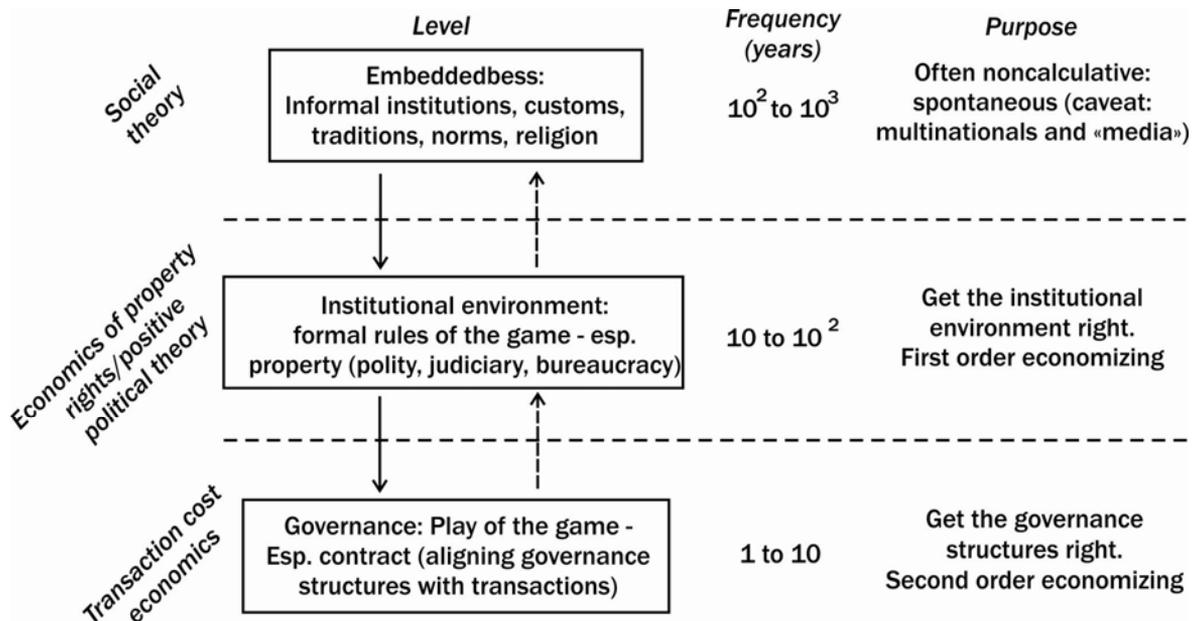
Representatives of the theory of optimal contracts are focused on stimulating the agents in order to limit their opportunistic behavior. The most common solutions are: competition among agents, agents participating in the implementation of joint activities and the firm as a coalition of agents (increasing the trust among them). O. Williamson thinks that various contract forms are regulated by various mechanisms: simple contracts with the impersonal and short-term relations are regulated by the market, disputes are resolved in court, and complex (relational) contracts regulates hierarchy, characterized by personal and long term relationships in which disputes are resolved through informal negotiations.

Access to contracts by the theory of transaction costs is much closer to reality and simpler, because it allows clear and empirical review of many assumptions regarding the wide range of transaction costs. In this approach there is no rigorous models of optimal contract. But there is a significant problem of ignoring the institutional environment as an important source of transaction costs. Basic assumption of this theory is that contracts always contain inaccuracies and other imperfections, which is why they can be partially realized. Therefore the need to manage the contractual relations after the concluding the contract. The main concept of this theory is that the basic function of contracts or organizations to save on the size of transaction costs and production costs.

O. Williamson (2000) has offered a classification of economic institutions, based on different hierarchical levels (figure 6), which are not mutually exclusive but are interrelated. A higher level imposes restrictions on lower level. Inversely, it provides the feedback from lower to higher level.

In Figure 6, he (Ibid.) specifies the three-level setup where L1 is the embeddedness level where the informal rules (which change very slowly) are located, L2 is the institutional environment where the formal rules (especially the policy and judiciary) change gradually and L3 is the governance level, which is the name of the game where transaction cost economizing realignments are made more frequently.

Figure 6: Economics of Institutions



Source: Williamson 2008, p. 13.

In the article "Behavioral Assumptions" O. Williamson (1985, p. 44) has pointed out that many economists believe that the adoption of certain behavioral assumptions facilitates economic analysis and explains the nature of economic rationality. He distinguishes three forms of rationality: a) *strong form*, which involves maximizing b) *semi-strong form*, which implies limited rationality and c) *weak form* of rationality or organic, which is used in the evolutionary approach, and sometimes it is interpreted as an indirect way to the recognition of the fact that information has its price. Williamson analyzes three kinds of egoistic behavior (i.e. self-interests), which respectively corresponds to the above mentioned forms of rationality: a) opportunism as the strongest form (deception, lie, theft, etc.), which contradicts the respect of the rules and involves self-interest, b) semi-strong form or simple self-interest, and, c) obedience as a lack of self-interests, which is associated with social engineering.

4. MISTAKES OF POST-SOCIALIST TRANSITION THROUGH THE PRISM OF WILLIAMSON'S INTERPRETATION

Williamson's distinctions of the hierarchical system in a horizontal market relations, and his interpretation of the institutional structure, clearly shows his commitment to institutional pluralism. The practice of post-socialist transition contradicts institutional pluralism, as in the most of the countries is imposed institutional monism of neo-liberal type, which is essentially reduced to a quasi-institutional system due to dominance of alternative institutions. In other words, priority of individualism to institutional pluralism has been constantly potentiated in order to enrich the privileged minority in relation to the proclaimed reformist mass. Consequently, the vast majority of the people has been impoverished.

Instead of implementing real institutional changes and improving institutional structures (by creating institutions of development), which would allow the extraction of innovation rent, imposed "reformers" have created anti-development institutions of alternative type, enabling rent-seeking behavior i.e. enormous gain of political rent through various anti-entrepreneurship structures, as well as the status rents to the officials. The new innovation institutions have not been created, and old institutions have been destroyed, despite their limited control of the tran-

saction costs. Hybrid alternative institutions have been created, strictly controlled by the ruling party and nomenclature. In order to enrich non-market (economically dysfunctional converting the state capital into private property), they have parallelly and legally caused the enormous increase in transaction costs, for various reasons (transformation and impairment of property, cease and/or reduction of production, forced retirement, the costly social programs, destruction and/or dysfunctional use of economic infrastructure, inappropriate financial debt, increase of opportunity costs, erosion of state assets and economic resources, formation of non-market alternative inefficient and theft institutions, lesser economic growth and income, number of negative external effects, etc..).

In the whole proces, particular causes of the increase in transaction costs may be: a) the reduction of institutional competition, which has been substituted by a wide range of social pathology with enormous growth of informal sector, b) broken relations and dependence on the previous development (path dependence), c) dominance of privileged private and group interests in terms of imposed application of neo-liberalism ("final plan" - Williamson 1989, 1994), i.e. imitative "piece-meal social-engineering" (K. Popper), which led to disastrous economic effects of privatization, social polarization and the spread of systemic corruption, and d) anti-institutional function of incompetent political elite, increasing the party and government authoritarianism, without concession to the market (as promoted), increasing the problems of social and economic development, and drastically limited economic choice.

Analysing institutional structures in most countries of post-socialist transition, many authors warns that: a) propagated and nominated mass of private property in transitional countries is substituted by enormous property of a few privileged (non-market) rich individuals, and b) economic (and other) institutions are the most developed in capitalism as an empire of "true individualism" and pluralistic institutional arrangements, where real institutional changes are continually taking place.

Institutions by its nature depend on individuals who create them in historical and social perspective. But, individuals can not replace them (except in the quasi-institutional arrangements of alternative type). It is believed that in certain post-socialist countries was another controversial regularity: structuring, directing and restricting individual behavior certainly formed and reinforced alternative institutions have created some preferences towards market behavior of individuals, having a crucial impact on the redistribution of ownership and the consequent negative relations of dependence and other effects. This led to specific anti-development institutional structure, which has reproduced throughout the transition period.

Instead of economic development based on the strengthening of institutional structures and limiting the opportunistic behavior, which Williamson did clearly marked as a source of transaction costs, the post-socialist countries have programmely flourished with opportunistic behavior. With a short historical distance can be estimated that it was completely supported by nomenclature structures of government, because that has been the basis for a variety of ownership manipulations, i.e. the non-market (alternatively) redistribution of property rights. This has led to a huge overflow of a state ownership into private ownership, without continuum or with reduced market function of the privatized firms, with huge growth in transaction costs, profit losses and rising unemployment, followed by populist and institutional deformation of social programs. Institutional structure and economic infrastructure have also been deformed and crippled.

5. CONCLUSION

Transitional institutional environment, predominantly focused on the promotion of market institutions and privatization, have lost not only pluralistic institutional capacity, but also some of its vital elements (legality, good judicial practice, control and changeability of government, the rule of law, etc..). That led to deterioration in the efficiency of the implicit social contract, an increase in opportunistic behavior and the formation of a quasi-market structures, which have consequently prevented the efficient functioning of markets. The non-market appropriation has been widely enabled, and transition reforms discredited. The social and organizational capital

have received new control and new owners, with the help of a dominant alternative institutions and numerous conflicts of interest. That way, the institutional competition and Pareto optimum have been undermined, but influence of the Coase's theorem have been enabled.

Economic policy and economic behavior of economic subjects in most post-socialist countries have been completely contrary to the recommendations of O. Williamson: Instead of controlling opportunism and reducing transaction costs – they have been maximized, instead of institutional integration and expansion of the enterprise's vertical boundaries – there have been disintegrated, instead of strengthening control mechanisms – things got out of control, instead of institutional pluralism – imposed have been institutional monism of (quasi) neoliberal type, instead of fight against asymmetric information – they have dominated the economic choices, instead of competition – monopolies have dominated, instead of entrepreneurial choice between the ratio of the market and shape of the company – non-market and destructive behavior have dominated, and instead of institutions – quasi-institutions. Consequences are very negative economic results and reproduction of the crisis.

One of the most important Williamson's conclusions (2000, p. 605), which can be applied in the post-socialist countries, is that the political and economic governance structures have been directly responsible for implementing institutional changes in the social and economic level. Since these structures have almost never been responsible for the failure, they have not been obliged to critically review their decisions and implementation of neo-liberal formula. On the other hand, since most of these structures have been self-interest motivated and lobbyist associated with the quasi-entrepreneurial subjects, opportunistic behavior have been tolerated, using benefits of asymmetric information for the purpose of non-market wealth building, particularly in the institutionally deformed process of privatization.

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