Europe and the European Union

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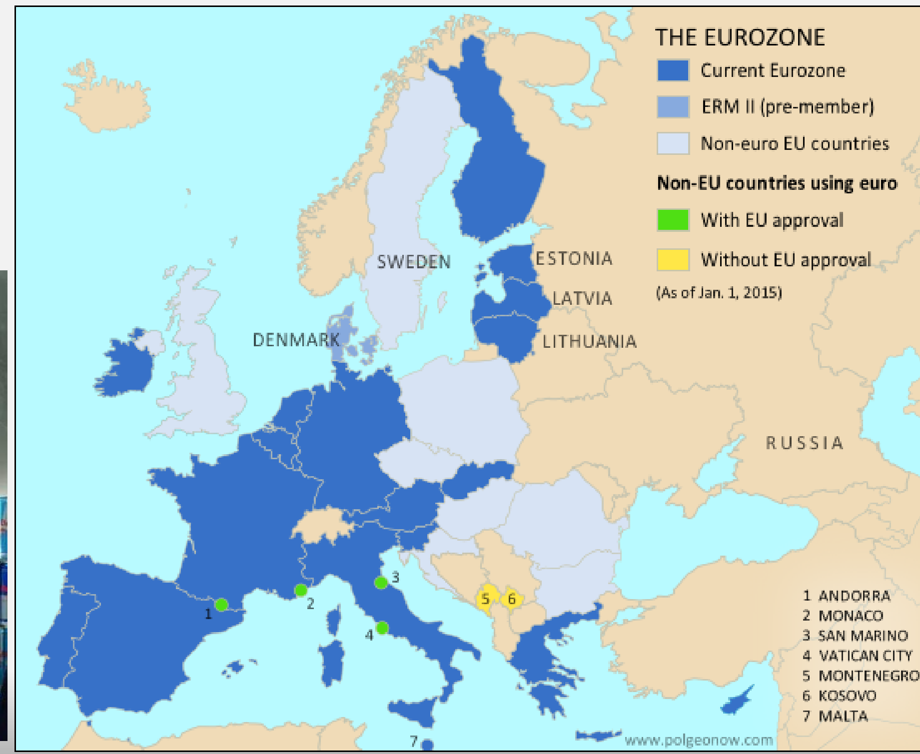

Some of the major changes we have seen

- The European Union has created one of the worlds largest economic blocs consisting of nations that have warred upon one another for centuries.
  - The first steps were taken in 1957, but it took decades to put in place the mechanisms of trade and monetary policy.
  - The Euro was created in 1995, unifying the European Currency. Prior to that, from 1979, there existed a European Currency unit as an internal accounting unit.
  - In 2012-2015, there began to be some major strains in the Eurozone. Have a common currency without also having common fiscal policy was always viewed by economists and financial experts as a precarious situation.
  - Greece, and other Eurozone countries found themselves so deeply in debt that they were unable to pay off their debts. As a member of the Eurozone, Greece was not able to use the usual techniques for indebted nations.
    - Debtor nations can print more money, deflate its value and pay off the debts with cheap currency.
    - When that is not possible, then they can refuse to pay their debts (something like declaring bankruptcy) and then negotiate with their debtors to get them to accept less than the full value of the debt. (This is often called "giving the lenders a haircut.").
  - The future of the Euro is a work in progress and many feel that unified fiscal policies would be needed to keep the Euro viable.

European Union

- Map
  as of 2007

Worlds largest markets (http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal))

List by the International Monetary Fund (2014)

European Union Countries

Rank	Country/Region	GDP (Millions of US$)
	World	77,301,958[9]
	European Union[n 1]	18,495,349[9]
1	United States	17,418,925
2	China	10,380,380[n 2]
3	Japan	4,616,335
4	Germany	3,859,547
5	United Kingdom	3,056,499
6	France	2,846,889
7	Brazil	2,353,025
8	Italy	2,147,952
9	India	2,049,501
10	Russia	1,857,461[n 3]
11	Canada	1,788,717
12	Australia	1,444,189
13	South Korea	1,416,949
14	Spain	1,406,855
15	Mexico	1,282,725
16	Indonesia	888,648
17	Netherlands	866,354
18	Turkey	806,108
19	Saudi Arabia	752,459
20	Switzerland	712,050
21	Nigeria	573,652
22	Sweden	570,137
23	Poland	546,644
24	Argentina	540,164
25	Belgium	534,672
26	Taiwan	529,550
27	Norway	500,244
28	Austria	437,123
29	Iran	404,132
30	United Arab Emirates	401,647

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Entrepreneurship in Europe

- The European giants are all aging
- Data show that continental Europe has a problem with creating new businesses destined for growth.
  - http://www.economist.com/node/21559618
- According to the Global Entrepreneurship Monitor (http://www.gemconsortium.org/), which compiles comparable data across countries, in 2010 “early-stage” entrepreneurs made up just
  - 2.3% of Italy’s adult population,
  - 4.2% of Germany’s, and
  - 5.8% of France’s.
- European countries are below—in many cases well below—
  - America’s 7.6%, let alone
  - China’s 14% and
  - Brazil’s 17%.

Europe is struggling with Entrepreneurship;

- A study by Ernst & Young, an accounting firm, showed last year that
  - German, Italian and French entrepreneurs were far less confident about their country as a place for start-ups than those in America, Canada or Brazil.
  - Very few French entrepreneurs said their country provided the best environment;
  - 60% of Brazilians, 42% of Japanese and 70% of Canadians thought there was no place as good as home.
  - Asked which cities have the best chance of producing the next Microsoft or Google, Ernst & Young's businesspeople:
    - Shanghai, San Francisco and Mumbai.
- Many aspiring entrepreneurs simply leave.
  - There are about 50,000 Germans in Silicon Valley, and
  - an estimated 500 start-ups in the San Francisco Bay area with French founders.
  - One of the things they find there is a freedom to fail. If your firm goes under in France, says Dan Serfaty, the French founder of Viadeo, a fast-growing business-networking website, you don't get a second chance.
  - http://www.economist.com/node/21559618
  -

Finance is a challenge

- Getting seed capital up to €1m ($1.2m) from “friends, fools and family” is pretty easy.
  - Technology entrepreneurs such as Germany’s Samwer brothers, Oliver, Marc and Alexander, made fortunes in the first dotcom boom and then became angel investors in such very young start-ups.
  - In Germany seed money has roughly quintupled in the past five years, says Hendrik Brandis of Earlybird Venture Capital, a venture-capital firm in Munich.
- For the €1.5m-4m that firms need to work an idea up into a real business model, though, money is in desperately short supply.
  - Institutional investors such as pension funds regard European venture capital as a bad asset class.
  - European venture-capital firms lost money during 2000-10 after the bursting of the dotcom bubble.
  - The total money invested in European venture capital **halved** from €8.2 billion in 2007 to €4.1 billion last year.
  - Much of it now comes from governments rather than from private investors.
- Third stage of funding, up to €20m or so to build on what looks like success, American money is increasingly available—though since they depend on big hits to offset dozens of failures, American funds are still more likely to back entrepreneurs at home, where such things are known to happen, or in high-growth emerging economies.
  - And anyway, most European entrepreneurs have hit the buffers long before they get to the €20m stage.

Labor laws can also impede innovation

- If young firms are to survive near-terminal mistakes, or fluctuating demand, they need to be able to **reduce staff costs** quickly and cheaply when necessary.
  - That is far harder in many European countries than elsewhere. The complexity and cost of firing people in Europe is a big concern for American venture capital, says Georges Karam, the chief executive of Sequans Communications, a French chipmaker for smartphones which went public on the New York Stock Exchange last year.
  - A fund in Boston recently pulled its investment in a start-up which its French founder had intended to begin in America but then had to bring back to France for family reasons.
- The cost of paying out **large severance packages** (six months of severance pay is typical even for very recent hires) can be a huge drain for a small company.
  - "In San Francisco and in China, a communist country, I pay one to two months," says a beleaguered French chief executive who does not want his name attached to such a sensitive subject. Big severance packages also make it much harder for start-ups to recruit the professional managers that can take them into the big league. Experienced executives are loth to forgo such reassuring goodies by resigning.
- Anil de Mello, who started Mobuzz, a Spanish online-video firm, in 2005, watched his fledgling company implode with the onset of the financial crisis. He thought bankruptcy would give him a new start.
  - But after business creditors were dealt with, Spanish social security pursued him for five more years to extract repayment of severance money it had paid to the firm's employees on his behalf.
  - Mr de Mello nearly gave up being an entrepreneur entirely. Instead he started his next company—devoted to bringing down roaming tariffs for mobile-phone users—in Switzerland, where the labor laws are less of a deterrent.

Global Entrepreneurship

- Sustaining globalization and market capitalism requires ever-broadening market access. Entrepreneurship is synonymous with risk-taking capitalism. Entrepreneurship is a source of long-term economic growth and a key determinant of international competitiveness. The extent to which entrepreneurship is allowed to flourish is akin to liberation. It is an indicator of economic and political participation. Entrepreneurs shape nations. The level of entrepreneurship therefore is also indicative of a dynamic civil society and democratization.
- The entrepreneurial spirit is innate in human nature. Entrepreneurial culture, and with it the potential for economic growth and development, is everywhere. But it is too often repressed. But risk-taking entrepreneurial capitalism is in short supply. The governments of countries ruled by repressive regimes and their collusive economic interests fear them. Authoritarian regimes respond not only with onerous economic restrictions, but also by political repression, price controls, and expropriation of private assets and state ownership of them.
- The gain in power from techno-economic progress is being increasingly overshadowed by the production of risks (Beck 1992, 13). The consolidation of firms in almost every industry, the resurgence of the state in the wake of market crises, and greater state-firm cooperation, increase barriers to entry, reduce market access, and impede innovation.

Risk and Human Security

- Risk presumes a society that actively tries to break away from its past – the prime characteristic of modern industrial civilization (Giddens 2000, 40). Technological innovation and capital investment therein have accelerated the rate of economic, political, and social change.
- Risk is a complex and interactive phenomenon that involves both (bio)physical attributes and social dimensions (Kasperson and Kasperson 1996, 95). Risk is symptomatic of a lack of knowledge about the course of future events. Human beings have invented the concept of risk to help them to understand and cope with the dangers and uncertainties of life (Kunreuther and Slovic 1996, 119).
- Risks are a reflection of human actions and omissions, the expression of highly productive forces. That means the sources of danger are no longer ignorance but knowledge; not a deficient but a perfected mastery over nature; not that which eludes the human grasp but the system of norms and objective constraints established with the industrial epoch (Beck 1992, 183).
- Risk analysis requires an approach that is capable of illuminating risk in its full complexity, is sensitive to the social settings in which risk occurs, and also recognizes that social interactions may either amplify or attenuate the signals to society about the risk (Kasperson and Kasperson 1996, 96).
- A competing notion of "human security" is creeping around the edges of official thinking, suggesting that security be viewed as emerging from the conditions of daily life – food, shelter, employment, health, public safety – rather than flowing downward from a country's foreign relations and military strength (Mathews 1997, 51).

Risk and Human Security

- With goods, capital, technology, and information now moving more freely, globalization has been proceeding with enormous momentum. At the same time, issues such as environmental degradation, terrorism, violations of human rights, transnational organized crime, illicit drugs, refugees, poverty, and infectious diseases such as AIDS are becoming more severe, moving across borders to directly threaten human survival, daily life, and dignity (MOFA 1999, 101).
- Even in the realm of peace and security, new threats have emerged which go beyond traditional security threats. Russian President Dmitry Medvedev describes corruption and poverty as the main threats to his country's national security.
- State security and human security have become intertwined (Helsinki Process 2008). Citizens bear the burden of war, they are generally inclined toward caution; and republics, in which citizens' opinions are represented, are therefore less war prone than other forms of government.
- The basic notion of security is being redefined, placing much more weight on the needs and concerns of human beings and the quality of their environment. Human security expands the traditional notion of security to include protection of human beings from threats. It is based on two premises:
  - 1) Freedom from want and
  - 2) Freedom from fear (UN 2000).
- Three common characteristics of physical risks include surrounding uncertainty, significant consequences, and externalities (Zeckhauser and Viscusi 1996, 145). Risk externalities are a source of uncertainty. The threat of deadly conflict must be tackled at every stage and conflict prevented through a combination of sustained economic growth and development and the protection of human rights.

Social Space

- Where do we look to for support of entrepreneurial capitalism for greater international security? The future does not rest in the state, regions, or globally, but in the minds of individual people everywhere. This is where we will turn next, to the locus of the entrepreneurialism, civil society.
- Households own all resources either directly as workers or entrepreneurs or indirectly through their ownership of business corporations (McConnell and Brue 2005, 36).
- Households are the ultimate “shareholders” of the system (Groom et al. 2006, 3). … [They] have always been the ultimate bearers of financial and other risks (see Groome et al., 2006, 39).
- However, the rate of financial risk transfer, from the banking and financial sectors to individuals and families, has increased.
- International relations are not a matter of states alone; they are relations between peoples. Globalization has brought with it a fundamental change in world politics – states, traditionally seen as the only legitimate players on the international states have been joined by other stakeholders, such as international organizations, civil society organizations, business actors, and religious actors (Helsinki Process). There are no dominant structures of cooperation and conflict in a polyarchic system; nation-states, subnational groups, transnational special interests, and communities all vie for the support and loyalty of individuals. Functionalist integration organizes particular layers of social life in accordance with particular human requirements thereby breaking down the artificialities of zoning arrangements associated with the principle of sovereignty (Claude 1971, 348).

Market Sustainability

- Market stability and security are prerequisites for market sustainability. Risk reduction and crisis prevention stabilizes markets. However, market crises increase the role of the state to stabilize them. In other words, the market's potential for affecting positive change may have the opposite effect – the resurgence of state intervention in the market.
- The Market Sustainability Curve, is an adaptation of the Laffer Curve of the optimal level of taxation beyond which the tax rate becomes a disincentive to work and thereby yields fewer taxes even though the tax rate is higher.

European Entrepreneurship

Political, economic, and societal variables at different levels of the global system affect the level of entrepreneurship. Risk communities have emerged to cope with global financial crises. Policy considerations regarding the desirable risk profile of the household sector involve important cultural, social, and political issues, which are likely to be addressed differently across countries or regions (Groome et al. 2006, 39).

EU Entrepreneurship has been lackluster because of restrictive government regulations and European workers place a premium on job security. Only half the number of Europeans has thought about starting a business as have Americans (Eurobarometer 2007, 4). Moreover, Europeans' fear of failure is over two times greater than Americans' (Eurobarometer 2007, 16). Another limitation of European entrepreneurs is cultural. While the single market has all but eliminated transaction costs, language and consumer preference differences remain, making it international entrepreneurship from the get-go. Lack of finance is a market barrier to European entrepreneurialism (Eurobarometer 2007, 4). These barriers, together with country differences in the costs of doing business (e.g., business registration, tax rates, etc.), complicated legal codes, and an emphasis on risk prevention indicate EU countries place too much emphasis on risk reduction, which threatens regional market sustainability.

Let us now turn to Eastern Europe

Table 1

Risk in the Eastern bloc

Table 1 Political Risk Variables		Belarus	Rank	Poland	Rank	Romania	Rank	Russia	Rank	Serbia	Rank	Slovenia	Rank	Ukraine	Rank
Political Risk	Short-term	na		71.5	61	69.4	73	72.7	59	42.7	125	86.7	12	47.3	121
	Long-term	na		78.4	29	74.6	39	54.3	97	44.5	117	75.3	35	42.5	123
	Failed States Index	84.4	53	47.6	145	59.9	128	79.7	72	80.1	70	37.1	156	70.8	108
Sovereign credit rating			Outlook		Outlook		Outlook		Outlook		Outlook		Outlook		Outlook
	Foreign currency	B1	Stable	A2	Stable	Baa3	Stable	Baa1	Positive	na		Aa2	Positive	B1	Stable
	Local currency	B1	Stable	A2	Stable	Baa3	Stable	Baa1	Positive	na		Aa2	Positive	B1	Stable
Fiscal Discipline	Gross General Government Debt [or Total Debt]/GDP	16.6	2006	44.2	2007	45.6	2006	26.3	2006	43.5	2006	23.4		46.3	2006
Corruption	Corruption Perception Index	2.0	151	4.6	58	3.8	70	2.1	147	3.4	85	6.7	26	2.5	134
Press Freedom		91	188 Not Free	24	51 Free	44	94 Partly Free	78	170 Not Free	39	84 Partly Free	23	46 Free	53	110 Partly Free

Political Risk

- The list of political risk variables in Table 1, while not exhaustive, provides information about the current political systems in the seven Eastern European countries.
- Business Monitor International assesses short- and long-term economic and political risks.
- Slovenia has little political risk although it is expected to increase in the long-term.
- Political risk in Poland and Romania is moderate in the short-term and expected to decline in the long-term.
- Russia's political risk is expected to increase in the long-term.
- Serbia and Ukraine, while relatively risky in the short-term, are not expected to change their political risk level in the long-run.
  - Wow! Did the text ever get THIS wrong!
- The failed states index of 177 countries compiled by the Fund for Peace assesses the strength of state according to according to twelve indicators (4 economic, 2 social, and 6 political) indicates
  - the strongest states are the EU members, Slovenia, Poland, and Romania. They rank 156th, 145th, and 128th, respectively.
  - The weakest state is Belarus at 53rd.
  - The remaining states, Serbia, Russia, and Ukraine rank 70th, 72nd, and 108th, respectively.

Political Risk Contd.

- In terms of the economic aspects of political risk, the sovereign credit ratings (i.e., foreign and local currencies) of the seven countries are ranked by Moody's as at least "stable." Belarus and Ukraine have lowest credit rating of B1. Next come Romania at Baa3 and Russia at Baa1. The most creditworthy countries are Slovenia followed by Poland. In terms of fiscal discipline, as measures by gross government general debt as a percentage of GDP, Slovenia and Russia have the leanest government budgets (data for Belarus is suspect) at 23 and 26 per cent of GDP, respectively. The rest of the countries fared quite a bit worse at between 44-46 per cent of GDP.
- The next political risk variable in first table is the corruption perception index, which ranks the perceived level of corruption in 180 countries. Figure 3, Corruption Perception Index, listed above, indicates the disparity of the perceived level government corruption is widest in Eastern Europe. Officialdom chokes business; corruption is stubbornly entrenched (*The Economist*, 10/28/2008). According to the Transparency International 2008 Survey, the further east you go in Eastern Europe, the more corrupt the government is perceived to be. The Russian Federation, Belarus, and Ukraine are perceived to be the most corrupt, followed by Romania and Serbia, then Poland, and lastly, Slovenia.
- The final political risk variable, the level of press freedom in 2008, as measured by Freedom House in 195 countries, is concerning. Media is restricted in every country, except in Slovenia and Poland. The press is partly free in Serbia, Romania, and Ukraine and not free in Russia and Belarus.

Resource links create political links (and risks)

Pipeline Politics

- Pipeline politics has long affected countries in the region and their international relations, even when market prices did not affect the resource market. The political risk of the resource industry risk is increasingly evident since the rise energy prices since 2004.
  - The closer to Russia and its natural gas and oil transit routes, the greater the overall (political, economic, and societal) risk.
- The Druzhba (Friendship) oil pipeline, one of the world's largest and longest, began to deliver unrefined oil to Central Europe in 1962. Branches of the pipeline transit through Belarus and Ukraine. Belarus gets around 400,000 barrels per day (bbl/d) of Druzhba crude oil for its two refineries.
- 80 per cent of Russia's natural gas bound for Western Europe flows through Ukraine. Russia has cut gas and oil supplies to Europe via Ukraine and Belarus. The coming online of the North Stream Pipeline will divert gas flows away from Ukraine and Belarus to through the Baltic Sea directly to Germany (Feifer 2009). This may portend lessening risk in Ukraine and Belarus.
- Russia and Serbia are traditional allies. Russia's Gazprom supplies Serbia with 90 per cent of its natural gas. It plans to make Serbia the hub of its South Stream Pipeline (Feifer 2009). Gazprom, Russia's state owned monopoly, also plans to buy a controlling interest in Serbia's state oil and gas industry (Feifer 2009)

Economic Risk in the Eastern Bloc

- Table 2, Economic Structure shows the sectoral composition of the seven Eastern European countries. Eastern European economies are representative of newly developing economies.
- The service sector accounts for less than 70 per cent of GDP, manufacturing for over 30 per cent of GDP, and agriculture for over 5 per cent of GDP. From this table it appears the Serbian economy has the largest agricultural and service sectors and the smallest manufacturing sector. Poland and Romania have relatively important service economies. Belarus, Russia, and Ukraine have similar economic structures. Belarus and Russia have comparatively small service sectors and the largest manufacturing sectors. Ukraine has more service industries and less manufacturing and agriculture than the other two countries. Slovenia has relatively strong manufacturing and service economies and the smallest agricultural sector. Poland and Russia also have small agricultural sectors.

Table 2 Economic Structure

	% of GDP	Agriculture	Industry	Services
Belarus	2006	8.8	39.9	51.3
Poland	2007	4.3	29.9	65.9
Romania	2006	8.3	26.4	65.4
Russia	2007	4.8	38.6	56.7
Serbia	2006	12.0	20.0	68.0
Slovenia	2007	2.0	34.0	63.0
Ukraine	2007	7.4	32.1	60.5
Average		**6.8**	**31.6**	**61.5**

Societal Risk

- Table 4, Societal Risk Variables, in the last risk table provides insight into the lives of the citizens of these seven countries.
- The combined population of the seven Eastern European countries is under 270 million people. Their PPP GDP per capita is varied with the consumers of tiny Slovenia the most well off. Poland and Russia follow with about 60 per cent of the per capita GDP of Slovenia. Romanians and Belarusians have comparable annual GDP per capitas, at less than half of Slovenians'. Serbians earn about a third the income of Slovenians and the people of Ukraine receive only 25 per cent of the per capita income of those in Slovenia. The unemployment rate in Serbia was very high in September 2008 at almost 19 per cent. Unemployment data was unavailable for Belarus and unreliable for Ukraine. Unemployment in the remaining countries ranged between 4.2-6.7 per cent in the third quarter of 2008.
- The human development index (HDI) that weighs per capita GDP with qualitative indicators of development such as education, health care, life expectancy, etc., indicates the quality of life is very high in Slovenia, low in Poland, and much lower in Romania, Belarus, Russia, and especially Ukraine. HDI data for Serbia is not available. The highest life expectancy is not surprisingly in comparatively wealthy Slovenia.
- A summary look at the color-coded group level political risk ranking in Table 1 indicates Slovenia and Poland are good business opportunities. A summary look at the color-coded group level economic risk ranking in the third table indicates Russia and Poland are good business opportunities. A summary look at the color-coded group level societal risk ranking in Table 5 indicates Slovenia and Poland are good business opportunities. But this is only a preliminary look at business opportunities in Eastern Europe.
  - (Wilson: And my how times have changed!)

The Case of Belarus

- The hostile environment facing Belarusian entrepreneurs is well-documented. The general consensus on entrepreneurship in Belarus is, it's hopeless, a basket case. The authoritarian rule and the highjacking of democracy have neither snuffed out market initiative, nor the will to take it. A visit from Belarusian entrepreneurs and the stories they told of overwhelming odds they face yet persevere with attest to this.
- After an initial surge of capital reform from 1991-1994, including the privatization of state-owned enterprises (SOEs), institutions of private property and development of entrepreneurship, Belarus under Lukashenko has greatly slowed, and in many cases reversed, its pace of privatization and other market reforms, emphasizing the need for a "socially oriented market economy" (DOS 2/08, 4). Entrepreneurship represents a threat not only to large Belarusian economic interests, but also to political powers that be.
- The managers of small and medium enterprises, a proxy for entrepreneurship, prefer, by more than 2:1, entry into the European Union (EU) to a closer partnership with Russia.

Belarus Contd.

- Belarus' first president, Alexander Lukashenko, a former state farm director, has been in power since 1994. He has long since overstayed his welcome, according to constitutional term limits, President Lukashenko has steadily consolidated power in the executive branch through authoritarian means and dominates all branches of government. Corruption, inefficiency, and political interference in the judiciary are prevalent.
- The president appoints six of the 12 members of the Constitutional Court, including the chairman and the chairman of the Supreme Court and the Supreme Economic court. He also has the authority to appoint and dismiss all district and military judges (DOS 3/11/08, 4).
- President Lukashenko has sought to develop closer ties with Russia for much of his career (*BBC News*). Minsk is the capitol of the Commonwealth of Independent States (CIS).
  - An informal Russia-Belarus Union has been in effect since the 1990s.
  - The Belarusian economy has been dependent on heavy discounts of oil and natural gas prices of imports from Russia and re-export of oil and natural gas at world market prices, using windfall profits to subsidize state enterprises (DOS 2/08, 4).
  - Russia cut energy supplies to Belarus in 2006 until Minsk agreed with Russia's Gazprom in December 2006 to more than the double the price it pays for Russian natural gas (*BBC News*).
  - Belarus received a $1.5 billion stabilization loan from Russia (DOS 2/08, 4). Gazprom will, in turn, gradually acquire a 50 per cent stake in Beltransgaz, the Belarusian gas pipeline firm (DOS 2/08, 5).
  - According to a stated plan of the Belarusian government to pass along Russia's price rises to European customers, Belarus raised the prices for Russian oil transit to Poland, Germany and Ukraine by 22.5 per cent in January 2009.

Belarus Contd.

- Belarusian ethnicity is distinct from Russia (see table below). About 400,000 ethnic Poles live in the west of Belarus (*BBC News*). But Belarus has a weak sense of national identity. Even though Belarusians fear of class division, Belarusian society is oppressed. For example, all internet service providers (ISPs) in Belarus operate through a state-controlled portal (DOS 2/08,
- Belarus was one of the most prosperous parts of the Union of Soviet Socialist Republics (USSR), its industrial was relatively well-developed, it had a broad agricultural base, a high education level, as well as one of the highest standards of living (*BBC News*; DOS 2/08, 4). But with independence in 1991 came economic decline (*BBC News*). Virtually unreformed, 75-80 per cent of Belarus' economy is in state hands. Belarus wants to avoid the mistakes made by neighboring Russia and Ukraine in the early 1990s, when hundreds of enterprises were asset-stripped and sold at bargain basement prices (Denysenko 2008). The government under Lukashenko has renationalized companies, including banks, which had been privatized after independence, using the so-called "Golden Share" mechanism (DOS, 2/08, 4). Administrative price regulation continued in January 2008 (Tochitskaya et al. 1/2008, 4). But later in the year, in an apparent policy reversal, the Belarusian government hosted its first Belarus Investment Forum in November 2008. The Belarusian Prime Minister, Sergei Sidorsky, announced a list of some 600 companies slated for privatization, as well plans to streamline business regulations and reform the tax code (Denysenko 2008).
- Belarus is a key transport hub, a source of cheap and skilled labor, huge fresh water reserves, and prides itself on its organic way of life (Denysenko 2008). Its main industries are agricultural equipment (i.e., tractors), motorcycles, chemicals, fertilizer, textiles, and consumer goods are the Belarus' main industries. It major trading partners are Russia, Germany, Ukraine, and Poland. Western investors are reportedly more eagerly awaited than Russian investors (Denysenko 2008).

Conclusion

- Societies balance between tradition and change, confidence and uncertainty, tolerance and intolerance, competitiveness and complacency, security and insecurity. Innovation – "building a better mouse trap" – self-determination, independence, living a better life motivates entrepreneurs as much as the profit motive. Global entrepreneurship is vulnerable. Long-term market instability and marginalization and economic deprivation lead to a "crabs in a barrel" mentality and reactionary populism.
- Political economies may teeter between a liberal one and a controlled one. The concurrence of economic and political participation implies the obvious that political oppression suppresses risk-taking. The development and growth of a market economy, the point at which risk-taking entrepreneurship becomes central to the process of economic growth and development, flourishes in democratic political systems.

Conclusion Contd.

- The current environment explains the problems of global entrepreneurship. Regional responses to global financial crises lead to risk communities. Globalization in an age of high energy prices, market crises, and power politics by states *and* firms is very evident in Eastern Europe. This survey of the state of entrepreneurship in Eastern European countries yields the full complexity of the risks of international business, especially global entrepreneurship. Assessing risk at the local level, as indicated by the level of entrepreneurship, is a complex and on-going process. The accuracy, reliability, comprehensiveness, and timeliness of the data are all important. On-going, pro-active, and objective what-if scenario and contingency planning are also necessary.
- Political oppression, predatory capitalism – volatility-inducing speculation, oligopolistic/monopolistic market control, extortionist wealth maximization – threaten society in equal measure and are therefore threats that should be avoided everywhere and at all times. Finding that point where institutional constraints (i.e., political, economic, and societal) give way to open markets is essential and therefore a goal of future research. Determining whether or not this is happening is also important. We will then be able to assess the viability and sustainability of a risk-taking society and democratic peace.