

I. STRATEGY AND EVALUATION OF DISTRIBUTION

Wojciech Wrzosek *

MARKET STRUCTURE AND CO-OPERATION OF ECONOMIC SUBJECTS

1. ALLOCATION OF TASKS AND CO-OPERATION

The problem of co-operation of economic subjects has been receiving a great deal of attention in the Polish economic literature for many years. We do not intend to discuss it in a comprehensive manner in this paper taking account of all its complexity. Our attention will be focussed on brief analysis of several problems concerning relationships between the subject and the object structure of the market and co-operation of economic subjects.

The problem of co-operation of economic subjects is inseparably linked with tasks allocation as a causative motive. Tasks allocation creates indispensable prerequisites for co-operation and determines its object. However, the fact that tasks allocation constitutes a genetic factor of co-operation of economic subjects does not imply that there occurs a unilateral relationship between these phenomena. To perceive exclusively such relationships between tasks allocation and co-operation would certainly be synonymous with simplifying the matter, as it is sometimes the case with some trends in the economic literature.

The above mentioned relationship is, first of all, emphasized in these trends of analysis which aim at:

- search for possibly the best allocation of tasks between economic subjects,
- search for mechanisms of economic subjects management by means of which it is possible to counteract any deviations from the best tasks allocation or cushion the effects of these deviations.

* Doc. Dr hab., Chair of Economics and Organization of Marketing, Main School of Planning and Statistics, Warsaw (Poland).

In turn, the search for possibly optimal allocation of tasks is most often based on the concept of technical specialization and peculiarly understood economy of inputs with relatively little attention paid to complexity of socio-economic processes which cannot be considered solely or even principally in technical categories. Moreover, there rules a conviction that practical application of this concept allows particular economic subjects, belonging to various sectors of the national economy, to improve their effectiveness in accomplishment of tasks allocated to them. Consequently, one expects high effectiveness in activities of economic subjects in the sphere of production, trade etc.

Tasks allocation carried out in line with these assumptions will correspond primarily to the criteria of branch effectiveness as it stresses effectiveness of internal processes and not of processes taking place between economic subjects of different branches. In such situation co-operation of economic subjects takes the form of a derivative of tasks allocation. Simultaneously it fails to provide one of criteria of its formation or constitute — in its assumptions — a process within the framework of which tasks allocation can be determined.

Thus if the main emphasis is placed on the above mentioned relationship, which simultaneously obtains practical significance, then tasks allocation cannot be directly determined from the viewpoint of interbranch effectiveness of economic processes. The presented logic of action will obviously make sense only when it is accompanied by an assumption about a possibility of securing such co-operation of economic subjects based on the performed allocation of tasks which will ensure effective performance for socio-economic processes and accomplishment of desired objectives on the social scale.

The socio-economic practice seems to confirm that this assumption is too optimistic. If the problem of economic subjects co-operation is considered to be secondary in relation to the tasks allocation problem, then taking into consideration the present aspects of the socio-economic situation it appears practically impossible to avoid deviations from the performed tasks allocation in the course of co-operation of economic subjects. Now the appearance of these deviations will, in turn, often give rise to a conviction that it is necessary to seek such mechanisms of economic subjects management which will make it possible to counteract these deviations or cushion their effects.

Similarly the socio-economic practice provides much evidence to the effect that application of mechanisms of economic subjects management, counteracting these deviations from the already performed and considered to be rational allocation of tasks, does not produce the

highest degree of effectiveness. Economic subjects while co-operating with one another actually participate in shaping the allocation of tasks although their activities — expressing deviations from the performed tasks allocation — need not necessarily be considered as inexplicable or irrational even in the light of macroeconomic criteria.

The allocation of tasks between economic subjects is of two-stage character in the socialist economy. Practical experience proves that it does not lose this character even with a relatively high degree of centralization of economic decisions. Firstly, it is performed by central economic organs which isolate and institutionalize certain socio-economic processes. The result of the institutionalization of socio-economic processes is a definite subject structure of the market. In the socialist economy predominates, as a rule, the principle of direct object, branch, and territorial determination of the scope of activities of particular economic subjects. It means that the institutionalization of socio-economic processes takes the form of relatively precise determination of the place of particular economic subjects in the market by central economic organs.

As a result, however, of decisions made by central economic organs the final allocation of tasks between economic subjects cannot be predetermined. And thus secondly, the allocation of tasks will be also determined in the second stage in which economic subjects themselves participate being appropriately steered by conditions created by central economic organs. We might perhaps formulate a supposition that the more the allocation of tasks as performed by central economic organs falls wide of the most broadly understood conditions in which economic subjects are functioning the bigger the role the market participants themselves may play in determination of tasks allocation. The process of economic subjects co-operation becomes then also the process of determination of tasks allocation.

Central economic organs while allocating tasks are facing a difficult problem of adequate shaping the conditions of economic subjects functioning. If these conditions are created in a manner incompatible with the performed allocation of tasks then the central organ must anticipate some deviations from the performed tasks allocation. Then these deviations need not be treated as unintended corrections of the performed tasks allocation as one can hardly expect economic subjects to undertake actions for which proper conditions were not created or proper motivations generated. If this statement were to be justified then corrections in allocation of tasks performed in the course of co-operation of economic subjects might be treated as a verification factor of tasks allocation originally performed by the disposition centre. On the other hand, while creating conditions of operation and co-operation of eco-

economic subjects the central disposition centre actually performs indirectly a secondary allocation of tasks promoting some of their operations and neutralizing motivation for launching other operations. Secondary allocation of tasks is not connected with change of place of particular economic subjects in the market but with change of scope and structure of activities carried out by economic subjects in a definite place of the market.

While omitting here the problem of evaluation and identification of deviations from tasks allocated originally by the central economic organ, we can say that they are immanently linked with allocation of tasks and the way it is performed as well as with the structure of conditions in which economic subjects are functioning. In this situation the search for means of counteracting these deviations in mechanisms of economic subjects management cannot be treated as an undertaking promising a high degree of success even when we assume a considerably increased effectiveness of improved management mechanisms. After all, the improvement of management mechanisms cannot be a substitute for activities aimed at elimination of developmental disproportions, appropriate formation of subject and object structure of the market.

Bypassing here other directions of analysis and focussing our attention on the subject of this paper, we can state that deviations from the original allocation of tasks can grow along with differences in the position held by particular economic subjects in relation to one another. The degree of equality or inequality of positions held by particular economic subjects depends primarily on the market situation and structure. The market situation can be analyzed at least in two cross-sections, and namely as¹:

- structural-market situation,
- balance-market situation.

The structural-market situation is directly connected with the subject structure of the market and relationships between economic subjects acting the role of sellers and buyers. This situation exerts an essential influence on co-operation of economic subjects and tasks allocation between them.

The balance-market situation is, on the other hand, directly connected with the object market structure and relationships between its ele-

¹ J. Lipiński, *Sprawność funkcjonowania gospodarki a sytuacja rynkowa*, [w:] *Wewnętrznie zgodny mechanizm funkcjonowania gospodarki socjalistycznej* (Effectiveness of Economy's Functioning and Market Situation. Included into the work on: Internally Coherent Mechanism of Functioning of Socialist Economy), Warszawa 1978, p. 216.

ments, and thus between supply and demand. In accordance with this situation sellers and buyers obtain different positions which determine co-operation between them and affect possibilities for occurring of deviations from tasks allocation performed by the central economic organ.

Differences in positions of particular economic subjects can thus result from the fact that:

- they have been furnished with different positions by the central disposition centre during formation of the subject market structure (determination of the place in the market for subjects) and/or
- creation of different positions due to influence exerted by the object market structure.

2. MONOPOLY AND CO-OPERATION

Prerequisites of co-operation between economic subjects result both from tasks allocation and complexity of socio-economic processes filled with numerous relations and correlations. Taking it into account we can find that it is an indispensable prerequisite of effective functioning of socio-economic activity. Without co-operation of economic subjects this activity would be deprived of the necessary degree of vitality. Thus it is not so much the problem of existence or non-existence of co-operation but rather the problem of the scope and principles on which this co-operation is based.

The scope and principles of co-operation of economic subjects depend on many factors. The basic factor here is the type of relations between economic subjects, which in the socialist economy does not originate in an autonomous way and thus not under the influence of decisions made by subjects of these relations. It is purposely shaped by the state and finds its fullest reflection in the management system of economic subjects. Depending on the structure of this system economic subjects can — at least it is so assumed — co-operate, to a bigger or smaller extent, in line with principles of behaviour determined for them.

It is quite obvious that there cannot exist such a type of relations which would make it impossible for economic subjects to co-operate in a developed economy. Identifying — co-operation of economic subjects with the type of relations existing between them, we can say that irrespective of the type of these relations economic subjects always co-operate in the sphere of real material processes (e.g. in the sphere of translocation of products from production to consumption by trade, and thus in activities of passing the products over by sellers and taking

them over by buyers). The scope of this co-operation is delimited by the scope and material structure of activity of particular economic subjects.

However, the fact that economic subjects co-operate in the sphere of real material processes cannot imply that they must also co-operate in the sphere of steering these processes, and thus in performance of activities of regulating type. Economic subjects in socialist economy can co-operate in steering material processes within the scope determined by the central disposition centre, or — at least it is so assumed — they can restrict their co-operation to the sphere of implementation of material processes.

Roughly speaking we can say that the wider the scope in which relations between economic subjects are based on utilization of the market mechanism elements the wider the scope of co-operation of economic subjects in steering real material processes can be. Co-operation of economic subjects in steering these processes expresses such situation in which particular subjects mutually affect one another in a way regulating their activity². It means that there exists between them an interrelation of decisions and activities in this sense that decisions and activities of one economic subject depend on and affect decisions and activities of another economic subject. If such interrelation was not present then it would be difficult to maintain that economic subjects co-operate in a classical way in the field of steering material processes, although — as it has already been said — it cannot undermine their co-operation in implementation of the processes themselves.

If co-operation of economic subjects consists in steering real material processes it is then exposed to a strong influence of the subject structure of the market reflecting a definite state of grouping of subjects possessing a definite economic potential. From the fact of appearance of such influence there ensues, first of all, a postulate of integral formation of the subject market structure and the type of relations between economic subjects. We may, however, formulate also a hypothesis that the subject market structure affects the manner of co-operation of economic subjects regardless of the type of relations between them. This hypothesis would be less justified when assuming a high degree of equality in positions of particular economic subjects but it becomes

² See: S. Nowacki, *Wpływ systemu kierowania i warunków rynkowych na współdziałanie uczestników rynku*, [w:] *Współdziałanie uczestników rynku jako czynnik postępu w zaspokajaniu potrzeb ludności* (Influence of Management System and Market Conditions on Co-operation between Market Participants. In the work on: Co-operation of Market Participants as Factor of Progress in Satisfaction of Population's Needs), Warszawa 1977, p. 4, and on.

more justified in situation of inequality of these positions. Thus the conclusion is that co-operation between economic subjects in steering material processes occurs also in the case of non-market relations between them being then accompanied by definite deformations. It develops basically in the sphere of informal decisions and activities which are not envisaged by the formal management system of economic subjects.

Practice shows that the socialist economy does not exclude such grouping of economic subjects in the market which is reflected by occurrence of monopolistic situations. There are even some grounds for a statement that it is quite common phenomenon. In the socialist economy economic subjects do not obtain a monopolistic situation as a result of higher effectiveness of activities but it is bestowed on them in the course of formation of the subject market structure and is reflected either in a special potential remaining at the disposal of some subjects in comparison with others or/and in special rights (privileges) of some economic subjects in relation to others.

Occurrence of monopolistic situations has been so far a relatively permanent feature of grouping of economic subjects in the socialist economy exerting an essential influence on co-operation between them. The monopolist shows, first of all, a big inclination for avoiding certain outlays and transferring a burden of material activities to the subjects which co-operate with him. These inclinations can be, moreover, relatively easily fulfilled. That is possible since the monopolist takes over functions of steering these activities. Monopolistic situation creates thus prerequisites for changes in the structure of regulating activities and material processes between co-operating economic subjects.

When analyzing the problem from the viewpoint of the central disposition centre we can say that when forming the subject market structure and anticipating occurrence of monopolistic situations within its framework, the centre steers real socio-economic processes through monopolists. That does not imply that principles of co-operation of economic subjects being created in these conditions correspond to intentions of central economic organs. All the more, so if the monopolist, revealing intensively his own preferences, shows also inclinations for neglect of dispositions of central economic organs. Steering of material processes through monopolists is synonymous with steering under pressure of monopolists. Occurrence of monopolistic situations in the socialist economy is accompanied by restrictions in the field of possibilities of utilizing these situations in the process of co-operation between economic subjects. Central economic organs can withdraw and withdraw certain instruments of steering material processes, which can be

utilized by monopolists. However, restriction in the scope of steering instruments leads only to reduction of choice alternatives at the disposal of the monopolist but it does not eliminate possibilities of choice. Elimination of possibilities of choice would imply a change in the type of relations between economic subjects. A desire to preserve relations based on utilization of the market mechanism elements must assume possibilities of choice from which the monopolist will benefit. When excluding a possibility of manipulating the price, the practice and conducted researches show it may be such on instrument as a change of assortment structure of products favourable for him. The monopolist will find possibilities of steering material processes even with non-market type of relations exerting a pressure either on the central disposition centre or on economic subjects co-operating with him.

In the socialist economy there are made attempts at counteracting the possibilities of utilizing monopolistic situations not only through formation of a proper structure of instruments for steering real processes, but also through application of structural solutions. If monopolistic situations occur in the production sphere, these attempts are most often based on more or less conscious utilization of the concept of equivalent forces, which envisages formation of the trade subject structure ensuring consolidation of positions held by trade subjects in relation to producers.

Attempts made at counteracting the utilization of monopolistic situations by application of the equivalent forces concept are often only seemingly effective. That is due to the fact that they are based on comparison of absolute potential of economic subjects operating in trade and production without any account taken of the fact that measures of this potential and of position held by trade subjects and producers cannot be uniform. Consolidation of the position held by trade subjects and subordination to them of separate market segments creates, in turn, monopolistic situations towards buyers.

Utilization of the equivalent forces concept counteracts a monopolistic situation as it does not provide for changes of the subject structure and the way of its formation in the production sphere. It is a concept which can be only connected with a desire to counteract the utilization of this situation in co-operation of economic subjects. Even if we assumed a high effectiveness of its application we might easily notice that it encompasses exclusively a certain section of relations within the framework of comprehensive socio-economic processes.

Occurrence of monopolistic situation accompanied by ineffective counteracting of possibilities of their utilization accounts for the fact that in the process of co-operation between economic subjects there take place

inevitable deviations from the fixed allocation of tasks. On top of it, these are not deviations — as already mentioned — consisting in a change of place in the market by particular economic subjects but such deviations in which the monopolist takes over steering functions and begins in a way to manage other economic subjects and minimize his participation in implementation of real material processes. This tendency is further consolidated by a situation in which the subject market structure is formed regardless of relations between economic subjects. If the type of relations envisages a wide scope of co-operation between subjects in the field of steering real material processes then it can hardly be expected that the monopolist will not take over the steering functions.

3. SELLER'S MARKET AND CO-OPERATION

Co-operation of economic subjects, determined by the subject market structure, depends also on the balance-market situation connected with its object structure. As this relationship was widely discussed in the economic literature we shall now concentrate our attention on some basic statements. It is clear that consequences of the seller's market and monopoly for the process of co-operation of economic subjects and formation of tasks allocation show many similarities.

Experience shows that market disequilibrium in the socialist economy is characterized with a relatively high degree of permanence while the equilibrium achieved in some segments shows, in turn, a high degree of impermanence. Thus there is no unidirectional trend of changes in the market situation which would be expressed in gradual elimination of the seller's market in consecutive segments. In the situation of multidirectional trends of changes in the balance-market situation the phenomenon of the seller's market continues to be an important factor affecting co-operation of economic subjects.

Co-operation of economic subjects in the situation of market disequilibrium of the inflationary type is carried out in a situation in which some economic subjects satisfy their aspirations while others do not³. In conditions of the seller's market buyers do not satisfy their aspirations. In this way co-operation of economic subjects occurs in conditions of market disequilibrium with differing levels of satisfaction of seller's and buyer's aspirations. In turn, different degree of satisfaction of aspirations revealed by economic subjects determines their differing

³ See: I. Kornai, *Anti-Equilibrium*, Warszawa 1977, p. 333 and on.

positions in the market, which is reflected in the process of co-operation and formation of tasks allocation.

Full satisfaction of aspirations or high degree of their satisfaction by some economic subjects affords possibilities for them to perform the main role in steering real material processes, as functions of steering these processes are inseparably connected with a degree of satisfaction of aspirations. Accordingly these subjects aim at such steering of material processes which would allow them not to decrease the degree of satisfaction of aspirations as that would imply a need for resignation from steering functions in contacts with other economic subjects.

Economic subjects which do not satisfy their aspirations tend in turn to decrease the degree of their unsatisfaction. In this connection they take over additional duties and expand the scope of their activities, and thus they undertake efforts aimed at increasing the degree of satisfaction of their aspirations. Directions of their activities result from the fact these subjects (buyers) do not perform functions of steering real material processes.

In conditions of the seller's market, therefore, there can occur similar changes in tasks allocation between economic subjects like those which are a consequence of appearance of monopolistic situations. Also in this case deviations from the fixed allocation of tasks do not consist in the change of market place by particular economic subjects as it is determined by the central disposition centre, but they consist in the change of structure of regulatory and real activities resulting from unequal market positions of sellers and buyers.

As it was already pointed out, the structure of regulating and real activities carried out by particular economic subjects in the socialist economy depends on the structure of management system and consequently on type of relations between economic subjects. The already presented deviations from the fixed allocation of tasks, occurring in conditions of the seller's market, can take the wider scale the wider the scope of relations based on utilization of market mechanism elements. However, both the seller's market and presence of monopolistic situations are able to undermine even this type of relations which excludes regulating co-operation of economic subjects. That is among others due to the fact that management instruments, by means of which a given type of relations between economic subjects is shaped, reveal a relatively high degree of effectiveness in the situation of the seller's market and monopoly. Accordingly, corrections in the predetermined allocation of tasks may occur irrespective of the type of relations between economic subjects.

The above mentioned relationships between degree of satisfaction of aspirations and changes in structure of regulating activities and real activities of particular economic subjects have been presented while assuming a given aspiration level. Practical experience seems to confirm this assumption. This is due to the fact that economic subjects do not encounter a sufficiently strong motivation for increase of the level of aspirations. A seller operating in conditions of disequilibrium of inflationary type can resign from a number of functions involving steering of material processes if increase of his level of aspirations is not hampered and is connected with some benefits. The aspiration level of economic subjects is delimited, first of all, by the size of the socio-economic plan and some disadvantages connected with excessive surpassing of its targets. Excessive surpassing of the plan targets may after all be a source of such increase of aspirations in future that their satisfaction may prove impossible producing negative consequences for the seller. This mechanism results in a closed optimization of the seller's activities; optimization within limits of the plan. The seller's attention is not directed then at increase of aspirations level but at maintaining a state in which his aspirations are satisfied to a maximum degree. Institutional solutions in the field of socio-economic planning may thus consolidate the influence exerted by the balance-market situation on co-operation of economic subjects.

From the point of view of the disposition centre the seller's market situation can be interpreted as a definite type of management of material processes of economic subjects, and namely management through sellers who perform steering functions and owing to that are an active participant in implementation of the secondary allocation of tasks. Counteracting negative consequences of this secondary allocation of tasks is either difficult or poorly effective in the situation of the seller's market because they are immanently connected with it. On the other hand, they can be counteracted through attempts at elimination of the seller's market itself both by means of proper activities in the material sphere and in the regulating sphere aiming especially at creation of motivation for increase of the seller's aspiration level.

Co-operation of economic subjects is determined in practice not only by existence of mutually independent monopolistic and seller's market situations but also by joint existence of both these situations. At the same time, the existence of the monopolistic situation and that of the seller's market is not a unique phenomenon. When both these situations appear together then the degree of inequality of economic subjects is obviously bigger than in the case when only one of these situations is present. Co-operation of economic subjects with a high degree of ine-

quality between their positions in relation to one another undoubtedly brings forth the above mentioned negative phenomena and socio-economic consequences.

Without analyzing any further these consequences, which are comprehensively described in the economic literature, we can only point at one of them being of essential importance for interbranch effectiveness of socio-economic processes and their optimization. The situation of the monopoly and the seller's market leads to institutionally closed optimization of socio-economic activities often contradicting a postulate of optimization on the scale of comprehensive socio-economic processes.

The institutionally closed optimization expresses a situation in which the economic subject steers activities and manipulates their scope while simultaneously maximizing its own advantages owing to consequences resulting from it for other economic subjects. This type of optimization provides a classical example of autonomization of economic activities within particular subjects. It seems hardly possible to counteract the institutionally closed optimization of economic activities in conditions of the seller's market and monopoly.

The institutionally closed optimization of economic activities reflects also deformation of classical co-operation of economic subjects encompassing both real material processes and steering processes. It produces such changes in tasks allocation which can hardly be positively assessed from the viewpoint of macroeconomic criteria of rationality. In such situation the problem of effective co-operation of economic subjects excluding institutionally closed optimization of activities and ensuring smooth performance of socio-economic processes and better satisfaction of social needs becomes no less important than the problem of tasks allocation itself.

Wojciech Wrzosek

STRUKTURA RYNKU A WSPÓLDZIAŁANIE PODMIOTÓW GOSPODARCZYCH

W artykule skoncentrowano uwagę na trzech grupach problemów, a mianowicie: 1) podział pracy i współdziałanie podmiotów gospodarczych, 2) monopol i współdziałanie oraz 3) rynek sprzedawcy i współdziałanie. Autor dokonał teoretycznej analizy tych problemów na gruncie gospodarki socjalistycznej zwłaszcza w odniesieniu do sfery rynkowo-konsumpcyjnej. Wskazał również na zakłócenia ekonomiczne na rynku wynikające z wadliwego współdziałania podmiotów gospodarczych oraz na sposoby ich przezwyciężenia.