

From the Bottom Up

To the Editor:

United States policy makers should follow up on the fragmentary suggestion of Boris N. Yeltsin, President of the Soviet Union's Russian Republic (front page, June 21), that Western financial assistance go to would-be Soviet entrepreneurs.

There is every reason to believe that a small amount of money spent on encouraging economic reform from the bottom up will be far more effectively used than a large amount spent on imposing economic reform from the top down.

In many third-world countries, microloans of a few hundred dollars, made at reasonable rates to people who can present a realistic plan for starting a small business, have enjoyed great success at minimal cost.

By forming borrowers into groups — to provide mutual social support, to trade business advice and encourage repayment — these programs have achieved near-zero default records.

In the Soviet Union, this collective feature could help insure the local acceptability of openly conducted private enterprise. That, in turn, would ease the legal, bureaucratic and social pressures that have in recent years strangled many of the Soviet Union's small businesses at birth.

And then once these fledgling enterprises had begun to achieve profits, the resulting benefits would be self-sustaining, both economically and politically. Dollar for dollar, is there any program that can promise more?

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