Traditional economic structures as the reproductive basis of «rooted economy» in the Russian periphery

Las estructuras económicas tradicionales como la base reproductiva de la «economía enraizada» en la periferia rusa

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ABSTRACT:
The article examines the reproductive role, features of functioning and prospects of development "rooted" economy of peripheral regions of Russia, which is based on ethno-oriented traditional economic structures, historically formed on the territory of the region. Statistically, using the results of author's studies in economic sociology in the South of Russia shows a basic restformula the role of traditional economic structures in the reproduction of resources rooted sector of the economy, saturated with goods and services, local (regional) markets.

Keywords: archaic economy, ethnical economy, rooted economy, economic structure

RESUMEN:
El artículo examina el papel reproductivo, las características del funcionamiento y las perspectivas de desarrollo "arraigado " economía de las regiones periféricas de Rusia, que se basa en las estructuras económicas tradicionales orientadas a las etnias, históricamente formada en el territorio de la región. Estadísticamente, utilizando los resultados de los estudios de autor en sociología económica en el sur de Rusia se muestra una restformula básica del papel de las estructuras económicas tradicionales en la reproducción de los recursos arraigados del sector de la economía, saturado de bienes y servicios, mercados locales (regionales).

Palabras clave: economía arcaica, economía étnica, economía enraizada, estructura económica

1. Introduction
The key problem of modern economic research are the features, factors and resources of the transition to the innovative economy, the “knowledge economy”, the new technological paradigm, neoindustrialization, a “second” industrial revolution, etc.
Against this background, in the shadow, a huge sector of the Russian economy – the economic and economic systems of the vast periphery of Russia remains on the periphery of research practices. These systems form a significant part of national wealth, gross national product, investment development resources, the source of which are both economic antiquity (traditional economic practices of the population of polyethnic regions) and semi-natural, small-scale production of family-labor farms, farmers, peasant farms and individual entrepreneurs, as well as goods and services created by the self-employed population.

These peripheral economic and economic systems, since they are directly connected with the territory, and its natural conditions and resources, ensure the primary reproduction of the nearest “social neighborhood” for its indwelling ethnic groups, form the internal market and closed market-reproduction chains, are described with the help of a number of theoretical models, such as “economic antiquity”, traditional economic structure, residential economy, autoplasma economy, each of which focuses attention on well-defined aspects, features and peculiarities of the functioning of the economic periphery and in synthesis producing very valuable for economic theory and practice characteristics of the multisyllabic postindustrial rooted economy of peripheral regions, which determine the resource potential of the economic space of Russia, the goals and strategies of regional economic policy in the 21st century.

The installation of these economic models in the intellectual technologies and resources, which provide the development of macro- and meso-economic strategies of the modernization and qualitative development of the Russian economy, seems to be a very urgent task.

Undoubted is the actualization of the problem of identification and resource potential of the rooted (autoplaza) economy of the Russian periphery, mainly the problems of finding ways to include it in the processes of modernization and structural reforms of the Russian economy.

Specifically, as one of the historically developed reserves of the modern development of the Russian economy – the vast and heterogeneous multifaceted economic space of the Russian periphery – the rooted (autoplaza, resident) sector of the economy is examined in this study. Its an integral part are the traditional economic practices of the population, archaic economic structures of the regional economy Russian periphery.

### 2. Methodology

There are used the concepts of the archaic economy, the peripheral economy, including the identification of its rooted segment in the theoretical and methodological part of the study.

In the process of empirical verification of theoretical positions and models, we used the methods of economic and statistical research, methods of selective economic and sociological research of economic entities on the periphery of the North Caucasus Federal Region, in particular, we made a secondary analysis of the results of the author's economic and sociological study of the semi-natural, small-scale economic structure (ethnical economy) of the typical peripheral region of the North Caucasus – Karachay-Cherkess Republic (Kolesnikov Yu. S., Darmilova Zh. D., 2015) (and the research project covered 64 individual entrepreneurs, 286 owners of personal subsidiary and households, 70 members of peasant (farmer) farms, and 7 experts).

### 3. Results

#### 3.1. Peculiarities of the Russian periphery’s economic space

The economy of modern Russia is represented not only by large market-oriented corporate sectors with high-technology branches of manufacturing and extracting industries, developed market of informational and intellectual services, transport and energy, engineering and social infrastructure, but also by multistructure economic complexes of peripheral regions dominated by traditional, pre-industrial types of economic activity of the population, ethnically oriented
forms of their social organization and institutional regulation, rural type of population settlement with its remoteness from the centers of business activity, comparative isolation of economic exchange.

The share of this peripheral, in many aspects archaic, economy of Russia is very significant. According to the famous geographer TG Nefedova, 70% of the territory of Russia can be attributed to the outer periphery and about 15% to the inner periphery (Nefedova T. G., 2008).

In the economy of the Russian periphery more than 60% of the population is employed, a significant part of the total national product is produced on its territory. Particularly, this segment of the economy produces more than 50% of the gross of agricultural products, as well as other goods and services of mass demand (The ethnical economy in a modernization paradigm, 2004).

The economic space of the Russian periphery is very variegated, deeply differentiated according to the regions of production and financial assets, natural resources, infrastructure, competencies, and demographic dynamics available on the territories of regions.

Many specialists in the regional and spatial economy register a critical level of differentiation of the Russian regions (Melent'ev A., 2011, pp. 93-94).

In addition to the economic and social inequality of regions in the 21st century, hypertrophied “digital” (informational) inequalities (Markvart E., 2016, pp. 3-13) and financial asymmetry were added.

“The speed of money desertification of regions is amazing,” – notices the well-known Russian expert on financial markets Y. Mirkin.

If in the early 2000s, the funds of banks in Moscow and the Moscow region on the accounts of Russian banks were 53-55% of “all” in the country, then in 2016 - it's more than 90% (Mirkin Ya., 2016).

The high level of heterogeneity of territories of the Russian periphery stably reproduces such forms of turbulence of their social localities as depopulation, population aging, unfavorable migratory trends. In the last decade, we can observe a decline in the population of Russia, which occurs against a background of low population density mostly in all parts of the country and an accelerated “contraction” of social space, determined in depopulation of small settlements, villages and villages. According to, for example, Nefedova T. and Nikulin A. less than 5% of its rural population live on ¾ of the rural territory of Russia. (Nefedova T., Nikulin A., 2015).

The consequences of these processes for peripheral regions is a decrease in the economic density of the territories, which means a narrowing of the economic sector, a break in the chains of economic exchange, a reduction in the attractiveness of the territories for entrepreneurs, investors, qualified personnel.

The competitiveness of this sector of the economy is very comparative. It does not fit into the global market chains and actually entirely depends on domestic demand and the logic of primary reproduction and therefore in the economic discourse this sector is referred to the rooted, resident sector of the economy.

Not coincidentally, therefore, the practice of the Russian economy – transition in the 90s of the 20th century – has shown that the total adherence to market models of the economy regulation of the vast periphery of the Russian regions (“capital goes to where income is higher (rent, profit)”) leads to an increase in socio-economic heterogeneity, Deepening – beyond the borders of security – differentiation of regions, reduction of social localities and depopulation of peripheries (Tatarkin A. I., Tatarkin D. A., 2010, pp. 8-15).

3.2. Theoretical model of the rooted sector of the economy of the Russian periphery
In this regard, first of all, it is conceptually important to bring to the attention the sector of the Russian economy, which in scientific publications is interpreted both as “rooted” and as “resident” [4, pp. 29-33]. It should be identified as an object of regional economic policy and define its institutional framework, that is, constituting.

Statistically identifiable personal part-time farms (not using hired labor), households, peasant (farm) farms, partnerships, microenterprises of small businesses, individual entrepreneurs registered and paying taxes in the regions (Polaniyi's K., 2002, p. 320), as well as the entire municipal economy serving local demand for goods and services of general use are the basis of the “rooted” (“resident”) sector of the economy.

An important part of this sector of the economy is the so-called “self-employed” (those active people who build summer houses, lay stoves, repair apartments, print and translate text from a foreign language, those, who are tutors, who care for the elderly, offer computers services at home, etc.).

According to the evaluation of the A. Kalinin’s All-Russian banking organization “Russian Support”, the total number of self-employed in the country is 8 million people. (Zykova T., 2017; Zamakhina T., 2016) This is 12% of all employed in the economy of the Russian Federation.

For example, there are, according to the 1st March, 2017 of the Pension Fund, 144 thousand self-employed, who have been registered for tax accounting in the Rostov. This is 7.6% of the average annual number of employed. While about a 3rd of the total number of self-employed (tutors, builders, programmers, repairmen, nurses, masseurs, hairdressers, etc.) prefer to remain “in the shadows” in the role of freelancers because of the seasonal specificity of work, instability of demand, unpredictability of the market and etc. (Brovkina M., 2017, p. 9)

A “gray”, “shadow” employment is regarded as widespread enough form of unregistered employment in peripheral regions.

According to FGSS 2015, about 14.8 million people worked in the informal angle (Petrov V., 2016).

In the peripheral regions, the "gray angle" is comparable in terms of employment to that of the legal sector. So, according to experts, employment in the “gray angle” is about 40% of the able-bodied population of the North Caucasus Federal Region. According to V. Vladimirov – the governor of the Stavropol Kray – about 506,000 people of the working-age are not registered anywhere in the region, which amounts to almost 40% of the able-bodied population of the region in relation to the number of employed – 863 thousand people (Zamakhina T., 2016).

The removal of these self-employed from “gray angles” by at least 50% will additionally give regional budgets, according to the head of the Accounts Chamber of the Russian Federation, 40 billion rubles (Zamakhina T., 2016).

In general, the rooted sector of the economy is a sufficiently complex construction of the traditional economic practices, small-scale, semi-natural, natural economic structures, in which a significant part of the reproductive processes occurs outside the formal institutions of the market and the state.

It actually acts as an object of regional government. The most significant component of the “rooted” angle of the economy of peripheral regions is the ethnoeconomy sector based on archaic forms of economic practices – a set of traditional economic practices that historically evolved in a specific landscape and economic environment and fixed by formal and informal social institutions and norms (Kolesnikov Y. S., 2014, pp. 99-107). A significant part of the resources of these economic practices turns out to be outside the market – in the sphere of archaic, pre-market forms of exchange, satisfying the population's needs for food, essential goods and services.

The very fact of the existence of vast territories, the basis of economy of which is the traditional economy, indicates a high degree of its stability, as well as the nonlinear character of the
The economic structures of the rooted sector of the economy, primarily ethno-oriented, play the role not only of reproduction of goods and services for the “close neighborhood” (family, court, clan, community, etc.), but also of nature-adaptive, institutional and cultural functions, setting rules for the social organization of economic activities on its territory the order of conservation of ecosystems, natural landscapes, labor education of generations of young people in the conditions of comparative isolation and limited resources of the local government (Aidarbekov F. F., Barlybaev A. A., Barlybaev W. A., Sitnov P. A., Sanatevi V. T., 2016, p. 84).

The specialization of vast territories of the periphery, whose economy is based on traditional forms of managing the population, is determined primarily by the combination of natural resources and the labor skills of the population, which have often been formed for more than one century.

The specialization of vast territories of the periphery, whose economy is based on traditional forms of managing the population, is primarily determined by the set of natural resources and the labor skills of the population, which have been formed for more than one century (Minakir P. A., Demyanenko A. I., 2014, p. 272).

Its economic behavior is significantly motivated by concern for the future generation, the desire to preserve favorable conditions for life, i.e. long-term interests and goals (rather than momentary market impulses) of the reproduction and development of the localities in social aspect.

The key role of this sector of the economy is the accumulation of the region's own economic wealth (as a subject of the national economy), and the reproductive potential of the population.

It is theoretically important to emphasize that this sector of the economy also corresponds to a model that in the scientific discourse was called autopoietic economics (from Greek “autos” – “self”, poiesis – “do”), which was introduced into scientific use by Maturana U. and Varela F. This characteristic of the economy model was supported and developed in the domestic literature by D.B. Berg (Berg D. B., 2011; 2015).

The key criterion for distinguishing the autopoietic economy in the economic reality was its characterization as a set of closed chains of exchange. Each economic entity is simultaneously involved in both transit (open) and locally closed exchange chains that provide local demand for locally produced products.

Localized exchange chains concentrated on a small territory tend, as a rule, to lay the role of mutual satisfaction of the needs of the participants in the chain by means of an equivalent exchange of goods and services, which provides the self-reproducibility of this segment of the economy.

The main object of research in modern economics are economic structures and processes represented by traditional (open) chains, which supply the open market and concentrate corporate, transnational capital, new technologies and competencies. Autopoietic sector of economy is associated with subsistence economy, manual labour, routine technology, backwardness, is perceived by science and management practice as a reproductive object of the economic system, nevertheless it does not determine and it does not express the main trends of economic growth.

However, for Russia, with its exclusive technological heterogeneity in the vast economic space, the unique structure of economic structures and the system of resettlement, autopoietic rooted, residential, ethnically-coloured economy, with elements of archaic social institutions, “reciprocal” according to I. Wallerstein exchange between economic entities, clannishness and other archaic (Wallerstein I. F., 1976, pp. 343-352) by all means should not remain in the stepsons of economic science, and, of course, regional economic policy.

3.3. The rooted sector of the economy of peripheral regions and
large corporations

One of the key problems of the rooted (autopoietic) sector of the economy nowadays are relations with the "big" economics, large national and transnational corporations, which appear on the territory of the regions and actualize the necessity to modernize the strategies of the regional economic policy.

The unlimited domination of the resource interests of corporations, especially raw materials, receiving surplus profits in the form of resource rents, changes the configuration of internal connections in the economy, reduces competition in the local market.

From the point of view of strategic interests of the region and individual territories, the unilateral accretion and strengthening of the corporate sector in the regional economy can lead to losses of produced and potentially added value in the rooted sector of the economy, a reduction of regional budgets in the tax base, and the limitation of growth resources.

For example, the main revenue in such corporations as “Gazprom”, “Rosneft”, and “RUSAL” is provided not by regional assets that sell the major part of their products at market transfer prices, but by manufacture of processing products of corporations, which are situated in other regions, and export earnings (Nefedkin V. I., 2016, pp. 69-86).

According to our calculations, the share of the non-residential sector in the GRP of the Southern Russia increased from 59,5% to 62,4% during 2010 – 2015.

The comparative (but not absolute) reduction in the scale of the rooted sector of the Russian economy creates an imbalance in regional reproductive systems and reduces their stability.

Since there are no own resources for the modernization of the economy from the peripheral regions, then for the implementation of major investment anchor projects, foreign extraterritorial investors are attracted (e.g. in the projects of the North Caucasus Federal Region for the revival of the Tyrnyauz tungsten-molybdenite deposit in the Kabardino-Balkar Republic, the development of the resorts “Arkhyz”, “Elbrus”, “Veduchi”, “Matlas”, etc., investors from other regions are involved in the LC “North Caucasus Development Corporation”) (Brezhickaya E., 2016, p. 4).

The peripheral regions are accordingly turning into “production platforms” for the implementation of large-scale corporative projects, which are hardly associated with regional socio-economic interests, and which do not stimulate the development of a rooted sector of the economy.

Excessive concentration of production in few large enterprises lead not only to an increase in monopolistic effects, but also aggravates the contradictions between the interests of big capital and the local economic community, which is the aggregate subject of the rooted (autoplaza, residential) sector of the economy.

Neutralization of the tendencies of strengthening the extraterritorial factor in the peripheral regions also requires the support of the growth of competitive resources, the transition to new principles of taxation and regional policy that primarily supports both economic structures and individual entrepreneurs representing the rooted economy of peripheral regions.

There is the most important principle among them – a significant part of the income from the production of goods and services, created by the local employed population, should remain in the independent disposal of regional and municipal authorities, and be invested in social infrastructure and improvement of the life quality of the population of this territory.

According to experts, the proportions of the distribution of value added through the budgetary financial system formed on the territory should be on such a point, that 70% of the country’s total income should remain at the disposal of the authorities of the Russian Federation (Bochko V. S., 2016, p. 355).

Regions increasingly begin to depend on external economic agents – extraterritorial, in contrast to local, whose main economic interests are connected to a certain territory. In these
In these conditions, the connection between the business activity of the population in the region and the remaining tax incomes is gradually becoming lost (Nefedkin V. I., 2016). Within the model of such (extraterritorial) model of behavior of large corporations, the economic independence of the territories is reduced, and particularly, the number of donor-regions is decreased, whose incomes from consolidated budgets exceed their expenses. If in 2000 there were 55 donor regions in Russia, in 2010 - 21, and in 2014 only 8 (Bochko V. S., 2016, p. 345).

Until now, the dual role of the rooted sector of the Russian economy, which possesses inertial-conservative, compensational and growth-forming functions, has not been fully studied in Russian literature. It forms in contrast to corporations proposals in local markets. So, the transformational economic downturn of the 1990s in Russia particularly, showed that the reproductive resources of this sector of the economy helped to cope with the crisis, and became an additional resource for renewing investment growth and launching modernizational processes in the economy of peripheral regions (Kolesnikov Yu. S., Darmilova Zh. D., 2009).

The important role of local communities in the modern world was also mentioned in the work of the well-known Polish sociologist Z. Bauman. So, the traditional becomes a resource for modernization, and assumes hybrid forms or performs functions connected with the narrowing of the action of social macrospace (Bauman Z., 2002, pp. 39-52).

3.4. Traditional economic structure as the basis of the rooted sector of the economy of the Karachay-Cherkess Republic: the results of empirical research

Figure 1
The ethnic composition of the population of the North Caucasus of Russian Federation
As the survey showed, 48% of the economically active population, represented by 95 thousand personal subsidiary plots, 2538 farmer (peasant) farms, 3,7 thousand small enterprises, and 10016 individual entrepreneurs, is employed in the rooted sector of the region's economy.

There is 50% of the total resource base of the regional economy produced in this segment of the economy, and in the agricultural sector – 70.4%.

In the retail trade turnover, small business and family-labor economy accounts for more than 50%, which confirms the key role of the resources of the traditional semi-natural and small-scale structure of the rooted sector of the region's economy, the high level of their marketability, realized within the closed exchange cycles, ensuring self-reproduction of the local (autopoietic) economy.

According to experts, the profile types of economic activity are: pasture cattle raising, collecting (mushrooms, nuts, berries), hay preparation, harvesting and processing of wood, bottling water from mineral springs, construction and installation works, summer tourism, ski slopes service, hotel business, public catering in places of rest and tourism, equestrian sport services, transportation, small clothes repair, manufacturing of wool products, handicrafts trade.

The products of these activities are estimated by experts to be 80-100% of the total volume of goods and services sold in local trade markets.

Survey of local (domestic) markets revealed that they are dominated by individual entrepreneurs and private individuals who sell products produced in personal subsidiaries,
family-labour farms, peasant (farm) households. It also showed that trade, economic and corporate connections between enterprises and small businesses with large corporations and companies, operating in the region, particularly do not exist. Only 4% of surveyed farms had such connections with large companies, which confirms the closed nature of exchange cycles in the rooted sector of the economy.

A survey of entrepreneurs allows to make a conclusion, that even there are governmental programs to support small businesses in the Republic, however, they are not in line with their scope and organizational and legal support to meet the requirements of modernization the economic structures of the region's economy, increasing the capitalization of their resources (according to the survey, only 5% of entrepreneurs received funds from the regional budget for business development). It should be noticed, that the population of the mountainous regions of the Republic is decreasing year after year. The main reasons, according to interviewed entrepreneurs, are not the hard living conditions in the mountainous area, but limited resources and administrative barriers.

Most mountain residents would like to find workplaces for themselves and their families, by means of creating trade peasant farms, small enterprises of production or service profile. However, the realization of these points is difficult due to the lack of initial capital and support from local administrations.

4. Conclusions

To make a conclusion, the conducted research shows that the basis of the peripheral economy of the Russian regions is their rooted (autopoietic) segments, amounts economic activity and initiative of thousands and thousands of households, personal subsidiary, family-labor, peasant and farming enterprises, small microenterprises, partnerships, cooperatives, millions of individual entrepreneurs, freelancers. Intervolving with its resources, energy and creativity in the common reproduction chains, they create a “second economy”, they serve as a “rear” for the avant-garde technological structures and industries, which create impulses for the growth of the innovative economy.

Therefore, the rooted (autopoietic) sector of the Russian economy should become the same key object of strategic management as its highly technological, avant-garde industries representing the fifth and sixth technological structures. This inseparable unity of the two sectors of the economy as a legacy of the history of the formation of Russia's economic space is an objective factor in the development of Russia's economic and economic system, the use of which increases Russia's chances of economic growth and sustainable movement towards an innovative economy.

Accordingly, the installation of a specific institutional structure of the rooted sector of the economy in the overall strategy of structural policy and economic growth, the integration of its resources into the national competitive market is one of the key tasks of modern structural reforms in Russia.

The rooted sector of the economy with its small-commodity and semi-natural practices of management has become increasingly an object of state regional policy in recent years. The instruments of such regulatory impact were the introduction of a special management regime in the territories of advanced development, the introduction of a mechanism for the development of local economies – special investment contracts (SPIC) – agreements between the investor, the federal center and the region, the creation of a federal fund for small business support, measures to develop its large-scale microfinance, federal and regional programs for state support of farm (peasant) households, experience, even small, of registering corporations on that territory, where they directly produce products, the formation in the regions of centers providing methodological, information, advisory assistance to entrepreneurs, farmers, peasant farms and much more.

At the same time, the variety of forms of economic activity of the population, including ethno-
oriented economic practices, as the most important sector of the Russian economy, needs system management, along with its innovative-oriented sector of industry and services. (The subject of such regulatory activities could be a special federal Agency – similar to the newly established Russian Agency for Technological Development in Russia).

The realization of the concept of endogenous development and modernization of the peripheral multi-structural economy of Russia, the increase of its role as an important factor of economic growth, an additional resource of transition to the investment economy in Russia involves the use of the following strategies of regional policy:

- The cardinal strengthening of the role of the rooted sector of the economy (its diverse economic structures) as a factor of a significant expansion and growth of domestic demand for investment and resources as a driver of the transition to the renewal of economic growth in Russia.
- The creation of institutional conditions for the approval of the “balance of interests” of the extraterritorial economy of large corporations operating on the territory of peripheral regions, on the one hand, and the local economy of the region, its rooted sector, the aggregate representative of which are regional and municipal authorities, the local community, on the other.
- Consecutive expansion of the practice of registration of large extraterritorial corporations and companies in the regions of their direct production.
- In practice, the strategical planning of socio-economic development of the regions should move away from the dominance of corporate and market strategies, approaches, and to develop and create its own model and growth strategy focused on building rooted (residential) sector of the economy, a better use of resources and opportunities for all variety its economic structures and business practices of the population, family and labor forms of business organization, the result of the activity of which will be the accumulation of investment and consumer capital by the local population.
- The development of principles and improvement of budget federalism tools aimed at increasing the economic and social importance of the territories, strengthening the orientation toward self-development, shifting regulatory measures from the federal to the regional (local) level in order to support measures to ensure the growth of capitalization of competitive resources of the Russian periphery. This involves addressing the protection of property rights, especially in the polyethnic regions of the periphery, the development of institutions of innovative economy, the infrastructure of “coherence” the fragmentary economy of the periphery with the centers of economic growth, increasing the “density” of the educational and scientific environment of the periphery.
- The creation of maximum free access for economic entities of ethnoeconomics, family-individual entrepreneurship, self-employed citizens to institutions and resources supporting entrepreneurship, network information training centers and counseling.

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2. Kuban State University(Krasnodar), Russian Federation; e-mail: darmil@mail.ru
3. Calculated acc. to: (Regions of Russia: socio-economic indicators. 2015).
4. The Karachay-Cherkess Republic is part of the North Caucasian Federal District, occupying an area of 14.3 square kilometers. (98% of the territory is located in the mountain and submontane zones), the population is 469.9 thousand people. (Regions of Russia: socio-economic indicators, 2015, pp. 68, 404, 422, 501).
7. According to the survey, in the total volume of agricultural products to this segment of the economy, the share of households in the population equals 50.9%, of farm (peasant) households – 19.5%.

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