

**Microeconomics**

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**ORGANIZATIONAL BASICS  
OF THE AGRARIAN MARKETING  
DEVELOPMENT APPLIANG  
THE INTERNATIONAL PRACTICE****Abstract**

The common ground of the history of economics and economical ethnography (economical anthropology) is considered and one determined that diachronic connection between «primitive» economies of ancient people and modern non-market economic systems can be made as via description of consumers in context of households as by description of peasant communities.

**Key words:**

Economical ethnography, diachronic connection, collective farms, redistribution and exchange.

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Currently, there is a received opinion that modern economic science is not a single structure with the same program and the research methodology for all the scientists. Rather, it resembles a combination of different scientific fields, representatives of which solve the same problem – they carry out a theoretical analysis of economic processes and develop practical recommendations for the management of the economy. At the same time, the tone of this work is given by the representatives of the neoclassical mainstream although the neoclassic looks less ideological in comparison, for example, with a period of half a century ago [1].

After holding a comparative analysis of various aspects of economic idea, one may conclude that an object of choice, the external environment of choice, the period of history, mental condition and mentality of the subject that makes this choice have no special meaning in economic models of human behavior put by classical and neoclassical theories. It brings an economic analysis to the abstract sphere divorced from the living area. The most developing dynamic sectors of modern economic idea – institutionalism – has identified and scientifically substantiated a number of new features of human behavior in the implementation of economic and economic activity. The model, maximizing the usefulness of «economic man», wrongly attributed to Adam Smith, stands neither any criticism of economist-theorists nor test with realities of economic activity. Subject and methodological developments of institutional economics led to make sound conclusions that not market but institutions influence on the efficiency of resource allocation, economic development, and allocation of resources among economic agents.

Moreover, the postulate that people in the processes of economic and economic activities are behaving rationally undermined the authority of supporters, behavioral economic theory. Now thanks to this direction of economic science, we begin to understand that irrationality drives our decisions – it is the precisely «invisible hand». People are hostages of their biases and their actions often led by subconscious impulses. Fear, revenge, love, hate, need to play, sexual attraction determine economic behavior of people in a much greater degree than a sober mind and the desire to maximize material gain.

The proposed new institutional theory of the conceptual apparatus (institutes, institutions, organizations and systems, and limited organic rationality, opportunistic and rent-seeking behavior, the costs of ownership rights, positive and negative externalities, asymmetric information, incomplete contract) allows to clarify a number of phenomena and processes of socio-economic life from different sides, including economic behavior in various environments, as compared with classics and neo-classics.

So, after abandoning from strict frames of classical and neoclassical theories (full rationality, absolute knowledge, perfect competition, and utility maximization) and focusing on the problems of motivation of human behavior, institutional-

ism attracted to socio-cultural, psychological, historical, ethical factors, which are outside of the wide range of economists at the present time, to the economic analysis. Because of it there were opportunities to conduct scientific discussion of deviations from rationality, that is, irrational human behavior. The cornerstone of the introduction to the science of irrationality of behavior of the subjects of economic activity was the induced consumption of «leisure class» that is described by T. Vebleno, as well as the behavior of households, which occupies an increasingly important place in economic researches of the last decade.

Methodological boom in economic science, ongoing the third decade, is explained by O. Ananyin with the presence of «insatiably demands of economic community in self-reflection, if not to tell, in self-identification» [2]. This fair comment was made in passing in the context of the expanded review of a monograph by M. Blaug [3], the chief editor of «Journal of Economic Methodology». Referring to the radical changes that occurred in world economic science in the second half of the twentieth century, and «requiring much time and clever heads for their understanding», and then, throughout the article O. Anan'in didn't mention of institutionalism and behavioral economics (apparently, its author was not a supporter of mentioned areas of modern economic science), but exactly this radical direction of the theory and methodology of economic idea are read between the lines. Methodology boom and the development of institutionalism occurred at the same time that among other things suggested non-randomness of such a coincidence.

If methodological boom is widely distributed in modern economic theory by now (using the methods of other sciences to solve economic and scientific problems and using economic methods to solve other scientific problems), what cannot be said about the history of economics. We believe that this point requires more detailed explanation.

K. Polanyi [4–5] and in a more extensive form of D. North [6] suggested that the system of institutions and institutions of each exact society forms a kind of an institutional matrix that determines the fan of possible trajectories for its further development. The term «matrix» comes from the Latin matrix (matricis), which means «womb». In the most general form the matrix indicates an overall frame, scheme, some original, primary model, the form that leads to further reproduction of something. In this case, it means that the present development depends on the previous path of development.

K. Polanyi believed that the institutional matrix directs the economic relations among people, and determines the place of the economy in a society, defines the sources of social rights and duties, which authorize the movement of goods and individuals on entering into the economic process inside it and on leaving. By D. North definition, the institutional matrix of society correspond, appropriate to it, the basic structure of property rights and the political system. D. North believed that the economic (and political) institutions in the institutional

matrix are organic, political rules form economical once and vice versa. At the same time, both K. Polanyi and D. North also believed that every society has a specific institutional matrix appropriate to it only.

Taking into account the importance of the institutional matrix for understanding the history and prospects of development of states, based on the study of modern transformation period in Russia, its history, and also ancient and modern history of Western Europe, Southeast Asia and the United States, S. Kirdina developed the concept of institutional matrices [7]. The methodological basis of this concept was the creative development of the ideas contained in the writings of D. North, C. Polanyi, and O. E. Bessonova. The concept of institutional matrices continues the tradition of the systems approach as a methodology for studying social objects characteristic of the Novosibirsk economical and sociological school, founded by T. I. Zaslavskaya academician.

S. G. Kirdina notes that the institutional matrix is a model of basic social institutions established at the dawn of beginning of the first states – sustainable human communities. All subsequent institutional structures reproduce and develop, enrich this initial model, the essence of which, nevertheless, remains.

By S. G. Kirdina, institutional matrix provides for an interconnected functioning of basic social subsystems – the economy, politics and ideology. The various institutional systems governing the life of ancient and modern societies are based on one of the two institutional matrixes – the eastern and western. Such a determination, on the one hand, relies on dual oppositions «East – West» which are well-known in scientific circles and used to characterize the specificity of social structures. On the other hand, this definition is neutral in the evaluation plan. The above matrixes by S.G. Kirdina vary in the content of the institutions that form them in the following way.

Western institutional matrices characterized by the following institutions:

- in the economic sphere – the market or exchange;
- in the ideological sphere – the dominance of individual values, **I** have priority over **We**, or subsidiary, i. e. the primacy of the individual, i. e. the primacy of the individual, of his rights and freedoms in relation to community values of higher level that have subsidiary, complementary side to the individual.

Eastern institutional matrix characterized by the following basic institutions:

- in the economic sphere – redistributive (by K. Polanyi), or distributing (by O. Bessonova) economics;
- in the ideological sphere – the dominance of shared values and common interests over the individualistic, **We** have priority over **I**, or communitarian.

Partial confirmation of these conventional opinions can be found primarily in the works of K. Polanyi, not as an economist-theorist, but as an economic anthropologist. In the book «The Livelihood of Man» posthumously published by his followers [5] C. Polanyi examines the form of economic integration processes in different historical periods in different countries in details. He identifies two dominant forms, which are, in his view, the base of classification of variety of public enterprises – redistribution and exchange.

Based on the results of numerous studies, C. Polanyi confirmed in strict manner that economic theory created by Adam Smith, which is based on market institutions and mechanisms of supply-demand-price appropriate to it was no more than common sense in relation to reality surrounding him [5, pp. 6–7]. A significant part of his book, Polanyi devoted evidences that the market-organized based on the exchange of institutional complex is not common to the economies of all societies. Many of society, as a result of its economic-historical research, are characterized by a different type of economic system based on redistribution.

Modern researchers confirm this conclusion of Polanyi. For example, in the foreword to the book of E. De Soto, «Different way. Invisible Revolution in the Third World, Mario V. L'os said: «Peru has never been a market economy. ... This concept is applicable to all of Latin America, and probably to most third world countries» [8].

Another type of economic systems, other than market, was called redistributive economies by K. Polanyi. The physical movement of manufactured goods and services to the center where they then re-passed to economic subjects are dominated in redistributive economy. Redistribution is the process of accumulating, gathering combined with a new, secondary distribution and distributing. Exactly, in these societies reunification of distributed, division of labor were achieved through distribution. [5, pp. 40–41].

Thus, since Marx time, eliminated from his theoretical study of «Asiatic mode of production», theory of non-market economies, comparable to Marx's concept of a market economy development in economic and social science was not developed.

An institutional theory of economic development of Russia, proposed in the early 90-ies by O. E. Bessonova, a representative of Novosibirsk economic and sociological, school is considered to be an answer this challenge. The basics of the concept which was called «the theory dispensing economy» by O. E. Bessonova, described in work [9].

Key economic institution, determining the specificity of all the other ones in redistributive (dispensing) economy, is the institution of public utility property. This means that the owner of all the basic resources is accepted by the society as a whole. At the same time, in every historical period there is a recognized representative of the public interest, the main subjects, first as individuals (eg,

prince, king or emperor), and then as organizations («pathes», orders, government organizations). These actors are responsible for the use of available national resources in the public interest.

Reproduction in redistributive economy is not governed by relations of exchange, not feasible within a single property, and is based on the distribution and renting.

In support of a principled approach by S.G. Kirdina about the existence of two types of institutional matrices it has already been said in the work [10] that: a) the structure of the matrices themselves is somewhat different, and b) in any society there is no only one institutional matrix in its pure form of the two identified, but there is a collection of both types.

The structure of western institutional matrix was presented as follows:

Main matrix:

The dominant institution in the organizational culture: the priority of individual values, **I** have priority over **We**, or subsidiarity, i.e the primacy of the individual, of his rights and freedoms in relation to community values of higher level that have subsidiary, complementary side to the individual.

Derivatives of the institution in the economic sphere – the market or exchange.

Complimentary matrix: the dominant institution in the organizational culture – the priority of collective values and common interests of the individualistic, **We** have a priority over **I**, or communitarian.

Derivatives of the institution in the economic sphere – redistributive (distributing) economy.

For Eastern institutional matrix has the following structure.

Main matrix: the dominant institution in the organizational culture: the priority of collective values and common interests of the individualistic, **We** have a priority over **I**, or communitarian.

Derivatives of the institution in the economic sphere – redistributive (distributing) economy.

Complimentary matrix: the dominant institution in the organizational culture: the priority of individual values, **I** have priority over **We**, i. e the primacy of the individual, of his rights and freedoms in relation to community values of higher level that have subsidiary, complementary side to the individual.

Derivatives of the institution in the economic sphere – the market or exchange.

Matrixes suggested by S. Kirdina and us refer to all economic actors, including peasants, households and individual consumers, and not only just to those that were the subject of the study of economic science since it distanced itself from society, from the social environment – to production, the state and market.

Numerous studies done last decades in the sphere of peasant economy and housekeeping that work not completely by market principles or completely not by market principles, laws, rules and regulations let determine: these «non-market» institutions are not the product of the twentieth or the twenty-first century – they came to us from immemorial time. In particular, these are the results of economic research ethnographers – NI Sieber, B. Malinowski and others which are evidence of it and will be discussed below.

A Kirdina confirmed that it is also not applicable to the description of the activity of modern economic actors – peasant communities and households.

Economic ethnography (in other sources – Economic Anthropology) – a scientific discipline, which is a border between ethnography and economy. The subject of its study are, firstly, the relations of production of primary and fore-class societies (ie, the transition to class), and secondly, the economy of the peasant community. Moreover, in determination of the subject of the study the attention is focused on primary and fore-class societies their relationship with the peasant communities are veiled and any contact with households is not mentioned.

Attempts to bring together and systematize that fragmentary information of economic relations «primitive» societies, which were in the writings of travelers, missionaries, ethnographers, were made from 80-ies of XIX century (N. I. Sieber, etc.). The next step was to move to a systematic, focused field study of economic relations of peoples, who were at the stage of primitive and fore-class societies. It is associated primarily with the name B. Malinowski, who published a number of works in the early 20-ies of XX century that described and analyzed the economy of the Melanesian Trobriand Islands [11]. Material collected by B. Malinowski convincingly testified that formal economic theory (marginalism) prevailed in the Western economic science that its supporters regarded as a universal, completely inapplicable to the «primitive» economies. Shown, on the one hand, that there is quite a complex system of economic relations in «primitive» society and on the other – that the theory of economics does not exist, Malinowski, with his field, theoretical studies, laid the foundation of economic ethnography as a distinct scientific discipline. In the next few years factual material was accumulated, but any significant changes did not happen in the field of his theoretical development. The result was the treatment of specialists of this field to the formal economic theory (R. Firth, M. Herskovits, J. Goodfellow). The transition to a new stage in the development of economic ethnography, which began in the mid 40-ies, characterized by a design pf «formalist» direction in it. But attempts to fit the factual material into the frames of marginalism were unsuccessful. At the turn

of the 50–60 – years in the context of the economic ethnography another theoretical direction – substantivism appeared (K. Polanyi, George Dalton, M. Salin). In contrast to the formalists, substantivists insisted on the existence of qualitative differences between «primitive» and the capitalist economy. Accordingly, they aimed to establish the special theory of «primitive» economy, different from the formal economy, which they regarded as a theory of exclusively capitalist (market) economy. Unfolded discussion in the 50–70-ies demonstrated the untenability of formalistic approach to «primitive» economy. But substantivists, despite some positive contributions, could not create a scientific theory of «primitive» economy [11].

It appears that the economic ethnography deserved a place in the history of economics and economic science as a whole for the following reasons.

1. For several centuries until the present time two types of economic agents were studied intensively and systematically: the firm (production), the state and the market. Moreover, consumers were seen as the «link» to the market. But common sense and research results of the last decade shows that consumers are more tied to the household as the subject of economic activity than to the market. There is no doubt also that the properties and functions of the household, as well as its goals and objectives are not identical with any company, nor the market nor the state. Similarly, specific non-market laws of functioning manifest at peasant households. There was an eloquent testimony of it to the practice during the crisis in the period of «wild» market formation in the former Soviet Union in the early 90-ies of XX century, when the mainstay of survival of the population was just families and farms. Nor farms nor families will not disappear in the foreseeable future. Consequently, these two types of economic entities operating on non-market laws have an interest to economic science, combining «primitive» old economy with a modern economic activity.

2. Previously it was thought that the life of ancient people was intolerable because of severe malnutrition, chronic disease, and hard work, aimed at meeting the minimum requirements. Therefore, the starting point with which ethnographers went into the jungle and desert to the Indians and the Papuans, was their common belief that these people are living in harsh conditions of wildlife with the simplest tools, have to work not 8 hours a day, as required by ILO and the UN, and much more. Ethnographers found out how much time and energy these «wild» tribes spend to maintain their lives, and the result was startling: many of the tribes of hunters and gatherers work an average 2–5 hours a day. That is much smaller than ethnographers themselves, who carefully fix their work days and salary with employers and trade unions. The observations were the same as for the jungles of the Amazon, and for the African Kalahari desert, and this fact is called the «paradox Salinza».

Stunned by their findings, the researchers described a paradox: «While it may seem strange, but the man leading a primitive life, has a significant resource» [12]. What kind of resources are we talking about? «Humanity has gone from hunting and gathering, when everyone had time for idleness ..». [13]. Is it



only for the idle? Sam M. Salin called such community as «affluent society», and it is thought that the term «wealth» was used by him in a broad sense, which means the spiritual wealth is not on the last place.

Taking into account that the amount of free time employees are used as the main criterion of effectiveness of economic functioning used, if to compare, the «primitive» and modern economy on these criteria reflected greater efficiency by the first. Consequently, there is a reason to assert that the modern economy is regressive, since moving from lower to higher employment. Why the effectiveness of economic structure of some African or Polynesian tribe necessarily lower than the American way of life? In any case, an African tribe does not destroy everything around them, like the American economy, the prosperity of which may be based simply on the leading of the historic and built system of structural dependence and economic expansion, capital washing around the world. The function of the economy is to ensure the continued existence of society as a cultural phenomenon (Aristotle), the economy, without being subordinated to this goal, destroys the very life that it is intended to serve (R. Owen). Modern economy, distinguishing itself from society, becomes useless, that is inefficient, in principle, and leads civilization to a standstill. The level of pollution of the environment is constantly increasing; the risk of irreparable and irreversible climate change is increasing dramatically, steadily increasing levels of poverty and the difference in wealth among rich and poor countries. Inheriting the American way of life, we are increasingly grab future generations, prospering at their expense. Is it possible to consider that such development is effective? – asks the author of a monograph on the efficiency of the economy O. S. Sukharev [14, p. 19–20]. Perhaps the increase in employment and lack of free time plays the primary role: modern man is increasingly lacking in time (and / or desire, conscience) for reflection. Social life becomes isolated from each other in space and time; people become militant atheists-individualists in the worst sense of the word.

3. Diachronic social ties between the «primitive economics of ancient and modern economic systems pass through the institutions of family and peasant farming. The thesis of the neutrality of the market price and its informational function, on the one hand, and not neutrality of the institutions (traditions, customs, and beliefs) on the other hand, calls for focus on those subjects of economic activity in which not neutrality of these institutions, as well as the irrational behavior of individuals is preserved to a greater extent. This is referred to domestic and agricultural farms. Thus: the theoretical foundations of economic science can not be created without regard to economic history; economic history is closely linked to economic ethnography; the so-called «archaic» economy is firmly embedded in the way of the modern household and economic activities.

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