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### **ECONOMIC MECHANISMS OF FORMATION AND REPRODUCTION OF THE SOCIAL STRUCTURE OF THE REGION\***

*SUMMARY. The theoretical problem of research and study of economic mechanisms of formation and reproduction of the social structure of the region and their foundations is to conceptualize the category of social reproduction of the region, taking into account the spatial and other relevant factors, essentially revealing the activity of the region's population, and demonstrating how the preservation, restoration, modernization and creation of the conditions for its existence and development go on. The dynamics of social reproduction of the region embodies the trend of changes in the social structure, as inherent in the socio-economic organization of society as a whole, and its territorial projection at the level of a specific territory. The article presents the evolution of the concept in the Soviet era and contemporary Russian and world science (Leo Hurwicz, Roger Myerson, Eric Maskin). The correlation of the categories of a social mechanism, an economic mechanism, the behavior of social actors, social regional community is represented in the article. Operationalization model of the economic mechanism in relation to regional economic sociology as a science of the relationship between economic and non-economic spheres of social life, taken in a "regional projection" is formed on the basis of the ideas of Neil Smelser. The results of the monitoring survey conducted in the regions of Russia, such as the Tyumen region, the Khanty-Mansyisk and Yamal-Nenets autonomous districts during the period from 2006 to 2013 are highlighted in the article. The results are included in the all-Russian context. Sociological data demonstrate the failure of the economic mechanisms of formation and reproduction of the social structure of the region. The authors demonstrate the influence of the dynamics and the time lag in reflecting the effects of the global economic crisis on the level of self-esteem of the residents of a Russian region.*

**KEY WORDS.** *Social structure, economics, region, reproduction*

The term "economic mechanism" was put into scientific use in the second half of the 1960s due to the necessity to describe social and industrial processes in their interaction. T.I. Zaslavskaya and R.V. Ryvkina note that the interest to the term "mechanism" originated in the early 1980s, when such categories as "social mechanism of economic development", "mechanism of social management", "mechanism of labour stimulation", "mechanism of demographic development", "mechanism of socio-economic development of the region" were gradually put to scientific use [1; 77-78]. One of the important features in the term "mechanism" was potential benefit from some minimal effort, using resources for some positive result. Scientific

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elaboration on the notion of “economic mechanism“ – the system of interconnected forms and methods of management of social production and its constituents – took priority. On the one hand, the economic mechanism was considered as a specific form of production relations (planning, standards, price, profit) and, on the other hand, as a specific practical method of economic management [1; 48]. Besides, it was believed that it was the financially inefficient mechanism of economic management and planning that caused plunder of domestic resources and immoral treatment of natural riches, and the absence of land use fees led to degradation of some regions. The economic mechanism was referred to as an instrument that helps the administrative machine control social subjects [1; 64]. In fact, some social institutions controlling development of society or social institutions of a certain social structure are present in the definition of *economic mechanism*. To become more efficient, the Russian economy needs institutional reforms that could guarantee a long-term investment, which could lead to the realization of beneficiaries’ long-term objectives. Formation of democratic institutions, development and realization of innovations, transition from industrial to innovation-based economy are issues of current importance nowadays [2; 8].

Economic literature usually defines the term “economic mechanism” as “the combination of processes, organizational structures, certain forms and management methods, and legal norms which implement economic laws and reproduction process under specific conditions” [3]. Some authors use the term “economic mechanism” when some initial economic phenomenon causes a number of other phenomena, thus, they do not need any other impulses to occur. The definition of this term in its classical sense was given by L.I. Abalkin while explaining the notion of “economic mechanism of socialist society”. The denotation of “economic mechanism” turned out to have quite a complex semantic structure: (1) forms of social production organization; (2) forms of economic relations which implement some sort of “metabolism” in the economy; (3) structure, forms and methods of planning and economic management; (4) the totality of economic instruments and stimuli of impact on production and actors involved in economic activities [4]. This definition of economic mechanism is unclear. Whilst “economic mechanism” functioned as an executive economic instrument in the planned economy, its role in the market economy is business self-regulation combined with a guiding function of the state.

In 2007, Leo Hurwicz, Roger Myerson, and Eric Maskin were awarded the Nobel Memorial Prize in Economic Sciences “for having laid the foundations of mechanism design theory” [5; 4-26]. According to the scholars, the most general definition that can be applied to any collaboration between economic agents is that of a strategic game; the form of the game is called an economic mechanism. Constituents of the mechanism are instruments – resources which are not spent in the economic process, but which support it, and which are to be reflected in the structure of the process. Here the question arises: what is an economic mechanism – a process or a resource? And how do the economic notions of mechanism and process relate? In economics, the term “mechanism” can be defined in two ways – as a process and as the resource of a process [6].

Social behavior as a “basic process” of management in the case of complex suboptimization becomes an activity, which implies some personally significant social

results – the social reward in a broad sense. This reward can be any kind of “benefit”: knowledge, information, comfort, respect, fame, goodwill, authority, money, prestige, life chances, but it has to come from the society. In this regard, the behavior, aimed at a real social and economic result, and social situation management at the level of different status groups are always types of social relations. This peculiar feature of social and economic interaction allows us to view it as the “basic management process” (the process of complex social, economic, and institutional interchange) at the level of suboptimization [1; 64].

T.I. Zaslavskaya and R.V. Ryvkina made up a scheme based on N. Smelser’s ideas. This scheme can be considered as another model of operationalization of economic mechanism in terms of regional economic sociology as the theory of interrelations of economic and non-economic spheres of public life viewed in the “regional perspective” [7]. N. Smelser divided the whole public life into two spheres – economic and non-economic (the latter includes politics, culture, ethnic communities and relationship, stratification), and then he introduced the concept of “sociological variables”, subdividing them into two groups – the ones belonging to the economic sphere, and those functioning in non-economic spheres. In the perspective of territorial (regional or mesoscale) structure, the socio-territorial structure of an economic subject is meant. The research of social reproduction [8; 129] and social mechanism of economic development is a much more complicated problem than the analysis of peculiar factors characterizing such development or different aspects of structuring of one and the same “human material”. For example, it is important to find out how communities, groups, roles, statuses, organizations, authority forms, markets, collective action, values, motives function in some region, town or settlement [9; 164]. Also, some attention should be paid to the influence that social regulators have on economic development [10; 49]. In this context, we proceed to the subject and method of economic sociology. According to T.I. Zaslavskaya and R.V. Ryvkina, the subject of economic sociology is the patterns of interaction of economic and social spheres, economic and social processes (not just “economic life of society”) [11; 4]. The deficient use of social reserves of development of the Soviet economy was because the human factor was almost unconsidered. It is worth mentioning that nowadays the human factor is also underestimated. R.V. Ryvkina raised a set of fundamental issues concerning the connection between social structure and economy: which classes and groups really constitute modern society, what their subordination is; what criteria of social differentiation are, what dynamics of social structure and mechanisms of its reproduction are [12; 5-6].

The source of the empirical data is monitoring, conducted in the Tyumen Region during the last eight years. The volume and structure of selections are presented in Table 1. All the selections are four-stage (territory, sex-age structure, education), and represent the population of three subregions (the South of the Tyumen Region, the Khanty-Mansi Autonomous District (Yugra) (KMAD), and the Yamalo-Nenets Autonomous District (YNAD)), according to the sex-age and educational structure of rural / urban population, taking into account the place of residence with the inaccuracy up to 3% [13]. The methodology of the research is based on the frame of

“Socio-cultural portrait of the region”, worked out under the direction of professor N.I. Lapin in the Institute of Philosophy of the Russian Academy of Sciences, which makes it possible to correlate the results of this research with the results of all-Russian research, as well as with the data of the all-Russian monitoring, which has been conducted by the Centre for the Study of Social and Cultural Change since 1990. The frame contains issues applicable to all regions, as well as those specific for this research [16].

Table 1

Sample sizes, 2006, 2009, 2011, 2013, The Tyumen Region\*

Region	2006		2009*		2011		2013	
	n	%	n	% (weighted%)	n	%	n	%
South	1,715	42.9	1,560	34.6 (39)	1,271	41.9	1,271	41.6
KMAD	1,285	32.1	1,800	39.9 (45)	1,301	40.7	1,301	42.6
YNAD	1,000	25	1,150	25.5 (16)	482	17.4	482	15.8
Total	4,000	100	1,150	100	5,567	100	3,054	100

To find out what people think of social stratification, they were asked the following questions, “Now, let us clear it out – what social class do you think you belong to: in your town/village, in the region, and in the whole country?” These questions allow determining the scale of self-evaluation of social strata in the region. The most significant increase can be observed in the number of those who did not manage to evaluate themselves (11, 16, 26, 25 % in 2006, 2009, 2011, and 2013, respectively), see Fig. 1. The situations of 2006 and 2013, in terms of financial condition evaluation, are surprisingly similar (Tables 2, 3). Practically all people who expected their standard of living to decline during the crisis stood slightly higher in the stratified system. At present, whilst the authorities at all levels have announced the recession of 2009–2011 in Russia to be overcome, the population’s self-evaluation has become close to that of pre-crisis period, although Russians consider the situation to be uncertain.

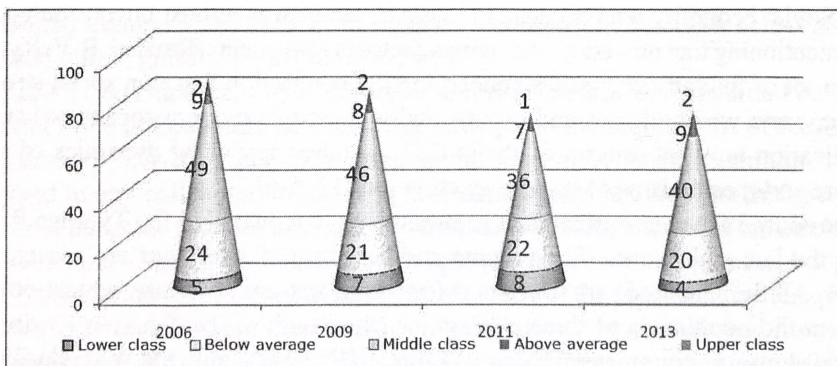


Fig. 1. The dynamics of social self-identification in the region

\* The subregional data have been weighed to make the comparison possible.

A more detailed analysis shows nearly no gender-based differences in self-evaluation. Men under 34 years of age consider themselves belonging to the middle class more often than other age groups. The contraction of the lower social stratum is mostly caused by those who refused to answer the question. Uneducated people under 25 or over 65, inhabitants of middle-sized towns, migrants and displaced persons are most likely to refuse to self-evaluate.

Socio-financial classes were defined in the following way: “not enough money for daily living needs” – “indigent”; “the whole salary is spent on daily living needs” – “poor”; “enough money for daily living needs, but low clothing allowance” – “needy”; “generally enough money, but have to borrow money to buy expensive goods” – “solvent”; “enough money for most things, but hard to buy a flat” – “well-to-do”; “enough money for most things” – “rich”, Tables 2, 3.

*Table 2*

**Socio-financial classes in the Tyumen Region and Russia**

Socio-financial classes	The Tyumen Region				Russia	
	2006	2009	2011	2013	2006	2010
“Indigent”	9	12	15	8	11	13
“Poor”	13	14	18	13	22	19
“Needy”	16	19	18	15	21	21
“Solvent”	31	30	25	31	29	31
“Well-to-do”	25	20	19	26	9	11
“Rich”	5	4	4	5	2	3
Do not know/no answer	1	1	1	2	6	3

*Table 3*

**Socio-financial classes in the subregions of the Tyumen Region**

Socio-financial classes	South				KMAD				YNAD			
	2006	2009	2011	2013	2006	2009	2011	2013	2006	2009	2011	2013
“indigent”	9	11	17	9	11	15	17	8	7	9	12	7
“poor”	12	17	18	14	14	13	18	13	14	10	14	12
“needy”	17	21	19	17	16	17	19	14	15	17	15	16
“solvent”	34	32	25	33	28	28	25	30	29	31	29	27
“well-to-do”	23	16	17	21	26	20	17	29	27	27	24	30
“rich”	4	2	4	4	5	6	4	6	6	6	5	7
No answer	1	1	1	2	2	1	1	1	2	1	1	2
Total	100	100	100	100	102	100	100	100	100	100	100	100

It is important to note that the number of people aged from 16 to 55 who consider themselves “indigent” is comparatively the same for Russia as a whole and for the Tyumen Region in particular, which is quite understandable, as a certain number of “indigent” people can be found anywhere. The number of people at the age of 16 to 55 who consider themselves “well-to-do”, unlike “indigent”, is not comparable: 9–11%

in Russia and 19–26% in the Tyumen Region. The Tyumen Region, being the second in Gross Regional Product (GRP) after Moscow, is one of the budget contributing regions, and it is the first in GRP per capita and in fixed capital investments. The “rich” and “well-to-do” strata grow more rapidly in the Tyumen Region than in Russia as a whole, the number of “solvent” people is the same, and the number of “needy” and “poor” is significantly less numerous in the region. The stratum of “well-to-do” and “rich” people is three times wider than the Russian average, which is a distinctive feature of the Tyumen Region [14; 614].

Our data, against the background of dynamics of the world financial crisis, give us a unique opportunity to examine the way people assess their financial position and the way they correlate it with their social status (Tables 1, 2, 3). The first year of monitoring (2006) can be considered the best, then, in spring of 2009, came the crisis, but people did not realize the real worsening of the situation at that moment. A slight widening of the “poor” and “indigent” stratum was then already observable. At the same time, those considering themselves “the lower class” were almost two times fewer (5% and 6% in 2006 and 2009, respectively). People expect a general decline in standard of living, so they associate deterioration in their financial position with the overall dynamics. Then, in 2011, follows the expansion of the lower “socio-financial” strata. It is surprising that it happened at the time of the decrease in percentage of “the region’s lower class” – less than 1% in 2011. And only in 2013 we can observe the “pre-crisis” socio-financial self-evaluation results, although there is a considerable decline in social self-identification. Thus, after the authorities at all levels have reported the negative impact of the crisis to be overcome, we find the largest percentage of people who refused to answer the self-evaluation question (28%) and the ones who think of themselves as the “the lower class” (10%). Such results reveal the malfunction of economic mechanisms of formation and reproduction of the social structure of the region.

The difference in income inequality among the three subregions has disappeared since the beginning of the monitoring. The intraregional inequality grows, while the interregional one decreases. The analysis of absolute and relative incomes showed the consumer-price index decrease in the South of the Tyumen Region (exclusive of Tyumen), and its increase in Yugra. In the Yamalo-Nenets Autonomous District, we can observe an immense income inequality between different towns and districts.

Thus, the growing number of the “lower class” and those who avoided self-evaluation is a reason to expect protest moods to rise in the region if their income decreases. The main reason for possible protests and strikes lies in the fact that people no longer trust the authorities, nor do they see any improvement in their standard of living, regardless of the results of the survey which revealed positive dynamics concerning people’s evaluation of their financial situation.

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