INVASIVE ECONOMY
RUSSIA: FROM THE POST-SOVIE\nECONOMY TOWARD THE “QUASI POST-SOVIE\n” ONE?

MAMEDOV OKTAI,
Honoured Science Worker of the Russian Federation,
PhD in Economics,
Professor of Southern Federal University,
e-mail: oktaj-mamedov@yandex.ru

Integration of the social knowledge within the natural-biological knowledge from the fashion tendency turned into routine. Well taking into account the artificiality of "integration methodology", opportunities of its heuristic potential are quite interesting in some situations (for example analyzing the economy of transition state). The notes below are an attempt of sketchy analogizing of post-soviet period economic nature of Russian society with phenomena in the Biology world.

Keywords: gnosiology; invasive economy; models of Russian economy.

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SCIENCE IS A PHENOMENON WHICH BEGINS AND ENDS WITH METHODOLOGY
The contemporary page in history of economic science will be noted by unrestrained praising of applied knowledge and demonstrating neglecting of theoretical knowledge. And methodology against the background of the universal thirst for pragmatic achievements seems to be absolute anachronism. But all these are only amusements for that generation of scientists who persuades people around them into their scholarship buying up ranks, titles, regalia and positions.

Those who follow Marx and climb, trying to achieve the summit of abstract knowledge forever feel the awesome piety to methodology of social knowledge.

PRACTICE IS IN LOVE WITH SPECIFICS, THEORY LOVES METHODOLOGY!
Two previous centuries were filled with exhausting theoretical search and the result of it is the majestic macroeconomic models of François Quesnay, Adam Smyth,
Karl Marx, Alfred Marshall, John Keynes, Milton Friedman.

These people of genius are architects of gnosiological Economic Universe. Alas, another times come, theorists are represented as fumblers and scholastics meanwhile the whole space of economic science is filled with mathematicians, who unconvincingly position themselves as economists. It happened after mathematics which was only a universal auxiliary instrument in hands of econometrics, suddenly turned into independent economic knowledge. It is real “Frankenstein effect”…

So econometrics had won economic theory (and it is equal a land surveyor would rise above a geologist) and without economic theory methodology became unnecessary. Now scolding the econometrics and deliberate demonstrating of methodological ignorance are considered good manners. However, let’s leave appliers and land surveyors, they can talk about many things to each other.

METHODOLOGY IS THE MONISTIC (CONCEPTUAL) VISION OF ECONOMY

Certainly methodology cannot substitute theoretical search. But it is able to give the researcher “Ariadne’s thread” – understanding the logic of economic events development. However, such understanding can only grow from the recognition of social gnosiology fundamental principle – objective nature of economic process. Non-recognition of objective nature leads to the sudden death of economic science and social knowledge together.

TWO MYTHS OF POST-SOVIET RUSSIAN ECONOMY

Therefore for understanding the historical perspectives of post-soviet economic society it is necessary to recognize the objective character of its development logic, which is the main condition of its theoretical description. If not, essential analysis is always substituted for “analysis” of made-up myths. Economic history of Russian society cannot be embedded in the coordinates of worldwide logic of the formation of civilized economy. Moreover, stubborn (and not disinterested) opposition of Russian economic system to the systems of such countries which were demonstrating success in effective organizing the social production, leaded to the situation in which there are two myths in contemporary economic consciousness of Russian society. And both of them equally do not correspond to any actuals.

The first myth – soviet economy was effective but the enemies (internal and external) prevented it from becoming powerful. Though this myth captured the marginal minds of Russian society on the strength of different reasons, it is doubtful whether it deserved the unmasking efforts of professional economists, - enough!

The second myth says that market economy is always and everywhere effective, though when it came, all problems of post-soviet period would be automatically solved. It is difficult to say what an idiot professes this myth, but many Russian economists suspiciously and if it was ordered, expose some of the “liberals” in such foolishness.
THE EPOCH BETWEEN TWO MYTHS

The appearance and the confrontation of these two myths can be explained – the country cannot say goodbye to the past and meanwhile the future is coming. Spatio-temporal interweaving of the past and the future is not a characteristic which belongs only to transition economies, it is also an unavoidable peculiarity of social consciousness during the transition period. And two-faced behavior of the managers of all ranks in those spheres, where we face with the world economy, is a result of this interweaving. There, in the world economy it is forced to be supporters of market economy, but in the internal spheres – “Not a step back!”

FIVE OBSTACLES FOR THREE IMPERATIVES

The market model of Russian economy cannot be developed because of:
- The crisis state of domestic economic science, which is caused by the victory of applied knowledge over the theoretical one;
- Absolutization of historical development peculiarities of Russian economy;
- Skipping political and sociological processes in which our economy is functioning;
- The exaggeration of the heuristic potential of economic and mathematical instruments;
- The persistent ideologizing of economic knowledge by which the ownership interests of diverse social groups of Russian society are hidden.

Therefore the scientific model of updated Russian economy must correspond to three imperatives:
- To reflect real long-term macroeconomic tendencies of the domestic economy
- To take into account real long-term development tendencies of the economies of leading countries in the world globalization process to be “political-economic” and not to be technical-economic or production-technological.

Is Russian economic science in its current state ready for this?

STRENGTH AND WEAKNESS OF RUSSIAN ECONOMY

Real model of Russian economy has to reflect the unity of its strengths and weaknesses. But what is “strength” for our economy and what is “weakness”? Understanding of strength and weaknesses of Russian economy changed many times. The huge size of our country sometimes considered to be its “strength” (the country is a continent) but sometimes considered to be its “weakness” because huge space slows down historic time. Or let’s take raw material resources: we sometimes are proud of possessing them and sometimes consider that they “infect” us with “Dutch disease”.

Indeed the economy of the country should be organized in an absurd way if the resources wealth turned into “resource damnation”.

1 Vain pseudo-market attempts in those intellectual spheres, which are not compatible with administrative directive planning, are especially ineffective. For example, they founded huge educational organizations by the principle of super centralism. As a result, one boss holds power; large groups are managed by minor administrators, creating illusions of reforms. And in reality intellectual potential stays unclaimed.
EXTERNAL FACTORS OF INTERNAL EFFECTIVENESS

Strategic model of contemporary Russian economy is rather complicated because there are two factors which determine its effectiveness - export of mineral resources and import of high-technology products. And both of these two factors depend on world economic conjuncture but not Russian.

The direct relationship occurs between Russian economy and the variation of import and export prices, which cannot be controlled by the country. It means that independent conditions determine the effectiveness of Russian economy.

TWO MODELS OF RUSSIAN ECONOMY

Today basic elements of modern Russian economy are presented by such institutions as super-etatism, bureaucracy, centralism, corruption and monopolism. Obviously the alternative economic model is required - reasonable extent of governmental influence in economy (the condition of corruption and bureaucracy destruction), civil society, free entrepreneurship, real antimonopolism and systematic market mechanism.

However it does not matter for economy whether economic science found the systematic link or not... The economic science in the name of society only answers the questions which economy asks to society. If the answers are wrong, economy will solve the problem by itself, without paying attention to neither society nor economists.

THE DISEASE IS OLD AND NEGLECTED, BUT CURABLE

The systematic element which should be completely changed, the element which fettered the whole Russian economy is “Too much of the government”. And though many in Russia think in a different way (especially top and middle management), setting hopes upon the economic activity of the government, time (which is scarce) will bring them over to the verity.

A LITTLE OF FORGOTTEN “POLITICAL ECONOMY”

Only an effective proprietor can ensure the progress of economy and it does not matter for the society if it will be a government, an entrepreneur or their union but this should be really effective. However constant economic change causes the unavoidable change of effective proprietors that becomes the painful social act every time in history of society, because the proprietor (especially if it was effective and now it is not) tries to maintain its former status of the main manager of national economy (which is doomed to be ineffective in that case).

THE BACKGROUND OF THE ECONOMIC CRISES

Persistence of the former effective proprietor (which is supported by its mercenary economic interests) turns into usurpation of this status in order to maintain its ruling position. The society can get rid of it over the social-political revolution as a rule. And moreover the society cannot wait until the ineffective proprietor realizes the change of the economic situation and gives new and more effective economic subjects the...
organizing functions of national economy.

Only with strengthening of the socially regulated economy, effective change of economic proprietors has begun to occur without social and political shocks.

IS THERE A MODEL OF LITTLE GOVERNMENTAL INFLUENCE?

In Russian economy as in the soviet one, the main subject is government: the percentage of its property is more than 50% now, and taking into account the indirect control – more than 75%. But we are not worried about these percentages, another question worries us: whether the government is an effective proprietor today?

EIGHT MYSTIC YEARS

For Russian government the condition of retaining the status of the main economic player is its effectiveness in the capacity of the proprietor, because the society always assents to “pay” for its income increase through the governmental monopoly of political power.

The last ten years were the period of such secret political-economic agreement, because the incomes of the population were really increasing in the 2000s. From 1999 to 2008 real GDP increased by 82%, real GDP measured at purchasing power parity, boosted by steady appreciation of the ruble, increased by 128% over the same period.

Figure 1. GDP dynamics during the presidency of V.V. Putin

Source: (Dolan 2012).

The graphic is really mystical – the years of the first presidential terms of Putin perfectly coincide with the positive economic trend of the country.

IS THERE A STORM IN ECONOMY?

Nowadays, however, the economy of Russia is enduring through a sharp recession following the global financial crisis. Moreover Russia’s oil export which was the main driver of Russian economic prosperity in the early 2000s can hardly be continued. Oil production moves to remote regions and the costs are increasing. In order to be
profitable, oil industry needs tax concessions. And tax concessions mean budget losses, which can be compensated by the world oil price only. We cannot pin our hopes on that, though.

![Oil Price, U.S. Dollars per Barrel](figure2.png)

**Figure 2.** “Budget” and real dynamics of world oil price

*Source: (Dolan 2012).*

The firm line which shows the world oil price level, necessary to balance our budget, is situated much more higher than the dotted one, which reflects real dynamics of world oil prices.

It means that “silent” agreement between the society and the government which consists in monopoly status of the government in economy and politics in exchange for income increase is coming to an end. The government is forced to leave the economy and leave the politics afterwards.

The real course of events objectively brings Russia to the unknown (during its whole economic and political history) little governmental influence model of national economy.

**THE ECONOMIC MYSTERY OF SKOLKOVO**

The project of “Skolkovo” demonstrates essential divergence between theory and practice of the renewal. According to this project in the next few years there will be the first world-class Russian innovation center (domestic “Silicon Valley”) on the outskirts of Moscow. There is something symbolic that Skolkovo which was famous for its crispy cucumbers before, now has to “crunch” its innovation products all over the world.

According to Victor Vekselberg, the project director, it is not difficult to build an innovation city center and to provide it with required infrastructure – “the difficulty is what will be later”.

Meanwhile Vekselberg’s team includes Craig Barrett, former president of Intel Corporation (as a co-chairman of Skolkovo Fund) and former Irish government minister Conor Lenihan (as vice-president of international partnership development). They are

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going to attract international intellectual capital to Skolkovo:
- The representatives of Massachusetts Institute of technology
- 50 research centers of large transnational companies (IBM, Intel, Nokia, General Electric, Ericsson and the Finnish-German joint venture Nokia Siemens Networks)

The resident companies are exempted from VAT for ten years; the companies which revenue is less than 30 million of dollars per year are exempted from profit tax and from import custom duty.

It means that, according to Vekselberg, Skolkovo offers unique investment environment: the absence of political risks, tax, customs and other benefits, governmental support, the elimination of force majeure circumstances. But it is an ideal environment for business, the dream of the whole Russian economy. So the authors of Skolkovo project know what is required for innovation business? Then why are there benefits for Skolkovo only? We all want them!

Certainly, economists will be developing an effective model of Russian economic renewal. But all these are theoretical searches. And Practice, judging by Skolkovo, had already found its model – market model!

ARTIFICIAL MYSTERIOUSNESS OF POST-SOVIET ECONOMY

Post-soviet economy cannot complain of lack of attention. Certainly, the supremacy of the applied approach can give numerous economic measurements, but if they are out of monistic (conceptual) approach, they can only play the roles of illustrations to the book, which is not written yet.

Meanwhile the theoretical explanation of transition essence of post-soviet economy (like any other economy) we can find in the oracular article of K. Marx “Critique of the Gotha Program” where he gave the following definition: “Here we do not face with society which developed through its own foundations, and, on the contrary, we face with society which is now leaving society (another) and because of it, which retains the birthmarks of old society, from the depths of which it is descended”.

The task of econometrists is to “inventory” these “birthmarks” of old society and to suggest the program of rapid “birthmarks removal”.

POST-SOVIET ECONOMY – CAN IT BE “INVASIVE” ONLY?

The economy of transition state can strive for changes or it can resist them. The drama of our transition period society consist in the following: we left our “old” in order to make changes, but these changes are so disgusting to social consciousness that time is going running out, we make efforts, but nothing happens.

In the world of Biology such situation is described through the category “invasiveness”. Invasion (lat. invasio) is the process of new species moving to the territories where they formerly were absent. This process occurs without conscious human participation. Such “invasive” characteristics define post-soviet economy. Unfortunately, post-soviet economy is defined through such “invasive” characteristics:
necessary changes are considered as invasions of alien elements into native economic system, and there is nothing to go by for them.

**INVASIVENESS DEGREE OF THE ECONOMY IS DEFINED THROUGH ITS LAG EFFECT**

Certainly, invasive economy is not a rare phenomenon in the world history when there is a transition to the alternative state of economy. And what is more alternative than “socialism” and “capitalism”?

Invasive economy means the dominance of invasive features in politics, in the social consciousness and in ideology. This is the objective peculiarity of post-soviet economy and understanding of its inevitability is extremely important for Practice. Frankly to say, invasive economy is a special way of social forward movement to the future when the past persistently resists this movement, impedes it. Then, every change is considered to be an invasion and so it meets with a proper repulse.

But invasive economy is atonement for lag effect of the economy, its stagnation, its inability to self-development, its aspiration for traditionality and conservatism.

**THE INVASIVE SEAMY SIDE OF MACROECONOMIC TENDENCIES**

Economic and statistical indicators of the end of 2011 and the effect of crisis management regulators of the bank sector are able to moderate the economic recession and even to promote investors for risking. According to analysts, the positive dynamics will be expected in 2012. Meanwhile, Russian market of shares seems to be extremely profitable (on the condition that some of foreign investors, who left the market in 2011, will return)\(^3\). However, all those and other prognoses are made through the simple extrapolation of too short-term tendencies, while the invasive orientation of Russian macroeconomics is long-term, requiring much more work in order to be overcome.

The neglecting of theoretical estimates of real economic state during the transition period in any country can disorient the aims of its macroeconomic policy and the strategy of long-term investing.

**INVASIVENESS IS AN INTERNAL ECONOMIC DISEASE**

Invasiveness is a consequence, but it is not an initial cause: it means the “super-density” of economic environment, which causes “super-resistance” to innovation.

This “super-density” is formed by the following elements of modern Russian economy: low production effectiveness, the dominance of raw materials export, the influence of the factors which are not controlled by the country, too high risks for investors (corruption among government officials and organized crime interference), the fragility of institutional and legal foundations of market economy, the improvement of tax system, financing the budget deficit through emission of money, wide scope of shadow economy\(^4\).

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Specificity, which is considered in the network of general regularity, is able to explain many things. Specificity, which aspires to the position of general regularity, can explain nothing. Invasiveness is a forcible measure to sober up the society, the society, which believes that its specificity is general regularity. Can Russian society sober up and has it time for this? Would Russian society be able to sober up and has it time for this?

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