

## Conclusion

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Razdatok and the market represent two alternative institutional systems which are formed in different societies to organize the economic life. Both razdatok and market economies must provide effective production of goods and services according to the demands of the population. If the USA represent a classic example of the market economy, then Russia is a prominent example of razdatok type of economy. The reasons for the formation of either type of economy lie with the features of natural environment and means of its development formed at the initial stages in the history of each state. In the course of its development, each economy strengthens the features typical of it, while the expediency of the appropriate economic system is reliably consolidated in the consciousness and social values of generations.

Cyclic development is typical of all economic systems functioning according to the laws of either market, or razdatok economy. Each institutional cycle is characterized with economic institutions, types of organizations, and management models of its own. The ones which make it possible to realize the basic economic laws and provide for the sustainable economic development to the largest extent. In a market economy such institutional environment provides for the realization of law of supply and demand, while in a razdatok economy it provides for the realization of the law of balancing sdacha and razdacha flows for all the sectors of the state economy.

At periods when the formed elements of the institutional environment can no longer guarantee the functioning of the basic economic laws, the economic systems and all their branches enter the period of crisis, while the system of economic relationships enters the period of institutional changes. The common feature of these periods is the testing and the introduction of institutional elements of alternative types of economies which make it possible to overcome the crisis. For example, after the deep crisis of the 30s in the countries with market economies, state regulation methods typical of razdatok economies began to be actively used.

In the course of historic development of the razdatok economy in Russia, at periods of institutional changes, introduction of methods of organization of economic life from the current experience of economies of the market type took place. Usually as well, the names of new types of organizations and economic methods were borrowed to the extent that the names of these historic periods were extended to the economic historiography of Russia. For example, the period of institutional changes

in Russian razdatok-economy of the XII-XV centuries was called feudalism<sup>33</sup> and the period from the late XIX to the early XX century was called capitalism<sup>34</sup>.

When a new management model was found and all the elements of the institutional environment were renewed, then the period of institutional changes is finished and a new cycle began. It made it possible to provide the functioning of the basic economic laws and the growth of economic effectiveness in changed historic conditions. For example, the essence of the previous period of institutional changes in the economy of Russia which started in the end of XIX century and finished in the early 30s of the XX century, was transition from serfdom management model to the administrative one. The essence of the current period of the institutional changes called the period of the market reforms is the replacement of ineffective administrative management model and the formation of a new mechanism regulating and balancing *sdacha* and *razdacha* flows.

Ineffectiveness of the administrative management model in the razdatok-economy at a period of crisis resulted from the character of redistributive-bureaucratic financial mechanism which developed during the 70 and 80s. The functioning of the redistributive-bureaucratic mechanism was described for the first time in this book. It led to the excessive growth of the management expenses, reduction of money for the main production activity, deterioration of the labor motivation on a mass scale, and reduction in the quality of the public reproduction.

The current period of the market transformation in the razdatok-economy of Russia has demonstrated the regularities of institutional renewal. At the first stage the introduction of alternative economic institutions takes place. At this period institutional environment is characterized by the presence of elements of both market and razdatok nature as well as their various combinations which exist on equal grounds. Some of them turn to be institutionally stable and correspond to the razdatok nature of the macroeconomic environment, while the others come into conflict with the communal nature of the material and technological environment and the domineering etatization potential of the population. The essence of the second stage of institutional renewal is the modernization of the basic state property institution on the basis of sustainable combinations of institutional elements.

These regularities were proved by the results of the economic-sociological monitoring of the market experiment in 1993-1996.

At the first stage an attempt to introduce the private property institution led to the emergence of private-administrative type of organization which

combined the market economic form and the administrative management model typical of the crisis stage in the razdatok-economy. The devastating influence of the redistributive-bureaucratic financial mechanism on organizations of this type was worsened by the private form blocking the state control of the state resources at their disposal.

At that period the creation of conditions for the development of privatization potential of the population, for example, in housing did not lead to the formation of a considerable group of private owners on a large scale. On the eve of the market transformation privatization potential embraced less than 40% of the population and was exhausted during the first three years of the market reform.

The second stage of the institutional renewal in the razdatok-economy in Russia begins in 1996 with the formation of new type of state-contracting organizations which combine the state organization-and-legal form typical of the razdatok-economy with the management model borrowed from the market experiments.

The essence of a new contract management model is strict legal isolation of bodies distributing the state resources and organizations using these resources to perform work under the contract. Thus the functions of customer secured to the federal, regional, and municipal bodies and the functions of contractor given to the state-contracting organizations (bureaucratic enterprises, municipal unitary enterprises, etc.) are divided.

The hypothesis on the essence of the current period in the institutional changes in razdatok-economy of Russia is substantiated in this book. Its essence is the modernization of the state property institution, transition from the administrative management model with the state plan as the main regulating mechanism to the contract management model where the sdacha and razdacha flows are balanced by budget regulation means. At the same time the old feedback mechanism in the form of complaints is renewed and new mechanisms are created. Here the elections of representatives of legislative and executive powers on the multiparty basis should be listed. Thus the institutional renewal of the modern razdatok-economy is taking place which gives it possibilities for further development.

The authors have the goal to prove this hypothesis within the framework of a new theory of institutional development of razdatok-economies with Russia being its prominent representative.