

# **Economic Dualism, Systems Approach and Russian Economy**

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# TRADITIONAL INTERPRETATION OF ECONOMIC DUALISM

Co-existence of two or more economic systems in a country at the same time:

- Feudalism and capitalism
- Pre-industrialized and industrialized society
- State-owned enterprises and private enterprises in economies in transition

# PROPOSED INTERPRETATION OF ECONOMIC DUALISM

Co-existence of individual and systemic features and relationship between the two:

- Individualism versus collectivism
- Individual versus social
- Markets versus networks

# RELATIONSHIP BETWEEN ECONOMY AND THE STATE

Economy is a combination of private economic agents, private-public partnerships, state corporations and state institutions

Each element of such a system plays its role and is associated with specific individual characteristics

All elements are combined in a system whether it is a hierarchical system with vertical and horizontal linkages or a network.

Economic system is associated with positive and negative externalities as well as systemic risk which are neither recognized nor observed by individual economic agents

# RELATIONSHIP BETWEEN ECONOMY AND THE STATE (continued)

Positive and negative externalities as well as systemic risk should be addressed in the framework of a systems approach

Command-and-control regulation versus incentive based regulation

Rules versus manual management

# **RUSSIAN ECONOMY AND SYSTEMS APPROACH**

Dependence on energy resources

Manual management of economy

Low labour productivity

High public spending

Income inequalities