Institutional responses to the challenges of the Russian agro-industrial complex

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Abstract. The work is devoted to the complex issues of the influence of the theoretical prerequisites of institutional and neo-institutional economic theory on the sustainable development of the agricultural sector. The purpose of the work is to substantiate the scientific theoretical foundations of institutional and neo–institutional economic theories as the basis for regulating the agricultural sector. The methodological basis of the study is an integrated approach, which examines the challenges facing the Russian agro-industrial complex and possible institutional solutions to emerging barriers. The conceptual foundations of the institutional movement at the first stage of its development and their relation to state regulation are shown. The main provisions of the theory of dirigisme and new industrial society are shown. The scientific foundations of the neo-institutional school of economic theory are formulated. It is shown that the main institutions require maximum attention from the state to ensure their functioning, sustainable long-term development of the economic system, and the social well-being of the country's citizens. The main functions of the state, its boundaries and effectiveness conditions in the new institutional theory are defined. The main institutional mechanisms for improving institutions in the Russian agricultural sector to ensure long-term sustainable economic growth are identified: market institutions; national institutes of economic development; state institutions of economic growth in the agricultural sector; institutes for reducing volatility. The presented model allows, unlike traditional approaches, to be based on the historical development of the institutional environment, which allows to assess the justification for changing institutions in agriculture; allows to assess the compatibility of ongoing institutional changes with the established institutional environment.

1 Introduction

The long-term stable, sustainable development of the agro-industrial complex largely depends on the scientific concept of economic policy and methods of its implementation in real economic practice. This paper presents the main aspects of institutional and neo-institutional theory as a basis for regulating the agricultural sector. In agriculture, these issues have become particularly widespread in terms of studying various aspects:

The main concepts of representatives of the institutional: T.B. Veblen [39], U.K. Mitchell [44], J.R. Commons [35], Myrdal G. [27], Galbraith J. [30], Perroux F. [45], and neo-
institutional: R. Coase [41], D. North [34], J. Buchanan [18], O. Williamson [40], economic theory;
  - Economic policy of the state [9, pp. 14013; 19, pp. 375-379; 22; 26; 29, pp. 144-185].
  - Forms and directions of state regulation and state support of agriculture [4, pp. 090003; 5, pp. 3-9; 6, pp. 923-930; 8, p. 613-620; 10, p. 955-963; 11, pp. 14011; 14, pp. 133-142; 15, pp. 14007; 23, pp. 64-69;24, pp. 227-231; 25, pp. 47-57; 28, pp. 10-12; 36, pp. 2-10.

Nevertheless, less attention is paid to the complex issues of the influence of the theoretical prerequisites of institutional and neo-institutional theories in the agricultural sector, which determined the purpose of the study.

The purpose of the work is to substantiate the scientific theoretical foundations of institutional and neo-institutional economic theories as the basis for regulating the agricultural sector.

Objectives:
  1. To explore the scientific foundations of traditional (old) institutionalism as a direction of economic thought.
  2. To determine the essence of the state economic policy among the first institutionalists.
  3. To explore the scientific foundations of neo-institutional economic theory.
  4. To define the role of the state in the new institutional theory.
  5. To give recommendations for the improvement of institutions in the agricultural sector: theory for Russian practice.

2 Materials and Methods of research

The methodological basis of the study is an integrated approach, which examines the challenges facing the Russian agro-industrial complex and possible institutional solutions to emerging barriers.

3 Research results and their discussion

3.1 Traditional (old) institutionalism as an economic thought direction

The conceptual foundations of the institutional movement at the first (traditional) stage of its development (the end of the XIX – the first half of the XX century) were considered by its founders (T.B. Veblen [39], U.K. Mitchell [44], J.R. Commons [35]) as an alternative to the neoclassical direction of economic theory. The first criticism contained in the works of J.M. Keynes and his followers, showing that the provisions of the neoclassical theory are true only in a special case (in a situation of full employment in the economy), has already been considered by the authors in [9, p. 14013]. The first representatives of the institutional school also showed other limits of the neoclassical approach:

  1. Neoclassical theory proceeds from the rational actions of economic agents who base their decisions on the basis of information completeness. But obtaining information completeness about the state of market conditions is possible only in the conditions of a monopoly auctioneer (a planned centralized body) or on the local market.
  2. The structure of the market in the context of economics is perfect competition, which has a number of characteristics (an infinite number of individuals, standard goods, completeness of information, free entry and exit), which represents only a few percent of the real modern economic system.
3. Problem solving is carried out by a selfish, independent, rational, informed, non-historical, non-social, non-cultural economic person, and in life individuals move away from such a model in making their decisions. Consistent disclosure of neoclassical theory imperfections in its basic prerequisites (axioms) leads to the need to develop alternative models that can work not only under such constraints, but also consider them when justifying economic policy. Institutionalism becomes such a theory, where institutions become the main thing – the rules of behavior created by people and the mechanisms for their protection necessary to solve three main problems:
- the relationship between labor and capital;
- the relationship between large and small corporations and medium-sized organizations;
- economic policy and contradictions between private and public interests.

The factor of evolutionary dynamics and economic development in the works of early institutionalists is not the market itself, but institutions that set the framework of behavior and technique and technology that push society on the path of its development. The work of the institutionalists was based on three main methodological positions: interdisciplinarity, evolutionism, and empiricism.

3.2 The economic policy of the state in the first institutionalists

Opposing the main postulates of neoclassical theory, including in terms of freedom of entrepreneurship, automatic regulation of the market economy, the institutionalists were the first, even before J.M. Keynes [32] raised the question of the necessary limits of state intervention in the activities of economic agents, in the economy and society. The recommendations of the representatives of the institutional school were quite broad, especially in its practical part:
- to put the "council of technicians" at the head of the economy: the country's leadership can do without capitalists, but engineers and technicians should lead the economy [20; 38];
- the need to plan the economic system and develop accounting and statistics indicators [44];
- the need to form a government that considers the interests of all social strata of the population [35].

These ideas were developed in the institutional and sociological direction of institutional theory (Myrdal G. [27], Galbraith J. [30], Perroux F. [45]):
- ideas of social control over economic agents through the creation of a planning system;
- specific practical measures to solve problems in developed market economies;
- set of measures to overcome inequality in developing countries, including those related to the difficult colonial past.

Thus, the ideas of state intervention in this part were primarily related to the development of the planning system. These ideas received special development in France, giving the name to a new trend of economic thought – dirigisme – the state policy of regulation through the system of indicative economic planning [43]. Dirigisme was based on the following basic principles:
- the impossibility of achieving balanced growth against the background of the need to transform economic agents and relations in the desired direction requires an active electoral policy of the state aimed at regulating the economy;
- the purpose of such a policy is the active development of motor industries that are developing faster than all others (or investments in scientific research), which causes a
"hobby effect", increasing the pace and level of economic development of the country and transforming the structures of its economy in the desired direction;

- Such development is based on the growth of dominant units with a "hobby effect", which in theory are called "poles of growth" (firm, industry, complex of industries), which increase the well-being of a region or the whole country. Only the state has the opportunity to identify and support such "poles of growth", which necessitates an electoral policy that can further cause economic growth and smooth out economic injustice.

On the basis of these provisions, F. Perroux introduces the concept of "harmonized growth:

- maximizing gross product with minimal development variability;
- improving the economy structure;
- plan compliance with the public interest.

Thus, "harmonized growth" is aimed at mitigating social contradictions, the development of the whole society and is associated not with the spontaneous development of the market, but with the purposeful activity of the state (indicative planning).

In the same years, an alternative direction related to technological determinism was developing in institutional theory. One of the most prominent figures J. Galbraith wrote that in the conditions of the scientific and technological revolution, all issues related to the availability of goods and resources have been resolved, but the problems related to their distribution, especially in terms of investments and the production of public services, have not been removed.

In the new industrial society, J. Galbraith transfers all power to the technostructure (management and management techniques), the main goal of which is not profit, but the growing pace of production and expansion of the company, which corresponds to the public interest. The entire economy is divided into a market system (small firms and individual entrepreneurs who are price followers and do not influence government policy), among the disadvantages of which there are unemployment, injustice, falling labor incomes, and a planning system (large corporations that use the achievements of scientific and technological progress to use positive economies of scale and market leadership consumers and even the state), which can be unstable without the help of the state and leads to inflation and exacerbation of new problems (environmental pollution, crisis of large cities, public transport, inequality in income distribution).

Thus, the economy in these concepts is not unified, but is divided into two large components (a market and a planning system), each of which has its advantages and disadvantages, but each of which is not capable of leading to social well-being. In such conditions, society needs reforms and an active role of the state in terms of:

- reforms of the market system to reduce the level of inequality in the conditions of development between the market and the planning system;
- reform of the planning system in terms of serving the public interest, not replacing it;
- reforms are not about managing one economy, but two – a market economy and a planning one.

In practice, these reforms should be determined by the support of market institutions, the nationalization of individual corporations, the creation of a national planning system and the expansion of the public sector.

3.3 The scientific foundations of the neo-institutional school of economic theory are institutions, property rights, contracts

Representatives of the neo-institutional trend (R. Coase [41], D. North [34], J. Buchanan [18], O. Williamson [40]) were able to meaningfully change institutional views. Since the
60s of the XX century, representatives of this trend have demanded the formulation and consolidation of a set of fundamental rules aimed at regulating the market economy and the state apparatus, which, in their opinion, would contribute to long-term sustainable economic development.

The main teaching of the representatives of neo-institutional theory is a person, his freedom, and social protection, which are capable of sustainable development based on internal incentives. In such conditions, the main function of the state is to be strong to impose the rules of the game on society and control their observance for the comprehensive development of economic agents on the path of sustainable economic growth.

Today, neo-institutional theory is considered as a doctrine that has seriously expanded and modified traditional neoclassical theory, in terms of abandoning some basic and auxiliary axioms (complete rationality, awareness, perfect competitiveness, uniqueness and Pareto-optimality of market equilibrium), as well as using traditional microeconomics methods in a contractual approach - the analysis of relations between people through mutually beneficial exchanges – transactions.

In their theory, institutionalists proceed from the analysis of a number of basic phenomena.

1. Institutions are norms, rules, customs, behavioral prerequisites that limit the behavior of economic agents, structuring and organizing their interaction, as well as sanctions and a mechanism for monitoring compliance with the rules. In this case, in institutional theory, unlike neoclassical, not only the income of economic agents and prices become the constraints of behavior, but also the whole set of institutions – economic, social, ethical, legal, etc. In this part, institutions act not only as constraints on the behavior of economic agents, but also as conditions for the formation of their preferences, consistent with their own interests. The Institute assigns roles to economic agents, allows them to coordinate their actions and makes their behavior more predictable, which leads to cheaper transactions, limits various forms of opportunistic behavior (embezzlement, bureaucracy, corruption, etc.), mitigates social tensions and contributes to long-term economic growth of a stable and developing institutional structure.

2. The theory of transaction costs, the leitmotif of which is the statement of R. Coase [3; 41] that any form of organization of the activities of economic agents, be it a firm, market, or state, requires significant transaction costs for its creation and maintenance. Consequently, institutions as ways of reducing transaction costs may differ from each other in their content and structure, and therefore the function of the state is to select the most effective institutional forms in a specific historical and evolutionary period of development and support them for sustainable economic growth of the society welfare.

3. The theory of property rights among institutionalists is considered from the point of view of the ratio of advantages and disadvantages of each regime – private, collective, state, and public property. At the same time, it is believed that each of the property rights regimes reflects the interests of economic agents, as it helps to reduce transaction costs for the exchange process, makes it more predictable and understandable, and optimizes the use of resources and the reproduction of goods. Thus, the purpose of the state's activity is to establish a regime of property rights that will best consider the growth of public welfare and support it (Posner's theorem [13]).

The general conclusion of the theory of property rights and the theory of transaction costs is that the state is able to reduce the costs of exchange by adopting impersonal laws and ensuring their compliance by agents in the process of their interactions. Thus, the legislative activity of the state represents a public good that the state must provide to the whole society to maximize its well-being. The society will save transaction costs with a perfect legal system and more defined (specified) property rights, which becomes the main goal of the state's activities within the framework of neo-institutional theory. Thus, the state does not appear to
be a neutral agent, as in the neoclassical theory, but an active player in reducing transaction costs, creating specified property rights and maintaining effective institutions.

4. The theory of contracts is an agreement in which agents agree on the distribution of property rights and freedoms, as well as apply a mechanism to comply with the terms of the contract terms. Contracts represent the framework of specific agreements between agents, while institutions define the general framework of individual interactions. Contracts, like institutions, not only set the framework for interactions, but also create prerequisites for such interactions and reduce transaction costs for their implementation.

Within the framework of contractual relations, the definition of a firm is given – a set of asymmetric non-selective exchanges in which coordination of the activities of economic agents is achieved through teams, the market – a set of symmetrical selective exchanges regulated through a price mechanism; the state - a special case of contractual relations when individuals transfer part of their rights to one agent who performs them, and in return pay taxes. In this regard, the firm is a key institution that contributes to the market functioning by reducing a number of transaction costs. At the same time, the state, in building hierarchical systems, including firms, must necessarily consider the established informal cultural, historical, and social relationships in society. The underestimation of the latter leads to a discrepancy between formal state institutions (the legislative framework) and the actual institutional environment, which will lead to a decrease in the pace of economic development, the growth of an unobserved economy and rent-oriented behavior. To form an effective institutional framework for the functioning of contractual structures, the state needs:

- to carry out institutional innovations and implement structural reforms;
- clearly define and maintain the "rules of the game" in society;
- to ensure the independence of the "enforcement" institute – the protection of rules through an independent executive and judicial system;
- to take an active role in the development of the economic system, especially in determining the strategic directions for the development of all institutions and types of contractual relations – market, firm, neoclassical contracts (networks, hybrids), state.

Thus, the main institutions require maximum attention from the state to ensure their functioning, sustainable long-term development of the economic system, and the social well-being of the country's citizens.

3.4 The role of the state in the new institutional theory

The theory of the state plays a special role in the institutional school. Citizens' voluntary renunciation of some of their rights is primarily due to the fact that they are confident that the state will cope with these responsibilities much better. The set of these functions is determined by market failures and for the most part consists of the following:

- specification and protection of property rights;
- production of public goods;
- creation of information exchange channels;
- development of standards for weights and measures;
- building the infrastructure;
- protection – external and internal.

In all these functions, the State gets the right to use its power and compel agents to perform them. At the same time, the range of these transactions varies from country to country and the optimal size of the state is determined by the historical and evolutionary list of functions that it performs more effectively than society in private. The borders of the state are determined by the size of transaction costs – the larger the state, the more transactions it acts as a guarantor, the higher the costs of its maintenance and implementation of each transaction. The relationship between agents and the state is always complex, since together
delegating the right of control to the state means that the state, in turn, delegates it to its representatives – civil servants. Therefore, the greater the role of the state, the more complex its structure, the higher the number of bureaucracy, which means more problems arise in the relationship of the principal-agent, for example, greater distortion of information. Therefore, along with the effective performance of a number of functions by the state, the failures of the state are highlighted:
- income and expense mismatch;
- lack of clear performance criteria;
- high probability of achieving results other than planned;
- uneven distribution of resources.

Institutional economics declares that agents and society always face a choice: to ensure the execution of a transaction on the market, in the state or by firms. This choice is different everywhere because of the different size and structure of transaction costs. Thus, the state always faces the problem of choosing whether to guarantee the transaction by itself or transfer this right to some private agent. For example, in some countries, medicine is provided by the state, and in other countries through private insurance. Therefore, there is no optimal, absolute boundary between the state and state intervention in the economy. Everything is determined by the specific institutional environment, the institutional matrix, the prevailing economic, social, legal, cultural, historical and other conditions. In such conditions, a contractual state arises [18], in which its role is limited only to those transactions in which it protects property rights with the lowest costs compared to other contractual alternatives. The conditions of such a state are:
- clear constitutional framework for the state activities;
- effective mechanisms for citizens' participation in government activities;
- effective market and firm as substitutes for the state;
- availability of alternative ways to protect contracts.

A contract state can be effective only with an effective civil society that restricts the state, reduces its cost, reduces the possibility of obtaining rent, and mitigates social tension in society.

The new institutional theory proceeds from the fact that economic agents must consider existing institutional conditions: when institutional conditions limit the activities of innovators, and when they encourage them. Thus, long-term economic growth is possible only if all institutional constraints are considered and it is achieved when implemented institutional innovations reduce transaction costs and create incentives to expand the reproduction of benefits. The subjects of such transformations are the main subjects of contractual relations – firm, state, and households, each of which has comparative advantages in its field – private, collective, or public goods.

3.5 Improving institutions in the agricultural sector: theory for Russian practice

Sustainable economic growth of the agricultural sector is possible only if the degree of development of institutions and institutional mechanisms of state regulation is considered, depending on the stage of development of the long-term conjuncture in the agro-food market. If the country, like Russia, is at the second or fourth stage of the development of institutions of agri-food conjuncture [17], then economic growth is possible only with strong market institutions, nevertheless, sustainable economic growth can be with simultaneously developed complementary institutions of state regulation (and different for the second and fourth stages). The responsibility of the state for the implementation of a special economic growth policy in developed countries aimed at:
promoting the fullest use of resources, enhancing the efficiency of dynamic processes in the economy;
- preventing deviations from the overall effective competitive equilibrium;
- improvement of the national economic complex in conditions of economic instability;
- formation of a competitive environment and countering monopolistic trends;
- application of various restrictions, if economic growth harms the social sphere or the environmental situation in the country, etc. [formulated according to 37, pp. 15-16].

Recent studies show that the imbalance of institutions is the main obstacle to the sustainable development of the agricultural sector. World Bank studies show a high positive statistically significant relationship between the quality of the institutional environment and the economic growth of the agricultural sector in countries with transitional economic systems [1, p. 21-26; 7, p. 73-74; 12, p. 8-12]. Sustainable agricultural production is possible only with the formation of a rational external and internal institutional environment of the agricultural sector, considering market requirements, natural and economic conditions, ensuring maximum realization of the potential of agricultural enterprises. The specific factors of the historical development and functioning of the institutions of the agrarian sphere make it possible to apply and modify the system of analysis of the institutional environment proposed by D.S. North [31] and O.I. Williamson [40] towards the development of agricultural institutions.

The first level of this aggregate in the agro-food complex is represented by the agrarian economy agents, among whom one can distinguish managers and employees of agricultural enterprises; rural residents who are not directly involved in production; urban and rural food buyers.

Institutional agreements (second level) are primarily represented by contracts; firms: joint-stock companies, cooperatives, peasant (farmer) farms, personal subsidiary farms; markets, hybrid institutional agreements and other transaction management systems. The system of contractual relations in the agricultural sector is represented in the form of interaction of agricultural organizations (joint-stock companies, cooperatives, P(F)F, IE, PSF) with companies engaged in the modernization of the industry and the food industry.

The institutional environment of agriculture within the minimum permissible limits is a set of formal and informal institutions of the agricultural sector. They represent the dominant institutions of the market economy and complementary institutions of state regulation of the agricultural sector.

To understand the specifics of the institutional environment of the agricultural sector, a three-level scheme of analysis of a set of institutions can be applied to the analysis of the activities of economic agents in the agricultural sector. Informal rules in rural areas are the following:

- traditional norms of rural society:
  - reciprocity (assistance in harvesting, arrangement, exchange of various devices: separators, canning machines);
  - retribution for deviations from the rules of behavior and communication in rural society (from public censure to lynching);
  - cooperation (mutual lending of funds, assistance from retired parents to their children, gratuitous donation of products in "difficult" years);
  - distributions (distinctive for different areas, but have common approaches) [discussed in 33, paragraph 3.4];
- specific norms specific to rural areas:
  - labor relations related to the seasonality of work, its intensity, the lack of a direct link between tension and work productivity due to the influence of natural factors;
management (the complexity of the economy; general distrust between different subjects of rural areas);
- priority of communal ownership of land, natural and other resources (treating public roads, reservoirs and forests as "public" property, but not as private).

The development of rural areas, in the face of a wide range of adverse factors, has led to greater stability of informal rules. Therefore, institutional changes in the agricultural sector can only consist of adaptations to those informal institutions that form the institutional environment. The introduction of such an approach will avoid many mistakes in the process of implementing formal rules, which is confirmed by modern processes in domestic agriculture (the introduction of farms faced a narrowed motivation for the activities of post-Soviet people; the development of cooperation - with a general distrust in society towards each other).

The formation of a market system in the agricultural sector is associated with the development of formal market institutions. The structural elements of such a system are the labor market, the market of means of production, the market of agricultural products, and the food market, which have a decisive impact on the development of contractual relations in the agro-industrial complex. Formal rules in rural areas include:

- **Political rules:**
  - The Constitution of the Russian Federation;
  - Federal laws ("On the general principles of the organization of local self-government in the Russian Federation", "On the development of agriculture", etc.);
  - Legislative acts of Parliament and resolutions of administrative bodies to which the State delegates its powers (the Ministry of Agriculture (for example, the state program for the development of agriculture and regulation of markets for agricultural products, raw materials, and food), the Ministry of Industry and Trade (for example, supplementary nutrition programs), etc.);
  - Resolutions and orders of regional and local authorities (in regions and districts of the Russian Federation).

- **Economic rules:**
  - Federal laws ("On peasant (farmer) farming", "On the turnover of agricultural land", etc.);
  - Legislative acts of Parliament, resolutions and orders of administrative bodies in the regions and districts of the Russian Federation.

**Contracts:**
- Political: agreements concluded between subjects of the agricultural sector on political decision-making procedures (for example, agreements on vertical or horizontal integration of enterprises);
- Economic: agreements concluded between subjects of the agricultural sector to determine property rights and restrict access of other persons to their own resources, use of property and income from it (purchase and sale of assets from one side to another, hiring of an individual (labor relations), lease of property, credit relations, etc.).

The development of economic rules in agriculture is a condition for the emergence of property rights in the agricultural sector: "permitted and protected from obstacles to their implementation of possible ways of using limited resources, which are the exclusive prerogative of individuals or groups" [21, p. 46; 42, p. 98-99].

In agriculture, a feature of property relations are issues of ownership, use and disposal of land between economic agents. The essence of such relations is the endowment of agricultural producers (collective, private, and personal farms) with land for its production use to obtain agricultural products; ensure and increase fertility; and distribute the income received. In the field of land ownership, domestic economists recognize both functional and agricultural-specific bundles of rights (for land reform, allocation and disposal of land shares,
land management works, increasing fertility, appropriation of land rent, purchase and sale of land with restrictions [16, p. 62]). It should be borne in mind that not all combinations of these powers may constitute ownership. Thus, according to L. Becker the rights that can be considered in isolation as property rights, include the right to own, manage, receive income, and capital, provided that they are perpetual and protected. Any combination of such property rights with others in the bundle will be a right of ownership [2, p. 21].

At various stages of the agri-food economy evolution, the institutional environment of sustainable economic growth in agriculture was characterized by a different combination of dominant market and complementary state institutions. At the early initial stage of this evolution, the population's food needs were not saturated, demand was highly elastic and responsive to market signals. Under these conditions, the institutional environment that ensures economic development and economic growth was represented mainly by dominant market institutions (institute of competition, Institute of Entrepreneurship, Institute of market price coordination, etc.).

Since the 20s. of the twentieth century, in developed countries, the institutions of market self-regulation of the agrarian economy began to fail, which manifested in the increasing volatility of economic growth indicators. With a high (though still insufficient) level of saturation of the population's food needs, demand has become low-elastic and unresponsive to market signals. Market institutions were unable to raise demand to the supply level. Overproduction crises led to a recession and increased cyclical fluctuations in economic growth in agriculture. Market institutions at the stages of a saturated agri-food market (stages 2, 3 of its evolution) are not able to independently ensure sustainable economic growth of the agricultural sector. There is a need to introduce and expand the share of complementary state institutions.

Complementary institutions of state regulation, complementing dominant market institutions, have an impact on economic development and economic growth in agriculture.

The general state institutions of economic development include:
1) Institute of preferential taxation in agriculture;
2) institute of financial and credit support for agricultural producers.

A steady increase in the trend line of economic growth in agriculture (the positive slope of the trend line) is ensured through a number of specific institutions of state regulation:
1) institute of direct subsidization of economic agents in rural areas;
2) institute of innovative development of the agricultural sector;
3) institute of political market.

To reduce the level of volatility (fluctuation, instability), especially at the mature stage of development of the agri-food market with a high level of saturation of needs, it is necessary to actively develop the following state economic institutions:
1) institute of agri-food market stabilization;
2) institute of demand support in the agri-food market.

The institutions of state regulation of the sustainability of economic growth in agriculture make it possible to reduce transaction costs in the industry. The formation of such mechanisms makes it possible to achieve sustainable production dynamics in agriculture, price stability in the agri-food market and sustainable income generation by agricultural producers. The presented model allows, unlike traditional approaches, to be based on the historical development of the institutional environment, which allows to assess the justification for changing institutions in agriculture; allows to assess the compatibility of ongoing institutional changes with the established institutional environment.
4 Conclusions

1. The conceptual foundations of the institutional movement at the traditional (first) stage of its development are shown: criticism of the basic axioms of neoclassical theory; development of the theory of institutions and their determining impact on the dynamic long-term sustainable development of society; change in the methodological base: interdisciplinarity, evolutionism, empiricism.

2. The role of state policy in regulating the economic system was determined by the first institutionalists: the ideas of social control; the need for planning; the set of measures to overcome inequality and form a government that considers the interests of all population segments; specific practical actions to reform existing institutions. The main provisions of the theory of dirigisme and new industrial society are shown.

3. The scientific foundations of the neo-institutional school of economic theory are formulated. The basic phenomena of the new school are analyzed: the theory of institutions, the theory of transaction costs, the theory of property rights, the theory of contractual relations. It is shown that the main institutions require maximum attention from the state to ensure their functioning, sustainable long-term development of the economic system, and the social well-being of the country's citizens.

4. The main functions of the state in the new institutional theory are defined, which are reduced to two main ones: the specification and protection of property rights, and the production of public goods. The boundaries of the state, its failures, as well as the conditions for the effectiveness of a modern contract state are defined.

5. The main institutional mechanisms for improving institutions in the Russian agricultural sector to ensure long-term sustainable economic growth are identified: market institutions (institute of competition, institute of entrepreneurship, institute of market price coordination); national institutes of economic development (institute of preferential taxation in agriculture; institute of financial and credit support for agricultural producers); state institutions of economic growth in the agricultural sector (institute for direct subsidization of economic agents in rural areas; institute for innovative development of the agricultural sector; institute of political market); institutes for reducing volatility (institute for stabilization of agri-food conjuncture; institute for demand support in the agri-food market). The presented model allows, unlike traditional approaches, to be based on the historical development of the institutional environment, which allows to assess the justification for changing institutions in agriculture; allows to assess the compatibility of ongoing institutional changes with the established institutional environment.

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