

# EVOLUTION OF TRADITIONAL ECONOMIC INTUITIONS FOR ABORIGINAL NATIONS

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## Abstract

This article provides a research of influence of traditional economic institutions for Indigenous regions development. The purpose of the study is to reveal the features of evolution of traditional economic institutions caused by socio-economic and political changes at various historical stages of Siberia. Author describes evolution for traditional economic institutions of one of Russian Indigenous – the Khakas people. Khakas is an aboriginal ethnos of Southern Siberia which traditional employment are nomadic cattle breeding, hunting and gathering of forest product. The article takes an eclectic methodological approach to piece together extant literature and to discover new empirical knowledge about Indigenous people. For researching the institutional evolution, author uses the statistical and archival documents during 1890-2012. Some clusters of traditional economic institutions of the indigenous people of Southern Siberia have been identified such as institutions for property, institution for labour mutual aid, institution for cyclic migrations, institution for community management etc. The results of evolution of traditional institutions and their current state are presented. Members of national communities as earlier accept even the transformed institutions. The research demonstrates the traditional institutions can become the effective instrument of social and economic development of indigenous people territories.

**Key words:** institutions, evolution, indigenous regions, development

**JEL Code:** P480, O150

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## Introduction

Indigenous people maintain the traditional economic practices and the cultural outlook peculiarities in spite of strong globalization influence. There is no universal and unambiguous definition of the concept of «indigenous peoples», but there are a number of criteria by which indigenous peoples globally can be identified and from which each group can be characterised (Peredo at all, 2004):

- descent from populations inhabiting a region prior to later inhabitants;
- geographical, political, and/or economic domination by late inhabitants or immigrants;
- maintenance of some distinctive social-cultural norms and institutions.

Depending on the definition employed, estimates of the indigenous world population vary. In countries of Former Soviet Union the indigenous population estimates are differ from 0,4 million to 28 million. This differentiation is because there is not a definition of «indigenous» without the numerical qualification in Russian legislation. There are more than 100 ethnic groups in the Russian Federation. Of these, only 41 are legally recognised as «indigenous, small-numbered peoples of the North, Siberia and the Far East». This status is conditional upon a people having no more than 50 thousand members, maintaining a traditional way of life, inhabiting certain remote regions of Russia and identifying itself as a distinct ethnic community. Therefore the special government policy is absent to the ethnic group which population more than 50 thousand members. Actually number of members of Russian indigenous ethnic group is about 19,7 million and from them 9,5 million indigenous people live in rural areas.

The current socioeconomic circumstances of the Indigenous people in Russia are poor. For example, according to the 2010 census (compared with the 2002 census), in 19 out of the 26 indigenous regions, the indigenous population is showing a numerical decline. According to the Goscomstat, unemployment among indigenous peoples is 1,5-2 times the Russian average (Goskomstat, 2012). Incomes of indigenous peoples are 2-3 times lower than the Russian national average. Infectious diseases such as tuberculosis, a typical indicator of extreme poverty, cause 60 deaths per 100 thousand, which is almost three times the national average of 23 per 100 thousands (United Nations in the Russian Federation, 2013). Furthermore, maternal deaths and child mortality are significantly above the national average.

In Russia territories are accommodated by indigenous people have the status or the republics, or autonomous region, national territories or without any special status. The different region's ratings find low rates of socio-economic development among the regions/areas with an Indigenous population in Russian Federation. In this article author provides a hypothesis about influence of traditional economic institutions for Indigenous regions development.

Three main research questions were placed:

1. What features of evolution are usual for traditional economic institutions?

2. Is there any influence of traditional economic institutions for Indigenous regions development?

3. How can the institutional development Indigenous territories be provided?

The purpose of the study is to reveal the features of evolution of traditional economic institutions caused by socio-economic and political changes at various historical stages of Siberia. Author describes evolution for traditional economic institutions of one of Russian Indigenous – the Khakas people. Khakas is an aboriginal ethnos of Southern Siberia which traditional employment are nomadic cattle breeding, hunting and gathering of forest product.

The article takes an eclectic methodological approach to piece together extant literature and to discover new empirical knowledge about Indigenous people. For estimation of the Indigenous Russia's population, author uses the 2010 census selected different ethnic groups from all Russian regions and compared them with data on the inhabitant's number of rural territories in a section of regions. For researching the institutional evolution, author uses the statistical and archival documents during 1890-2012.

In the study of any of a wide range of economic questions, it is difficult to ignore the importance and influence of institutions (Hansen, 2012). In fact, since the origins of modern economic thought, this thesis has been accepted in differing degrees by a significant number of currents and theories. It was over a century ago that a system of concepts varying considerably from the postulates of orthodox neoclassic economic theory was established (Popov, Vlasov, 1012). The given approach was introduced for the first time by T. Veblen «Why is economics not an evolutionary science?» (1898) and «The place of science in modern civilization» (1919). T. Veblen, having rejected the idea of a human being as an atomic economic agent, suggested a notion of institutions as «sustained mentalities inherent in large social communities». Institutional economics had further been comprehensively developed by J. Commons, who expanded Veblen's theory of evolutionary selection of institutions, and also by W. Mitchell, who studied applied issues related to economic dynamics, including economic cycle development (Vlasov, 2010).

Relevance of economic system development modeling from the existing equilibrium positions to new quasi-equilibrium ones caused establishment of evolutionary economics. Theory of evolution embodied the basic concepts of biological evolution theory by Ch. Darwin: heredity, variability, selection. Establishment of the given theory had worked its way up from theoretical premises by T. Veblen through evolutionary growth theory by J.

Shumpeter to the models of economic system evolutionary growth by R. Nelson - S. Winter (Nelson, Winter, 1982).

T. Veblen was the first who suggested a more common and compact notion of institutions (Veblen, 1919). Hence, in the present research work institutions will be referred to as well-established principles of interaction between economic agents. In the present paper author follows an interpretation of the notion «institution», which was suggested by G. Kleiner: «institution is a system of principles including a based principle and a set of mechanisms and valuable installations reproducing the given institution» (Kleiner, 2004).

It is essential to mention the fact that institutional interpretation of economic systems cannot have a zero level similar to neoclassic equilibrium position. The research by G. Hodgson (Hodgson, 2006) demonstrated that a substantial methodological issue regarding description of evolutionary process of institutions is relative to any effort in terms of explanation of institution establishment in the context of natural pre-institutional state. Such efforts come to a deadlock due to the fact that they inevitably have to admit initial presence of other institutions, for instance, a language one. Hence, a remarkable feature of the recent studies in the scope of neoinstitutional theory was the recognition of several traditional economic institutions of indigenous people of Siberia for analysis.

The structure of the paper is as follows: The first section presents the types of indigenous economy in the Russian territory. The second section characterizes the traditional economic institutions of nomadic society. The third section presents the case of Republic of Khakasia. The fourth section presents the results of the evolution-institutional analysis and the last section is the conclusion.

## **1 Types of indigenous economy in the Russian territory**

The economy of indigenous people of the Russian Federation at the beginning of the XX century included set of traditional types of extensive economy such as different combinations agriculture, cattle breeding, hunting, fishery, gathering wild-growing plants, crafts and trade. There are some types of traditional economy in the territory of the Russia and estimate of the Indigenous Russia's population (Tab. 1).

**Tab. 1: Tapes of indigenous economy**

Type of indigenous economy	Ethnic group	Indigenous population estimate (thousand)*
Reindeer husbandry	Nenets, part of Komi people, Chukchi people, North group of Yakuts, Koryaks, Sami people	63,7
«Taiga type» of cattle husbandry	Yakuts	284,1
«Steppe type» of nomadic herding	Tuvans, Buryats, Altayans, Khakas people, Kalmyks, Bashkirs, Kazakhs	1907,8
Traditional sea hunting	Eskimo people, part of Chukchi people, Aleuts	3,4
Reindeer hunting	Nganasans, Enets, Evenks, Evens, part of Khants and Mansi, Selkups, Dolgans, Tofalars	68,0
«North taiga type» of hunting and gathering economy	Teleuts, Orochs	1,7
Traditional fishing economy	Part of Khants, Chulyms, Kets, Ulchs, Udege, Nivkh people	15,8
Traditional agriculture with hunting and gathering	Veps, Karelians	28,2
<i>Total</i>		2372,2

\* Source: research of the author according to the 2010 census

Some of these types of indigenous economy practically disappeared today or were cardinally transformed, such as traditional sea hunting, reindeer hunting, «north taiga type» of hunting and gathering economy, traditional fishing economy. Others, on the contrary, revived in the period of a long economic crisis of the 1990th and now make essential impact on economy of national regions and territories, for example, reindeer husbandry, «taiga type» of cattle husbandry, «steppe type» of nomadic herding, traditional agriculture with hunting and gathering. Thus the indigenous people number living in the territory of Russia makes about 2,4 million.

## **2 Traditional economic institutions of nomadic society**

The nomadic herding is type of traditional economy that include biggest indigenous population on the territory of Russian Federation. Traditional forms of nomadic pastoralism were widely practiced in Siberia (Buryatia, Altay, Khakasia and Tuva) up to the 1950s. Arid to semi-arid climatic conditions characterizes for territories of Southern and Eastern Siberia favoured nomadism. Production was based on common property institutions for land and intensive group interaction (e.g. risk sharing, high mobility, herd diversification and labour division).

The territory of Siberia was attached to the Russian Empire in the 18th century. Since then traditional institutions of Siberian indigenous people passed a difficult way of evolution. There were some important periods of institutional transformation such as imperial policy of resettlement of peasants from the Central Russia to Siberia (1890-1913th), revolution and

military communism (1917-1920th), Stalin collectivization and repressions (1929-1938th), Soviet planned economy (1940-1990th), market reforms (1990-2000th). These historical periods were reflected in traditional institutions of indigenous people of Siberia on a miscellaneous. In the course of research, several clusters of traditional economic institutions of the indigenous people of Southern Siberia have been identified (Tab. 2) (Panikarova,2013a).

**Tab. 2. The traditional economic institutions**

The economic institutions	The traditional institutions
Institutions for property	Institutions for common property of land
	Institutions for private property of cattle
Institutions for attraction to work	Institutions for labour mutual aid
	Institutions for cattle family farm
Institutions for interaction between economic agents	Institution for cyclic migrations
	Institution for community management

Source: research of the author

The listed institutions are typical for the majority of nomadic societies. However, evolution of traditional institutions of Siberian nomads is unique, as it is strong influenced by the Russian Empire policy at first and the Soviet Union policy later. In the next part author describes evolution of some traditional institutions of one of Russian Indigenous – the Khakas people.

### **3 The case of Siberian Aboriginal Nation - Khakas people**

Khakas is an aboriginal ethnos of Southern Siberia which traditional employment are nomadic cattle breeding, hunting and gathering of forest product.

In 1991 the territory populated by Khakas people got the status of a republic. The title ethnos (Khakas) makes 12% of population of Khakasia or 65,4 thousand persons. The contemporary ethnic composition of Khakasia has been formed rather recently. In 1910 Khakas people made 98% of the region population. The results of the First Russian Population census in 1926 showed Khakas had made 53% (44,2 thousand persons) of all inhabitants of the territory. Population had sharply increased (3,1 times) from 1926 to 1939. It continued to improve further because of inflow of labor migrants from other parts of Russia. This influx of the Russian-speaking migrants has provoked the acceleration of assimilation of the autochthonic population.

The government policy on industrialization of Siberia from 1950 to 1980 has strongly destroyed habitual life of the aboriginal people and hasn't offered any other alternatives of

employment. Later physical and mental health of Khakas people have been dramatically decreasing in the Russian reforms of the end of the 20th century. Khakas people have poorly adapted to the new socio-economy institutes and the alien means of generating livelihoods. Social problems, including alcoholism and suicide behavior, are prevalent in the Khakas communities. In this connection Khakas communities are characterized by the lowest level of economic improvement and the life quality.

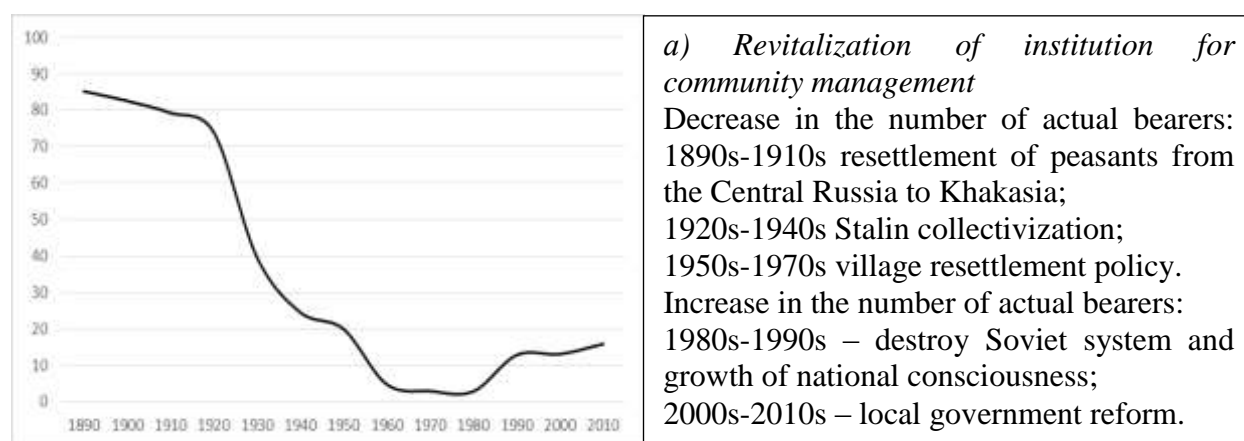
The traditional economic activities of Khakas people remains in local communities on the contrary to assimilation and negative state policy consequences for ethnos. The results of empirical research have shown that in Khakas holdings the cattle breeding still prevails. The livestock of Khakas holdings is about 25-50 % more than of Russian holdings. The visible land-user differences exist between Khakas and Russian holdings. The Khakas people are using the smaller area of the land as fields and gardens than the Russian and greater part of land as haymaking and pastures (Panikarova, 2013b). The economic peculiarities existing in Khakas communities are argument about adaptation of traditional nomadic institutions.

#### 4 Examples of evolution some traditional institutions

For an assessment of traditional institutions evolution, I suggest to use *coefficient of prevalence of institution*. This coefficient is equal to a share of economic agents dividing institution (actual institution bearers) in the total number of economic agents for whom the institution is designed (potential institution bearers).

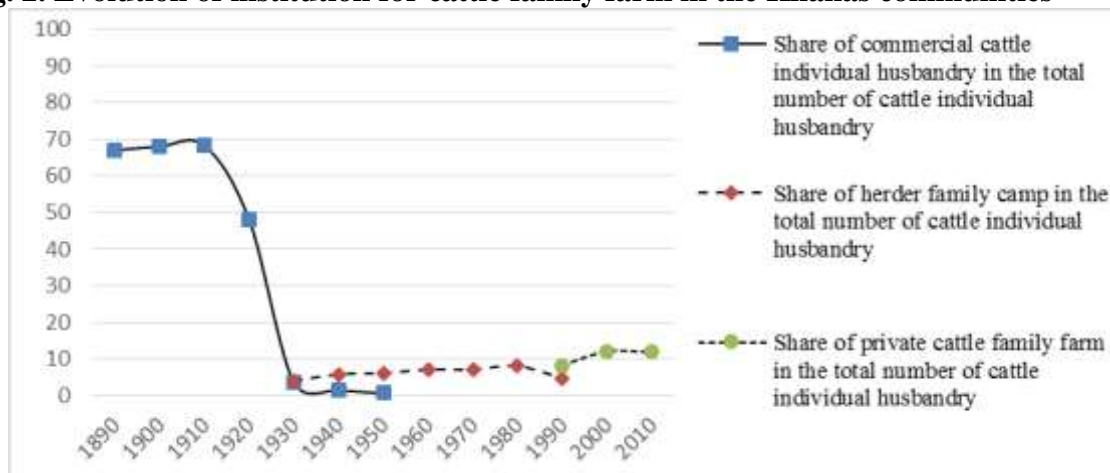
Three options of evolution of traditional economic institutions of Khakas people are presented in figures 1-3 such as *a) revitalization of institution, b) transformation of institution, c) disappearance of institution*.

**Fig. 1. The share of Khakas people living in the nomadic communities in the total number of Khakas population.**



Source: research of the author according to the National Archives of Khakasia and state statistics

**Fig. 2. Evolution of institution for cattle family farm in the Khakas communities**



*b) Transformation of institutions for cattle family farm*

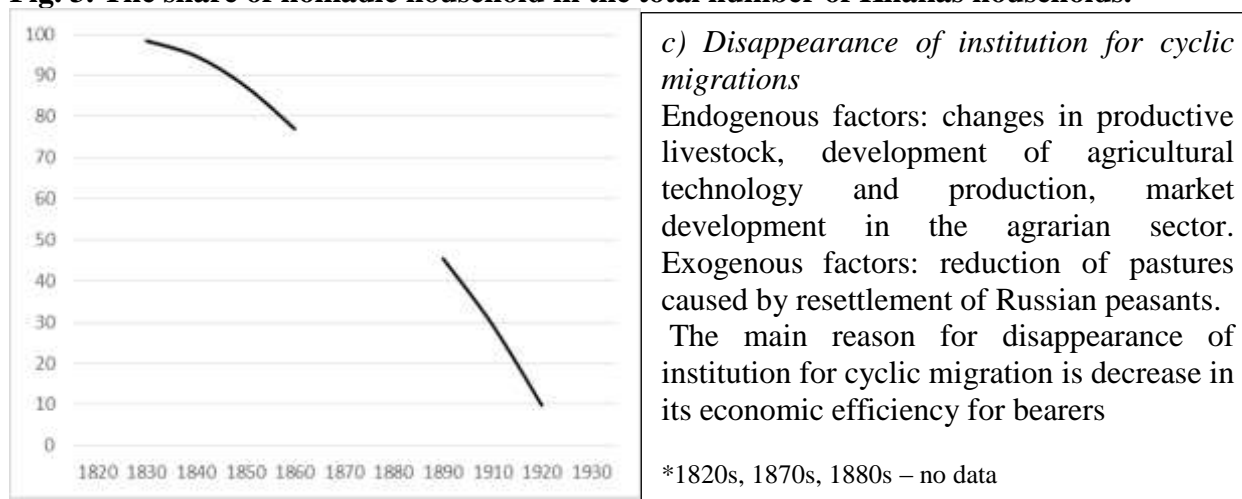
First curve (1890s-1950s) - state ban on family farming in the period of collectivization and repressions;

Second curve (1930s-1990s) - informal institution for cattle family farm (herder family camp) existing within the collective farm in the period of Soviet planned economy;

Third curve (1990s-2010s) - private cattle family farm.

Source: research of the author according to the National Archives of Khakasia and state statistics

**Fig. 3. The share of nomadic household in the total number of Khakas households.**



*c) Disappearance of institution for cyclic migrations*

Endogenous factors: changes in productive livestock, development of agricultural technology and production, market development in the agrarian sector. Exogenous factors: reduction of pastures caused by resettlement of Russian peasants.

The main reason for disappearance of institution for cyclic migration is decrease in its economic efficiency for bearers

\*1820s, 1870s, 1880s – no data

Source: research of the author according to the National Archives of Khakasia and state statistics

The analysis of evolution of traditional economic institutions allowed the author to draw the following conclusions:

- traditional economic institutions are adaptive, they easily adapt to changes (for example, institutions for cattle family farm);



- traditional economic institutions can be in a latent state and “revive” when such opportunity is given (for example, of institution for community management);
- traditional economic institutions disappear when become inefficient for bearers (for example, institution for cyclic migrations).

## Conclusion

Khakas people have long development of indigenous economy to govern their societies. Their traditional economic systems ensured sustainable utilization of resources, social responsibility and harmonious relationships through cooperation. For generations, Khakas have lived in natural ecosystems in which they have developed and practiced traditional economic institutions. They used different strategies for maintaining livelihoods including hunting, gathering, nomadic grazing, fishing, and intensive agriculture. There were some important periods of institutional transformation when traditional institutions of nomads were forbidden or condemned by the Russian state. These historical periods were reflected in traditional institutions of indigenous people of Siberia on a miscellaneous. The results of evolution of traditional institutions and their current state are presented in the table 3.

**Tab. 3. The results of evolution of traditional economic institutions**

Title of institution	Traditional institution		Current institution	
	Based principle	Reproducing set	Based principle	Reproducing set
Institutions for common property of land	Land belongs to a kin or a community	Norms of rights distribution of possession land or using land between families	Transformed: in the Constitution of the Russian Federation the principle of a private property on the land is fixed; principles of municipal and state property on the land are formalized	Transformed: market transactions with the land are formalized; land users are personified
Institutions for private property of cattle	The cattle is a private property of the head of the family	Norms of kin mutual aid (exchange, donation, inheritance, temporary using, etc.)	Remained without changes	Transformed: norms of kin mutual aid were transformed to market norms of purchase and sale, rent, etc.
Institutions for labour mutual aid	Joint agricultural works, hunting, gathering, etc.	Norms of planning, organization and distribution of result of joint activity (usually depending on a labor contribution)	Transformed: different types of the cooperative enterprises are formalized	Remained plus norms of entrepreneurship in market economy
Institutions for cattle family farm	One or several families formed an	Norms of migration and pitching camp together, using common corral for their sheep or goats,	Transformed: status of aal as a settlement (without economic specifics) is formalized	Remained without cyclic migration plus norms of entrepreneurship in market economy

	aal	having corporate economic ties		
Institutions for cyclic migration	Moving at a distance of 10-50 km 2-4 times a year	Norms of management, use of resources, interactions	Remained partially: moving 2 times a year from winter house to a yurta and back	Didn't remain
Institutions for communal managements	Kin and community management	Norms of decision-making, prestigious economy, punishment, responsibility, community self-government	Transformed: institution for chieftains is formalized, the institution of local self-government is formalized	Remained partially: within management of national local communities

Source: research of the author

Thus, results of the evolution-institutional analysis allow to assume that development of traditional economic institutions in contemporary economy is possible. Some institutions are defined which can increase economic efficiency of traditional kinds of activity of Khakas people such as:

- 1) Institution for common property of land plus norms of market transactions with the land for users;
- 2) Institution for private property of cattle plus different market norms of purchase and sale, rent, etc.;
- 3) Institution for labor mutual aid involved different types of the cooperative enterprises;
- 4) Institution for community managements involved norm of local self-government;
- 5) Institutions for cattle family farm plus norms of entrepreneurship in market economy.

Members of national communities as earlier accept even the transformed institutions. Therefore, they can become the effective instrument of social and economic development of indigenous people territories.

Indigenous institutional economic system is part of a socioeconomic totality that connects and governs the lives of Russia's Indigenous community. Unfortunately, the indigenous economy is not capable to exist in the conditions of the modern market without the state support.

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