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## **IMPORTANCE OF LOCAL MARKETS IN SUSTAINABLE DEVELOPMENT OF REGIONAL ECONOMICS**

The article is devoted to the investigation of the essence of sustainability and sustainable regional development. It unveils the concept of sustainable development of the region, the necessity of the development of local markets to ensure the sustainability of the region, determined by its extra significance in the socioeconomic system has been validated. The system of theoretical approaches to the formation of regional and local markets is analyzed. It stands for the theoretical basis of sustainability, balance and improvement of management performance of the economy of the region and the improvement of specification of the subject-object structure of the market for environmental goods and services.

**Key words:** sustainable development, regional market, local market.

**The Introduction.** In the current socioeconomic system, the region should be considered as a spatial substance, that reflects problematic fields, as well as traditional and newly forming trends, that reflect the development process as conflict of interest of different kinds resolution, that are peculiar to elements of the classic triad “man - society - nature”, localized on the given territory of institutions and others.

Long-standing asymmetry of the Russian Federation development increases, or on the contrary, is being neutralized under the influence of a range of interrelated factors, which should include natural-resource potential of the region, the level of regional management administration, the state of environmental consciousness of society, etc., which in every particular case determines the configuration of the vectors of regional development.

The unique conglomerate of sub-paradigms of the South Russian regions development, that are in the continuous transformation dynamics, naturally complements in a single paradigm of institutional and socioeconomic development of the Russian Federation. The inverse proposition is also true, as the reverse process is no less important. A set of interrelated, but retaining their specificity regional paradigms sets the framework conditions in accordance with the conception of sustainable development, that over the past few decades is chosen by the majority of the leading countries in the world as the main track of national economic development.

The regional socioeconomic system, from the viewpoint of territorial localization is the space of synergistically interrelated local markets. It is within this localization that all primary processes proceed and the mechanisms of functioning and cooperation of its players arise and develop. On the local (from the viewpoint of territorial and commercial (service) belonging) markets, the laws of supply and demand, the reproduction processes, price formation are quite vividly manifested. Investment, financial, industrial, resource, product portfolio, environmental policies and other types of policy are formed

and implemented.

Combining the afore-mentioned, the study of the directions supplying sustainable development by improving local markets management, accomplished by the evidence from one of its segments - the market for environmental goods and services (as the space of circulation of innovative artifacts) is an example of a relatively new local market for the scientific study and an up to date trend of numerous scientific researches that has great practical importance for the Russian territories. The importance of the local market functioning, (in order to achieve sustainable economic development of the territory of regional, national and global levels) is extremely high in scientific and theoretical gnoseologico - methodological and applied aspects .

Literature review: The regional paradigm of economic development is put forward and substantiated in the works of the local and foreign scientists : A. Granberg, P. James, V. Ilyin, J. Martin, P. Minakir, I. Rodionova . V. Suslov, A. Tatarkina et al.

Theoretical problems of regional economics and the sustainabilities of regional development were considered by the domestic and foreign scientists : L. Abalkin, A. Aganbegyan, V. Baturin, O. Bogomolov, O. Bodrov, A. Buzgalin, S. Bulgakov, M. Weber, B. Gourman, K . Gusev, V. Danilov - Danilyan, O. Dmitrieva ,V. Dokuchaev, B. Zlobin, V. Zolotarev, O. Inshakov, H. Joffe, F. Klotsvog, I. Komarov, N. Kondratiev, V. Lexin, K . Losev, N. Markova, N. Nekrasov, V. Ovchinnikov, I. Omelchenko, V. Parfenov, A. Chayanov, N. Chortov, A. Shvetsov et al.

The questions of sustainability of the development of systems of various levels are covered in the works of the following Russian and foreign scholars: V. Galperin, V. Senchagov, L. Valsar, D. Keynes, V. Leontiev, K. Arrow, P. Samuelson .

The problems of sustainable development of regional socio-ecologico-economic systems are reflected in the scientific works of such scientists as M. Guzev ,A. Druzhinin, V. Ignatov, A. Kuklin, Lemesheva M., O. Lomovtseva, P. Oldak, N. Pakhomov, R. Popov A. Tatarkin, S. Tyaglov, Ursul A., I. Shabunin et al.

In modern conditions theoretical aspects of the ecological, economic and social development are investigated by the following scientists: V. Bilchak, E. Buchvald, Y. Vasiliev, Y. Gladkij, Y. Kolesnikov, D. Lvov, A. Shvetsov, J. Yandyganov. .

**Selection of the unsolved aspects of the research problem.** Alongside this, the issues of improving local markets functioning, in terms of sustainable development of the regional economics are still insufficiently investigated. Nevertheless within the terms of the doctoral dissertation, the significance, principles and trends in the local markets development, have been analyzed using the example of a relatively new and dynamic ecological market, which altogether determined the author's interest towards the chosen topic.

**The purpose of the article.** Based on current trends in the formation and development of local markets and approaches to their analysis and evaluation to reveal the contents of the local market for environmental goods and services, highlight the key components to justify the principles of operation

and development, and basic functions, as well as to identify factors braking market-based approach to the regulation of the local market environmental goods and services.

**Discussion.** Despite some similarities between the concepts of regional and local markets, allowing some authors to consider them as identical phenomena, the author's position is that they are not synonymous. Criteria for their differences - territorial parameters (from the regional markets have a higher territorial parameter), the breadth of the merchandise lines assortment (Table). Moreover, according to the author, the second sign prevails.

Table

**The comparative analysis of regional and local markets characteristics**

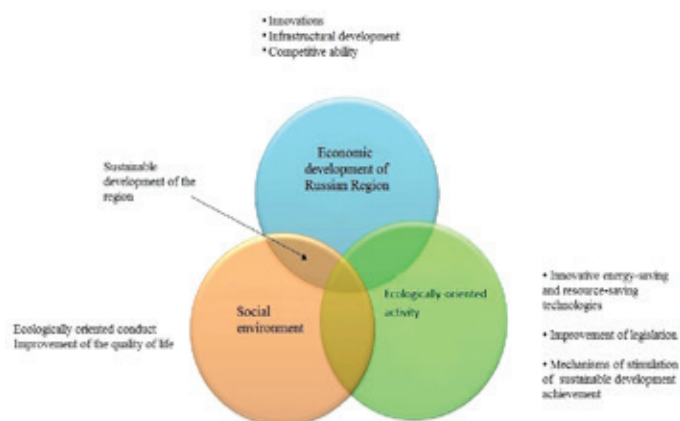
		Market		
		Regional	Local	
			on grounds of territorial features	on grounds of commercial belonging
1	on grounds of location scale	Wider location (usually tends to administrative boundaries of constituent territory of the federation (in a narrow sense) and as a market, which occupies a certain space (in a broad sense)	A narrower location (usually does not go beyond the administrative regions)	Weakly correlates with the spatial location
2	on grounds of homogeneity of commodity composition	Heterogeneous	Heterogeneous (by this indicator it is inferior to the regional market)	Limited number of similar goods, usually within similar commodity groups
3	on grounds of functional features	Distinctions are not found		
4	Product specialization	Insufficiently identified, largely depends on regional specific features.	Insufficiently identified, largely depends on local specifics.	Well-defined
5	Infrastructure components	Developed, taking into consideration regional features	Less extensive considering local specifics	Does not depend on regional specifics.
6	The correlation between the sustainable market and territory development (the basic justification document)	Yes (conception of RF sustainable development)	Yes (to a lesser extent) (The conception of sustainable development of the territory)	Yes (the conception of dissertation research)
7	Presence of specific forces of motivation			Mental-psychological

The research shows that the processes of globalization and regionalization carry a contradictory impact on the process of socio-economic development. The author sees the solution within the concept of sustainable development, which considers economic growth within the harmonious and balanced development of three areas: social, economic and environmental under the steady increase of the importance of the latter. One of the ways of practical solutions for sustainable regional development is the formation and development of a civilized market for environmental goods and services.

Proceeding from the author's generalization the conceptual bearing construction of the dissertation research, is the accentuation on the stability of the market as the ability to maintain certain parameters of functioning and development, under the influence of cooperation of various factors in the desired direction by the self-regulated or controlled variation of the level of interaction and structure of local markets.

In the process of Strategy of local markets development one needs to apply a complex and integrated approach, taking into account modern requirements and economic trends in the region and in the country as a whole, the main of which is sustainable balanced regional development, which consists in ensuring the process of change in which the rational exploitation of natural resources, the direction of investments, the orientation of progress in science and technology, personality development, institutional and market changes are consistent with each other and contribute to the strengthening of the current and future regional potential, to improve the quality of life, to satisfy the human needs and the implementation of humanistic aspirations.

The paradigm of sustainable development of the region as an area of functioning of local markets is thus graphically presented in the research (pic.).



**The picture shows: Graphic expression of the paradigm of sustainable development of the region as an area of operation of local markets**

The potential of sustainable development of the region is due to the natural resource, economic, infrastructural, political and other features. It is at the regional level, that the principle of sustainable development can most effec-

tively be implemented, as at the mesoscale it is possible to develop and use any mechanisms, that solve the problem of sustainable development through the establishment of rules, norms, industrial safety parameters for life, health and property of citizens and the environment, the introduction of confirmation of products conformity (works, services) to the requirements of monitoring of compliance by the state with these parameters, to establish amenability for their violation. It is proposed to consider the orientation of the development of innovative local markets, as a key parameter for sustainable economic development in the region, because it consists in the production and sale of environmental goods and services, in the use of resource-saving technologies, and in the search for new raw materials sources and resources.

Proceeding from the theory of regionalistics [1], the local market is defined as an open, elaborate subset of commodity markets that function in a single business environment, which is formed by the ensemble of natural and climatic, socio- economic, political and mental- psychological factors which are peculiar to concrete territorial and commodity (product groups) localization.

The market for environmental goods and services is an integral part of the “big market”, which, in its turn, is represented by labor markets, capital markets, means of production markets, etc. At the same time the environmental segment is somehow represented in each of them. For example, the market of means of production, certified in accordance with environmental regulations is a segment of the market for environmental goods and services and at the same time the market of production factors.

The subjective structure of the market of environmental goods and services specified by the author consists of the following blocks:

1. Manufacturing unit:

- Companies and organizations that dispose of environmental commodities and environmental services on a commercial basis;
- Enterprises and organizations that dispose of environmental goods and provide both environmental and conventional (traditional) services on a commercial basis;
- Companies and organizations that provide environmental goods and provide environmental services free of charge.

Thus, each of these elements can be represented by groups of the market objects, which are environmental goods and services (agricultural production, recreation, health and recreation, medical and other services) .

2. Consumer unit:

- Companies and organizations of the region;
- Population;
- Households.

3. State management unit:

- Federal and regional bodies of legislative power;
- Regulatory agencies;
- Licensing authorities;
- certifying authorities etc.

4. Social unit:

- Social agencies and nonprofit organizations for the Consumer and the environmental protection;
- International Funds for consumer and environmental protection ;
- Nonprofit organizations of manufacturers who adhere to the principles of Corporate Social Responsibility and environment protection;
- Mass media

In order to obtain a more complete specificity of the market exploration the author offers his set of principles of its operation and development:

1. The principle of sustainability maintenance, which means achieving a Pareto optimal combination of the state interests, society and business.

2. The principle of innovation, which lies in the priority of innovation in technology and methods of production organization at all management levels.

3. The principle of scientific sustainability maintenance of the economy on the basis of ecologization with the strong interrelation between the concerned scientific institutes.

4. Principle of social responsibility for the environmental protection and damage mitigation.

5. The principle of transparency provides the formation of available transparent information realm in relation to market players' activity.

6. Feedback principle which is intended to exclude the phenomenon of information asymmetry between market players.

7. The principle of integrity, which is oriented on the integrated result, social, environmental and economic components.

8. The prevention principle is aimed at forestalling the negative consequences by planning activities based on strategic and environmental assessments.

9. Principle of adaptability and socio- environmental risk management.

10. Environmental component priority principle as an activity of players of the market of environmental goods and services.

11. Principle of permanence, which consists in carrying out activities aimed at sustainable development provided by all market players.

The logic of observance of the principles aforementioned allowed the author to prove the specificity of functions of the local market for environmental goods and services, formulated on the basis of the classical market functions: informative, price forming, accumulating, social, stimulating, and intermediary.

Methodological basis of operations support and local markets development includes the specifics selected in the research such as mesofactors of inhibition of the market driven approach to its regulation.

The research postulates the core message, under which badly-formulated principle and functions realization leads to the inefficiency of measures proposed by the author.

Functioning and development of the local market is influenced by internal and external factors that have a direct or indirect impact on the processes occurring in it, which, according to the applicant, can be divided into the following groups :

1. Socio-economic - characterizing the economic, demographic, innovative and other aspects of the region development.

2. Sociocultural - representing culture-historical features of the region, forming the economic and environmental behavior of citizens.

3. Informational - reflecting the degree of informatization of the economic space of a region.

4. Political - including support by the authorities of environmental entrepreneurship and support of the adaptation to the WTO, etc.

5. Administrative - determines the level of development of market-regulating system in the region.

6. Regulatory - characterize the degree of development of the legal framework for the protection of the environment; the existence of standards for the production and consumption of green products and services, etc.

7. Climatic and geographical - and reflecting the diversity of the natural landscape features and climate of the region.

8. Ecological - reproducing qualitative state of natural and resource capital of the region.

9. Institutional - evaluating the level of infrastructure development (financial credit system, academic environment, efficiency and transparency of the authorities t, etc.).

Conclusions and recommendations. Formulated principles, limitations and functions allowed us to construct a methodological functional model and development of the local market for environmental goods and services, which can serve as the basis for the formation of the corresponding concept.

Thus, the market for environmental goods and services is an open market segment of the national economics, the object of which (goods, works, services) corresponds to the criteria implemented at all stages of the reproductive process: organicity (nonexploitation in the process of manufacturing, distribution, exchange and consumption of pesticides, chemical additives, the achievements of genetic engineering, synthetical feed additives and growth regulators, food colourants, flavorings and aerosols) and ecological safety provision for humans and the environment (absence of repugnant and other non-natural substances that have an adverse effect on human health and the environment in the released product, safety withdrawal and use of raw materials resources, minimization of negative impact on the environment at all production stages, harmless elimination of waste and recycling of waste products and packaging waste.)

#### **References:**

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### **ЗНАЧЕНИЕ ЛОКАЛЬНЫХ РЫНКОВ В УСТОЙЧИВОМ РАЗВИТИИ ЭКОНОМИКИ РЕГИОНА**

#### **Резюме**

Статья посвящена исследованию сущности устойчивости и устойчивого регионального развития. В ней раскрывается содержание концепции устойчивого развития региона, обоснована необходимость развития локальных рынков в обеспечении устойчивости региона, обусловленная их особой значимостью в социально-экономической системе, исследована система теоретических подходов к формированию региональных и локальных рынков, что является теоретической базой обеспечения устойчивости, сбалансированности и повышения результативности управления экономикой региона и уточнения субъектно-объектной структуры рынка экологических товаров и услуг.

**Ключевые слова:** устойчивое развитие, региональный рынок, локальный рынок.

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### **ЗНАЧЕННЯ ЛОКАЛЬНИХ РИНКІВ ДЛЯ СТАЛОГО РОЗВИТКУ ЕКОНОМІКИ РЕГІОНУ**

#### **Резюме**

Стаття присвячена дослідженню сутності стійкості та сталого регіонального розвитку. У ній розкривається зміст концепції сталого розвитку регіону, обґрунтовано необхідність розвитку локальних ринків у забезпеченні стійкості регіону, зумовлена їх особливою значущістю в соціально-економічній системі, досліджено систему теоретичних підходів до формування регіональних і локальних ринків, що є теоретичною базою забезпечення стабільності, збалансованості та підвищення результативності управління економікою регіону та уточнення суб'єктно-об'єктної структури ринку екологічних товарів і послуг.

**Ключові слова:** сталий розвиток, регіональний ринок, локальний ринок.