

INTRODUCTION

In conditions of economic directive system that is based on principles of the priority of branch management, the regional economy was the weakest part; the confirmation of this is the lack of complexity in the development of many regions of Russia, the disparity between the various elements of economic, social and ecological systems.

Under the development of market economy and new economic relations, one of the fundamental problems is to improve the mechanism of socio-economic development of the region.

The creating of this mechanism should be based on the theory of regional reproduction, on the study of the laws of the cyclic development of systems, and in particular on the reproduction of a regional economic complex.

The reproductive management approach of cyclical development of regional socio-economic system means the necessity to establish connections and relationships between all elements of a regional system that providing an efficient development of regional economies particularly in terms of structural and dynamical instability.

Socio-economic changes that taking place in today's Russia require improved framework of economic theory and a new interpretation of the laws of social reproduction that reflect the connections and dependencies between different elements of the economic system. The investigation of the structural and dynamic processes of the regional economy can choose the most effective forecast for developing a regional economic complex for the period of anticipation. It seems especially actual in relation to the regional economy in crisis, exploring issues of that were held in isolation from the theory of social reproduction, without a clear understanding of the research subject during many decades. Accordingly, the control system of regional economic complex was built without taking into account the fact that it represents the reproductive system with her characteristic regularities. The long-term development trends of the region are determined at the industry level. Branch departments provided appropriate investment resources, distributing them among the industrial and social spheres. This approach does not help to get a balance between different sectors of the regional economy. The complex plans of socio-economic development that were designed to coordinate industry and territorial interests,

in fact they were a set of industry mechanical designs that did not reflect the required internal proportions of the regional system. "The prototypes" of modern strategic plans did not have a mechanism of implementation, because all the necessary resources were in the hands of ministries and departments and the regional governments played a passive role in the implementing plans.

The transition to a market economy, changing channels and forms of income that is needed for sustainable development of investment funds have set the problem of self-determination of the regions in the general system of reproduction of relations. But clearly define the location of a regional system, its financial basis for the development, sources of funds and the mechanism of their involvement in the area can only be provided if the regional economy will be treated as a single system of reproduction, suggesting the presence of all stages of the reproductive process, and as an internal element of macro-economic reproduction system throughout the country.

The economic crisis is a combination of social, economic and political entities that are part of long cycles (big waves in a few decades), which are present on the surface waves of the second and third order. Crises that associated with them may be no less destructive than the crises in the soles of the long cycles. Crises cannot be undone, it is necessary to diagnose them in advance in order to further public pre-emptive effect on the business processes of socio-economic plane. Crises are fragments of the life cycles of the objectively existing associations.

The thinking of individuals is based on growth, dominance, innovations. On an upward spiral is more resource extraction, more dynamics in the development of businesses in various industrial branches. The period is dominated by the growing prosperity of the financial results and everyone tries to get his "piece" of the "pie". Markets operate in a given period of upward trajectory at a speed of processes, increasing by geometric progression: something is growing and as a consequence everybody buys something falls and as a consequence everybody sells. Growth and production are the dominant of the development.

Then appear the negative structural dynamic changes: higher profits, and hence, in the period pre-empt decisions on the upward stage of the cycle, a significant concentration. Strain accumulation and excessive risks - after the first loss and fall - breaking growth.

Aging and growth retardation occurs, increased volatility, the markets are falling. The next iteration of the downward trajectory is the collapse of economies and markets as an automatic expectation in all segments of the worst socio-economic systems at different levels.

At the lowest point of sine wave all risks are excessive losses, and being covered by the accumulated value of past, become a launching pad for a new takeoff. This transformation of the "the increase - the decline" pro-cyclical government "deregulation - regulation."

The upward phase is characterized by the release of resources, increasing the ability of the national economy to innovation and new risks. During this period the role of state regulation diminished, businesspersons feel able to develop free.

When the risks and "bottlenecks" become too much government regulation is necessary with the use of forecasting and planning tools to reduce conflict and create a new basis for further sustainable development. The state in this context in our opinion, is a tool of correlation between past and future, smoothing of the disproportion between the different clusters, subjects, and supports the economic interests [2].

But the next step after the centralization of the economy, nationalization of the budget money will be a period of liberal reforms that accompany the rise of new branches as inevitable dynamics.

This move follows the trajectory of the pendulum, the essence of the processes depends on the extent and amplitude: a left turn there is an administrative modernization, turning to the right is a liberal dictatorship, or a left turn there is a social market economy, turning to the right is the economic restructuring and modernization.

The primary task of government crisis management processes is not their destruction, but their mitigation in order to shorten the amplitude of the pendulum and not as destructive actions to bring the crisis into a state of "controlled explosion". The markets are synchronous; they often act the same investors. The crisis can be transferred by "financial contagion" or - in the deep dependence of economy on portfolio investments of non-residents - invoked by currency attacks, attacks on the derivatives markets.

The mechanism of the process is: international investors invest their funds in a group of countries that are comparable in terms of risk or combined on a regional principle (Central and Eastern Europe, Latin America, Southeast Asia, etc.). When financial shocks in one country happens, investors automatically start to withdraw capital from other countries belonging to the same group, assuming the same level of risk of the crisis, the inevitable chain reaction shocks. As a consequence, the discharge of financial assets by international investors and their actions to accelerate the repatriation of funds, capital flight from the country lead to a sharp depreciation of the currency, an outbreak of inflation, the widening of the economic, financial and socio-political crises.

One part of the mechanism of financial contagion are international markets and depository receipts of Eurobonds in the U.S., UK, Germany, etc., on which international investors can free move from securities of the one group of countries to other. Examples of financial contagion: the debt crisis of developing countries in the early 1980s., The Asian crisis in 1997, consistently covering one country after another, the financial crisis in Brazil in 1998 after the Russian debt default in August 1998, the global financial crisis 2007-2009.

The mechanism of state regulation of the crisis depends on its severity (as in medical treatment for the disease depends on initial conditions - of the organism, how the situation is running). Multivariate approach in this case: from "lie down, drink some water until the temperature becomes normal," (the current monetary control and the "invisible hand") to the resuscitation and surgical intervention (political upheaval, nationalization of the economy).

Every crisis has its own script. The rule of disaster medicine – first of all to settle pockets of systemic risk, of which the "flame" can "break out" the entire economy. In Russia, in September 2008 it was the banks and financial markets, in November of 2008 and February 2009 - the export production. At the same time, as in medicine, they start strengthen the entire body, creating the contours of an updated model of the economy, to transform the industrial structure of the national economy and regional economic systems, to stimulate domestic demand and supply, to modernize manufacturing base and technology platform for further sustainable growth.

During the crisis, economies tend to be "encapsulated" to ensure that inward on itself, when the crisis comes from the outside (protectionist measures and the fight against capital flight of non-residents). Steps to increase domestic demand, increase investment and saving rates as due to the budget (public works, public investments, tax incentives, infrastructure capitalization of institutions) and the central bank (issue, bank refinancing, reducing interest and reserve requirements of banks) take place. A privileged mechanism to attract foreign direct investment related to technology transfer is formed. Accumulated risks of the private sector are covered by the resources of the taxpayer (nationalization, bailouts of bad debts, credit lines business in distress, social compensation for damages from the loss of public employment, deposits, inflationary depreciation).

In the export-driven economies such as Russia, the currency is devalued to boost exports and imports in order to save the trade balance.

The regulatory load from the state (direct programming of the individual items of production, the establishment of administrative prices for socially important goods in order to reduce inflation, and social risks, the legal settlement of conflicts of interest and risks, which resulted in a crisis, structural reforms aimed at crisis prevention and sustainable rate) increases dramatically. The state is buying up / clean up to the hands troubled assets, saving businesses in distress and institutions.

The level of government intervention is a function of the parameters of the crisis and the strength of the external influences that trigger the mechanism of systemic risk. Illustrative periods are Russia in 1917, Germany in 1933, in a softer form is United States in 1933, "welfare state" of Bismarck, the "social market economy," of Ehard. The inverse situation, when you need to remove

the excess of the state press, which creates a risk of systemic crisis, is a "conservative revolution" of Reagan and Thatcher, a transit to market economies in former Soviet Union.

In developing societies, unstable, unbalanced, such as Russia, the structural and dynamic crises have got a greater dimension than in countries that at a mature stage of its life cycle, that attract the largest share of resources.

Russia is an active "player" in the global financial and economic space, and it is certainly stronger than the other countries exposed by the negative effects of crises. The subjects of state regulation in these times provide strict management decisions without correlation with the social trend. In fact, if the crises occur, they are devastating for Russia, if carrying out reforms, they shock: Peter and Stalin's modernization, the October Revolution, shock therapy of the 1990s.

The study analysis of a representative group of the largest (and most developed) economies, which monitors the magazine «Economists» was held, so capitalization does not fall and the exchange rate as not falling down, no country like Russia (Table 1) [1]. The fall in GDP was the most profound. Inflation (except Venezuela) was highest. International reserves have decreased the most. The largest loss of accumulated foreign direct and portfolio investments have taken place. One of the highest levels of interest (Table 1). During the crisis, Russia had gone through the most profound decrease in money supply, unusual for other countries, which at that time built up its liquidity. "Air bags" (high international reserves and reserve funds, budget surplus, a healthy balance of trade) did not save from being Russia's financial system has shown the worst financial crisis in the dynamics of 2008-2009 in comparison with other major countries.

TABLE 1
STRUCTURAL AND DYNAMIC ACTIVITY OF THE FINANCIAL SYSTEMS OF THE WORLD DURING THE CRISIS OF 2008

Country	Stock index*	Stock index*, 29.12.2008/ 31.12.2007, %	Exchange rate to U.S. \$ 12.2007 - 02.2009, %	Change in GDP at constant prices, 2009/2008, %	Inflation rate (consumer prices), 2008, %
Russia	RTS	-71,9	-31,3	-7,90	14,11
Greece	Athex Comp	-67,1	-14,1	-1,96	4,24
Pakistan	KSE	-65,2	-23,3	+3,37	12,00
Norway	OSEAX	-63,9	-23,0	-1,43	3,77

Country	Stock index*	Stock index*, 29.12.2008/ 31.12.2007,%	Exchange rate to U.S. \$ 12.2007 - 02.2009, %	Change in GDP at constant prices, 2009/2008, %	Inflation rate (consumer prices), 2008, %
Turkey	ISE	-63,2	-30,8	-4,69	10,44
China	SSEA	-62,5	+6,8	+9,09	5,90
Austria	ATX	-62,2	-14,1	-3,89	3,22
India	BSE	-61,7	-22,3	+5,69	8,35
Venezuela	IBC	-59,1	0,0	-3,29	30,38
Poland	WIG	-58,8	-33,8	+1,70	4,22
Indonesia	JSX	-58,7	-21,4	+4,55	9,78
Hungary	BUX	-57,2	-26,3	-6,32	6,07
Brazil	BVSP	-57,0	-20,8	-0,18	5,67
Australia	All Ord.	-56,6	-26,8	+1,25	4,35
Belgium	Bel 20	-55,6	-14,1	-2,65	4,49
The Netherlands	AEX	-54,5	-14,1	-3,92	2,21
Argentina	MERV	-54,2	-15,4	+0,86	8,59
Czech Republic	PX	-53,5	-18,7	-4,12	6,34
Sweden	Aff. Gen	-52,2	-29,2	-5,14	3,30
Italy	S&P/MIB	-51,6	-14,1	-5,04	3,50
The United Kingdom	FTSE 100	-51,1	-29,0	-4,90	3,63
Denmark	OMXCB	-51,0	-13,9	-4,74	3,39
Canada	S&P TSX	-49,6	-22,2	-2,46	2,38
Singapore	STI	-48,6	-6,5	-1,28	6,61
Eurozone	FTSE Euro 100	-48,4	-14,1	-4,07	1,6
Hong Kong	Hang Seng	-48,2	+0,6	-2,76	4,29
France	CAC 40	-45,7	-14,1	-2,55	3,16
Germany	DAX	-43,2	-14,1	-4,72	2,75
Spain	Madrid SE	-43,2	-14,1	-3,72	4,13
Malaysia	KLSE	-43,0	-10,5	-1,71	5,40
Mexico	IPC	-38,8	-24,2	-6,54	5,12
Chile	IGPA	-36,7	-14,8	-1,53	8,72
The USA	DJIA	-36,0	0,0	-2,63	3,82
Switzerland	SMI	-30,0	-4,2	-1,91	2,43
Japan	Nikkei 225	-29,2	+16,9	-5,22	1,40

* Stock Indices - according to the magazine «Economist», 2009, 3 January, in U.S. dollars exchange rate change - February 2009 to the end of 2007, according to the IMF International Financial Statistics; change in GDP at constant prices (national currency), inflation (consumer price index, the average annual values) - IMF World Economic Outlook Database. Data on changes in international reserves - IMF COFER Database, including in Norway - in November 2008, the euro area - in the Eurosystem (the state - the members of the euro zone and European Central Bank).

TABLE 1
STRUCTURAL AND DYNAMIC ACTIVITY OF THE FINANCIAL SYSTEMS OF THE WORLD DURING THE
CRISIS OF 2008 (continued)

Country	Percentage, 12.2008,%	Change in inter-national reserves, 12.2008/07.2008,%	Change of accumulated direct investment in the economy, 2008/2007, %	Change of accumu-lated portfolio inves-tment in the economy, 2008/2007, %
Russia	12,23	-28,3	-56,5	-69,4
Greece	7,43	-6,8	-28,4	-16,5
Pakistan	n/d	n/d	+21,2	+0,3
Norway	7,28	-14,5	-20,7	-24,2
Turkey	n/d	-6,4	-54,5	-43,0
China	5,31	n/d	+24,5	+9,95
Austria	5,56	-13,4	-1,7	-7,0
India	13,31	-16,4	+17,0	-25,2
Venezuela	22,37	n/d	-0,1	-39,6
Poland	10,45	-26,8	-8,4	25,6
Indonesia	13,60	-14,7	-14,9	-36,5
Hungary	10,18	+24,4	+26,8	-16,2
Brazil	47,25	-4,8	-7,1	-43,6
Australia	8,91	-6,6	-20,7	-25,8
Belgium	5,67	-7,3	-17,3	-1,0
The Netherlands	4,44	-3,6	-12,2	-17,3
Argentina	19,47	-2,3	+12,6	-61,8
Czech Republic	6,25	-2,5	+1,8	-14,7
Sweden	-4,00	-10,8	-12,0	-26,8
Italy	6,56	+0,5	-1,7	-23,0
The United Kingdom	4,63	-18,4	-22,3	-26,2
Denmark	-5,00	+22,1	-10,3	-10,5
Canada	4,73	+2,8	-17,1	-6,1
Singapore	5,38	-0,4	+5,6	-44,8
Eurozone	6,13	-3,7	-3,1	-12,4
Hong Kong	5,0	+15,7	-24,6	-28,5
France	5,47	-17,3	-18,4	-9,8
Germany	6,16	-5,7	-4,3	-10,1
Spain	4,56	+0,6	+6,6	-16,6
Malaysia	6,08	-26,8	-4,4	-37,6
Mexico	8,71	n/d	+8,2	-15,5
Chile	13,26	+6,0	+0,2	+1,1
The USA	5,09	+4,2	+8,0	-7,8
Switzerland	3,34	+6,0	+10,7	-26,7
Japan	1,91	+2,6	+53,0	-20,4

* Percentage (Lending Rate, Corporations, Stocks, up to 1-2 years), changes in accumulated direct and portfolio investment in the economy - IMF International Financial Statistics.

In the post-crisis period 2011-2015 the Russian economy enters in the pre-crisis capacity, retaining its entire raw structure model. The same conclusion applies to its financial system.

In our opinion, a possible predictive tool in the short term is an extrapolation of the structural dynamics of the current financial and economic system of Russia in 1995 - 2000s. In order to predict its state in the medium term (subject to change external factors).

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