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TRANSFORMATION OF ECONOMIC RELATIONS IN THE ENVIRONMENT OF TODAY'S CIVILIZATION CRISIS

Capitalism, Socialism, Contemporary Economy

As it was already said at the Likhachov Scientific Conference, transformations of the world socioeconomic order are required urgently.

Academician O.T. Bogomolov wrote the following in connection with that: “Unfortunately, development of both political ideas and public conscience in the world community definitely does not keep up with understanding the essence and special features of changes taking place. The ideology, political practice and morals ruling in the world discredit themselves. Because of that the need to find new models for state and economic order as well as global order, which could be adequate to challenges of the “macroshift” taking place, is becoming more and more urgent. It was not accidental that the motto of the 2014 Forum in Davos was ‘The Reshaping of the World: Consequences for Society, Politics and Business’. The discussions showed how important it was to have not only principal improvements of mar-

ket and managerial mechanisms finding a suitable place in new models, but also humanitarian and democratic values, people’s striving for peace, harmony and social justice”³.

Speaking at the 15th International Likhachov Scientific Conference, R. Grinberg, corresponding member of the Russian Academy of Sciences, said: “This or that way we know one thing, that we witness death of two great utopias – collective plan utopia and free market utopia”⁴.

Until recently, violent political confrontation of two world systems made their advocates try to prove that economy in which exclusively the planned system or exclusively the market system are governing, can be viable and self-sustainable. The essential characteristics of these models were opposed to one another as mutually exclusive and impossible in one economic system.

The capitalist and socialist economic systems were viewed upon as exact opposites in four key aspects: form of ownership in respect of production means, economy’s driving forces, producer’s motivation, the state’s role in economy.

Without arguing the objectiveness of economic laws, one should not forget that they, in contrast to laws of nature, are referred to human behavior, they are interpreted by human conscience and affected by social and cultural factors.

The efficiency of these or those forms and mechanisms of the economic activities’ arrangement is determined by social and cultural context of their realization to a considerable if not decisive extent.

The idea of efficiency is a special issue. What is efficient for some social strata may be inefficient for the others, or for all national economy, outplayed by others in global competition.

It’s known that the most powerful country – the USA – is the advocate of liberal ideas today. It’s thought that these ideas provide world dominance for this state. Americans created and maintain the myth about devotion to market economy. But really they have planned economy to a considerable extent. The level of development according to plan in the USA, the market economy which is considered the most “liberal”, is higher today than the level in the Soviet Union. The biggest American corporations, creating most

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³ Bogomolov O.T. The World in the Process of Radical Changes // Contemporary Global Challenges and National Interests: The 15th International Likhachov Scientific Conference, May 14–15, 2015. St. Petersburg: SPbUHSS, 2015. P. 46.

⁴ Grinberg R.S. [Discussion at the section “National Economies in the Context of Global Challenges”] // Contemporary Global Challenges and National Interests: The 15th International Likhachov Scientific Conference, May 14–15, 2015. St. Petersburg: SPbUHSS, 2015. P. 484.

of the gross national product (GNP), exceed the ministries that existed in the USSR in the scales of their activities. All of them use planning and directive methods for production process management. Their plans are embodied in orders to thousands of suppliers and subcontractors all over the world. The state budget is a form of directive planning at the macrolevel on a nationwide economic scale in the USA, more than forty percent of the gross domestic product (GDP) created in the country goes through it.

Most Soviet economists firmly stated that planned nature is not just more preferable than the market system but also absolutely incompatible with goods/money relationship, and as it is well-known it led to serious negative consequences.

On the contrary, Americans did not refuse from borrowing any important experience from the USSR. And though they overruled (perhaps for ideological reasons) Senator Humphrey's and Noble Prize winner Vasily Leontyev's draft law on introduction of national economic planning presented to the US Congress, they effectively apply in practice such method of state regulation as target programs. As a result, the system in which pragmatic ideas won over apologetic ideas won by the end of the 20th century, and the ratio of the planned character and market nature came closer to the optimum proportions.

Defeat in the Cold War and disintegration of the USSR led to fading of the discussion of the economic world order for a short time. Meanwhile, contradictions inherent in the capitalist system, did not disappear anywhere, and in time they became aggravated up to the evident crisis. And so severe that discussion started on the historical resource of this production method.

Refuting the opinion of its being exhausted, the former President of France N. Sarkozy, speaking at the World Economic Forum in Davos, said: "The crisis we're experiencing is not the crisis of capitalism. This is the crisis of unnatural capitalism – the crisis connected with the loss of values which have always been the basis of capitalism. Capitalism has always been inalienable from the system of values, the idea of civilization, the idea of humankind. Purely financial capitalism is distortion, and we saw the risks it presents for the world economy. But anti-capitalism is a dead end, and that is even worse. We can save capitalism by its restoration, by restoration of the moral aspect"¹.

However, many people think that today's capitalist system has already exhausted its internal resources for development and the "purely financial capitalism" mentioned by Sarkozy is not a distortion but expected degradation of this production method. Restoration of moral aspects of the past is not a new idea but no one has ever managed to do it until now. And won't manage.

For example, W. Sombart tells about futility of attempts to change the nature of capitalism by "inserting" some ethical norms into it. "Those who hold the view that giant-capitalism destroys nature and people, will hope that it will be pinned down and returned in the cage from which it broke out. And they thought to bring it back to its senses by ethic persuasions. It seems to me that such attempts will fail pathetically. It tore the iron chains of ancient confessions and there is no doubt that it will not allow to tie itself with silk threads of Weimar and Königsberg doctrine of wisdom".

¹ The Global Competitiveness Report 2009–2010: Report at the World Economic Forum. Davos, Switzerland, January, 2010. Moscow, 2010.

At the same time the scientist thinks that capitalism, resistant to outside strikes, has a self-destruction source in its very nature: "But will its madness continue forever? Won't it get tired running? I think that it will happen. I think that a trend for decaying and killing it from inside lies in the nature of the capitalist spirit"².

It seems that the attention of theoreticians and practical workers specializing in economic relations will be focused on the issue of crisis of the contemporary capitalism's nature and ways of getting out of it.

Entrepreneurship Development and Decommmercialization: Counter Trends in Contemporary Economy's Evolution

Today, we're speaking not only about the change of the role of market mechanisms and developing according to plan mechanisms of economy's functioning but also about the change of their essential characteristics and forms of interaction. There are changes in capitalist economy that are called the decommmercialization process³. The trend for stratification in two parts is more evident in world economy: noncommercial activities of economic character and business as a process of getting profits. The boundary between them cannot be always definitely determined, however, as a rule it is clearly sensed by the participants of the processes. In the beginning of the previous century, property ownership was separated from management in western countries, in the beginning of this century separation of business from the rest of the economy is becoming stronger in the same way.

Surely, budgetary expenses of the state for social security, science, education, health, law enforcement, etc. make the noncommercial sector of the economy. And this part of the economy is quickly growing in developing states. We'll also mention such phenomena as charity, volunteer work, crowd sourcing, protection of fauna's and flora's ecology, fighting for political correctness and a number of other kinds of activities not focused on getting profits by the participants. According to some estimations, noncommercial activities in developed countries take about one half of individuals' active time.

Noncommercial activities of numerous international organizations engaged in political, cultural, educational and health protection activities, including the United Nations, UNESCO, UNICEF and others are expanding and deepening.

If we take theories, all concepts grounding refusal from expansion and deepening of market principles of the economy in favor of fuller taking into account principles of justice, moral debt to the society, care of man, are strengthening. The aggregate of these concepts is already called the decommmercialization paradigm⁴.

The counter trend in respect of decommmercialization is penetration of entrepreneurship into culture, education,

² Sombart W. *The Bourgeois. The Jews and Economic Life*. Moscow, 2004. P. 354–355.

³ Kleiner G. *Decommmercialization of Economy as Cultural Project on the Way to Formation of Culturological Theory of Economy // Humanitarian of the South of Russia*. 2015. No 2; Kleiner G. *Decommmercialization Paradigm: Global Imperatives and National Interests // Contemporary Global Challenges and National Interests: The 15th International Likhachov Scientific Conference*, May 14–15, 2015. St. Petersburg: SPbUHSS, 2015.

⁴ Kleiner G. *Op. cit.*

sport, science, politics. Serious changes are taking place here as well.

The state of affairs, noticed by Canadian scientist P. Dutkiewicz is of interest in this connection: "In order for the market system to function, everything that can be turned into a commodity is turned into a commodity, given value through transactions realized on the market. Everything is for sale and everything is for buying – the free market has entirely transformed society as instead of the economy being "embedded" in other social relations, social relations are embedded in economic system. Globalization (or internationalization of global proportions) enlarged the scale and depth of that process, making globalization equal to worldwide commodification of social relations"¹.

The trend opposite to decriminalization is described. But who needs the world in which all relations acquire a commodity form: friendship, love, free creativity, relations between parents and children?..

Commercialization of democratic institutions of the society nullifies competition as the most important element providing effective functioning of the market and expands our ideas of corruption.

Big corporations all over the world are more and more often getting profits as an absolute rent, realizing their political and economic supremacy. Today, there are numerous ways to increase profits without satisfying the society's requirements. Financial speculations are widespread. Money together with providing production needs turned into independent production means, by-passing commodity exchange. Such capitalism cannot be effective.

Expansion of entrepreneurship sphere and decriminalization as counter trends of economic life have deep historical roots.

Here we can remember that already Aristotle divided human activities into natural, connected with creation of prizes of life, and activities focused on acquisition of monetary riches. He named the science of creation of the first kind of riches economics and the second – chrematistics.

J. Schumpeter mentioned "the contrast of two types of behavior which we can imagine as antithesis of two types of economic agents: 'just owners' and 'entrepreneurs'"². He writes about that without moral characteristics. But in W. Sombart's works we find assessment of changes in economic ethics of capitalism. W. Sombart distinguished 'old-style bourgeois' and 'highly capitalistic spirit' of contemporary to him western society. In his opinion, the first is still not treating riches as a goal in itself. He respects only riches that were obtained honestly. There are still moral limitations proceeding from the existing understanding of decency in business relations. The highly capitalistic spirit is characterized by the principal change of value-based preferences. Here an entrepreneur is governed by "two abstractions: profit and business"³. All other values are actually moved aside.

One can say that the misbalance of entrepreneurship and decriminalization of economic activities has de-

structive consequences as the Russian experience convincingly certifies. There was an attempt to fully refuse from economic activities in the form of entrepreneurship in the Soviet period. After understanding the lack of prospects of this way, our country started another, no less erroneous experiment where there was an attempt in the course of liberal reforms to solve all problems of economic development basing exclusively on entrepreneurship model.

Contemporary Convergence

When discussing the issue of effective ratio of market and development according to plan, specialists address the convergence theory. Such outstanding scientists as P. Sorokin, J. Galbraith were among its advocates⁴.

Today, China attracts special attention in this context. The contemporary Chinese model demonstrates high efficiency, and many states having to solve the problems of economic system's transformation, are inclined to imitate China. It's significant that Stephen Halper named his work "The Beijing Consensus: How China's Authoritarian Model Will Dominate the Twenty-First Century"⁵. Halper calls the Chinese system authoritarian and Russian scientists call it convergent⁶.

In this connection academician Bogomolov mentions: "Many states from Latin America to the Middle East are inclined to imitate China. China is really looking for a post-reform development model, naming it socialist harmonious society. And this model is called to combine civilized market relations and socialist justice as well as regulating role of the state. Europeans, especially Scandinavians practice what is named welfare state model, and in Germany it is called people-first market economy. These new models have already taken root in Europe and justified themselves in many aspects"⁷.

The opinion of the convergence's essence changed: "This is not tainted capitalism and as if failed socialism drawing together because capitalism is not eternal and not without sins, and there has never been any socialism 'in kind'. In our times, convergence is seen in private entrepreneurship economy and developing according to plan economy drawing together constantly, their starting inter-penetration with mutual enrichment and disappearance of not required elements"⁸.

The new approach means that instead of contrasting two antagonistic systems, institutional variety of economic models is examined. A comprehensive economic model is built, creatively borrowing some institutions from one another and transforming them.

It seems that the principle of alternatives has exhausted itself. It's not accidental that academician V.S. Styopin

⁴ Sorokin P.A. The Main Trends of Our Times. Moscow, 1997; Galbraith J.K. The New Industrial State. Moscow; St. Petersburg, 2004.

⁵ Halper S. The Beijing Consensus: How China's Authoritarian Model Will Dominate the Twenty-First Century. N.Y., 2010.

⁶ Tsagolov G. The Great Chinese Convergence. About the New Book by E.P. Pivovarov "Socialism with Chinese Special Features" // The Journal of Economic Issues. 2011. No 11.

⁷ Bogomolov O.T. Dialogue of Cultures Brings Peoples Closer and Enriches Them // Dialogue of Cultures: Values, Meanings, Communications: The 13th International Likhachov Scientific Conference, May 16–17, 2013. St. Petersburg: SPbUHSS, 2013. P. 32.

⁸ Deikin A.I. Obama Saves Capitalism // USA–Canada. Economy, Politics, Culture. 2011. No 4.

¹ Dutkiewicz P. Market, Modernization and Democracy. Inter-Civilizational Debate // Dialogue of Cultures Under Globalization: The 12th International Likhachov Scientific Conference, May 17–18, 2012. St. Petersburg: SPbUHSS. V. 1: Reports. P. 84.

² Schumpeter J. The Theory of Economic Development. Moscow, 1982. P. 177–178.

³ Sombart W. Op. cit. P. 131.

thinks that one of the main reasons of the Russian reforms¹ of the 1990s failure was contrasting the market and regulation of the economy by the state¹.

In the nearest future, it's very likely to expect rivalry of various configurations for building convergent economy, based on various national and cultural historical experiences. It seems that the contemporary capitalism development crisis will be overcome in the course of such rivalry. Surely, if it is overcome at all.

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