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THE EVOLUTION OF STATE PATERNALISM AND NOONOMY¹

Abstract: Evolution of the economic functions of the state in the conditions of nonomics. The article examines the problems of the economic role of the state in modern society. It shows the failure of the liberal economic model and minimization of the role of the state. Modern production saturated with new technologies and scientific knowledge requires completely new regulators in comparison with the market ones. A new economy is developing, which in scientific literature is called noonomics. Many elements of the market economy are fading away in it, such as private property, money, finance, free competition, which acquire a new quality. A new problematic field for political economy is emerging.

Keywords: state, liberal economic model, market economy, noonomy, political economy

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国家家长主义和智力经济的演变

摘要: 本文研究了现代社会中国的经济作用问题。说明了自由主义经济模式的没落和国家作用的退化。现代生产中充满了新的技术和科学知识, 市场经济已不适应现代生产需要, 需要全新的调节机制。一种新的经济模式正在形成, 在科学领域人们称其为智力经济。市场经济的许多要素的旧的质, 如私有财产、货币、金融、自由竞争等, 正在消亡, 并正在获得新的质。政治经济学的一个新研究领域正在形成。

关键词: 国家、自由经济模式、市场经济、智力经济、政治经济。

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The current COVID -19 pandemic raises many questions. First and foremost is the concept of the state and its functions. After all, without state intervention and strict quarantine measures, it would have been impossible to stop the pandemic. In Soviet literature, the state was seen as a political superstructure over the economy and as a ruling apparatus of the ruling class. But in the modern world, much has changed. The once clear division of society into two opposing classes (wage earners and owners of capital) is a thing of the past. New classes and strata are emerging in society, property relations are blurring, the problem of socio-economic inequality is intensifying when 1% of the population accumulates 42% (as in the USA) or 74% (as in Russia) of the country's total wealth [Voeykov, 2018, p. 171]. The state begins to actively intervene in the daily lives of citizens, minimizing social risks and facilitating economic progress, becoming an active and important economic actor. For example, J. Stiglitz states in his works, "What we eat and drink is regulated by the state; where we live and what houses we can live in are regulated by various state agencies" [Stiglitz, 1997, p. 11]. The modern pandemic has shown very well that rigid state regulation is taking the place of the spontaneous development that liberal economists dream of. And this is inevitable.

Today, the world's social development is severely hampered by a series of global crises from which there is simply no way out on the basis of a liberal economic model that lets things take their course. Economic liberalism, under whose slogan Russia carried out reforms in the 1990s, has not only exhausted itself but also proved to be completely unsuited to the modern economy. Far-sighted Russian economists understood this long ago and have written about it many times. For example, M.I. Tugan-Baranovsky wrote as early as 1910: "The ideal of liberalism has long since lost its effective force and no longer arouses enthusiasm in anyone; no one has long believed that political and civil liberty, however broad, could alone lead to the successful solution of the social questions of our time and to general prosperity" (Tugan-Baranovsky, 1996, p. 56).

Humanity has long lived in an invented, artificial technological world. Modern human civilization is a learning society, a knowledge society. Therefore, the social development of society and the economy must be enriched by scientific knowledge. With the emergence of a new technological structure, new technologies, including digital technologies, spontaneous economic development must be replaced by scientifically based, that is, consciously and systematically organized development. After all, the goal of economic science is to make the economic life of society better and more generous. From this we can conclude that scientific knowledge is not a commodity in the conventional sense, lost in the process of consumption, that modern production is no longer the market economy of the 18th century. The market regulators are a thing of the past. The market economy, which was the engine of social progress 200 years ago, is now slowing it down.

The market itself is an objective necessity of the economic process. This is indisputable. In the late 1980s and early 1990s, there was a lot of talk about the need for a transition to a market economy, about continuing market reforms, sometimes with very different content. The market provides efficiency, but it kills sociality. Sociality and social goals are indifferent to the market, immune to it. The market itself does not pursue or establish social values.

On the one hand, social values overlap with the market and determine the parameters for its functioning. On the other hand, the market itself specifies the possible scope of social values. For this reason, the market is always and everywhere limited and regulated. Otherwise, if only economic efficiency is in the foreground, it can lead to ridiculous and simply inhumane consequences. This has been written about hundreds, if not thousands, of times in the scientific litera-

ture. Here is one of those statements: “The idea of a self-regulating market is based on the truest utopia. Such an institution could not exist for any length of time without destroying the human and natural substance of society; it would physically destroy man and turn his environment into a desert” [Polanyi, 2002, pp. 13-14].

It is significant that when the market economy loses its positive function, the phantoms of economic theory proliferate. This is true of social capital, intellectual capital of the firm, intellectual property, the happiness economy, etc. The same applies to the information society, where information becomes a special resource and almost replaces material production. Information is needed for the development and improvement of this same material production and the search for a life of prosperity. A new type of material production requires new forms of management and control and obviously a new understanding of economy in general.

There is no longer a place for the traditional economy in the conventional sense. Therefore, we can speak of the new concept of “Noonomy” introduced into the scientific discussion by S.D. Bodrunov. *Noonomy*, writes S.D. Bodrunov, “is a non-economic way of doing business, which meets the non-simulative needs of society and its members. It is a transition to a reality that can be called post-economic in a certain sense, a way of doing business in which the traditional parameters - money, property, utilitarian and even more simulative needs – will have no determining value” [Bodrunov, 2018, p. 10]. The economy as a spontaneous chaos of unintended actions is a thing of the past. New technologies are changing the role of the state; the liberal state of the nineteenth century is a thing of the past. And no matter how much liberal economists resist it, market relations are dying out, just as private property is dying out. And, of course, the regulatory role of the state is increasing. The modern state can no longer be considered a political superstructure over the economic base. The modern state is a special form of economic self-organization of society.

Modern society can no longer be understood exclusively and exclusively as a market society (bourgeois). The values of the exchange society are gradually replaced by the values of humanism and sociality. The public interest begins to take precedence over individual economic interests, because individual economic interests cannot be reduced to the public interest. Consequently, maximizing profit (or income) at the individual level no longer maximizes social utility. Corporate production structures relegate individual interests to the background and subordinate them to collective and group interests, and the public interest gains importance. The state is no longer just a ‘night watchman’ and one should speak of a key role of the state in the economy.

The most important thing about this change is that the state is transforming from a political form into a kind of economic actor. The state is “immersed in the economy,” as N.I. Bukharin wrote. N.I. Bukharin once believed that the state, as a superstructure above the economic base, “grows out of the base at the beginning of its emergence, and at the end of its life, when the state dies out, it sinks into the base and dissolves into it” [Bukharin, 1990, p. 430]. Today the state is indeed “immersed” in the economy, but this does not mean its dying out, but on the contrary its “swelling”. This was the mistake of the Bolsheviks when, following the classics, they argued that the state must die out in the future society. Today, however, the economic function of the state is not so much to make a profit from the process of exchange, but rather to ensure the stable and prosperous development of society, i.e., to provide holistic social benefits. This includes ensuring the stability of profit making. At the same time, the content of value itself is changing. The modern state does not abolish value relations, but changes them in a fundamental way.

This can be illustrated by the example of modern money. According to experts, in the last 30-50 years the world has accumulated enormous financial resources that, by and large, have nowhere to go. There is an over-accumulation of capital, and capitalism is thus entering another phase. One of the most important factors is the so-called financialization of modern capitalism. This means that the financial sector has acquired a significance of its own, detached from the real economy and essentially focused on financial speculation. The basis of this process, in our view, is fiduciary money.

In liberal capitalism, precious metals (gold and silver) or paper money, freely convertible into gold, were money. In the modern world, no paper money is convertible into gold.

What is modern paper money? After all, the human labor that goes into making a paper bill is minuscule compared to its face value. Today's money is backed by nothing at all. All coins and bills in the U.S. are fiduciary money. And the recent global financial crisis is lifting money and the entire financial system of the developed world out of the realm of market self-regulation. It is amazing how this money, by nature the most free-market instrument for regulating the economy, is now becoming a government lever for regulating the market. Something is upside down in the economic world. Strictly speaking, money has become a special document of political agreements (fiduciary money, from the Latin word *fiducia*, a transaction based on trust). There is nothing marketable about money anymore.

The modern world has changed a lot, even if the market fundamentalists do not give up and do not shy away from defending the market economy in its medieval heyday and the purity of methodological individualism. On the contrary, they continue to attribute financial misfortunes and crises to the excessive role of the state. State regulation of the economy, with ever stricter regulation of the financial and monetary system, leads in the long run to a planned economic development of the kind that was characteristic of the Soviet Union. And this is inevitable. When money ceases to be a market commodity and becomes a fiduciary commodity, i.e., a form of political agreement and state regulation, it means that the basic constitutive element of the market is being thrown out of the ground. An economy based on the market process and economic individualism, which was the subject of classical political economy, has been or is being transformed into a state-directed economy in which the goal of increasing economic efficiency is replaced by the goal of increasing social utility. And this is well illustrated by the modern pandemic, where the focus is not on profit but on health.

The fundamentals of the market economy are also changing. The increasing role of the state in distribution processes (almost half of GDP in major countries is not distributed through the market), the fight against poverty and inequality, the nationalization of the financial sector are fundamentally changing the foundations of the market economy. All this does not make the problems smaller, of course, but they are already being studied on a larger scale by other social sciences.

Even if we argue that the problem field of classical political economy is thinning out, we must still acknowledge that it still exists and requires an understanding of political economy. This is true for both old and new problems. For example, how to understand and interpret fiduciary money, interest on loans, rent, distribution, etc. For example, there is such a problem as "rent seeking." "The problem," writes Tulloch, "is that vast sums of money seem to flow to people who have made no investment to receive them" [Tulloch, 2011, p. 144]. That is, the money (wealth) comes to people not through exchange in the marketplace, but in other ways. And, as a rule, the modern state

plays an essential role in this process. This is what the new political economy, which can be called postclassical political economy under the conditions of noonomy, is supposed to explain.

Indeed, a new problem area of political economy emerges at the interface between market and non-market. Two contradictory lines can be identified here. The first is that there are processes, relations, and goods that are inherently non-market, but which, because of the universality of the money economy, receive a monetary equivalent and appear as the result of objectification. That is, the non-market good begins to function in the shell of a market good. This good (e.g. culture, education, sports), through many individual actions, acquires the form of a commodity (money) and begins to function as an element (part) of the market economy. Some authors consider culture or education as branches of the economy. This may be correct, but only if the economy is seen not only as a market exchange, but as a process of maximizing social utility. In this way, use value becomes an object of political economy directly, rather than through exchange value, or wealth becomes a self-presenting thing. The second line is the other way around. Many market products (commodities) cease to be commodities because of social restrictions imposed by the state and for other reasons, and fall out of the normal market function. For example, public goods for which a “quasi-market” is created. However, this is no longer a market in the traditional sense. Competition here becomes a simple competitive process. For example, the Bolshoi Theater in Moscow competes with the Malyi Theater for the quality of their productions and for audiences, for the good that they are located nearby. But this is not competition in the market, because the Bolshoi Theater will not absorb the Malyi Theater and take over the entire theater space in Moscow. The same is true in the high-tech industry, where market competition becomes a simple competitive process. In noonomy, the market process disappears, but competition between producers to maximize social benefits remains.

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