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UNEXPECTED SUBJECT OF INTERNATIONAL RELATIONS (CORPORATOCRATS OUST OLIGARCHS)

Abstract: The article proposes to test the hypothesis that it is the market power of giant corporations that forms the basis of the global deep state. Therefore, it is not States, but corporations themselves, that are the driver of reducing the sovereignty of states. The latter is often only a personification of the exercise of corporate power.

Keywords: deep state, corporate charter, corporate power, corporatocracy, country sovereignty, subject of international relations.

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国际关系中出乎预料的主体 (公司巨头取代寡头)

摘要: 文章建议验证一个假设, 这个假设就是巨型公司的市场力量构成了世界深层国家的基础。因此, 导致国家主权被削弱的不是国家, 而是企业。国家往往只是公司行使权力的代表。

关键词: 深层国家、公司章程、公司权力、公司巨头政治、国家主权、国际关系主体。

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Introduction

The power of giant corporations currently forms the basis of the Global Deep State. Based on the aforesaid, it is not states, but corporations that are the driver of the diminishment in state sovereignty. The latter are often just the personification of the exercise of corporate power.

Analysis of Studies

The forty-fifth president of the United States had a strong influence on the global media space. At the instigation of Donald Trump, concepts such as “fake news” and “Deep State” were introduced into this media space. While the first phrase, which originated from PR, in our country was called a lie, or untruth, then the second evoked the idea of a global conspiracy.

Doug Casey states that “The Deep State is an extremely powerful network that controls nearly everything around you” [Casey, 2015]. They don’t talk about it publicly. This interpretation conveys some kind of mystery and frightening uncertainty, while emphasizing that this concept exists not only within the framework of the nation state.

The aforementioned author believes that the concept of the “Deep State” originated in Turkey and “... is the heir to the totally corrupt Byzantine and Ottoman Empires. And in the best Byzantine manner, the Deep State has insinuated itself throughout the fabric of what once was America” [Casey, 2015]. At the same time, Doug Casey, like L.F. Boltenkova¹, tries to consider the essence of the Deep State, on the one hand, as an ahistorical concept characteristic of national states, and on the other, seeks to find an analogue in history that is not related to the dynamics of the development of big capital, which is characteristic of the US state (Fig. 1).

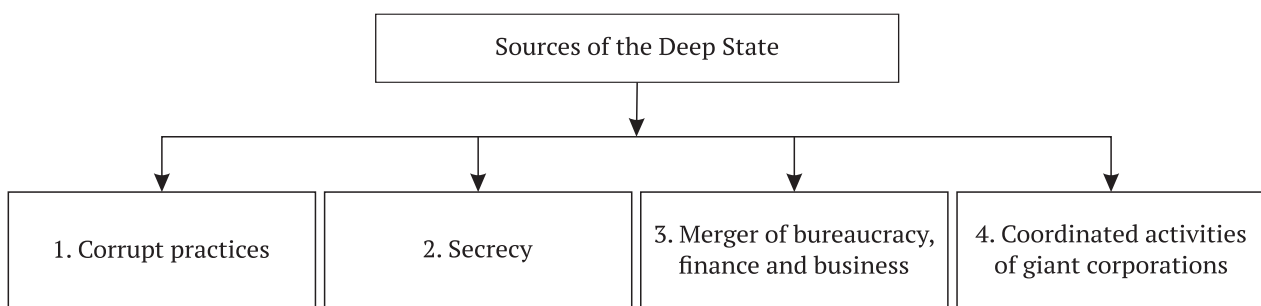


Fig.1. Sources of the Deep State

Jason Royce Lindsey argues that “The Deep State draws power from the national security and intelligence communities, a realm where secrecy is a source of power” [Lindsey, 2013, p. 35–36]. The question is what is the secrecy of power, what is the nature of that power, and does that power only exist if there is a market?

Bob Jessop sees the essence of the Deep State as a hybrid amalgamation of “government officials and upper-level financiers and industrialists who effectively run the United States without asking voters, violating the essence of the political process” [Jessop, 2016]². We are talking about the Deep State in one country – the United States, and at the same time its ability to influence global economic processes is diminished. I.V. Ponkin writes that the “Deep State” ontologically, existentially can be officially part of a legal state or government (as, for example, “weaving” of the system of state power structures “with the institution of attached intelligence officers... but for the most part we are talking about completely different ontological phenomena” [Ponkin, 2019, p. 44].

¹ Political history shows that the Deep State is not a product of the 20th–21st centuries. Its elements have been “hiding” in political systems for a long time. Otherwise, there would be no one to change political regimes, overthrow kings, czars, etc. The strength and scale of this “state” vary depending on the country and time”(quoted from: [Boltenkova, 2019, p. 620]).

² See also: What the Rothschilds Teach Western “leaders”, or How the Deep State Functions (Part 1) (2018). URL: <https://rurik-l.livejournal.com/3524707.html> (access date: 14.02.2024).

Identification of Outstanding Issues

Meanwhile, we see how corporate power extends to interstate relations and affects the sovereign behavior of many countries.

According to analyst A. Fursov, "...by the mid-70s, there was a reorientation of the intelligence services of the largest Western states towards transnational corporations. This very reorientation allowed the intelligence services to gain an independent role between the state and the corporatocracy" [Fursov, 2021]. The essence of the Deep State is the coordinated activities of giant corporations. Professor V. Katasonov believes that at the top of the global financial pyramid, which controls the functioning of the global economy, there are the "Big Four" companies: FMR, State Street, BlackRock, Vanguard [Katasonov, 2016].

Corporatocracy is a special product of the Global Deep State, not limited to its own state, but seeking to extend the market power of corporations to interstate relations, displacing and subordinating the activities of state entities in international relations, and reducing the importance of the sovereignty status of countries by turning them into instruments that strengthen the power of corporations.

Entities of corporatocracy (corporatocrats) are more difficult to personify than aristocrats or oligarchs¹. How did it become possible for corporations to enter the field of international relations?

V.P. Tretyak repeatedly drew attention to the fact that «... the entire set of market agents can be divided into two groups²: enterprises whose behavior completely depends on the situation on the industry market, i.e. ordinary firms, and active (dominant) firms³ that are able to influence both the market structure and the behavior of competitors and consumers". The latter are able to project their influence, their intra-company mechanism beyond their own borders.

Or otherwise, such corporations transfer intra-company power relations in a sense to market relations and influence the functioning of the market mechanism (adjust the market mechanism) [Tretyak, 2011, p. 26].

Giant corporations are passionate market agents capable of spreading their intra-company mechanism beyond their borders and adjusting the market mechanism itself both within national borders and beyond them⁴ [Korten, 2002]. They are capable of integrating assets both in the form of natural integration (capital accumulation) and in various types of incomplete and quasi-integration of assets. The above qualities allow them (corporations) to maintain a dominant position in the market and enhance their market power which adjusts the market mechanism itself.

D. Korten points out that "gaining strength within the feudal state, corporations must seek permission from the authorities (the crown) in order to successfully carry out their activities".

¹ Aristocracy is a product of forced economic organization, when the policy of one's own state is influenced by powerful, hereditary clans. Oligarchs are a product of the world of capital movement and wage labor, where wealthy citizens try to influence political processes within their country. Corporatocrats are not content with just influence within the country; they need to influence global political and economic processes.

² According to V.P. Tretyak, "there are mechanisms of resource redistribution: the market mechanism itself and the firm mechanism. In other words, a traditional firm is an institution for alternative distribution of resources between competing options, along with a market mechanism for redistributing resources" [Tretyak, 2011, p. 26].

³ According to V.P. Tretyak, "active firms have the ability to influence the behavior of actors in a given market, the industry market mechanism, while passive participants in the market game traditionally depend on the market mechanism for redistributing resources" [Tretyak, 2011, p. 26].

⁴ D. Korten points out that "corporations have emerged as the dominant governance institutions on the planet, with the largest among them reaching into virtually every country of the world and exceeding most governments in size and power (emphasis added – V. T., V. S.)" [Korten, 2002].

It is known that “...the corporations of those days were granted their charter from the crown and acted as an extension of the power of the crown. In general, these corporations were granted monopoly rights to territories and industries that were of strategic importance for the English state” [Korten, 2002]. “The corporate charter represented a grant from the crown that limited an investor’s liability for losses of the corporation to the amount of his or her investment in it — a right not extended to individual citizens. Each charter set forth the specific rights and obligations conferred on a particular corporation, including the share of profits that would go to the crown in return for the special privilege extended. Such charters were bestowed at the pleasure of the crown and could be withdrawn at any time” [Korten, 2002]. At that time, the activities of the corporation were still dependent on the state (Fig. 2).

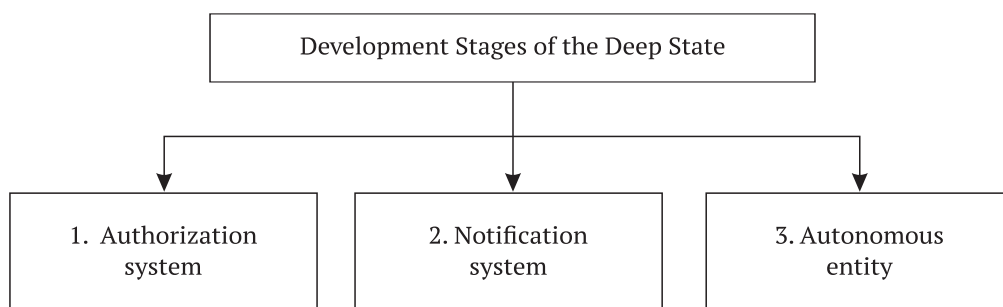


Fig. 2. Development Stages of the Deep State

The calls of corporate representatives to fight for freedom do not at all mean only the deliverance of all people from the rudiments of feudal dependence, but rather, it is the desire of corporations to move from the authorization system of charter registration to its notification nature, while it would be possible to minimize the share of profit that went to the state in return for this special privilege, the investor’s liability for the corporation’s losses. In other words, corporations have secured limited liability not as a privilege, but as a standard practice.

D. Korten also claims that from the practice of creating corporations in the United States, it is known that in the early stages the approval of corporate charters was “kept under watchful citizen and governmental control. The power to issue corporate charters was retained by the individual states, rather than being given to the federal government. The intent was to keep that power as close as possible to citizen control”, and further adds: “Having gotten rid of the shackles of the feudal state and retained market power, corporations are moving away from the authorization system for registering their activities (charter), gradually reducing the influence of both the state and public control, turning it purely into a formal procedure”¹ [Korten, 2002].

Results and Discussions

Modern corporations are increasingly turning into an independent entity, independent even of the people who make it up – a special institution – to a certain extent different from both traditional firms and passionate companies. Corporations become so independent of anything that they become an autonomous entity, growing out of the market and operating against the market.

¹ At the same time, D. Korten believes that “as corporations gain in autonomous institutional power and become more detached from people and place, the human interest and the corporate interest increasingly diverge” [Korten, 2002].

Corporations, as important new institutions, remove obstacles to international trade, the flow of capital, global distribution, and the functioning of global transport corridors.

The essence of the Deep State lies not only and not so much in the symbiosis of the institutions of US government power, but in the coordinated activities of giant corporations to control the world economy. As a result, the state becomes not the only subject of international relations and very often not the strongest. “Along with that, there are transnational corporations and closed supranational groups” [Fursov, 2021]. Moreover, it can be said that states are gradually ceding their sovereignty to the consolidated institution of corporations. This is manifested in the creation of trading posts on the territory of other countries (the experience of Genoa and Venice), and in the organization of colonial dependent countries, and in the overthrow of legitimate governments, and in the “spontaneous” going through the Orange Revolutions or Rose Revolutions, and in the creation of international organizations (such as the IMF), reserve currency (dollar), holding groups, financial and industrial groups, transnational companies, etc.

Financial power is the basis for the functioning of the Deep State. The power of global corporations as an institution sacrifices the sovereignty of even their own state and the corporatocrats they reproduce (Fig. 3).

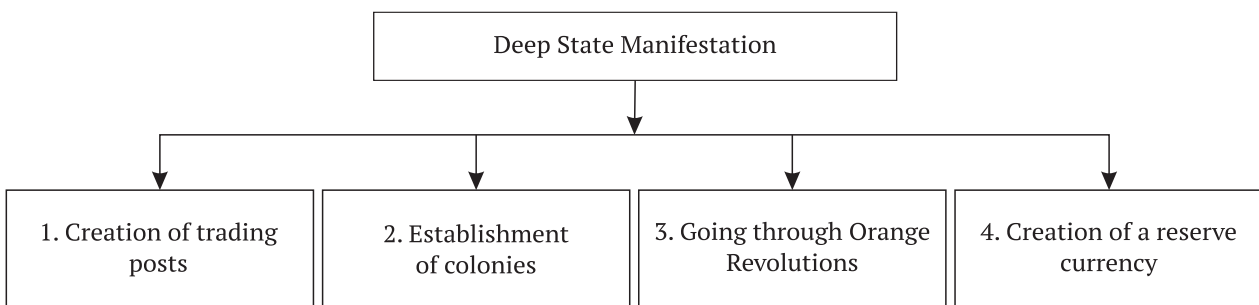


Fig.3. Deep State Manifestation

Conclusions

Analysis of the current situation allows us to draw the following conclusions:

1. The market power of giant corporations forms the basis of the Global Deep State.
2. Corporations are the driver of the decrease in the sovereignty of states, which are often a simple personification of the exercise of corporate power.

3. Corporatocracy is a special product of the Global Deep State, not limited to its own state, but seeking to extend the power of corporations to interstate relations, displacing and subordinating the activities of state entities in international relations, and reducing the importance of the sovereignty status of countries by turning them into instruments that strengthen the power of corporations.

4. Aristocrats and oligarchs represent a personified manifestation of either influential clans (boyars, lords...) influencing the power of the state, or financiers (bankers, insurers...) persuading officials to make the “right decisions” for finance moguls.

5. Corporatocrats are more difficult to personify than aristocrats (power by origin) or oligarchs (power by financial capabilities). Corporatocracy forms the backbone of the Deep State, capable of

influencing the level of sovereignty of countries that were previously the only subject of international relations. An unusual subject of this relationship is emerging.

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