TÍTULO: Poder político y organización sociocultural de la sociedad: problemas de teoría e historia.

AUTORES:

RESUMEN: Este artículo analiza las características socioculturales del poder político y estatal, así como los procesos de transformación del sistema social. Los autores consideran las características específicas de la democracia corporativa en Rusia como sistemas de representación funcional, comparan este análisis con otros modelos y conceptos de formas corporativas de democracia. Se argumenta que las estructuras "corporativas" modernas, como parte integral del sistema de representación funcional, son una forma transitiva de transformación sociopolítica, que conduce tanto a la formación de una "democracia de propietarios" como a una "democracia administrada".

PALABRAS CLAVES: Poder estatal, sociedad civil, estructuras corporativas, organización política, sistema legal.
ABSTRACT: This article discusses the socio-cultural characteristics of political and state power, as well as the transformation processes of the social system. The authors consider the specific characteristics of corporate democracy in Russia, as systems of functional representation, compare this analysis with other models and concepts of corporate forms of democracy. It is argued that modern “corporate” structures, as an integral part of the functional representation system, are a transitive form of sociopolitical transformation, leading both to the formation of a “democracy of owners” and a “managed democracy”.

KEY WORDS: State power, civil society, corporate structures, political organization, legal system.

INTRODUCTION.

One of the important aspects of the relationship between political power and society, revealing the nature and dynamics of specific relations, is the institutional aspect. Institutional infrastructure includes a diverse range of individually represented operating forces. A number of political scientists distinguish, on the one hand, the organizations of political representation - state bodies, political parties, etc., and on the other hand, various interest groups included in the system of
functional representation. The most significant structural element of the functional representation is
the corporation.

The subject of this research is the analysis of the peculiarities of democratic processes in the
corporate structures of modern Russia in a comparative retrospective, which form the basis of civil
society.

Before identifying the special characteristics of corporate democracy in Russia, as a system of
functional representation, it is necessary at least general terms to consider the basic concepts of
democracy and to identify the conceptual affiliation of the corporate form of democracy thereto (to
the concepts). We will arrive at a conclusion that “corporate” structures, as an integral part of the
system of functional representation, are an intermediate institution and can be turned in both
directions - both to the “democracy of the owners” and the administrative “managed democracy”
[1]. It turns out that Russia is much more prone to a state, paternalistic model of economic
democracy, including its corporate component.

DEVELOPMENT.

Theoretical and methodological grounds.

One of the well-known interpretations of the specifics of democratic regimes is the work by Sh.N.
Eisenstadt “The Paradox of Democratic Regimes: Fragility and Changeability” [2], which reviews
democratic regimes as the natural political institutionalization of modernity with its increased need
for variability and adaptability. Eisenstadt analyzes the constitutional and participatory concepts of
democracy.

Both of these concepts were rooted in the historical, ideological, and institutional foundations of the
cultural and political program of our time.

Constitutional interpretation and the concept of democracy were formulated by J. Schumpeter in his
work “Capitalism, Socialism, and Democracy”. In contrast to the “classical doctrine” of democracy,
which proceeded from the idea of the “common good” and the political system intended for its implementation, Schumpeter defines democracy and its method as such an institutional device for political decision-making, which grants the power to individuals to make decisions by competing for votes [3, p. 355].

Politics, as well as the economy, has its laws of competition, that is, people who claim to be leaders and who want to gain political power compete for votes. The element of competition is the essence of democracy and the theory of competitive leadership, according to Schumpeter, provides a satisfactory explanation for the facts of the democratic process.

The classical theory of democracy (more precisely the democratic method) in the heyday of a capitalist society dominated the process of political and institutional changes. Democracy was a practical tool for reconstructing the forms of social and political structure that preceded the rule of the bourgeoisie. The ideology of democracy was moreover based on a rational interpretation of human actions and life values. Schumpeter defined the classical doctrine of democracy as follows: “a democratic method is such an aggregate of institutional political decision-making tools that help to achieve the common good by providing the people themselves with the opportunity to solve problems through the election of individuals who gather to follow their will” [3, p. 332]. We will not dwell on Schumpeter’s criticism of this model of democracy but note that he devoted a whole paragraph to identifying the causes of the survival of the classical doctrine. His arguments on this topic continue to retain their relevance for today's Russia, which has taken the path of modernization [4; 5; 6]. For example, we shall note four positions.

First, this doctrine is of collective action. For many of those who remained with their religious (socialist) convictions, the classical doctrine became their political complement. The author specifically turns his attention to the analogy with religious socialist convictions.
Secondly, the forms and phrases of classical democracy for many nations (Russia is not an exception) are associated with the events of their history perceived with enthusiasm by the overwhelming majority of the population.

Thirdly, there are social structures, which classical theory of democracy continues to correspond to the facts. This is primarily true for industrially underdeveloped societies.

Fourthly, politicians use such phraseology that flatters the masses and makes it possible both to avoid responsibility and on behalf of the people to crack down on their opponents.

Schumpeter also finds explanations for the frankly equalizing nature of the classical theory of democracy.

We shall note one significant point in the reasoning of a scientist who is important for our further analysis of various forms of democracy and the choice of the Russian path of democratic transformations. Schumpeter emphasizes that “one cannot expect effective functioning of democracy until the overwhelming majority of people in all classes agree to obey the rules of a democratic game, which, in turn, means that they mostly agree with the fundamental principles of the institutional structure” [3, p. 392-393]. Failure to comply with the latter condition made the scientist propose and substantiate another theory of democracy. Thus, the theory of competitive leadership implies that competition depends on strict adherence to constitutional rules and regulations.

Professor Eisenstadt offers another interpretation of democracy, who defines it as a participatory one. This is a form of democracy where the government is exercised not by oligarchic groups, but by a “mass”, that includes all citizens. The researcher in this interpretation identifies two main types: "republican" and "communitarian". The first focuses on the importance of responsible citizen participation in the political process, no matter what limitations they face along their way. The latter
consider participation as a public good that can manifest itself not only in the national political arena but also in no less important spheres of life: at the local level, the workplace, etc.

Eisenstadt identifies the institutional and ideological implications of a particular interpretation of democracy. “The most important thing, he notes, was that constitutional and participatory interpretations of democracy differed in terms of which of the two fundamental values accompanying the establishment of democracy — either freedom or equality — they put at the forefront” [2, p. 77].

If the constitutional interpretation of democracy with all its modifications is associated primarily with the legacy of representative institutions and practices, then participatory versions focus on the importance of participation at any level of public life, including intermediary institutions or associations.

**Main part.**

We are primarily interested in the position of communitarian versions of participatory democracy since they meet the task to study the corporate form of democracy. Representative authorities are regarded by communitarianists as important vehicles and instruments for overcoming the deep inequality that hinders the successful functioning of democracy [7]. The rather cautious perception of representative institutions is associated with the fear that they do not always contribute to the full participation of citizens in political life and may preserve the inequitable distribution of power and wealth at any level of social life: at the level of the social community in general, the local community, or the workforce.

Thus, participatory democracy can turn towards economic democracy. Economic democracy is undoubtedly linked to the democratic quality of society. T. Masarik is right in asserting that true democracy includes not only political but also economic and social democracy. S. Ringen, author of studies on democracy, social policy, and justice, notes in his article “Distributive Theory of
Economic Democracy” that “if we have democracy in political life but not in economic life, and if the weight of economic power grows in proportion to political power, citizens have the right to ask themselves how democratic their society is and whether political democracy is good for anything” [8, p. 114].

It is interesting that J. Schumpeter spoke quite critically and with a certain degree of theoretical doubt in the pages of his book (Capitalism, Socialism, and Democracy) about industrial or economic democracy. This phrase - he notes - "appears in so many quasi-utopias, that it has very little exact meaning preserved" [3, p. 390]. The meaning of this term is revealed in a footnote, which also confirms its “status” in the eyes of a scientist. He is confident that much of this economic democracy will dissolve without a trace under the socialist regime, since many of the interests this type of democracy should protect will, according to Schumpeter, simply cease to exist. After all, the main problem (the “favorite method”, according to Schumpeter) is the division of profits between the entrepreneur and the worker. Speaking about the fate of the democratic method under socialism, the author clearly realized that socialism cannot offer an obvious solution to the problem since there will be no political class with stable traditions. The fate of democracy is in its hands, but the destruction of the institutional structure of a capitalist society, the basis of which is “property” and “freedom of contracts”, is the key threat to democracy.

According to the researcher, the shareholder form of business organization contributed to the destruction of the institutional structure of capitalist society, and, consequently, of its democratic method, considering that this form was a product of the capitalist process.

Based on their commitment to the fundamental values of private property and free contractual relations, the monopolization of the corporation undermines the viability of the capitalist system.
This kind of reasoning probably fit into the neoclassical economic theory, which until the 1950s ignored the company (corporation) as the most common form of organization under capitalism and was focused on interpreting the way the price theory explains the market structure [9]. Schumpeter firmly notes that “The capitalist process replacing the walls and equipment of the plant with a simple bundle of shares, emasculates the very idea of ownership. It weakens the grip of the previously strong owner, the legal right, and the actual ability to manage his property at his own discretion” [9, p. 197]. A monopolized corporate business testifies to the disintegration of capitalism, on the one hand, and, on the other, the establishment of the institutional structure of another social system – socialism.

Thus, we see that the subject of research is to identify the tendency of development of society from one social order to another. From capitalism to socialism. This transition is accompanied by conflicts and clashes of economic interests that are still of a political nature.

It is characteristic that another researcher of similar socio-political processes, practically in the same historical period of time - F. von Hayek - gave conceptual assessments close to Schumpeter. He called the period in the development of social structures a “corporate”, “syndicalist” society. In a corporate society, organized industries will be something of a relatively independent state in the state. Subsidies for many groups are beginning to be determined not by market relations, the results of economic processes, but by the course of the political process, by the power of political representatives of various industries. F. Hayek foresaw a similar development of events, only analyzing the gradual slipping of the Western democracies through the growth of state regulation to totalitarianism. He noted that “not the assessment of the merits of individuals or groups by the majority (consumers in the market), but the power of these individuals or groups aimed at knocking out special advantages from the government determines the distribution of income” [10, 111].
Distributive conflicts endlessly tear apart the social and political fabric of society, making it extremely unstable and disordered.

How can individual, group, and national (state) interests coincide in such a society? Hayek writes that “a state that is engaged in the comprehensive planning of monopolized industries will have a crushing power in relation to an individual... The mechanisms of monopolies will become powerful mechanisms of the state itself, which will more and more serve the interests of the apparatus, rather than the interests of society in general” [10, 126].

The presented situation is painfully reminiscent of today's Russian reality. The crisis of the orthodox (monetarist) method of transition to the market in Russia, which is based on institutional transformations, has called for an alternative approach - structuralism, that is, the implementation of structural adjustment through active state participation.

In this case, following the internal logic, the government should resort to controlling prices and incomes establish tax breaks and fund social assistance programs to maintain or improve the welfare of certain groups in order to achieve a favorable distribution structure. Immediately, other groups are beginning to put pressure on the state in order to gain similar advantages.

The corporate society, where the main role is played by the economy of organized groups, is the closest analog of today's bureaucratic economy.

“Distributive conflicts” pose a considerable danger to society on the way to market relations. As G. Gudkov, a member of the Russian State Duma, stated at the II Annual National Forum “Mergers and Acquisitions in Russia”: “The causes of a large number of corporate conflicts, which cost the Russian economy tens of billions of dollars, are rooted in corruption, disrespect of citizens to the institution of property, and in mentality of the entrepreneurs. The deputy believes that the illegal seizure of property leads to losses of the country's economy, estimated in tens of billions of dollars.
He expressed the opinion that this is not only a shameful phenomenon but also a direct threat to the national security of the country [11].

There are certain grounds for using the methodological approaches of prominent economists and sociologists Schumpeter and Hayek to analyze the problems of democracy not in the context of the transition from capitalism to socialism but, on the contrary, from socialism to capitalism.

We can see a point of coincidence (point of return?) of two tendencies of opposite nature. One leading to the socialist “future” — Western democracy, as it was seen in the 40s of the last century, and the other — to the capitalist “past”, as it is presented today at the turn of two epochs.

Then we can offer the thesis that “corporate” structures are intermediate formations and they can be turned in both directions - both to the market and to the administrative state. Such a system is a kind of criterion for the reversibility/irreversibility of social transformations. The corporate base might be the intermediate step that society, breaking with totalitarianism, is forced to go through in the reverse order.

Democratization or property diffusion that occurred in developed countries in the second half of the XX century shows the main vector of development of economic democracy in Russia, especially in its corporate sector [12].

The implementation of the right to private property is the most important tool for overcoming deep inequality in society.

We shall keep in mind that the understanding of "private property" in modern political economy has passed through certain changes. Let us recall the idea of Schumpeter about "emasculating the very idea of property" in a corporation (a bundle of paper instead of walls and a foundation).

In theoretical models describing the functioning of property, the starting point of the analysis most often was ownership of factors of production, primarily of tangible and financial assets, as well as human capital.
The results of all transactions of the owner in the market are assumed to document by the system of contracts. The following circumstance seems to be of fundamental importance today: no contract can be considered sufficiently “complete”. When it comes to contracts involving the hiring of labor or the rental of any property (production equipment), it is impossible to foresee all potential situations and determine in advance the rights and obligations of the parties in each of these cases. In these cases, property rights are found primarily due to incomplete contracts. Therefore, property rights are defined in institutional economics as residual - with respect to the requirements of the contract - the right to dispose and control.

Giving this definition, neoinstitutionalists emphasize that such an approach presupposes an economy operating not only a well-functioning structure of agreements that draw up the results of market transactions but also a “contract culture” brought up over many decades. The definition of property through residual rights implies that participants in the business process are confident in the reliability of the contractual obligation.

The formal, but not real establishment of the institution of private property in the USSR occurred in the spring of 1991. Four years before, there were cosmetic reforms, such as granting economic independence to state enterprises, inventing private property, such as “full economic management rights” and the permission of cooperative and rental enterprises. At the turn of 1990-1991, the position on the inevitability of privatization in the USSR and Russia was approved, which was - given the presence of the dominant public sector - a prerequisite for private property rights, stocks, and securities markets or other attributes of a market economy.

The USSR Law “On Property in the USSR” of March 6, 1990, and the amendments to the USSR Constitution of March 14, 1990 (Art. 10–13) allowed the citizens and non-state legal entities to have the means of production, securities, and other material and intangible objects and income-generating rights in property.
Of course, the principle of full recognition and protection of all forms of ownership is closely related to political pluralism and democratic values. The principle of absolute protection of property rights, recognized as a priority of the state, determines the stability of the political system and increases public confidence in its institutions. On the contrary, really democratic institutions and decision-making procedures make it possible for society to implement the balance of interests of various subjects of ownership most fully and with minimal costs. Adherence to these principles also means recognition of international norms developed by the world community in the second half of the XX century. Under globalization of the world economy, effective protection of property rights at the national level means the creation of favorable conditions for the integration of the Russian economy into the international economic space.

In the conditions of transition of Russian society and its economy, the uncertainty in the area of property rights has expanded, since the system of protection of state property is blurred, and the new clear system of private property rights is not yet available. The blurring of property rights leads not only to the paralysis of the investment activity of corporations but also to the problems in the institutionalization process of corporate (economic) democracy. It is clear that the historically (traditionally) emerging structure of the distribution of property in a corporation determines the specific national models of corporate governance and the corresponding democratic mechanism.

Supporters of the neo-institutional approach in the economy (A. Alchiian, G. Demsetz, O. Williamson), unlike Schumpeter, interpret corporations as “networks of contracts” [13; 14]. In the Russian reality, the lack of a developed system, a long-term culture, and a clear standard contract execution mechanism, as channels for transferring property rights, causes massive violations of shareholders' rights, a single enforcement (enforcement as a system of enforcing contracts and property rights) for political purposes, the development of non-market relations between economic agents, the growth of rent-oriented activities, and corruption.
It should be noted that a number of issues of principle for the development of the national model of corporate governance were studied in 1998–2005 [15; 16; 17]. Domestic studies note that the legal environment and the structure of the Russian economy are so specific that it makes sense to try to build a special - “Russian” - model of corporate governance [18; 19; 20]. Its special characteristics are:

First, the non-transparency of the ownership structure, due, in particular, to the illegitimate nature of privatization and the subsequent redistribution of property;

Secondly, the imperfection of Russian legal institutions changes our understanding of the relationship between corporate governance and the ownership structure. In Western studies, the ownership structure is endogenous with respect to the legislative level of investor protection. In an economy with developed financial markets and a system of protection of property rights and contract enforcement, the capital structure and, in particular, the ownership structure are endogenous and determined by the structure of the business, the distribution of income, the size of an enterprise, the nature of uncertainty, etc. At the same time, high transaction costs in the capital market in Russia leads to the fact that the ownership structure changes relatively slowly. It cannot be argued that the ownership structure is exogenous since enough time has passed since privatization for a significant redistribution of property to take place.

However, the ownership structure is changing more slowly than the level of corporate governance, therefore, it is considered as an exogenous variable. The low level of enforcement of laws turns corporate governance from a formal into an informal institution. In developed countries, the level of protection of investors' rights is determined by the law and thus is considered as a set value. In Russia, corporate law is not enforced; therefore, the protection of the rights of external investors is not mandatory but voluntary; the company independently chooses the level of its implementation [21, p. 13-14].
The identification of political and legal conditions that form the optimal institutional environment, including democratic procedures, is a rather complicated task; for example, B. Waingast emphasizes the “fundamental political dilemma of the economic system”: a government strong enough to protect property rights is also strong enough to confiscate the property of its citizens [22, p. 286-311]. This is evidenced by law enforcement actions on the basis of political motives, manifested in the form of a selective (targeted) enforcement against Yukos.

All this largely determines the characteristics of Russian corporate democracy.

1. Russia is much more prone to the state, paternalistic-oriented model of economic democracy, including its corporate component. The Russian state will take and actually takes on more than is measured by universal economic theory. It acts more actively in comparison with any other civilized country.

The formation of democratic institutions in the transition period is manifested in the special role of the state as a “constructive destroyer”; requires a longer period of time for this process, comparable with the entire transition period.

Creating and enforcing effective legislation, “filtering” narrow-group interests of any type (political, populist, criminal, etc.) requires the daily regulatory activities of the state. Such activities of the Russian state can lead to the implementation of the absolute principle of the “inviolability” of property, which is adequate to the state’s non-interference in the existing structure of democratic institutions.

2. The economy of modernizing Russia, despite the really serious changes that have occurred in property relations, still maintains a serious gap between nominal and real property rights, and in some cases, the rights of real control remain in the hands of the old/new political and economic nomenclature. Thus, emerging private property in many cases continues to maintain a “non-market”, non-democratic character, and the redistribution of such property is governed by political
and other motives that are often weakly associated with any concern about the efficient use of the acquired property. Economic democracy in many ways continues to be nominal.

3. Moreover, banking and industrial capital are merging with the state in its specific “transitional” form. This generates not only positive results, but also provokes the struggle of narrow group (private and/or state) interests, and, therefore, leads to various kinds of sub-legal preferences, “special relations” of individual economic entities with the state, corruption, criminality, etc. Thus, “procedural uncertainty”, which is characteristic of the transition from “ordered” relations of centralized management to political democracy and to the establishment of economic freedoms, is increasing. It is still possible to turn either to the practice of “managed democracy” or to “ownership democracy”.

Thus, the peculiarity of the political and economic development of Russia in the transitional period causes a specific situation when the privatization of a number of state-owned enterprises and the expansion of new private firms are not accompanied by the development of an adequate mechanism of enforcement of property rights, i.e. a mechanism that would provide a sufficiently reliable implementation of the relations assumed by private property rights. In this case, defining private property through residual rights loses its meaning. The low level of protection of property rights was and largely remains in the 2000s beneficial for many economic agents, as it creates favorable conditions for the further redistribution of property. The potential of a "corporate-bureaucratic polyarchy”, "managed democracy" continues to persist.

4. Another feature of corporate democratic practice is the lack, both in practice and in the social-historical memory of the Russian population, of information about pre-socialist market institutions, unlike some countries of Central and Eastern Europe [23, p. 17-18]. Thus, experts in the development of financial markets in Russia provide comparative data on investment funds in Russia and a number of countries in Eastern Europe: in absolute terms, the total net assets of investment
funds in Poland, Hungary, and the Czech Republic are 5-7 times higher than in Russia; a gap per capita is up to 80 times [24].

Summary.

The formation of a society of owners is an indispensable basis of a free democratic society. The establishment of real property rights will allow creating a full-fledged civil society, independent of the state. Privatization is an absolute imperative for defeating socialist feudalism.

The overall positive outcome of the complex and controversial process of forming the ownership structure in Russia was primarily the gradual stabilization (streamlining of the structure) of property rights: from an amorphous and dispersed structure to the emergence of explicit (formal, property-based) or hidden (informal, based on real power in corporations) poles of corporate control. This process was closely connected with positive changes in the sphere of corporate law and legislation in general, which enhanced the system of functional representation.

“Corporate” structures, as an integral part of the system of functional representation, are an intermediate institution and can be turned in both directions - both to the “democracy of the owners” and the administrative “managed democracy”.

However, the creation of the prerequisites for the stability of democratic institutions is hindered by the absence of the tradition behind them, which has been shaped by the “contract culture” for many decades, if not centuries, that has provided for the historical legitimacy of corporate democracy.

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