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The epistemological aspects of economic subjectivity institutional specifics of modern state

Scientific article it is devoted to identification of a trajectory of state's institutional genesis. In the article locates the dialectic interrelation between the political and economic parties of the state, being shown in that specific of the state as the special economic subject is defined by its directivity as political and legal institute. The analysis in work shows that an economic institutionalization of the state is dualistically: its subject component consists in a social and institutional form of personification of society as agent of relations of production; functional features are defined by system nature of participation at all stages of reproduction process by realization of productive, investment, transfer, transactional and consumer impulses.

Key words: state, political institute, social institute, economic institute, institutionalization, public sector, state regulation of economy, state functions, mixed economy, public welfare.

The modern state represents a universal institutional structure monistically mixing social, political, legal and economic aspects. As soon as the social organism transformed and became more complex, the state evolved. The establishment of the last as a special economic entity was historically preceded by its functioning as a social and political-legal institution.

Through the state and the state formation there is self-organizing and self-identification of the human community as an integrated, though internally contradictory whole, and the mankind has not developed other social organization of the life yet. Therefore, from a sociological point of view, the state is a social formation that covers and represents the whole society. In this aspect, the category social volume of «state» and «society» are identical.

In a developed market economy, legal and socio-economic status of the individual are separated from each other which makes it both a private citizen and a citizen of the state. Because civil society is a complex of private interests which are contradictory to each other, the state as an expression of the general will is intended to reconcile and combine these interests with each other. It acquires the status of political and legal institutions and it is a major element of the political system of the society, the organization of public political power, the control system of the society. In this context, the state acts as a specific form of law and order personification, the source of legislation, the guarantor of law and legal order.

For the development and approval of the state as a political and legal institution, fundamental importance was the development of a state sovereignty idea at the beginning of New time. This principle is formulated by the famous French publicist of religious wars period J.Boden, who believed that the state a right of a sovereign authority over all members of society. Another condition of the state is the economic autonomy, i.e. availability of private property institution. Because where there are no property private rights, there is no state. The most important achievements of modern times were the justification of human rights and the formation of the constitutional state. The last in its original plan was designed to protect the autonomy and freedom of the individual from anyone including its interference. Mechanism of the effective functioning of this political-legal institution through the implementation of the national sovereignty and the separation of powers principles was proposed.

The state, being a political body, special higher power authority, alienated from all other public areas, acts as a relatively autonomous power with the functions of public arbitrator. Thus the state takes degree controlling mission of such autonomy leading to the birth of the specific «state interest» that may or may not coincide with the interests of other social groups. In this sense, the state is a «general will» towering over the specific, private interests and supporting socially necessary function.

As the need of the state as a political and legal institution is due to the need to implement certain public interests through government acting as the main mechanism of this implementation, it can be seen either as the dominant in society of hierarchically organized political power, or as a standalone, relatively independent on society, authority with its specific laws of self-development.

Thus, the modern state is the result of the simultaneous formation of society social and political organization. The process under consideration consistently covered: the emergence of the human community with

common interests, the emergence and development of the social division of labor, the emergence of work's new forms, the emergence of private property institution, the formation of individuals and stratified society property differentiation, the emergence of the political system with power bodies of control and management. Along with the social and political activities, the economic role of the modern state has increased abruptly.

In this regard it is impossible to disagree with very deep conclusion of the French sociologist E. Durkheim: «The more society develops, the more the state develops. The state directly assumes more and more functions ..., thus centralizing and uniting them» [1].

Though in the history there were not only periods the considerable strengthening of a state role, but also restrictions of its intervention to social, political and economic spheres, this statement is quite lawful. The significant and dominant trend in the modern world is underlined in it which is manifested in a relative but steady increase in the influence of the state on all social processes as social organism evolves and complicates.

The state as a particular socio-economic institution is a phenomenon of industrial society. Thus its social component till the first half of the XX century was dominant which is quite natural. After all, the state initially has grown out from society and has become an institution of coercion to it, the main functions of which were extra-economic coercion and social groups consensus achievement. With the development of market relations gained strength for further self-development, the entrepreneurial class, began to examine the state activity in the economic sphere as an obstacle to their operations. However, after the ideas of economic liberalism became dominant in theory, and the entrepreneurs class seized political power, the transformation of the state only to a «night watchman» of the market economy almost did not happen. The government was forced to intervene in the economic and social relations in its country without mentioning the fight for its place in the global market. It has played a significant role in the development of the economy infrastructure, defense, mining and other industries, the financial credit system, in the regulation of the monetary currency. State participation in the process of social reproduction even slowly but developed, thus during crises and depressions it has intensified and decreased when they have been replaced by a more favorable situation.

Throughout the subsequent development, there was the incessant debate between Free Traders and protectionists almost in all countries; it underlined a different understanding of the place and role of the state in the reproduction system. In this case, there were no mentioning about a definitive, principled rejection of the need for participation of the state in the economy, but about its borders and areas, objects and subjects, forms and methods, its social cost, involvement and orientation.

Free trade and protectionism are extreme, pole directions. Between them is the number of compromise theories. The last differs, strictly speaking, in the extremely important nuances since treatments of concrete extent of the state participation in reproduction process with admissible forms, methods and intervention limits. Radical directions, brought into their absolutist extreme limits, do not have the future and they are absurd. Search for «golden mean» between the need of the state as a specific economic subject and the imperative of ensuring personal liberty of production agents and citizens is an essential feature of the historical process. This search occurs and will occur continuously, dynamically based on past experience and discovered errors in it and perspective estimates.

The theoretical foundation for the expansion of the state economic role in the system of reproduction was served as Keynesian economic doctrine, and practical beginning of the reformist concept of the market economy was put by a policy of «new course» of F.D. Roosevelt aimed at overcoming the deep economic crisis of 1929–1933. In contrast to most political economists of XVIII and XIX centuries, J.M. Keynes and his followers argued that the competitive market mechanism is unable to ensure stable economic growth, full employment and continuity of reproduction without the intervention of the state which they considered as a factor of the activation of business and economic life.

One way to justify government involvement in the reproduction process is carried out by means of the concept of «well-being». In the provisions of welfare holists or organic school, the state is treated as a reality in itself, standing above with respect to individuals who make up a community group and is separated from them. Public welfare is what a state claims to be, i.e. it depends entirely on the preference functions of the state on the public images of the benefits consumption by society members:

$$W = W [UE (x_{11}, \dots, x_{1m}, x_{21}, \dots, x_{2m}, \dots, x_{n1}, \dots, x_{nm})], \quad (1)$$

where W — the social welfare function; UE — the state preference function; x_{nm} — it is an amount of the benefits m consumed by individual n .

In an individualistic approach to the theory of social welfare, the state is considered only as a tool that is used by individuals for their own interest with non-market ways. The individual is «independent» with respect to all the benefits that it consumes — whether the goods supplied by private markets or the state. Hence, the social welfare depends only on the individuals' utility functions U_1, \dots, U_n . The social welfare function will be as follows:

$$W = W [U_1 (x_{11}, \dots, x_{1m}), U_2 (x_{21}, \dots, x_{2m}), \dots, U_n (x_{n1}, \dots, x_{nm})], \quad (2)$$

where U_n — individuals' utility n .

Individualistic definition of public welfare also assumes that the utility functions of individuals are independent and that every increase of one utility without reducing the usefulness of the other corresponds to an increase of social welfare. It's about the criteria of Pareto optimum.

Apparently, the concept of organic schools and the theory of individualism are one-sided approach. Absolutization of the public preferences and the preferences of individuals in the definition of public welfare as well as their denial has no sufficient bases. Their combination is necessary. In real life, the state own preferences enter into a complex and multi-dimensional interaction with the preferences of individuals. Then the social welfare function can be written as:

$$W = W [U_1 (\dots), \dots, U_n (\dots), UE (\dots)] \quad (3)$$

In this case, the public weight given to the state preferences can be considered as a measure of state paternalism adopted in the society. It also opens the possibility to use the tools of government regulation (especially taxation) of economic situation from the position of the Pareto concept.

In recent decades, dissatisfaction with traditional economic theory paying too little attention to the institutional environment in which economic agents operate, has led to the emergence of a new trend — «neo-institutionalism.» The allocation of the scope of the state regulatory activities which actually is not economic is typical to the theorists of this school. It is a question about the superlinear legislative activities of the state by its content in the field of the economic law aimed at regulating the economic behavior of market entities by means of legal regulations. State — is the judge who controls required for compliance with all the «rules of the game» for all economic space, as well as guaranteeing resolution to the conflict on the basis of binding legal rules of economic precepts. Legally admissible specification of property rights allows to clearly defining the rights and obligations of owners and representing their agents in business transactions.

Supporters of the new institutional theory are inclined to say that the legislative activities and guarantees of the legality have a more effective impact on the dynamic and sustainable development of the economic system than any other government intervention measures. In this regard it may be noted that in the process of transformation of the national economy, the interconnectedness and the completeness of the laws combined with a strong judiciary authority play an equally important role than macroeconomic stabilization measures (of course, also necessary).

Strong state power is provided, according to new institutionalists, by not controlling the reproductive processes, but policy of an economic order. The last aims to establish and maintain property rights, as well as adjust the development of domestic institutions that are directly market ones (markets, firms, households, types of contracts, etc.). Such an extension of the policy of economic order in the center of the economic policy system of the state goes back to W.Eucken's concept of ordo-liberalistic [2].

From an economic point of view, according to the new institutional concept of an American scientist D.North described in his paper «Institutions and Economic Growth: A historical introduction,» the state ensure respecting the rule of law and the protection of property rights in exchange for the payment of taxes (which is more favorable for individuals than to maintain order by his own), and its power claims are limited citizen alternative expenses related to its change or departure in other countries. However, with regard to establishing an economic order, i.e. in the formation and maintenance of the institutions area, it is impossible to rely fully on the «reasonableness and rationality» of state structures, as in the opinion of D.North, «one of the clearest lessons of history is that tendency to produce inefficient property rights that lead to stagnation or decline is inherent to political structures» [3]. This statement is essentially similar to the original principles of public choice theory studying the political mechanism of macroeconomic solution formation.

Criticizing the State intervention, supporters of this theory have called into question the effectiveness of government intervention to the economy. Applying the principles of classical liberalism and methods of mi-

croeconomic analysis, they have made not influence of monetary and fiscal measures on the economy as the object of analysis, but the process of government decision-making. If Keynesian and neoclassical school thought that the state (in a democratic system conditions) is primarily a body executing the society will, the needs machine, thus this theory consistently exposes the myth of the state which has no purpose other than taking care of the public interest. State is the bureaucracy which aims not the public, but their own interests, — said one of the supporters of this trend D. Mueller. According to him, «the state has the crucial importance, or rather, the individuals involved in the management. Citizens and political institutions create at best (weak) restrictions which in spite of the political leaders and bureaucrats pursue their own personal interests [4].

Since the state, as well as any political organization, has a tendency not to keep its promises including to break the rules, a versatile tool of control and influence on government agencies are necessary. In other words, there is a need for institutions that would compel the government to establish a more efficient economic order. Separation of powers, an alternative of political structures (the presence of the Opposition), and the publicity can solve this problem. The effectiveness of such institutions as the experience of Western countries attested that the more civil society is developed and the tougher is political competition.

It should be noted that in the framework of the institutional approach in considering the state as an economic entity, it often comes down to a group of persons forming apparatus of government. This understanding of the state in the narrow, «bureaucratic» sense restricts the content of the state «technology» of its functioning.

It is also appropriate to consider the question of terminology on the legality of using the term «State» instead of the term «government» which is often used in the Western economic literature. It should be noted that the state as a political body comprises three branches of power, one of which (the executive) and is the government. It is also easy to see that the economic functions that the State executes being a specific economic entity often are beyond of the competence of the executive power requiring appropriate involvement of the legislative and in some cases the judiciary (for example, providing the legal base, conducive to the efficient functioning of the market with other things being equal, is impossible without the intervention of the legislative and the judiciary authorities). As the government as the executive power is unable to resolve «solely» in full all the questions posed by the market system, it should be considered more correct to use the term «state» instead of the term «government» when it is about economy state regulation system.

Thus, during the evolution of the market economy there has been a clearly marked trend of scaling up the state activity and its transformation into a strong economic entity without losing the status of a political institution with all its attributes.

In order to clearly identify the specific economic subjectivity of the modern state in the reproduction system, it is first necessary to identify the position of the society in the system of industrial relations.

As a category of political economy, «society» has a dual nature. On the one hand, the sum of relations of production members, i.e. set of relationships in which participants of production «are in the nature and to each other and at which they make, — this set is precisely the society considered from the point of view of its economic structure» [5]. On the other hand, the society acts as a special party of production relations, independent, integral and indivisible economic entity. In this sense it being natural, natural result of objectively necessary relations of individuals due to partial socialization of production, is represented as something independent in relation to these individuals, and, therefore, is the special party of production relations. Autonomy and separateness of social and economic positions of society and the individual in the system of industrial relations is also evident from the dialectical contradiction between individual and social interests.

The specifics of economic subjectivity of the modern state is that it acts as a specific social and institutional form of personification of society as an agent of industrial relations. This finding has crucial importance for understanding the mechanism of subordination and implementation of economic interests system.

The state, being a form of personification of society, acts with a bearer of specific public interest not relating to the interests of individuals and functionally independent on them. The existence of irreducible needs and the state's ability to meet them through the provision of benefits with the dominant social utility make it a peer entity in the market. In this case, the state form of subjective expression of society gives priority to the social and economic interests and of the proper power over the interests of other market entities.

Absorbing set of public interests, the state does not seek to their unconditional mirroring and implementation in equal and indifferent measure. On the contrary, the state only reflects them partially; otherwise it would cease to be an independent economic entity. In this sense, it is possible say that the state is a special social prism refracting the economic interests of a certain rigidly fixed angle, which limits some of them and stimulates others.

Moreover, contrary to the principles of normative theory, the public interests are not protected from distortion by local interests of direct conductors of economic policy. Such corrosion of reflection mechanism and representation of public interests is formidable and dangerous «disease» that exacerbate social tensions.

It should be noted that there are different understandings of the ration in the content of the economic activities of the state activity of the superstructure and basic components. Thus, in the Marxist interpretation, the state is mainly treated as a political institution, an element of the superstructure denying its economic component and the inclusion into the basis. The accounting of the state form of society personification as subject of production relations allows to carry out distinction between the state as political body (a superstructure element) and the state as economic institute (a basis element).

In considering the state as a political body, interests are important only in that degree in what the state is capable to serve as the mechanism, the intermediary or the guarantor at the statement, satisfaction, realization of the most various public interests. In this sense, the efficiency of the state as a political institution and interest presenting system is determined by the adequacy of social needs, which are based on the interests of different social groups, as well as the effectiveness of the mechanisms of representation and coordination of interests across the entire political system of the society as a whole. However, from the political and economic point of view, the state reflects the economic interests of society, not because of its «neutrality», not as a passive «spokesman», «guarantor» and «implementer» of these interests. It expresses these interests because being as personified economic entity — the owner of the part of the production means, it is directly included in the reproduction process, the system of production relations, the economic base as one of the independent and specific aspects, the entities of these relations.

It should be noted that there is a dialectical relationship between the political and economic sides of the state which is manifested in the fact that the specificity of the state as a special economic entity is largely determined by its directivity as political and legal institutions. Way to implement state policy equivalence in which individuals use certain civil rights in exchange for the obligation to fulfill the orders of the state is the law.

In-depth understanding of the economic specifics, the role and the subjective certainty of the state in the modern economic system requires consideration of its place in all spheres of social reproduction, as the universality of the state is lost without it.

It is obvious that the effectiveness of the reproductive system, its activity is largely determined by the commitment, motivation, interests acting in this by market actors (firms and households), thanks to an unconscious individual-level interactions, their cooperation and self-organization emerge.

However real opportunities of self-organization, market synchronization and coordination of firms behavior and households are limited due to existence of their deeply specific subject and functional attributes. They are the bearers of divergent economic interests, have their own target orientation and behavior motives. Subjective specifics of the company lies in its institutional status structure, while the household is characterized by non-institutional origin. Functional features of the company are determined by the production and transactional areas, and households — by consumer and transactional.

The specificity of the internal content of firms and households causes the existence of complex economic relationships between them, synchronization and their optimization are necessary in ensuring the stability of the system. Therefore, for the normal functioning of the reproductive process, it is necessary to complement market self-organization by an external controller which is the state.

Over economic essence of the state predetermines its fundamental difference from other economic entities in reproduction system. If households and firms carry out only certain dominating function in economy (firms — «productive» and investment function, households — consumer function), the state actively participates at each stage of reproduction.

In the sphere of the production along with private firms, the state acts as a bearer of «productive» and «investment» pulses. The first is manifested through the direct organization of production within the state sector and the mediated impact on the «productive» function of firms. Investment load of the state is also dual: on the one hand, it acts directly as direct investors, on the other — it adjusts the investment behavior of private firms.

In the sphere of distribution carried out by the state, transfer (redistribution) function is not motivated by the need to achieve equality of income (which is the essence of the concept of egalitarianism), but the desire to ensure social peace of society. The last can be described as «egalitarian good.» However, it should be noted that any redistribution, except in the case of public goods and externalities situations, reduces the level of the owners income of production factors and therefore, reduces the motivation to work and invest. Conse-

quently, there is a certain maximum depth of the state in the distribution process below which drop of economic efficiency begins that is dangerous for society.

The state's participation in the exchange sphere is due to the need to reduce its existing transaction costs. Any trade exchange transaction between market participants loses its economic feasibility if the mutual benefit gained from it will be less in its absolute size than the amount of transaction costs. Therefore, the government is making significant decline of the past through forcing to keep the conditions of transactions, providing a clear specification and protection of property rights, as well as the monitoring implementation of commodity markets conjuncture and standardizing the quality of goods and services. Thus, a transactional load of the state is implemented.

In the sphere of consumption, the state, as well as household, acts as a bearer of the consumer pulse. The form of manifestation of the last is the state consumption of goods and services and regulation of consumer behavior of households.

As we can see, the functional feature of the state as an economic entity is the systemic nature of the impact on all parameters of the reproductive process. However, the government interventionism is not just external interference to the reproductive environment, but represents the activity of one of the full members of market relations aimed at the implementation of its inherent interest. In this context, widespread ideas of periodic intervention of the state to the reproduction process for the purpose of overcoming of «market failures» are presented as simplified. In the modern economic system focused on a sustainable development, the state has to become the equal entity of reproduction instead of being engaged in sporadic correction of its «mistakes».

Thus, the vector of the historical development of economic subjectivity of the state initially emerged and functioned as a social and political institution starts to be traced only to the period of the formation of market relations in the XVII–XVIII centuries. Analysis of the various theoretical concepts shows that economics has no clearly established notions of subject certainty and functions of the state in the modern economic system. Their size and contents vary depending on the economic conjuncture conditions in certain periods of time and currently the dominant main direction of economic thought. The economic specifics of the modern state has the following parameters: its subjective component is in the socio-institutional form of personification of society as an agent of the production relations; functional features are determined by the system nature of participation in all stages of the reproductive process through the implementation of the «productive», investment, transfer, transaction and consumer pulses; economic relations with the market entities are mediated with firms through impact on their productive and investment function, and with households — through a correction of their consumer behavior. In the current reproductive system, the state is organically integrated into the implementation of the many-sided economic relations over the production, exchange distribution and consumption on the one hand, as the subject of each of these relationships (microeconomics subject), and the other — as their regulator (the macroeconomics subject) causing the existence of a special economic relationship between economical center and the whole production system. This objective required multi-level, multi-purpose and system state interventionism in all phases of social reproduction indicates the universality and flexibility of the state as an economic entity.

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Қазіргі мемлекет экономикалық субъектілігінің институционалды спецификасының гносеологиялық аспектілері

Мақала мемлекеттің институционалды генезисінің траекториясын табуға арналған. Мемлекеттің саяси және экономикалық жақтарының диалектикалық өзара байланысы дәлелденіп, ол арнайы экономикалық субъект ретіндегі мемлекет спецификасы саяси-құқықтық институт директивтілігімен анықталды. Мақалада жасалған талдау мемлекеттің экономикалық институционализациясы дуалды болып табылатынын көрсетті: оның субъектілік құраушысы болып өндірістік қатынастар агенті ретіндегі әлеуметтік-институционалды нысандағы қоғамның персонификациясы, ал функционалды ерекшеліктері өндірістік, инвестициялық, трансферттік, трансакционды және тұтынушылық импульстерді жүзеге асыру арқылы қайта өндіру үрдісінің барлық кезеңдерінде қатысуының жүйелік сипаттамасымен анықталды.

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Гносеологические аспекты институциональной специфики экономической субъектности современного государства

Статья посвящена выявлению траектории институционального генезиса государства. Обоснована диалектическая взаимосвязь между политической и экономической сторонами государства, проявляющаяся в том, что специфика государства, как особого экономического субъекта, во многом определяется его директивностью как политико-правового института. Показано, что экономическая институционализация государства дуалистична: субъектная ее составляющая заключается в социально-институциональной форме персонификации общества как агента производственных отношений; а функциональные особенности определяются системным характером участия на всех стадиях воспроизводственного процесса через реализацию производительных, инвестиционных, трансфертных, трансакционных и потребительских импульсов.