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The Dialectic of Institutional and Spontaneous in Social Systems*

Alexander Nesterenko
National Research University
Bauman Moscow State Technical University
Moscow, Russia
E-mail: rockwool@list.ru

Vladimir Inozemtsev
National Research University
Bauman Moscow State Technical University (BMSTU)
2-ya Baumanskaya, 5-1, Moscow, Russian Federation
105005
E-mail: inozem63@mail.ru

***Abstract*—The article deals with the problem of correlation of social interaction state regulation and spontaneous self-regulation on the basis of spontaneous mechanisms within the economy market model, and the related contradiction between private and general social interests, which is the essence of modern political relations.**

Keywords—social interaction; state, market; regulation; self-regulation; anarchy; economy

I. INTRODUCTION

The present-day social practice requires an answer to the question of when and within what limits should the government intervene in spontaneous processes of social interaction (primarily in the economy, which determines its essence) and for what purpose?

In today discourse on this topic, three mutually exclusive points of view can be distinguished:

- supporters of governmental non-interference with business;
- those who support state regulation and consider it necessary to limit the actions of spontaneous mechanisms of economy self-regulation;
- followers of the concept of a compromise between these two models, the interaction of which should minimize the negative sides of each of them separately.

Adherents of these paradigms cite facts confirming their correctness, but the combination of the practice of social interaction proves that the alternative between them is false.

Relations between the market and the government are realized in the form of a contradiction between the self-regulating individual and the statutory regulated collective. A free market economy aimed at achieving individual gain is a denial of government regulation, the purpose of which is the redistribution of resources under the pretext of achieving public benefit. In this capacity, both spontaneous (market) and statutory regulated (state) forms of economic relations are conditions for the existence of each other and are impossible without each other.

II. IDEAL MODEL OF SOCIAL INTERACTION AND REALITY

According to the consistent supporters of the market economy, the state should not interfere in self-regulating social processes for its effective functioning. The followers of this paradigm are convinced that there is no alternative to it. Thus, according to F. Hayek, “we obey either the impersonal laws of the market, or the dictatorship of a certain group of persons; there is no third possibility”[1]. In this paradigm, the role of state institutions is reduced to the function of the guarantor of compliance of the established rules of the social interaction between all participants. All other individual and social goals are spontaneously realized by the rationally interacting freely operating subjects of social relations without the intervention of an external regulator – the state. J. Buchanan names such a state of social interaction “orderly anarchy” [2]. In this case, theoretically, not only private, but also general social interests should be realized: individuals who solve their particular tasks as producers and consumers will achieve self-coordination as a result of spontaneous order resulting from the desire to minimize costs and maximize profits. The associated increase in labor productivity will inevitably lead to the enrichment of all subjects of social interaction, on conditions that the government protects the interests of those who creates value from those who do not create it, but try to appropriate it. Therefore, the task of the state is to create equal opportunities for economic initiative, and not to redistribute wealth from successful to “luckless men” under the slogan of achieving social justice.

In theory, the free market is such a well-functioning system that it cannot falter and generate economic crises. In an ideal market economy model, overproduction, and consequently, crises, are impossible: offer automatically generates the corresponding demand due to the fact that consumption is the ultimate goal of production (according to Marx's formula: “money - goods - money”) [3]. The

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manufacturer sells his goods to buy another one. Thus, each seller, in turn, becomes a buyer. The more products are produced, the more people consume, i.e., any increase in supply automatically generates an equivalent increase in costs and revenues. Thus, hypothetically, the market acts as an absolutely self-sufficient mechanism for regulating socio-economic processes, intervention in which leads to its dysfunctions. Consequently, it is not the cyclical nature of economic processes, but government intervention that violates the natural course of things, is the cause of the emergence of economic crises [4].

Another argument against government intervention in the economic sphere is related to the fact that it leads to the redistribution of property. In this case, the adherents of the non-intervention concept proceed from the rather controversial thesis that the labor is the source of wealth in a market economy, and not the appropriation of someone's property. It is assumed that the enrichment of some people leads to an increase in the standard of living of others, since these processes are interrelated. If wealth appears through the redistribution of property, then this leads to the inevitable deformation of social relations, since labor ceases to be a value in society, where power becomes the only unconditional source of wealth. The decrease in labor morality inevitably leads to a quality deterioration and a in labor productivity decrease [5]. This was clearly shown by the practice of the USSR, where possibility to achieve competitive labor productivity was failed, despite the targeted efforts of the government.

It is not abstract ideals of labor for the benefit of society, not ideological, social, or forced coercion, but personal interest that turns out to be the strongest motive for the realization of effective social interaction.

Arguments of adherents of government regulation of the economy are equally valid. One of the weak points of the concept of non-intervention in a self-regulating market economy system is ignoring the fact that, as Marx proved in “Capital”, it inevitably leads to the formation of monopolies and the elimination of competition, i.e., in fact, to the destruction of the “free market”. Thus, market economy is a self-sufficient mechanism that regulates itself on the basis of a balance of supply and demand and stimulates competition, facilitating the emergence of goods and services with the best price-quality ratio, only in theory. In practice, a self-regulating market economy strives to eliminate competition and inevitably leads to the emergence of monopolies. Moreover, monopolies arise not only as a result of collusion in order to eliminate competition, but also as a result of competition itself, leading to the victory of the most efficient owner. In this regard, G. Rohrmoser writes: “The market is connected with decision-making. Responsibility for erroneous decisions is borne by the private owner of the production means. A consistent liberal believes that everything should be subjected to the logic of the market. Critics of this concept believe that there are certain goals and values that can not be given to the power of the market. If the market will have a complete freedom, it will kill both the business struggle and itself ”[6].

Thus, if a market economy only declares equality of chances, and in practice strives to eliminate business struggle, the state should intervene in self-regulating economic processes in the interests of society, using such a regulatory tool as antitrust legislation. In addition, the main engine of a market economy is not production, but sale. The market dictates: you should only produce what you can sell, and the best product is the one that can be resold with profit. As a result, it turned out that the market economy is driven not by the real needs of people, obeying the law of supply and demand, but by striving for quick and easy enrichment in the sphere not related to the production of real goods and services [7].

The most effective way to achieve this goal is not to product and sale goods, but to speculate on simulacra: creating financial pyramids, operations with securities, futures, etc. Thus, the very logic of obtaining maximum profit inevitably leads to an outflow of capital from the real sector of the economy to speculative one. This feature of market economy has been already revealed when it was born, when the world's first market economy of bourgeois Holland collapsed as a result of stock market speculation on tulip bulbs (1634-1637).

The thesis of the “free market” defenders — “the richer the person is, the richer is the society” as a whole turns out to be very controversial. In practice, personal interests do not often coincide with public ones, but also contradict them. This tendency of the market to speculative operations is especially dangerous in the global economy, when the consequences of financial speculations in local markets cause an economic crisis in a global scale. The question about the fairness and expediency of the existence of such a system of socio-economic relations arises, in which the society as a whole has to answer for the negative consequences of the selfish aspirations of certain individuals [8].

III. SYNTHESIS OF INSTITUTIONAL AND SPONTANEOUS

Only the government can act legitimate on behalf and in the interests of the whole society and, therefore, act as an external regulator. However, although the interference of an external regulator of social interaction processes is rationally justified, it immanently contains a threat to the self-regulation mechanisms, through which social freedoms are realized. This is due to the fact that the government, the existence of which is objectified in the form of a social institution, has its own interests and goals besides general social ones, and tries to maximize its benefits. Here the state acts as a means of production for officials exercising authority on its behalf, converting them into income from performing bureaucratic functions. This, according to E. Yassai, leads to the fact that “even the most altruistic state cannot pursue other goals than its own” [9]. L. Tolstoy denied the possibility of a state free from the selfish interests of the bureaucrats representing it in general: “A moral virtuous state man is the same internal contradiction as a chaste prostitute, or a tempered drunkard, or a meek robber” [10].

But, declaring the fairness of the criticism of the government as an institution, it should be noted that in order to achieve its private-institutional goals, it has to serve the interests of the whole society (for this is its main functional goal as a social institution). For example, in ancient Rome, the authorities were forced to give bread and sights to the plebs, because this brought forward the preservation of the existing order. To accomplish this mission, the state tries to strengthen its economic domination, which is achieved primarily through the redistribution of the aggregate social product. And the more resources the state has, the more power it has. According to R. Nozick, the increasing government intervention in the regulation of economic relations leads to the fact that certain groups (and first of all the state itself as a corporation) receive a competitive advantage. These advantages arise as a result of using the state by economic groups for their own purposes, and it is based “on the previous illegitimate state power of the state to enrich some at the expense of others” [11].

Nozick proposes to divest the state of the authority to distribute economic privileges. However, he does not indicate how this can be achieved: neither the state nor large corporations affiliated with the state are interested in changing the historically established system of redistributing resources. The practice of transformations accumulated during the social interaction evolution led only to the reproduction of this system as the most convenient for the ruling establishment. By redistributing resources in order to support socially vulnerable groups of the population, the state acts as a source of dependency attitudes of certain social groups, which include government officials and recipients of state aid in the form of various benefits. Institutional regulation in order to redistribute resources ultimately replaces the natural processes of social interaction leading to its rebirth. As a result, the mechanisms of self-regulation degrade and eventually the “civil community” is lost (Res Publica). It was just such a lesson that Ancient Rome taught humanity, but, as history shows, it was been never learned. The objective conditions of interaction between the state and civil society (the economic basis of which is the free market) at each historical stage of the development of society reproduce systems of state institutions, the political power of which is based on the redistribution of resources.

So, a rationally operating government must redistribute wealth, since this is not only the main source of its enrichment, but also a condition for the power preservation. That is why the strengthening of the government role in the economy often comes down not to real structural changes aimed at increasing its efficiency, but to the redistribution of property. Assessing this practice, F.A. Hayek notes: “Private monopoly is almost never complete and, in any case, is not eternal or guaranteed from potential business struggle, while the state monopoly is always protected — both from potential competition and from criticism” [12]. Hayek discovers the following dependence: the more the state concentrates economic power in its hands, the more it serves its own interests, rather than the interests of society as a whole, so, it becomes the “maximum” state or the Hobb's “Leviathan”.

Speaking about the dilemma - free market or government regulation and the dilemma arising from it - anarchy or Leviathan or even their absolute expression in the dilemma - freedom or necessity, it should be noted that these contradictions are an attribute of social being and the basis of its development. Thus, irrational motives can be found behind the external rationality of human economic behavior. Moreover, the modern economy is less regulated on the basis of the value theory formulated by K. Marx in “Capital”, which implies that the exchange is based on the equivalence of the goods values. It turns out that the concept of “value” comes down not only to the exchange equivalent. There are no longer goods that have an equivalent, which can be expressed by the formula discovered by K. Marx (working time + material cost), but the symbols of status and prestige, that have no real labor value, are exchanged. Such a symbolic exchange is a priori irrational, and the relationships between characters and their value are inconstant and variable and directly depend on value orientations [13]. None of the forms of economic relations and social interaction processes control makes it possible to achieve an optimal result for a society because not only rational, but also irrational forms of social consciousness are the basis of social and, in particular, economic behavior of a person.

The contradiction between the private interest that the market expresses and the state, which acts on behalf of the whole society as a source of social change, is un-avoidable. The essential feature of this contradiction is the market intention to eliminate itself, destroying business competition, and the intention of the state is to replace general social interests with corporate ones. If both these intentions are realized, then the contradiction between the private and the public is eliminated in favor of the government, which, having concentrated property for itself, will dominate, subordinating pubic social interests to corporate ones. Does this mean that the dialectic of general social and private interests in social interaction inevitably leads to the emergence of a “maximum” government and subsequent regress? No, since this contradiction finds its resolution within the framework of civil society, which arises and develops in connection with the need to implement group interests that cannot be reduced to individual or to general social interests [14].

IV. Conclusion

Practice proves that at this stage of the society development there is no alternative to the state regulation of social interaction processes. But the state should not replace the mechanisms of self-regulation, limiting its intervention in social processes by adjusting the negative consequences of the spontaneous processes of self-regulation, primarily creating conditions for equality of opportunity and laissez faire. At the same time, there will always be a threat that government intervention in the processes of social interaction will be not aimed at creating conditions for competition, but will be aimed at minimizing its social consequences in the form of support for outsiders (“socially unprotected"), redistributing resources in their favor. Such a policy may lead to the deformation of self-regulating processes of social interaction in a historical perspective. Such trends are clearly manifested in countries with developed economies, where the redistribution of benefits has led to a slowdown in economic development.

Does this mean that "The Decline of the West" predicted by O. Spengler will come? And a society with a different value system that will function on other forms of social interaction processes regulation will grow on the ruins of Western civilization? For example, a society in which the social status of a person is determined by the level of consumption will be replaced by the society, where it will be determined by the level of spiritual and physical perfection. In fact, Western civilization has developed such a system of values and even tried to implement it – such thinkers as the Domingo de Guzmán Garcés and Giovanni Francesco di Pietro Bernardon – in the Middle Ages. But their ideas were too far ahead of time to become a "moral law within me" for the majority of people and to change the historical path of civilization [15]. The humanity has to go through a stage of consumer society to be convinced in practice of the existential meaninglessness and hopelessness of this civilizational path, so that they can become actual again.

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