

The Logic of the World Development

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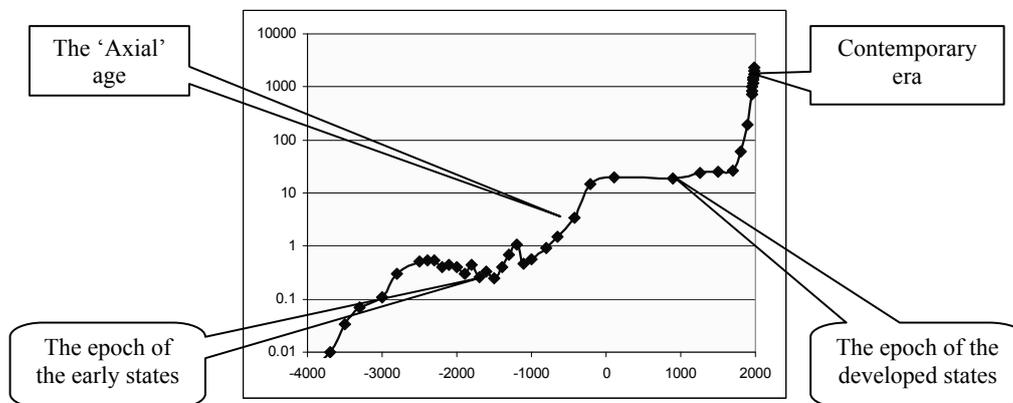
In the article, the author examines special features of the current world development. It is shown, that at present a cardinal reconstruction and transformation of the world system takes place. The existing risks and prospects for the development of Russia under these conditions are discussed.

Keywords: world development, reconstruction of world system, prospect for Russia.

The history of civilization demonstrates that global development is characterized by rather uneven patterns, so, relatively quiet periods are followed by global systemic crises, which lead to a radical restructuring of geopolitical landscape and economic and socio-political principles of social life.

The Axial Age (the 8th – 3rd centuries BCE according to Karl Jaspers [1994]) and the current period are striking examples of global structural phase transitions. Fig. 1 illustrates the trend, which reflects the dynamics of urbanization in the course of the last six thousand years (the dynamics of urbanization is a reflection of the politogenesis processes [see above the contribution by Korotayev and Grinin to this anthology]).

Fig. 1. The world urban population at a logarithmic scale, in millions (for cities with population over 10,000 people) (Korotayev 2006; Korotayev and Grinin in this volume)



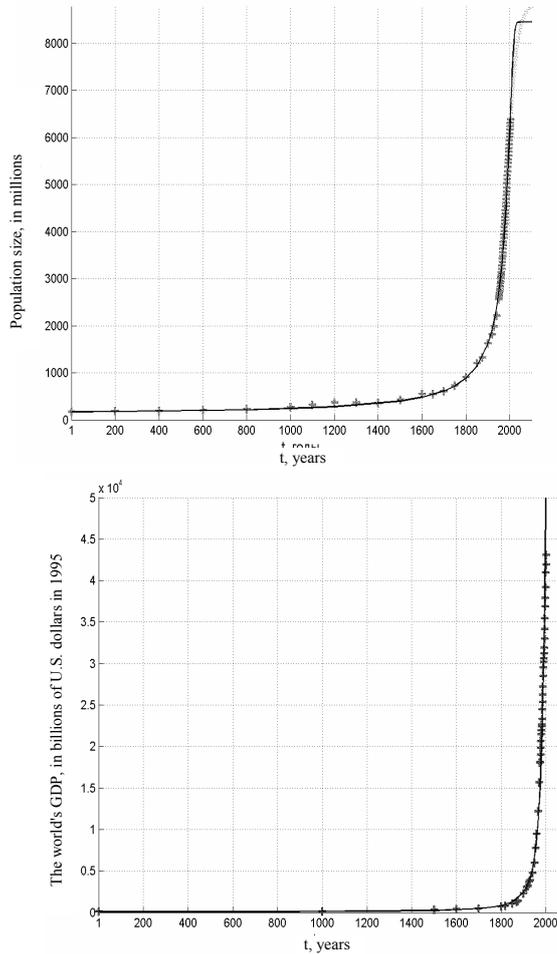
In fact, the above-mentioned transitional periods have many common features (Table 1). They are transitional by nature and are manifested in the advance of cardinal structural changes in the World System. These transitional periods are marked by a sharp acceleration of globalization processes and a rapid spread of new ideas and technologies.

Table 1. Key technological and cultural changes in the Axial Age and in the Modern era

Axial Age (c. 8 th – 3 rd centuries BCE)	New and Modern History (from the 19 th century CE to the present)
Wide diffusion of iron weapons and tools	Technological revolution, the development of industrial mass production
Emergence of mass armies, sharp increase in invasions and conquests	Introduction of the mechanized armies with high-tech innovative weapons
The development of communications and transport infrastructure	The emergence of radio, telegraph, telephone, rail-roads, automobiles, aviation, astronautics
The emergence of supranational religions	Introduction and development of mass ideologies, the increasing influence of media

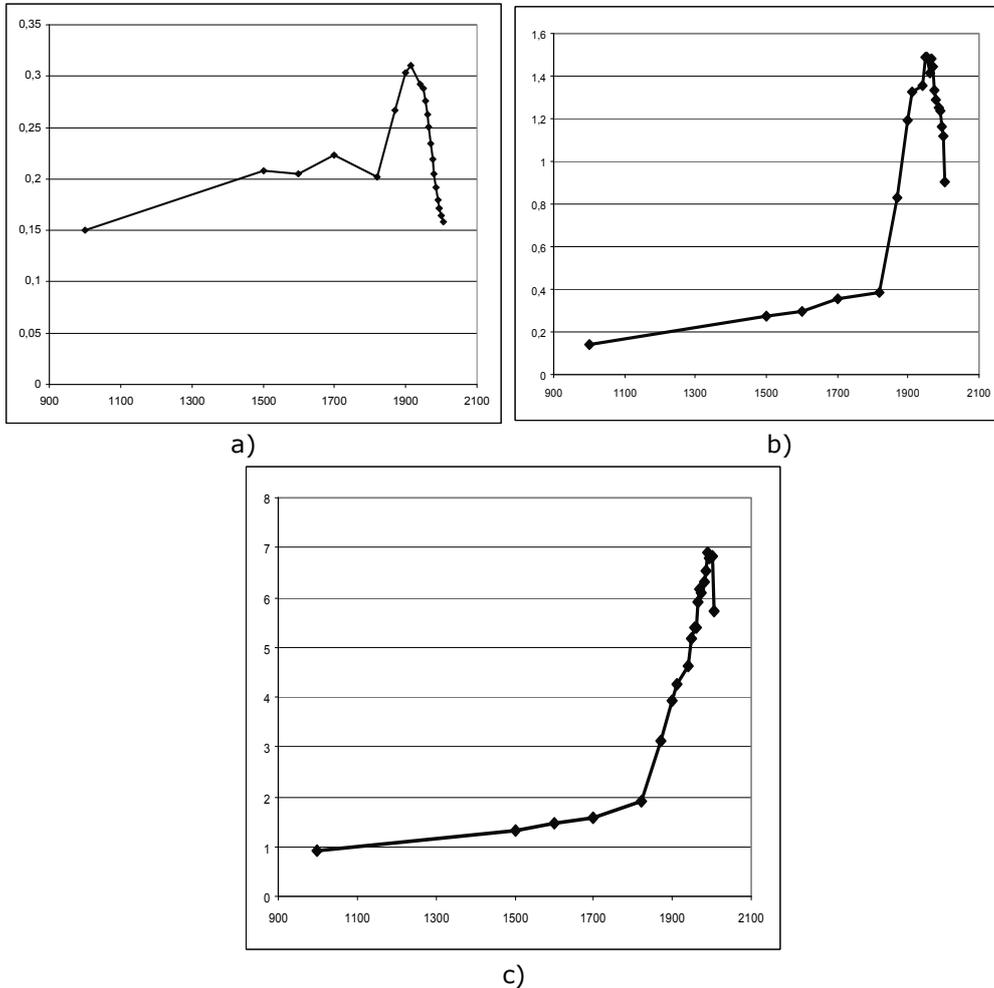
The most dramatic ‘epoch of changes’ is the present-day epoch, and the explosive character of demographic and economic indicators in the last 150 years is an additional proof of this fact (Fig. 2).

Fig. 2. Dynamics of the population on the Earth (in millions, the left curve) and of the world's GDP (in billions of U.S. dollars in 1995, the right curve) (Korotayev, Malkov, and Khalitourina 2006)



Besides, in the last decade we can notice the demolition of the trends that were formed during the industrial era, with the West beginning to rapidly lose its undisputed leadership (Fig. 3).

Fig. 3. Major trends of the last thousand years: dynamic ratio between demographic and economic indicators in the West and in other countries of the world: a) the ratio of the population, b) the ratio of the GDP, c) the ratio of the GDP per capita (calculated on the basis of the data)



Source: www.ggd.net/maddison

Despite the fact that the beginning of the fifth Kondratieff's cycle coincided with the 'third world cold war' between the world leader, the USA, and a potential leader, the USSR (which headed respectively the Western and Eastern political alliances/blocs), resulted in the USSR's defeat and the dominance of the liberal market World Order ('the end of history', according to Fukuyama 1995), at this very period the model showed signs of malfunctioning.

The point is that the sustainability of liberal market system, which is based on competitiveness, is possible only when there is a flow of additional resources ('positive sum

game'). The pursuit of additional resources was the main objective of globalization which was initiated by the Western economies. Nevertheless, when the objective is gained, globalization encounters limits of growth, because of the restrictions of this foreign expansion. After globalization is completed, it will put a limit to growth and will inevitably lead to the 'zero surplus game', which will imply the necessity to reconstruct cardinally the World System.

The latter marks the end of an extensive growth. This new stage is testified by the financial economic crisis of 2008, which continued the crisis started in 2000 (Fig. 4). The current crisis is moving towards the next stage, which will be even more serious in character as it will involve political sphere as well.

Fig. 4. The dynamics of price fluctuations in the Dow Jones Industrial Average to the price of gold in the period of 1900–2010



The coming decade will witness the following dramatic transformations:

- global demographic transition (it will lead to stabilization of population of the planet but will be followed by dramatic social-political shocks);
- radical restructuring of modern economic system and economic relations (especially, in financial sphere) and subsequent limitation of economic growth;
- radical changes of political system (transition from dominating Y-structures to dominating X-structures)¹ (Kirdina 2001, 2004; Malkov 2009a).

The last issue deserves particular attention because the current stage of historical development shifts the focus to the development of non-material factors. In the contemporary world, development depends not only on resources but also on existing institutions, which provide macro-social technologies necessary for resources adaptation. It is no coincidence that the priority task for all the states today is to find an optimum balance of main political institutes (market, state, democracy, centralization and others) to guarantee lower risks and higher growth stability.

It is quite essential to realize that the institutes in question cannot be combined in an arbitrary manner; in fact, in the process of social evolution they constitute stable matrix patterns. The two above-mentioned patterns, namely X- and Y-structures are the fundamental ones.

The first type is a self-organizing political structure, based on sophisticated arrangement of centralized redistributive² economic institutes where a dominant role belongs to

¹ Y-structure means a federal political arrangement and subsidiary ideology (based on the primacy of individual). X-structure implies antinomic arrangement, unitary political regime and communitarian ideology.

² Redistributive economics (the term first introduced by Karl Polanyi) is a type of economic systems where not exchange (a bilateral movement of goods between subjects targeted at profits) but a flow of goods and services towards the Center (and backwards) is more characteristic (Polanyi 1977).

the collective consciousness, which is defined as a primacy of the collective over the private, the whole over the partial. The social forms of this phenomenon changed greatly in the course of social macroevolution: from the 'Asiatic Mode of Production' through 'absolute monarchy' to 'real socialism', 'Japanese capitalism' and so on. This pattern is associated mainly with societies of Russia, India, China, South-East Asian countries, and states of Latin America. X-matrix pattern is their dominant specific characteristic.

The second political type is a self-managing structure of a federal type, governed from downwards, with specific market economy institutes (*i.e.* a dominant form of private property) where individual values prevail over collective ones in mass consciousness. This is characteristic of the USA and Europe which belong to the Y-matrix type.

These two types of social structures were formed naturally and are logical results of two types of self-organization, which depended on material, technological and circumstantial environment typical of this or that country. This division of state organization stems from the time of Ancient Egypt and Mesopotamia and demonstrates a surprising sustainability in political arrangement. The type of the matrix pattern depends on alternative institutes, which abound in the state and make a whole out of smaller integral parts in social structure. In some cases, we observe the domination of X-matrix while the Y-matrix institutes are of complementary character, in others – Y-matrix institutes predominate while complementary X-institutes have a subordinate role. In both cases complementary institutes, like recessive genes in living bodies, are necessary but not vital parts to define the basic structure of the dominating type of an institutional organization. The balance between dominant and complementary institutes is defined by external and internal factors. Hence, the institutional balance (search for an optimum ratio) between basic and complementary institutes is vital and it is responsible for the reproduction of this or that type of society (Malkov and Kirdina 2010).

Of primary importance is the fact that at transitional phases we can trace the shift in institutional structures towards stronger Y-elements (*e.g.*, the Greek democracy existed during the Axial age'), while at posttransitional phases X-elements play a more prominent role (Malkov 2009a, 2009b). Therefore, there are certain grounds to suggest that in the forthcoming decades we will move towards the growth of the importance of X-structures (especially, through the development of global regulation). There is, of course, a question of the basis for such a regulation, which we will discuss later.

Globalization implies further strengthening of economic ties between countries with subsequent integration into a system of global labor division. Thus, we can forecast narrower specialization in the course of globalization. Here a living organism presents the biological analogue of a similar nature when every organ is responsible for its own quite specific but vital role for the whole organism. All organs are equally important and interact to provide an effective work of the whole organism, so there is no discrimination.

The World System in historical sense is moving towards creation of an organism similar to the one mentioned above. It will be a structure where coordination, regulation and control will be provided by a Center, which we can call 'the global government'. Now, the question arises of how the competing clusters-states will create such a unique World-Organism in the course of global evolution. The World-Organism is, according to I. Wallerstein (1984), the next stage of the World-System development.

There are two basic ways to create the World-Organism. The first way is as follows: the present day economic leader, the USA and its allies (who support the paradigm of liberal market) adapt globalization to their needs and interests to maximize their own

profits and economic effectiveness. The scenario leads to the situation when the position of the West as the main beneficiary of global development remains stable while peripheral countries will have to adjust to the Western demands and to serve their interests. The split into the Center and Periphery is preserved and further aggravated, the global relations become more and more unequal.

The second way is through 'global consensus' (collective, mutual agreement among the countries concerning the direction of evolution), taking into account mutual goals, interests and panhuman concerns on the basis of global division of labor.

If the first scenario is realized, Russia will become a raw-material appendix to the Western economies. It will lead to Russia's increasing raw-material orientation and to a sharp decline of population, whose current number is far in excess of what is necessary for the extraction and transportation of raw materials. The next step will be the country's split (there will be no need in a big unified state) and the development of resource extraction performed via rotation system and supervised by transnational corporations or some other specially founded international organizations.

The second way (global consensus) presupposes that we reject the maximum-profits-way-of-development as a system of evolution and start to create a new system of international economic and political relations. This way implies that we primarily take into consideration cultural and historical peculiarities of countries to use them as much as possible when forming a single social and economic global organism. What are Russia's competitive advantages within this context?

From cultural and historical point of view, Russia has managed to explore vast territories, to develop and put into practice principles of social communal life, to provide life existence in unfavorable natural and geopolitical environment. Besides Russia is of value at the global scale because the country has got infrastructure-free (or infrastructure-scarce) territories, which if developed can give a strong impetus to technological and industrial development. A similar example can be found in the USA when they started to develop the North American Great Plains that stimulated the development of internal combustion engine and oil industry to underlay later the USA technological superiority.

The civilizational contributions that Russia can make to the formation of the World-Organism are the following.

- Rich experience of soft globalization in various ethnic and economic areas, gained by Russia and the USSR ('Russian-way globalization') as regards the Eurasian territories which constitute one-sixth of all dry lands. It was successful and relatively conflict-free, which is especially significant as it was done in highly heterogeneous regions and made good use of their economic specific features.

- Time-proved technology of social integration of ethnically different population (and their elites) suggested and tested by the Russian empire and the USSR (friendship between the peoples of different republics was a reality and not merely a speculation).

- The best global experience in settling global economic and political problems and implementing great projects (mega-projects). Among the latter we can mention 'Moscow is the Third Rome' at the time of Ivan III, 'a window to Europe' initiated by Peter the Great, socialism building at the time of the USSR. Such mega-projects stimulated the development of new technologies, which gave rise to perspective development trends. For example, 'a window to Europe' helped to develop ship-building industry, socialism build-

ing led to creation of power engineering and missile building, which additionally testifies to a great potential of mega-projects.

– Actualization of cultural (not market) stimuli when promoting mega-projects which help to develop culture which considers profit-making as a matter of minor importance.

What should be done in Russia?

First of all, we must create conditions for innovative mechanisms in Russia, including conditions for adoption of innovations. Innovations are valuable not by themselves but as a means to achieve national objectives. They can be achieved through mega-projects that are aimed at satisfying vital demands of the country, such as the development of the Siberian Region, creation and improvement of trans-continental and local transport systems, wide-range construction of available housing on the basis of modern technologies to suit the specific conditions of the Russian climate. Such projects will result in the development of new technologies. And all innovative technologies should be called forth and put into practice by mega-projects.

Formation and realization of mega-projects are only possible if Russia does not rely on ‘invisible hand of the market’ and does not follow the Western countries' lead, but becomes an independent geopolitical subject and world-project leader. This direction has been stimulated by the Russian President's Decree No 539 (May 12, 2009), which gives legal foundation to develop strategic planning and management in Russia.

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