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## **The Theoretical and Methodological Foundations of the New Scientific Paradigm for Solving the Social and Economic Problems of Modernity**

**SILVER MEDAL**

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An endless series of protest movements by broad sections of the population throughout the world, the continuous chain of armed conflicts, racial tensions, color revolutions, and terrorist acts characterize the current situation in the world as a crisis. It seems that today, imperialism as the highest stage of capitalism is gaining momentum. The transition to the endpoint of its general crisis is taking place, which, according to Lenin, began to develop in the late 19<sup>th</sup> – early 20<sup>th</sup> centuries at the initial stage of the transition of capitalism to its highest stage. Now almost the whole world is engulfed by this crisis.

In our view, in many respects this is the result of provocations by the transnational elite (the world oligarchy) via special services of the developed countries of the world and subordinate international structures. The purpose of these provocations is to incite interethnic, class strife and on this basis to unleash supposedly liberation wars, which are in fact, aimed at destroying and reducing the world population. That is, there is a purely Malthusian approach to solving global economic and social problems.

The world is gradually realizing the gulf into which the global financial and oligarchic elite are pushing us. For this reason, the attitude to various kinds of color revolutions and wars is very ambiguous. The international community is split in this respect; there is no unanimous tendency to blindly follow the oligarchy. At the same time, the population of the United States of America itself (the most seemingly prosperous country in the world, the bulwark of the world oligarchy) appears to be a powerful force of opposition in the arena of protest movements. It is no coincidence that the United States started shrugging off its responsibility for unleashing the wars in Libya, Syria and other countries.

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However, the main problem of the world protest movement today is, in our opinion, that it is not armed with a time-honoured theory which identifies the dividing line between the opposing sides, clearly defining the goals and objectives of such confrontation. The existence of such a theory would help to destroy the plots of the world oligarchy and help the international community to take responsibility directly. This would then enable the world community to provide the construction of social and economic relations in society and would be of prime interest to people of intellectual and physical labor. This would be the beginning of a new era in the development of human civilization and its prosperity on a planetary scale.

The prototype of such a theory already exists. Although it is still immature and has not managed to penetrate all areas of the subject of its research, it nevertheless, does exist, and the results will be achieved. It was created on the basis of historical roots in economic theory which are the works of the Russian engineer and economist of the early 20<sup>th</sup> century Alexander Trofimov, a native of the Perm province. Using practical materials of that time, he proved the non-equilibrium nature of the economy, specifically evaluated the activities of entrepreneurs, including them among the working people and introduced into their studies the concepts of plus, minus and zero profits, *etc.* (see Trofimov 1910). In continuation of his work at present, in the national economic theory, there develops the 'non-equilibrium economic theory', in which our economy and economic relations are explained from other positions than those on which the traditional trends and schools of economic theory are built. What is this theory?

The non-equilibrium theory (NET) explains the essence and development of the economy on the principles of non-equilibrium. They are given in our work as the initial postulates of the theory (Nusratullin 2006: 111–113).

The most important result of this theory is the formal-logical apparatus which was developed in its framework and allows using graphic and mathematical tools to demonstrate the essence and problems of the economy in three-dimensional space.<sup>1</sup>

Accordingly, when studying its individual aspects, we can use various projections of the three-dimensional economy on a two-dimensional plane of the Cartesian coordinate system:

- in the context of the front part of the economy;
- in the longitudinal plane perpendicular to the front part, within the framework of which all the hypotheses of the modern 'Economics' are built;
- in the horizontal plane.

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<sup>1</sup> All references in this material to graphical constructions are given in the source mentioned above, so we do not intend to refer specifically to them hereinafter.

Such an opportunity to study the economy from different perspectives gives a more perfect instrument for reflecting reality in economic science, which makes it possible to obtain valuable scientific results.

In this respect, the first result is that in the NET the problem of origin of profit in the economy is substantiated on a non-class basis and its source is proved. The scheme of substantiation is shown by us in step-by-step dynamics of the stages of the replenishment cycle:

- acquisition of resources;
- production of goods;
- its realization.

It is proved that the primary source of profit is social intelligence. It is realized through the labor of the carriers of intelligence, which thus act as its creators. These, first of all, are all those economic entities that somehow participate in the process of social reproduction: theoretical scientists, scientists-designers (implementers), civil servants, entrepreneurs, working people.

The first practical outcome is that in this interpretation of profit formation there is the ideology that unites all classes and layers of ideology, which consolidates them to solve any problems of industrial and social development. It may well be applicable as a basis for developing the national idea of our social development.

If this ideology is introduced, then it will organically fit into social relations, replacing the class ideologies of Marxism which was the official ideology in our country under socialism and the ideology of ‘Economics’, which today prevails in the capitalist world. The first is the ideology of the proletariat; the second is the ideology of primarily financial-speculative capital. At present they both antagonistically coexist in our society, although neither one of them has been officially proclaimed.

In fact, a large number of people is zombified by them and, interestingly, they lead us, the whole society, to a catastrophe or collapse of the country or the fiery revolution, which is not the best alternative.

The second practical outcome is a theoretical proof in the framework of our theory of the necessity for the full rise of social intelligence, the carriers of which are all of us, ranging from housewives and all working people to businessmen, civil servants, scientists, *etc.* This means that in order to create an efficient economy, we must do everything as far as possible, starting directly from pre-school, school institutions and ending with universities, advanced training courses, *etc.*, for the education of people, improvement of the entire education system encompassing all members of our society, and not only adapting it to the economic whims of private employers. It is necessary to introduce a system of universal secondary and higher education which should be made progressively free of charge. On this basis, for the effective development of science it is necessary to

provide the national scientific institutions with qualified personnel, taking into account that science is the major source of achievements of the scientific and technological progress, which, when introduced into production, will ensure breakthroughs in the development of domestic economy.

In fact, on the basis of Economics serving as an unofficial ideology we observe a slow, steady degradation of society, a diminished level of education and decline of literacy. Despite the conclusions of the non-equilibrium theory our science which is now mostly evolving only in the direction of strengthening the positions of the oligarchy in society and serving in its interests is experiencing the same degradation.

The second important result in terms of its practical output in direct connection with the first result is that on the basis of our interpretation of education and the source of profit, we have identified the methodological error of Marx in his treatment of the formation of profit (surplus value) and the corresponding division of society into classes. In fact, he brought together into one class large groups of people with opposite roles and functions in social reproduction, and, on the contrary, divided two other large groups of people into two classes who, in their role and functions within the framework of social reproduction, should act as a single social organism.

As a case in point, we mention here the 'capitalist owners' who are directly involved in the organization and management of production, investing their capital into various ventures, and 'absent owners' (absentees) who, on the basis of property certificates, pocket and wash out the lion's share of income from the real economy into speculative ventures.

Absentee incomes, which are, in fact, parasitic, are received by their appropriators without any entrepreneurial or labor participation in social production and are subsequently provided to its participants for a fee in the form of loan capital. All of this is described in 'Economics' with touching words about 'savings', 'investments', *etc.*, attempting to show how our parasites of society are thrifty and how they, sacrificing their hard-earned money, take care of the real sector of the economy, providing it with monetary resources.

In fact, these savings are nothing more than a product of unscrupulous financial resources taken away from entrepreneurs in the real sector. They could replenish their own sources of investment resources, pay higher wages to the participants in production and provide the necessary solvent demand in the market. Thus, they would fulfill the promise of J. B. Sey 'supply creates its own demand', solving the problem of overproduction of goods, as a sign and a terrible forerunner of the coming economic crisis. At the same time, the consequences of this parasitic plundering of real sector incomes do not worry the absentees at all. They do not care what is going on in the industry, as long as they receive incomes in their pockets in amounts as large as possible.

In the second case, we are talking about the same functioning capitalists, *i.e.*, entrepreneurs, and workers directly engaged in their workplaces, which, according to the NET should be a single consolidated class. It can be called, without inventing anything superfluous in the economic theory, a consolidated middle class, including both the working class people and the functioning entrepreneurs (capitalists), who are the owners of their own capital, which they invest in their production, into the real sector of the economy.

The practical significance of this result is that today there has arisen an objective necessity to reshape the traditional division of society into classes, ridding it of a truly parasitic absentee class, thus ensuring life free from the shackles of financial and speculative capital. This is the first practical output of this result.

Such a problem statement defines the issues that should be raised and solved by a large group of people in society, called functioning entrepreneurship. Its representatives, after all, need to understand and decide with whom they will side. With the oligarchy, helping them to enslave the bulk of humanity or with the working people so that together with them, working hand in hand, they can bring about a creative life in the name of human progress?

At present, the oligarch's offensive against the rest of humanity takes place openly on all fronts. It completely subjugates to its interests the international organizations and structures, primarily financial ones such as IMF, IBRD, as well as NATO and even the UN, through which it pursues its policy of genocide against the rest of humanity.

In this vein, the policy of humiliating Russia and degradation of its population has been carried out for more than two decades by international structures, dissemination of various technologies and systems leading to the destruction of the centuries-old culture of Russia and its formerly powerful public intelligence. In particular, the implementation of the 'Bologna education system' under the supervision of IBRD, in fact destroyed the traditional education system in our country which was the best in the world.

On a society scale, the oligarchy mimics itself as the class of capitalists functioning in actual production ('present owners'), substituting the capitalists for themselves against protests and anger, but on the world community scale, it lies behind the international organizations and forums and the names of meetings such as the G-8, G-20 countries, *etc.*, substituting the governments of these countries for themselves and using their populations as a 'living shield' from the wrath of the world.

Thanks to the self-indulgent and egomaniacal actions of the global oligarchy, neo-Malthusian misanthropic theories again prevail in the world today, but at a more sophisticated level of interpretation. If Thomas Malthus justified the need to limit and reduce the population because of the inability to supply it with food, then the current neo-Malthusians justify the same goal, supposedly, by the reduc-

tion and shortage of non-renewable natural resources. Bluffing was the rationale for Malthus's idea. In the 20th century this was proved, as the production of food increased by 5–10 % more than the planetary needs of the people. The same bluff is the justification of the same idea by the Neo-Malthusians.

However, the realization of this bluff by progressive mankind does not stop the development of these theories. On this basis, a global campaign to reduce the number of people on the planet is openly deployed. A vivid example is the decimation of the peoples of Russia, the slaughter of other peoples as a result of provocative color revolutions and endless local wars in many countries in which hundreds of thousands of people are killed. What is the reason for such a scenario in the development of human civilization? The reason is not that the world's resources are being exhausted. It was proved repeatedly and at the highest scientific level that due to innovative technologies dwindling reserves will be replaced by new one and this will not allow the development of civilization to slow down. The reason is different.

Today this parasitic social class of owners and representatives of financial-speculative capital reveals its true intentions. In the name of satisfying their insatiable appetites, they are leading the most severe campaign against the rest of the population for the complete possession of the planet's living space and its resources. According to the obviously unhealthy standards of its ideologists, with the current level of development of the productive forces, the world population in such numbers is not necessary at all to provide even more paradise for the oligarchy.

Officially, the policy of genocide of the oligarchy against the rest of mankind is not proclaimed, the policy of destroying people and reducing the number of the world population is not advertised. However, gradually false information about the depletion of the planet's resources, the intensification of natural and man-made disasters, allegedly leading to the apocalypse, the growing trend of reducing the employment of the able-bodied population and so on, are methodically injected into the minds of the population. Thus, people are surreptitiously prepared and brainwashed to accept the nature of the ongoing processes of genocide.

At the same time, the well-known ways of solving the problems facing mankind are carefully ignored. For example, the economic theory under the conditions of accelerating progress in the development of the economy proposes to solve the problem of employment quite simply: firstly, through the reduction of the working day, working week, working month and year; the introduction of greater shifts in production while preserving and multiplying wages; increase in the duration of paid vacations, *etc.*, *i.e.*, in the direction of retaining people's employment in production with a narrowing sphere of application of living labor due to the intensification of its replacement by past, materialized labor, as a factor of further increase of its (living labor) productivity.

At the same time, one should note that, despite the general trend of building up the oligarch's almighty power, some of its representatives, realizing the unnatural nature of what is happening, voluntarily reduce their incomes and fortunes, donating a large part of them to charity (Bill Gates, Warren Buffett, *etc.*).

The solution of the employment problem, except for the way considered above, is quite simple within the framework of the NET. Taking into account the need to intensify productivity by using machines and computers, it becomes possible to expand that part of the service sector in which living labor can be used as a means of realizing the unlimited possibilities of social intelligence. It is called the sphere of services of spiritual life, which includes education, science, medicine, public health, art, sports, physical culture, etc. Thus, the tertiary sphere of people's employment receives unlimited opportunities for expansion.

This direction of expansion can be called a quaternary sphere of employment, since it meets not only the requirements of the development of social intelligence, but will also give a real return in the form of scientific and technical products that will have a tangible effect on increasing labor productivity, if not in the short term, then in the future. This is the second practical result of this scientific research, the result in terms of ensuring employment for the population in the far future.

As the third practical outcome of this result, one should note that the development of the quaternary sphere of employment ensures the cultivation of social intelligence not only as a factor of increasing the efficiency of economic development but also of resolving many of the oncoming and future acute social problems, including the problems of protecting mankind from the impacts of natural and man-made disasters. The whole meaning of the existence and development of human civilization in the past, present and future has not yet been realized or understood. The quest to solve the current and future problems of human social intelligence continues.

As the third most important scientific result, let us note the proof of the erroneous interpretation by K. Marx of the law of value for the non-rental and rental sectors of the economy. In accordance with these interpretations, the value in the non-rental sectors of the economy is at the level of industry average, and in rental – at the level of final price of production. Firstly, the same economic law received a different subjective interpretation. Secondly, in a special interpretation of the law of value for rental sectors of the economy, Marx substantiated and consolidated the positions of the absentee in the system of economic and social relations as a necessary macroeconomic entity that allegedly plays an important role in the withdrawal of rental income, on the one hand, by stabilizing production and economic relations; on the other hand, ensuring the effective development of the economy in general by choosing for investment the direction of the greatest income extraction. Karl Marx did not conduct

a study of this problem in the light of the conclusion that the only reason for the occurrence of recurring crises in the capitalist economy is the excessive appetite of the absentee which methodically diverts the real sector's revenues to his dimensionless private piggy bank and into the speculative sector of the economy, thereby financially and economically destroying it (the real sector). This results in financial and economic collapse.

The Marxist interpretation of the law of value which officially enshrined in the economy the presence of the absentee, the natural parasite on the body of society and the world community, strengthened his characteristic rapacious and insatiable demand for the acquisition of practically unlimited concentration of rental income. The main goal of absentees is the highest concentration of rental income, and they are not interested in other things. The law of value in Marx's interpretation provided a theoretical justification for a system of unlimited pumping of revenues from the real sector of the economy into a speculative one. This, for many centuries, imposed a yoke of oppression of financial and speculative capital on the whole entrepreneurial and working population of the planet private incomes of which are almost always in any sphere of social production limited to the maximum per capita of the individual (household) engaged in entrepreneurial or labor activity. This is especially evident in the case of workers of the budgetary sphere of the economy in Russia, whose incomes have been 'locked' for almost two decades within the tariff scale at the level of the subsistence minimum under the conditions of yearly increase in incomes of the Russian oligarchy (In the dying... 2011). Besides the indicated, negative consequences of the Marx interpretation of the law of value, there are others as yet not mentioned (for more details see Nusratullin V. K. and Nusratullin I. V. 2017a, 2017b).

Let us also note that the non-equilibrium economic theory becomes a real tool in the struggle to improve the development of production relations in the process of globalization in society and the world community. On this basis, there emerged a new theoretical structure for the consolidation of the world community relying on the universal ideals of kindness and justice.

As stated above, the antagonistic watershed does not take place within the union of the classes of entrepreneurship and workers but outside it – on the one hand, between this union and the class of absentees, on the other. The essential feature of the absentee class is the lack of interest in the needs of broad sections of entrepreneurship and sense of compassion for the broad sections of the population. Therefore, their favourite occupation is instigation of the working class against entrepreneurship and vice versa, provocation of anarcho-syndicalist protest movements, also aimed at fomenting a theoretically groundless antagonism between entrepreneurship and the working class, incitement of revolutionary movements, fomenting of national discord and various kinds of large and small wars. Using the non-objective basis which exhausts physical and spiritual forces



of broad sections of the world population in the struggle with each other as a grand diversion, the oligarchy surreptitiously continues to feed its egocentric and avaricious appetites for the purpose of appropriating even more wealth and income, and increasing money washout from the real sector of the economy.

Under these conditions, all people need to understand, firstly, the essence and nature of true antagonism of the social classes, which lies not in social production as Marx bequeathed to us, but beyond it, in the sphere of the distribution of goods and income. Secondly, all the macroeconomic participants of social production: intellectuals, entrepreneurship and working people should unite with each other despite the antagonism between them which was predetermined by the classics. People should unite on the basis of consent, mutual friendship, respect, philanthropy, goodness and mutual understanding between all people of entrepreneurial and wage labor in social production throughout the world, in the name of creation and further progressive development of mankind.

The further existence of real business in economy and politics under the auspices and leadership of the oligarchy leads to a social and political impasse which will result in either war or a social revolution. Today, even in Russia, the approaching revolutionary explosion of public resentment at the activity of the ruling regime, established by the oligarchy, is already quite clearly seen.

A revolution is always to a greater or lesser degree, a bloody clash between the entrepreneurial class, which will try to protect their real business and productive capital from destruction and workers who vent fury on their nearest allegedly opponent (a functioning capitalist). At the same time, the oligarchy, which has long since withdrawn and exported its fortune and financial capital beyond the limits of the revolutionary hearth, will contemplate what is happening and attempt to get involved in establishing the political regime again in their own interests.

The oligarchy has so far successfully managed to realize its intentions, its behind-the-scenes policy and not only survive, but flourish on the basis of implantation and instigation of non-existent contradictions in human society. They use the justification of an erroneous concept of economic theory which is a lack of understanding by the real business of its place in society and social production in the union, and not in opposition to the working class.

At present, however, in our opinion, the times of deceiving and opposing each other intellectuals, representatives of real business, employees of civil service, management, and people working in accordance with Marxism-Leninism have gone. All the accumulated economic and social problems of Russian society and the world community can be solved through understanding of their interests, actions, desires and will on the part of the consolidated middle class, a class that unites entrepreneurs, businessmen and capitalists functioning in real production, creative and managerial intellectuals.

This consolidated class should become the dominant class in Russia, as is the case in some Western European countries. The financial and speculative oligarchy and its appointees should be removed from power and it is necessary to realize the power of middle class the economic policy of which will implement all the above-mentioned theoretical, methodological and applied scientific results of the non-equilibrium economic theory.

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