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INSTITUTIONAL ASPECT OF MODERN GLOBAL DISCREPANCIES

The essence of modern economy as that of an institutional system of economic activities as well as that of a subsystem of implicit institutional relations of the world's community is discussed in the article. The main peculiarities of the global institutional conflict, the essence of international bureaucracy, the role of the global ruling (managing) class are found out.

Keywords: institutional settings, discrepancies, international bureaucracy, global ruling (managing) class, global institutional conflict.

Дейнека Т. Институциональный аспект современных глобальных противоречий. Рассмотрена сущность современной экономики как институционализированной системы хозяйственной деятельности и подсистемы институционально опосредованных отношений мирового сообщества. Определены особенности институциональных противоречий глобализирующегося общества, внутреннее содержание глобального институционального конфликта, сущность международной бюрократии, роль глобального правящего (управляющего) класса.

Ключевые слова: общественные институты, противоречия, международная бюрократия, глобальный правящий (управляющий) класс, глобальный институциональный конфликт.

Background. The clarification of the nature of modern social as well as economic relations makes it necessary to understand the organization of life in society as a system. This system in its turn is changing, developing and gaining new qualities constantly as a result of intense globalization processes. As a matter of fact, economy is an institutionalized system of business activities. Besides economic (business) activities it also includes implicit institutional relations – political, social and cultural relations.

The Analysis of the Recent Research and Articles. Institutional orientation in research of modern societal organization and discrepancies is shown in fundamental scientific works by D. North [1], R. Nelson and S. Winter [2], S. Crawford and E. Ostrom [3].

Modern research works by national scientists V. Geyts [4], D. Lukyachenko, A. Poruchnik, Y. Stolyarchuk [5], A. Filipchenko [6], Y. Zaytsev,

V. Savchuk [7] show the discrepancies of processes and phenomena that are the characteristic of globalizing society.

The aim of the article is theoretical, methodological, and application analysis of world's society as that of an institutional system. Also the article explores and determines the peculiarities of social discrepancies display, which are caused by the globalization of society's development.

Results. In theory of Economics theoretical and methodological basis of this branch of research has been systematically developed within institutional approach. Economic institutional setting, defined by D. North as "the rules of game" in society, organize relations between people and structure the motivation of exchange in all its areas – in politics, in social and economic area [1]. The most important for the research of discrepancies, which appear in society and are visible at all levels of economic institutional settings, is theoretical and methodological approaches of institutionalists to understanding of *society* as an open system; *economic process* as asymmetric interdependence between different factors of development (endogenous as well as exogenous); *stability and balance* as non-typical and extremely short-term phenomena; *normal state of economy* as a state of uncertainty.

Therefore, the process of societal functioning includes certain degree of order, which is dynamic and appears in the form of changes in architectonics, which in their turn bring the system to a qualitatively new state. In such a way, a society can be represented as a system of institutional settings as a complex entity, which mediates relations in areas such as economy, politics, and culture.

Implementing institutional methodological approach to the perception of modern (globalized) society, it is necessary to point out, that the discrepancies are displayed at the first, and the most general level of such analysis. It means that there is no such unified institutional setting created by society, which would be able to embrace and correlate all the processes which happen in it. Meanwhile, society (especially during the periods, which correspond to the lower stages of economic cycles) would "subconsciously" want to have certain multipurpose mechanism for regulating its existence. Hence there has been set up a lot of discussions in scientific literature as well as in social networks about a possibility to outsource regulatory functions to an institutional setting of such general level, which will represent a global ruling class.

World is a very diverse place, that is why it is impossible to create a unified regulatory institutional setting (at least in current period of humankind's development). Even considering sufficient growth in influence of virtual networks, which contribute considerably to centralizing decision-making technically, it is doubtful that such unified institutional setting that would rule the entire world will ever come into existence. Such doubts are

legitimate due to heterogeneity of a superclass. Global (ruling) class is represented by groups of influence and consists of owners and top-managers of big TNCs, the heads of countries, members of governments, the heads of power structures, and authoritative experts in international processes. In addition to this, each member of this elite society has his own private interests.

However, the fact of emergence and formation of global ruling class should not be ignored as well as the fact of the emergence of the correspondent institutional settings (though there is no unified managing center usurped by global elite). Scientists have reasons to state a rapid growth of new proponent bureaucratism that is international bureaucracy. The latter is caused by the process of globalization and connected with the formation of a new global ruling class, which has power, and looks like "global cobweb" [8, p. 27]. Global geo-economic community which is a superclass, according to a scientific definition, is systemic and structural unit in the form of interaction of national geo-elites (clans), which are gaining more and more supra-national content in such areas as economy, politics, technologies, information, and culture [9, p. 24; 31].

Taking into consideration these circumstances (as well as influence of factors, that determine the starting point of the tendency to concentrate the functions of global regulation, and the fact of remoteness of such perspective), the more real perspectives at the current level of development of society are the determination of discrepancies in the area of institutional settings' functioning. In particular, the emergence and adoption of qualitatively new features in the system of global management, and structural changes within such system are expected.

The system of institutional settings is a characteristic of a human society. Institutional settings appear as a result of a particular activity of its members that is institutional activity. Its sense is to provide processes of reproduction of institutional constructions and their primary elements, which they consist of. These elements are strategies, norms, rules (according to the terminology by E. Ostrom) [3]. The processes of institutional reproduction happen in accordance with needs of social development and are historically predetermined.

If it is impossible to satisfy society's needs with the help of the existing institutional settings, and to organize effective functioning of connections which make up this system, then the state of society is determined as crisis. That was the case with world's society at the moment of crisis emergence, when in fact a global institutional conflict was taking place. *Global institutional conflict* can be defined as a peak of social discrepancies, which is shown within one of the forms of humans existence (in its organizational system in other words in institutional system). It appears with the help of supra-national subjects. It emerges due to the necessity to provide organizational recreation of society in general. It is realized on the basis of

changes to the functions of global management and appearance of subjects who are the proponents of new functions.

Institutionalized society as a system of self-organization is created according to the principle of synergy. It means that in such unstable system in accordance with new needs of society caused by certain circumstances (nowadays by the circumstances of emerging world's crisis, for example) new organizational units are created, and as a result new qualities appear within the system. After the changes of managing units and subsystems such systems comes to a new level of existence.

The UN committee of experts offered to create Council of Global Economic Coordination and International committee of experts. Such proposal was made due to the necessity to bring world's economic system to a new better level of institutional development (it means due to the task of getting out of crisis) [10, p. 221–223]. The aim of the abovementioned organizations should have been monitoring of risks and supervision of global functioning of economic system.

It is important to say that new institutional settings become effective only if they are accepted by society. However, proposed institutional innovations were not implemented. No new international financial organizations with functions of global regulations were created after the crisis, which most active period was in 2008–2009. Alternative institutional settings have not substituted basic institutional settings, but already existing institutional settings have acquired new qualities to solve the discrepancies that have emerged. Theory explains it as a result of opposing views interaction, which happens within renovating cycle of discrepancies. Experience proves that such institutions have become more effective in comparison with the situation before the crisis. In particular, such organizations as G-20 have been reformed, reinforced as well as there was a number of measures taken to develop new common programs of action [2, p. 3]. Though, it cannot be assumed that humankind has provided a necessary institutional mechanism for itself. In this case such mechanism is meant, which is flexible, efficient, capable of reacting quickly to the growth of global display of asymmetry, and such that will not be burdened with bureaucracy as well as prohibitive costs for a society.

Nowadays the basis of new mechanisms of global management for the nearest 35–40 years is being determined [9, p. 26]. Although its principles are realized within superclass, which consists of separate countries, international organizations and economic entities, groups of multinationals and transnational banks, separate supra-large investors, economic and political groups. Herein discrepancies emerge at the level of anonymity/ legitimacy of actions performed by global elite and national governments.

These days there work "new anonymous" systems of power such as transnational organizations and multinational corporations" in addition to

national governments [11, p. 45]. As it was stated by V. Geyts, influence of these establishments is complemented with "soft" "(though not always) intensity of actions of different international organizations, that added the issues of the national governments existence, sovereignty of states, and creation of global management into their agenda" [4, p. 6].

Such global units as G-7 (The USA, Great Britain, France, Germany, Japan, Canada, Italy; later G-8 including Russia), after that G-20 (Group of Twenty Finance Ministers and Central Bank Governors), as well as IMF (International Monetary Fund), and WB (World Bank) were created to regulate, stimulate, and supervise. However, their functions were not put into practice sufficiently due to the crisis and lack of legitimacy, and existed more in the form of recommendations. The main difficulty in the implementation of even half-way decisions, which are made at a supra-national level, is connected with limited legitimacy of international controlling organizations, which is dramatically lower than that of national governments and their institutional settings [8, p. 19].

Therefore, global ruling class tries to oppress the role of national governments in the regulation of international relations. However, if there is a need in active regulatory economic actions such global organizations as G-7, G-20, IMF, WB proved to be inefficient. As practice shows, when it comes to getting out of crisis the effectiveness of legitimate national governments and their institutional settings is higher than that of non-legitimate units. This discrepancy is one of the most outspoken forms of a modern institutional conflict in the history of world's society.

Besides the aspect of anonymity/ legitimacy of actions performed by the global elite, institutional conflict is reflected in many other ways. The most crucial for the society are the following: institutional disagreement between supra-national, sub-national, and national interests; growing conflict between institutional setting of global market (which reliability and performance depends on the principles of liberalism and openness) and the organization of economic activities within national economic systems (which according to its main principle is oriented towards economic paternalism and political integrity of states).

Considering that there is no such institutional setting with the help of which it would be possible to regulate life in society, coordination of different areas of human existence is performed using different methods historically elaborated by society. These methods work as a mechanism that provides congruity of functioning institutional settings.

Nowadays communication, which is based on Internet technologies, mediates sufficiently decision-making processes in organization and management at all levels of social system beginning with the life of a separate individual (nanolevel) ending with the life in society in general (global level). Existing social institutional settings are changing under this influence and new

institutional settings are created. Institutional discrepancies in the background of universal "networking" are a dissonant entity of all basic management principles, which are individual and collective.

On the one hand, transnational level of implementing e-Government is developing with the help information and communication Internet technologies. Experts say that the emergence of integrated interactive internet portals, which will represent supra-national governmental and non-governmental organizations, can be expected soon [12]. Thus a new world order is being set up on the basis of IT penetration. The model of global ruling is being set up. This model, however, reflects interests of the most developed countries, international organizations, transnational corporate units, and banks. Therefore there is a centripetal tendency of concentration of power and rights to make decisions concerning future development of society around global elite.

On the other hand, in contrast to centralization there is a tendency of expanding opportunity to make decisions together (as a collective). It is possible due to the existence of social networks. It gives an opportunity to put into practice the principle of collectivism. Specialists state that one of the peculiarities of the abovementioned social entities is the so-called phenomenon of "swarm intelligence", which stipulates the absence of centralized management, independence, and high proactiveness of subunits, "cobweb", non-linear interaction.

Conclusion. Generalizations of results of this research makes it possible to draw the following conclusions.

First of all, society can be represented as a system of institutional settings. Such system is open, dynamic, is constantly developing; emergence and development of discrepancies in such system is a source of its changes. The peak of discrepancies is a global institutional conflict.

Furthermore, the most outspoken forms of a modern period of society's development are such forms of institutional conflict as anonymity/legitimacy of action by the representatives of global elite and national governments; growing conflict between institutional setting of global market (which reliability and performance depends on the principles of liberalism and openness) and the organization of economic activities within national economic systems (which according to its main principle is oriented towards economic paternalism and political integrity of states).

In addition, the peculiarity of institutional discrepancies determines expansion of the Internet technologies. As a result the most outspoken becomes a dissonant unity of basic management principles, which are individual (through implementation of model of global management e-Government) and collective (through the expansion of functions of socially oriented entities, that are characterized as independent and such that high proactiveness of subunits, "cobweb", non-linear interaction while making decisions).

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Дейнека Т. Інституціональний аспект сучасних глобальних суперечностей.

Постановка проблеми. З'ясування природи суперечностей сучасних суспільних відносин, у тому числі економічних, потребує суцільного сприйняття організації життя соціуму як динамічної системи. Сучасна економіка є по суті інституціоналізованою системою господарської діяльності, яка одночасно ідентифікується як підсистема єдиної світової системи суспільства, що, крім економічних (господарських) відносин, передбачає інституційно опосередковані відносини – політичні та соціокультурні.

Метою публікації є теоретико-методологічний та прикладний аналіз світового суспільства як інституціональної системи з визначенням зумовлених глобалізацією суспільного розвитку особливостей прояву соціальних суперечностей.

Результати дослідження. Розглянуто сутність сучасної економіки як інституціоналізованої системи господарської діяльності та підсистеми інституційно опосередкованих відносин світового суспільства. Визначено особливості інституційних суперечностей суспільства, яке глобалізується, зміст глобального інституціонального конфлікту, розуміння міжнародної бюрократії, роль глобального правлячого (управляючого) класу.

Обґрунтовано, що найбільш вираженими для сучасного періоду розвитку світового суспільства є такі форми інституційного конфлікту: анонімності / легітимності дії представників глобальної еліти та національних держав; неузгодженості наднаціональних / субнаціональних / національних інтересів; наростання суперечностей між інститутом глобального ринку та організацією господарства в рамках державного регулювання національних економічних систем.

Висновки. Суспільство може бути представлено системою інститутів, яка є відкритою, динамічною, перебуває у постійному розвитку. Вищою фазою соціальної суперечності є глобальний інституціональний конфлікт. Особливістю інституціональних суперечностей у наш час зумовлюється поширенням інтернет-технологій. У результаті цього більш вираженою стає суперечлива єдність вихідних принципів управління – єдиноосібного та колективного.

Ключові слова: суспільні інститути, суперечності, міжнародна бюрократія, глобальний правлячий (управляючий) клас, глобальний інституціональний конфлікт.