

## **Russia in the Global World: Institutional Barriers and Preferences**

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The main idea of this paper is to estimate the Russia prospects in the global world from the macro-institutional point of view. This presentation seeks to give a theoretically grounded answer to the following questions:

- Why do the numerous institutional borrowings from the so called market-democratic model of the European countries (and the USA) do not take root to the full in Russia?
- Why does the transformation process in the former socialist countries not coincide with the main frame of the development of the West European countries, and why does the transformation of the Russian society has its own peculiar, unforeseen features?
- Speaking globally, why is it easier for Russia to come to an understanding with its neighbors in the East and in the South, rather than in the West, why does this take so little effort – comparative to the case of the West?

### **The institutions and the law**

Before let me make a short remark about the relation between societies' institutional and legal systems, as we see them. This is important as, from the Roman Empire age up to now, a viewpoint is widespread equating institutions and the law.

Modern science has been distinguishing between the two concepts for a long time already. Institutions are increasingly seen as sustainable social relations presented both by formal and informal practices. Institutions are formed naturally. They embed those social relations, which have historically proved their adequacy to the nature of this or that society. Whereas the law is but one of the forms these social relations make their presence in. In other words, institutions are primary social structures, and the law is a form (forms) – reflected in the human consciousness and fixed in legal norms – of the realization of these social structures in particular socialites in a particular period of time. This means that it is impossible to introduce a particular legal norm if it contradicts the institutional structure of the society. The only possible way is to institute the already existing or spontaneously arising order in a manifest, legitimate, i.e. legal form. What are these primary institutional structures? Are they unique for each society, or can we single out several dominant types among them? The theory of institutional matrices developed today is focused especially on these questions.

### **The theory of institutional matrices: main theses**

The theory of institutional matrices singles out two alternative types of primary institutional structures. The distinction between two alternative but mutually complementary types of societies is in line with the general philosophic tradition of dual oppositions dividing the light and the dark, the Yin and the Yang, the woman and the man origin. Thus, there are two types of institutional matrices, which have been called the X-matrix and the Y-matrix. They are at the core of the social order of all countries and determine their qualitative differences.

What is an institutional matrix? Before we proceed, let me make an introductory remark number one. In the theory of institutional matrices, the complex and manifold social life is sketchily reduced to 3 dimensions, three main projections of social life – economy, politics, and ideology.

And a second introductory remark. Each of these projections, each of spheres of social life is regulated by corresponding basic institutions. Unlike other institutions (for instance, organizations, rules, or procedures), basic institutions are historically stable social relations, which constantly reproduce themselves, ensure the survival and the integrity of a society in its particular material and technological conditions. Basic institutions are historic invariants of social life. For instance, exchange (buying and selling) is a basic institution. In the theory under analysis, a distinction is made between

basic institutions and institutional forms in which they are embodied in particular countries and in various historic periods. Basic institutions are stable, whereas institutional forms are mobile, diverse, dynamic. For instance, the institute of exchange can be embodied in the form of a medieval trading deal, or contemporary contract, or transaction in the financial market. These forms are varied; however, their essence remains the same.

After these introductory remarks, we can give a definition of the institutional matrix. An institutional matrix is a sustainable system of basic institutions, which regulates the main spheres of social life: economy, politics, and ideology. The difference between the X-matrix and the Y-matrix lies in the contents of institutions that form them (Picture).

An X-matrix is characterized by the following basic institutions:

- in the economic sphere: redistribution centralized economy institutions (term coined by K. Polanyi's). Redistribution economies are characterized by a situation when the Center regulates the movement of goods and services, as well as the rights for their production and use;
- in the political sphere: institutions of unitary political order;
- in the ideological sphere: institutions of communitarian ideology, the essence of which is expressed by the idea of dominance of collective, public values over individual ones, a priority of We over I.

An X-matrix is characteristic of Russia, most Asian and Latin American countries and some other.

The following basic institutions belong to an Y-matrix:

- in the economic sphere: institutions of market economy;
- in the political sphere: institutions of federative political order;
- in the ideological sphere: institutions of the ideology of subsidiarity which proclaims the dominance of individual values over values of larger communities, the latter bearing a subsidiary, subordinating character to the personality, i.e. a priority of I over We.

An Y-matrix is characteristic of the public order of most countries of Europe and the USA.

### **What is the methodology of institutional matrices useful for?**

It allows to lay out the societal nature of a society, its institutional dominant which is determined by the type of the matrix – either X, or Y. For example, Russia and China are characterized by the dominance of the institutions from the X-matrix, whereas the USA and Western Europe are dominated by the institutions from the Y-matrix. It is impossible to change the societal nature of a society. Indeed, the social revolution that Marx had predicted and that would have brought a change from private to public property never actually happened in the countries of Europe. To take another example: neither in Russia, nor in China, individual values have become dominant in the public consciousness in the course of the current transformations. As certain sociological studies reveal[1], communitarian values still dominate here.

The methodology of institutional matrices allows to single out basic and complementary institutions in the overall institutional structure of a society. Institutions from a different institutional matrix are complementary ones. For instance, institutions of redistribution (centralized) economy are basic for the economies of Russia and China, and institutions of market economy are complementary ones. On the contrary, market institutions are basic in the economies of the US and the countries of Europe, and institutions of centralized economy are complementary ones. Basic institutions determine the unchangeable societal nature of a society whereas complementary institutions build the social structure “up to the whole” and are the necessary supplement and prerequisite of the normal functioning of a society.

### **Institutional Barriers and Preferences for Russia**

If we accept this theoretical hypothesis, the following answers can be given to the questions posed at the beginning of my presentation.

The first question was why do the numerous institutional borrowings from the so called market-democratic model of the European countries (and the USA) do not take root to the full in Russia? Because they are complementary for our institutional structure. Correspondingly, the institutions of redistribution, unitary state, and communitarian ideology set up the framework for our economy, politics, and ideology. Therefore, the forms borrowed from the practice of European countries are

naturally transformed having to adjust to a qualitatively different institutional environment. For instance, the use of tender and competition procedures does not call off the main role of state structures in the process of decision-making on their results.

The second question was why does the transformation process in the countries of Central and East Europe not coincide with the main frame of the development of the West European countries, and why does the transformation of the Russian society has its own peculiar, unforeseen features? The answer is that the European countries have identical institutional matrices. They belong to the Y-matrix, i.e. are characterized by the historic dominance of the market institutions, federative political order, and the individual ideology of subsidiarity. The Post-war Soviet influence did not change the nature of this institutional matrix (this is impossible), it just temporarily swerved these countries from the evolutionary trajectory determined by their institutional matrix. With the weakening of the Soviet influence, the former socialist countries just restore (though not always quite smoothly) the dominance of their home, familiar institutions.

As far as Russia is concerned and unlike the situation in European countries, the transformation of its society implies not only the restoration of the dominance of the Y-matrix institutions. The transformation process in Russia requires a “renovative restoration” of the dominant position of our X-matrix institutions, a designation of reasonable niches for the complementary Y-matrix institutions, and a search for the new, modern institutional forms, which would embed the basic and complementary institutions in the modern age.

Finally, as you remember, the third question was why it is easier for Russia to come to an understanding with its neighbors in the East and in the South, rather than in the West, why does this take so little effort – comparative to the case of the West? The answer (or rather, one of the answers) is also connected with the nature of the institutional matrices of our countries.

Russia, like China and other countries of South-Eastern Asia, is dominated by X-matrix institutions. Therefore, the institutional forms based on these common institutions seem so natural and easy to understand to us. Therefore, despite the great cultural and historic differences, it is easier for our countries, our peoples, and our governments to come to an understanding. And therefore, the close collaboration between Russian and the countries of the East is inevitable, just as inevitable as the close collaboration between the European countries and the USA that share one institutional matrix.

### **Conclusion**

The institutional matrices are mutually complementary, and the difference between them is natural, just like, for instance, the division into males and females. To identify and clearly articulate the qualitative characteristics of the X- and Y-matrices helps find better opportunities for building a transparent, well thought-out basis for the interaction between the countries with difference matrix types.

Similarity or dissimilarity of institutional matrices, on the one hand, form the potential barriers and preferences for the state nations communication. On the other hand, it provokes intensive institutional exchanges between the nations with different types of institutional matrices. The new global order comes about as the result of contribution of these two main institutional economic, political and ideological models. The understanding of the institutional nature of the neighbor would allow to make this collaboration more smooth and take into account each one’s peculiar features.

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[1] Yadov, V. Russia as a Transforming Society (A Resume of the Long-Standing Discussions between Sociologists) [Rossia kak transformiruyuscheesya obschestvo (resyume mnogoletnikh diskussiy sotsiologov) // Society and Economy (Obschestvo i Ekonomika), 1999. no. 10-11.