

The End of the State (or a New Form of Societal Organization)

The article reads ‘the End of the State or a New Form of Societal Organization’, and addressing this topic is logical continuation to my previous articles. The main goal of these articles is to propose a new vision of future for Armenia in light of transformations taking place in the world.

The ‘future’ today arrives faster than yesterday, and tomorrow it will be faster than today. This means that the lives of people change before our very eyes. Changes that have taken place over centuries, and grasping their essence was beyond the ability of a single generation, are obvious today.

Within the framework of postindustrial theories, this article attempts to look into the issues of societal changes that take place today, issues relating to the forms of societal organization in accordance with these changes and, eventually, to see in this context what will happen to one of the most important institutions of society – the state.

Let me dare say that the state will come to an end!

The article can be divided into three parts:

In the first part, we will try to understand the concept of the state, by identifying its main characteristics. The unveiling of such features will allow us to confirm further in this work that the institution of state is incurring fundamental structural transformations, which would lead to its evanescence.

In the second part, we will examine different types of societies by focusing on manifestations of governmental authority.

In the third part, we will have a detailed look at what transformations of the governmental authority in the postindustrial world will inevitably result in extinction of the state, at least in its current manifestations.

What is a state?

The state is one of the ancient institutions of civilization that goes back in its origination to 10000 years to the first farming communities in Mesopotamia. In China, a state with highly-developed bureaucracy has existed over many thousands of years. In Europe, the modern state with a huge standing army, strong tax authorities, centralized bureaucracy exercising supreme authority on a vast territory has a history of four or five centuries, from the times of establishment of the French, Spanish, and Swedish monarchies.¹

Literature does not provide for a single definition of a state. The textbook ‘General Theory of Law and State’ contains the definition of the state as ‘a specific organization of political power of the public, owning a special machinery for enforcement and expressing the will and interest of the dominant class or the whole nation’.²

Let us bring in further definitions of a state:

¹ Fukuyama F. State-Building: Governance and World Order in the 21st Century. Moscow, 2006, p 12.

² General Theory of Law and State: a textbook under editorship of Lazarev V. V. M. 1994, p 23.

‘The state is a specialized and concentrated authority for maintaining order. The state is an institution or group of institutions the main objective of which, *inter alia*, is to keep order. The state is where the specialized organs for keeping order, say the police and court, have separated from other spheres of public life. These institutions are, in essence, the state’.³

‘The state is an independent centralized socio-political organization set to regulate the social relations. It exists in a sophisticated, stratified society located on a certain territory and comprising two main strata – the ones that rule and the ones that are ruled. The relationship between these strata reflects political supremacy of the ones and tax commitments of the others. This relationship becomes legitimate under an ideology of [at least part of] the public that underlies the principle of reciprocity’.⁴

‘The state is a machinery in order for one class to oppress the other class, a machine in order to keep some classes obedient to one class’.⁵

‘The state is a monopoly for exercising legitimate violence’.

Any definition becomes meaningless if we take it out of the context of the problem concerned. In the context of our argumentation, it is very important to understand what are the main characteristics of the state which, in its current understanding, will slowly vanish or be delegated to other institutions as a result.

Of the aforementioned definitions we mark out three main features of a state; without these, we believe, this institution is rendered meaningless:

firstly, a state is an organized form of authority that governs people on a certain territory;

secondly, coercion is the main manifestation of governmental authority; and

thirdly, a state is an institution that shapes an ideology and sets rules of conduct (governance) in the society concerned.

The state is impossible to view in isolation from the society, since it is *per se* the form of societal organization. The mix of tools of authority varies across societies, leading, in turn, to considerable changes in political architecture. Such forces are well highlighted in the book ‘The Metamorphosis of Power’ by Alvin Toffler, an American sociologist and futurologist. As Mr. Toffler writes: ‘In the most barefaced manner, the power is using violence, wealth and knowledge (in their broadest sense) in order to make people act in a certain way’.⁶

What is more, the change in the political and societal architecture (the forms of governmental authority) is inevitable as the base process in the society concerned changes. Under a ‘base process’ we understand a fundamental process around which economic relations in the given public are built. In other words, as an economic formation changes, the forms and methods of governance, too, will change inevitably, and once the economic and political systems come to

³ Gellner E. Nations and Nationalism / trans. from English – Moscow: Progress, p 28.

⁴ Claessen H. J. M. The Encyclopedia of Cultural Anthropology, Vol. 4, 1996, New York. p 1255

⁵ Lenin V. I. Full Set of Works: the 5th edition. Vol. 39, p 75.

⁶ Toffler A. The Metamorphosis of Power, Knowledge, Wealth and Force on the Verge of the 21st Century. Moscow, 2004.

contradict each other, they could in the end launch a serious conflict leading to a revolution or extinction of the society.

Over the period of human existence we get to know, one may mark out at least three renewals of the base process. Each time, the changing of the base process has brought in modification of societal organization.

The expanding of agriculture has destroyed the tribal unions and hunters' communities, and replaced them by dynastic monarchies, feudal empires, and states. The industrial revolution has demolished many of such forms of societal organization. As mass production, mass consumption and mass media grew, a new form of societal organization – the bureaucratic state with mass democracy – emerged in many countries. Presently, we spot problems of governance in countries which are at the decline of development of a postindustrial society, with crises emerging in many vital organisms of the society, with political establishments already incapable to take adequate decisions, and with most democracies being called into question.

The three types of public under a post-industrial theory

Let us have a more detailed look into the types of society in the framework of the theory of a post-industrialism that has been eventually formed at the sunset of the past century. A typological breakdown will provide for: i/ a better demonstration of inevitability of the change in the form of societal organization and governance in line with the change of the base process; ii/ identification of the main powers of authority used by the state as a means of enforcement; and iii/ determination of how the main features of state show up in one or another society.

For typological breakdown, the following main features will be used:

base process – resource – form of organization – manifestation of power – realization of freedom to choose – culturological base of conduct.

The postindustrialist theory breaks the society into three types in a chronological order: an agrarian society (the term 'agrarian' has been slowly replaced by the term 'preindustrial' in line with the adopted methodology); an industrial society; and a postindustrial society (see annex 2).

Toffler labels them as societies of the First wave, Second wave and Third wave.

The preindustrial world

The power grows up from a rifle's barrel.
Mao Zedong

The main feature of a pre-industrialist society is considered to cover an organization of economy whereby the basic terms of the society are directly involved in taking consumption goods, basically food, the mechanisms of exchange are undeveloped, and processes of urbanization are immature. Natural materials and capacity to use sources of renewable energy are the mainstay of this society. Here, the most intensively used source is manual labor. Capital is not considered an essential part in the creation of added value.

Social relations may be described as communal, based to a large extent on kinship, personal relationship and informal affiliations, which rule out the need for formal governance and

regulation of public relations. A person's freedom to choose is missing completely as the most people lack the possibility for decision-making in respect of personal future.

As Daniel Bell puts it, 'life in a preindustrial world which until now is the main case with the most of people in the world represents chiefly an interaction with the nature'.⁷

In a pre-industrial society, as a rule violence is the source of authority. In order to make the worker labor more effectively, the feudal of the past world would use a lash or other instruments of violence. Wars and conquering the nearby lands were the main source of wealth. Of the triad proposed by Toffler, violence as an attribute of dominance in the pre-industrial era comes in at the top, with wealth and knowledge following thereafter.

Communities as well as earlier forms of an autocratic state come in as the form of organization of a pre-industrial society.

The industrial world

Money talks.
Unknown author

An industrial society differs with the use of produced energy and capital as the main sources while the processing by use of capital-intensive technologies comes as the typical attribute to the production activity. The main peculiarity of an industrial society lies in that the producer is separate from the consumer and that the growth of mass production and consumption is unrestrained. The revolution in productivity occurred at this point of time transformed the proletariat into a middle class. Capital is becoming one of essential conditions for creation of added value, since the technologies of the industrial society require enormous investments. Integration and competition come next to the growth of mass production and consumption, with the resultant strengthening of bureaucratic, hierarchic and multi-structured governmental machinery.

In an industrial society, informal norms and values are replaced by formal mutual relations, the basics of which is a formal agreement – the contract, the functioning of which is fostered by laws.

The main source of authority at the stage of industrial development is wealth. Increased well-being, access to maximal consumption keep members of an industrial society manageable, and the rewarding, other than browbeating, will ensure the sustainability of power. In an industrial world, personal liberty is counter-balanced with property, for when an individual holds a property his/her decision-making will be more balanced and prudent. And the freedom to choose will be realizable through increased wealth (income, profit, capital gains) that broadens the disposition to choose. So, this is the motivation that serves as the main driver of development of the industrial society.

The postindustrial world

Knowledge is power.
Francis Bacon

⁷ Bell D. The Cultural Contradictions of Capitalism: 1961, p 198.

Daniel Bell, the founder of the post-industrial theory, was the first to give the definition of a postindustrial society. He writes: 'A postindustrial world is the society the economy of which prioritizes the generation of services over the material production of goods, which encourages research, an education system and increased standards of life; in which the class of technicians has become the main group of professionals and, most importantly, in which innovations are increasingly dependant on achievements of theoretical knowledge... A post-industrial society suggests an emergence of a new class, the representatives of which will appear as consultants, experts or technocrats on a political level'.⁸

In a postindustrial society, the base process changes considerably as the production of material goods steps down while the knowledge creation takes the leading position.

The question posed by thinkers today is whether people will pursue more and more consumption of material goods as before, and whether an unrestrained growth of consumption will always meet the interests of civilization.

In the post-industrial world there is already evidence that insatiable want to possess more material goods is beginning to subside.⁹

Self-organization is becoming the main feature of the postindustrial society. An individual-personality is appearing to serve a key part in the processes that take place worldwide. Global transformations, development of technologies which allow an unlimited access to information resources noticeably accelerate the process of self-knowledge, self-affirmation, and give each of us freedom to choose.

In the postindustrial society, humans become free in choice. Writes Isaiah Berlin, 'The positive meaning of the word 'freedom' derives from an aspiration of a man to be his own master... First of all I would like to recognize myself as being a thinker, proactively pressing toward and taking responsibility for my choice and able to explain it based on my ideas and goals'.¹⁰

In a society where an intellect is mainstay, the freedom is balanced against the set of rules, that are technologically built-into the new public (network) space, and the ones who fail to comply with these rules are removed automatically.

Moreover, the knowledge is becoming the main source of power. There is an increasingly dynamic manifestation of '... the role of data, information and knowledge all over the economy. These determine a revolutionary new system of creation of abundance. When fragments of this system combine with each other these hamstring the authoritative structures designed to support the system of creation of abundance in the industrial age'.¹¹

Let us sum up the aforementioned, by using the famous formulae by Daniel Bell:

⁸ Bell D. Notes on the Post-Industrial Society, // The Public Interest, 1967, No. 7, p 102.

⁹ Sakaiya T. The Knowledge-Value Revolution, or a History of the Future, N.Y., Kodansha America Ltd., 1991

¹⁰ Berlin I. Two Concepts of Liberty // Four Essays in Liberty, N.Y., 1969, p 122.

¹¹ Toffler A. The Metamorphosis of Power, Knowledge, Wealth and Force on the Verge of the 21st Century, Moscow, 2004.

A pre-industrial world involves a man's interaction with the nature in which people are dependant straightforward on habitat, they live and work under the rule of the local tyrant, shaman, leader, and etc., who make decisions compulsory to all.

An industrial world involves a man's interaction with the transformed nature (an artificial environment) in which consumption of goods produced by minimal participation of man, is the main purpose. In the meantime the bureaucratic state, with mass democracy as its pinnacle, serves a dominant model in the organization of such a state.

A post-industrial world involves a man's interaction with other men; here, people learn to live side by side, and the information becomes the main resource. We are curious what will happen to the state after the formation of a postindustrial society (which is yet to be labeled) is accomplished, and what processes indicating the inevitability of extinction of the state we are watching today.

The end of the state

If we agree with the statement that the change of society will go hand in hand with the form of societal organization, one may affirm that the finalization of formation of a post-industrial society will result in extinction of a bureaucratic state on the whole.

What are the processes that may serve an evidence for such statement?

First of all, that is the sophistication of human activities and relationships. The state as we come to understand it is an institution of political authority. In a sophisticated world, the political authority, in turn, is losing its ability of decision-making in more and more aspects of human activity.

Moreover, changes are getting faster, and this often makes the decisions taken by a bureaucratic machinery of state meaningless before these would enter into force, thus demonstrating a weakness to align with the pace of technological development.

Securities market regulation commissions, central banks, antimonopoly commissions, public utilities regulation commissions, and etc. are vivid examples of quasi-state governmental establishments of a postindustrial type. Such establishments neither blend with old perceptions of authority and, which is principally important, nor come as part of that authority, but hold authoritative functions of operative regulation, operative intervention and conflict resolution. So, we are coming across with contradiction in our perception of the form and content of power in its traditional interpretation. Meantime, the isolation of the establishments that regulate financial markets is determined by the following preconditions:

- the inability of political authorities for professional decision-making in highly specialized fields;
- the need to have capacity for effective decision-making in order to meet fast-changing landscape in financial markets;
- the requirement that they be independent from political cycles because, in financial markets, the sensitivity to political changes is very high and any such dependence may lead to uncontrollable and crisis-disposed situations that deform the normal flow of financial resources;
- the trust of market participants in decision-making professionals;
- new transparency and corporate standards the implementation of which, sometimes, is impossible in view of the structure of a bureaucratic machinery.

The state's industrial setup has been first challenged upon the formation of establishments with quasi-judicial, quasi-legislative and quasi-executive functions.

The second aspect, increasingly averse to resist the destruction of a bureaucratic state, is, of course, globalization.

We live amid globalization 'which levels out the global playing field. Whereas countries were the driver of Globalization 1.0, companies were the driver of Globalization 2.0, the potential for global cooperation and competition, now accessible to everyone, is the driver of Globalization 3.0'.¹² This brand new period of globalization opens up quite unique opportunities for people with adequate intellectual potential, because to such people, any boundaries could be removed. A geographical territory is losing its meaning. 'In all corners of an industrial world we hear politicians complaining about the loss of 'a national idea', the destruction of national unity and a sudden, worrying growth of splinter groups'.¹³

With globalization mounting, the rules teaching us to live globally other than nationally are increasingly becoming meaningful.

Products, services, forms and methods of governance should comply with standards elaborated by global and supranational institutions rather than on a national level. Simple examples include regulation of aviation, quality standards for goods and services. Another example is that in order to enter into a global financial network on a partner's footing you need to be certified by a well-renowned auditing firm or rated by a renowned rating agency. Such an assessment is a necessity for any type of organization if it aspires to participate in the world labor division and/or attract major investment from global markets.

Such manifestations of globalization force the preindustrial-age institutions to play by the rules of a post-industrial world, and this triggers a conflict.

A similar example from our practice is the introduction of international standards of financial accountability, which are set by a nongovernmental organization. The state bureaucratic machinery, having admitted the necessity of introducing such standards, adopted them in late 90s. Since then, international standards have been modified considerably, and local state officials failed to keep pace therewith, which created problems for businesses that were following these standards. Companies were forced to follow two types of standards – international ones for international operations, and national ones for domestic operations. At the end of the day increasing transaction costs often gave rise to conflicting situations.

Thus, we can trace an evidence of how the institutions of authority 'wash out' as new forms of public governance come to replace the bureaucratic patterns, and the authority of political bodies passes over to new supranational, supra-governmental institutions (UN, NATO, other global establishments), to local governments, self-regulating entities which often operate concurrently with the state's bureaucratic machinery.

Corporations, supra-governmental associations and unions, non-government organizations and associations that bring together people of similar professional or economic and intellectual background, are beginning to take stronger positions.

¹² Friedman T. The World is Flat, Moscow, 2006, p 16.

¹³ Toffler A. The Third Wave, Moscow, 2002, p 664.

The third argument speaking against the effectiveness of authoritative establishments of a state is the network form of organizations.

Development of information technologies and global computer networks open up new, incredible ways and fantastic opportunities for information exchange and establishment of communities with exceptional features.

Symbolically focusing on such processes in the world, John P. Barlow proclaims in his *Declaration*: 'The Governments of the Industrial World – those tired giants made of flesh and steel; whereas my homeland is Cyberspace, the new home to Consciousness. On behalf of the future I have a request to you, with everything of yours remaining in the past – leave us alone. You are not wanted here <..> I declare that the global public space we are building is independent by nature from tyrannies which you rush to impose on us. You do not have a moral right to rule over us nor have the right to use enforcement which would really scare us <..> You do not know our culture, our etiquette and unwritten laws that caters our society with a great order in comparison with what could be achieved through punishment and taboos of yours <..> Our world is everywhere and nowhere at the same time but definitely not where our bodies live. We create a world where everyone can step in without privileges and discrimination, whether he is of another color, of another economic or military might and birth of place. We create a world where whoever and wherever can deliver his own opinion, whatever extravagant they are, without scare that he will be silenced or forced to agree with what most believe is true. Your rightful concepts of property, expression, individuality, movement, and context are not for us. They are based on the matter – the matter is missing here <..> Our way of governance will arise out of the etiquette, educated egoism and common good <..> Everything in our world which a human intellect is able to create, may be reproduced and propagated infinitely and free of charge <..> In the Cyberspace we will create the civilization of Consciousness'.¹⁴

On the other hand, growth of information networks has enabled such communications capacities which call the election-reliant democracy into question. The Internet makes it possible for everyone to take part (vote) in public discussion and decision-making of any caliber in any community, raising a question whether people need to be elected into national assemblies, congresses, and etc.

Some countries are attempting to apply such technologies in to political decision-making.

As Alvin Toffler mentions in his book 'The Third Wave': (p. 676) 'Just recently I had the pleasure to announce a historical event – about the first ever electronic town-hall via a cable television 'Cube' in Columbus, Ohio. In this televised dialog, the inhabitants of a small suburb used electronic means to take on-line part in the political gathering of a local planning commission. By pressing the button in their rooms they were able to vote for propositions related to issues like local zoning, codes in apartment blocks, construction of a highway. Not only could they say 'yes' or 'no' but also participate in the discussion and have their voice on air'.

A network as we understand it is a set of interconnected vertices of extraterritorial coexistence enabling to meet needs through self-realization. Any vertex of a network is filled according to the character of the given networked structure. Such networks include securities markets and their auxiliaries when we talk of global financial flows; councils of ministers in European countries when we talk of networked political governance system of the EC; the WTO, the UN, chambers of commerce, anti-globalist organizations, etc.

¹⁴ Barlow J. Network Society // Declaration of Independence of the Cyberspace, Moscow, 2004, p 349.

“Accession to or exclusion from networked structures together with an IT-supported configuration of relationships between networks determine the dominant processes and functions in societies”.¹⁵

In a global world, the financial sector was the first prototype of a global network in which all entities talk one language, the territorial and national attributes are not significant for carrying out operations and using the services of the network. Chinese, Armenian, American banks nicely coexist, and the new philosophy is clear to them.

The new Basle Accord on capital adequacy is a good example. Where banking institutions achieve a certain level of risk management, they will then set their prudential norms within the framework of the aforementioned accord.

Friedman’s ‘The world has become flat’ is that in the near future the networks will become the main form of public organization, according to Fukuyama, while the power will belong to people of knowledge, as Toffler estimates.

The fast-changing world is only home to those who will survive, or rather, win the day and create conditions of coexistence (self-organization) which would enable people to think freely and get rid of stereotypes.

From violence to self-organization

Thus, transformations that take place today cast a doubt over the fundamentals of statehood.

First of all, the state is increasingly shedding a great number of functions and will not mind handing them over to other public structures and associations. The way the state organization as a legitimate force demonstrates itself is slowly losing its decisive role to the new forms of self-organization of functioning of the society.

A new paradigm of ‘from violence to self-organization’ is clearly emerging. This is first and foremost displayed in the professional fields of activity. The state gets rid of national standards on purpose in favor of those of international and local non-governmental rules and policies, and delegates the function of control over compliance to professionals.

We are witnessing processes of self-regulation of extra-governmental international communities voluntarily adopting ever-changing standards for activities and cooperation. They design uniform lingos for cooperation, lay down rules and policies that encourage mutual trust, and interchange, and rub away both territorial, legislative and cultural frontiers of coexistence. A number of non-governmental organizations have started setting up accounting standards, statistical compilation standards, food quality and consumption standards, as well as education, healthcare and tourism standards. One may hardly find an area without the conscious need for uniform rules providing for safeguards, identification, trust, comfort, and etc. It is worth to mention that such standards are chiefly set by non-governmental structures yet many governments admit these and adhere thereto.

The higher the intellectual potential of people, the broader their tendency to self-organization, the more of its functions will be delegated by the government to other communities. Quite true is also

¹⁵ Castells M. The Rise of the Network Society. Malden(Ma)-Oxford, Blackwell Publishers, 1996.

the argument that the more responsibility and competence the government delegates to the society, the more is realized its ability to self-organization.

An excessive concentration of authoritative power is just as dangerous as the handover of authority to an unprepared and irresponsible crowd. The art of government administration lies in accurate steering [and attending upon] these processes for a desired direction. Having the objective of increasing the potential for self-organization, encouraging diversity, building new forms of relationships, advocating tolerance, and understanding mutual interests, the state has to maintain a delicate equilibrium.

This process suggests **three directions of deconstruction of authoritative power**, in the framework of a bureaucratic state.

First direction – upward! The bureaucratic state hands part of its competence over to supra-governmental (not imperial) communities. Certain authoritative functions are delegated to global supra-national entities. These are functions such as ensuring security, macroeconomic stability, etc (NATO, the European Parliament, the European Central Bank, the WTO, and etc.).

The political authority holds those tools of administration which enable to realize their own, distinct ideologies. In the world of ours we can see the frameworks of political power become fuzzy. In developed European countries, for example, we can see the ‘rights’ coming together with the ‘lefts’ in order to form a cabinet. This means that parties in developed countries are just an instrument for formation of power.

In a post-industrialist world the space of political ideology is supposed to subsequently narrow down, yielding to the professionally grounded judgment. In a post-industrialist world political debates should be invited around the world order first and around domestic arrangements thereafter. In other words, political debates should move from the field of formation of power to the field of philosophical judgment on the trend of the world development (the formation of new ontologies) which, in turn, means building up a new network.

Second direction – downward! The bureaucratic state hands part of its powers over to communities in the form of territorial units, enabling them to independently determine rules of co-existence in the community. Under a state, people join into various unions in order to pursue self-determination and independent governance and self-organization. In the context of a deconstructing bureaucratic state, the obtaining of the right to self-determination by minor nations and peoples is inevitable.

In a post-industrial world, the importance of human factor is becoming critical. Obviously, a thinking person will settle in where he believes he would feel most comfortable. The sharp rise in mobility makes it possible to abandon quickly where life standards are such a man is not happy with. This behavior, when taking mass character, will be leaving local governments with the powers of decision-making in respect of the development of territory. Decisions in respect of the rules and policies on co-existing and co-habiting will be taken on an individual-community level, and such decisions will to a greater extent be of culturological/social nature. In other words, there could emerge such socio-cultural communities which would independently regulate their conduct and conditions of life. Interference of the bureaucratic machinery in regulating relationship within an individual community will render meaningless, while excessive attempts for outward regulation – dangerous.

In a postindustrial society the bureaucratic machinery has nothing to do with formation of national ideology but the job is done by the network that covers people charged with national identity. As a result of such transformations, the concept of a nation state system will boil down to the model of culturological commonality in the 21-st century.

In the context of this hypothesis, issues relating to a nation's right to self-determination and territorial integrity of the state are being transformed into a different dimension. The territorial integrity of the state as such will lose its narrow political sense and will, to a larger extent, take a notion of creation of conditions conducive for peoples' co-existing and co-habiting in harmony in a given geographic territory.

As powers are being handed over to networked professionals that have no national flavor, the territorial organization of the community will transform into a culturological, social phenomenon.

The choice of the place of residence, especially in view of increased mobility of people, will consider aspects such as religion, culture, geography, language, perception of justice and freedom, traditions, perception of the future, and so on.

For example, the identification with the EU or the ambition to be a postindustrial European country creates a serious ground both in Armenia and Azerbaijan, or Turkey, to begin a dialogue just in the culturological arena.

While Turkey's aspiration to be a member of the European Union has already put forward an agenda of co-existence and, in a sense, confrontation of different cultures from an industrial philosophic point of view.

It is clear that resolution of these problems is only possible in the context of a postindustrial world.

Third direction – frontward! The bureaucratic state hands the main part of regulatory and control functions in the socio-economic area over to quasi-governmental entities in charge of regulation and oversight and self-regulating professionals within the state. As mentioned above, such institutions may include central banks, securities market regulatory commissions, agencies for financial intelligence, anti-monopoly regulatory commissions, public utilities regulatory commissions, professional associations and unions, and so on.

Even such functions as tax collection or law and order are being handed over to private organizations (e.g. prisons get privatized) while court decisions are being taken by community-wide trusted public judges other than government officials.

In many countries, an interesting institution has been added to judicial authorities which, as our argumentation goes, is not considered an element of state judicial system; that is Financial Ombudsman. The ombudsman makes mandatory decisions in relation to professional financial market participants. Moreover, the decisions of financial ombudsman cannot be appealed by banks, insurance companies, and other financial market participants at state economic (arbitration) courts.

The emergence of such an institution has been based on the need for quick and effective decision-making which, in turn, requires high professionalism and trust. Financial ombudsman is not a government entity, and is funded by market participants who undertake to appoint an ombudsman and comply with the decisions it makes. This is another evidence outlining the future model of self-regulation of networked relationship.

The process has another aspect, i.e. realization of joint projects between the government and private sector on the basis of a public and private partnership (PPP). The practice shows that the

most effective development projects are being realized when there is a partnership between the government and the private sector.

Such partnership suggests an understanding that traditional governmental functions of infrastructure development projects and provision of services to the public be handed over to the private sector. The PPP-based implementation fosters the downsizing of the role of government in favor of the private sector, and encourages competitive price formation.

Projects on construction and commissioning of roads, bridges, airports, water supply systems, schools, and so on, which have traditionally been governmental functions, are becoming a business of the private sector.

Unlike the traditional scheme, whereby a state takes part in all links of a 'projecting – financing – building – commissioning' chain, under the PPP model, the government will only be a customer while the private sector will undertake realizing the whole chain, taking responsibility for quality and other project-specific criteria.

One may affirm that the new economic aspects of cooperation in post-industrialist societies will be built on the basis of networked structures of capital, management and information. This, in turn, will lead to the metamorphosis of power. Similar metamorphoses of power will little by little occur in various areas and fields in worldwide, regionally and locally.

As information technologies develop, the network-based public organization will break away the space and time frontiers that would considerably accelerate the processes of societal development and remove territorial restrictions.

A post-industrial society is different in that legitimating the authority is reliant exactly on cultural values rather than principles of compulsion. That is to say, people will be willing to follow a conduct of obedience to public decisions. Such being the case, the moral order comes as the cornerstone for more or less steadfast preservation of a public system. No elite will be able to keep up with strengths of ruling unless it complies with established cultural norms or unless it proposes its own, provided that these would be admitted by the majority. Thus, there emerges an absolutely social environment of human cooperation.

Summary

Here are the main conclusions:

1. In a post-industrial society, the base process involves creation of knowledge in a creative atmosphere.
2. The development and spread of the base process, which is typical to a post-industrial society, will trigger a conflict with the old form of societal organization under a bureaucratic government.
3. As a result of transformation of power, functions of enforcement will slowly turn into new, networked systems of governance in the following directions: upward to the global level; downward to the communal level; and frontward to the professional level.
4. The network structures will little by little grasp increasingly new spheres and aspects of human life.
5. The network structures will independently establish intra-network rules of conduct (ethics, morals).
6. Territories will slowly lose their importance as frontiers for expansion of authority.
7. Competition and dialogue will move from a territorial scale to a networked environment.

8. The mix of preindustrial, industrial and postindustrial realities will be changing quickly. The more developed form of public organization that will set up rules for co-existence of different realities will take the lead.

As a sum-up, I will dare say that:

the state as we perceive it today is nearing an end. New forms of networked structures of public organization are coming to replace it. This assumes free assembly of people based on the principle of self-organization in the given network where human intellect is mature enough to perceive the power not as a form of coercion but a voluntary undertaking of obligations and responsibilities that would help individuals reach their fullest self-realization.

An effective state of an industrial society today is the one that creates conditions and atmosphere for the development of a network society thus ensuring a passage to the postindustrial world.

The Armenian World

In a postindustrial world, in accord with the new philosophy and ontology, we should first conceptualize our competitive advantages in networked forms of self-organization. We have an opportunity to pull through the periphery of history and create a new networked civilization – the Armenian World. From the perspective of the above described methodology and hypothesis, we can conceptualize Armenians as a network.

History testifies that after the loss of statehood, the Armenian people demonstrated an alternative form of self-organization that helped this nation to survive. The church came in to take on that function of self-regulation. As such, the methods and the form of organization the church used were complying with the network logic.

The governmental form of organization in an industrial society was a necessity for the sake of self-regulation in the world, effective co-existence with other nations (equal among equals) amid competition and development of the industrial world.

Now, when the global transformations are obvious, we have to reconsider our approaches to the institution of state, gradually wading through the way to a post-industrial world.

What we have to do is:

- create a global network that will combine all vertices of Armenians together and permeating all values the Armenian people have preserved over centuries into that network;
- setting up a new, innovatory education system that will be a locomotive to all postindustrial areas of creation of value; a modern education system cannot be outside of the network logic;
- establishing a new effective framework for public governance based on the principles of a post-industrial understanding of liberty and self-realization.

We can win if we master such a breakthrough. To win means to build a postindustrial society of the future. In the meantime, we endeavor to move from a preindustrial world to a postindustrial world.

It is not for nothing that the Armenians are considered one of the most unhappy nations on the planet. Yet this unhappiness, the constant search for the new is what may give us a chance to make a revolution.¹⁶

In conclusion, I would underline how radical and definitely pretentious is the proposed scenario of transformation of institutions of public governance. This work is called to provoke a public dialogue, challenge the traditional taboos and create an atmosphere of a free dialogue, exchange of opinion on any extraordinary issue in the face of ossified conservative view of the world order. I am hopeful that the intention is clear and it would invite bold and sound dialogue in our society.

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Yerevan, 2008

annex 1

Key attributes of individual networks

- A certain level of intellectual background for participants.
- Each network establishes cultural standards (rules of conduct, ethics, moral) at its own.
- Network participants establish regulatory standards at their own.
- Ability of participants to exercise control over other participants.
- An equal access to information databases.
- A free movement and mobility within the network.
- Collective decision-making in respect of network re-alignment.
- The exclusion from the network as an extreme penalty.
- Sanctions enforceable to network participants by an authoritative body within the network; as such, the network determines the authoritative bodies at its own.
- All walks of human life shall correlate more or less with certain local, regional or global networks.
- A human being will live and work in the same time in several networks.

¹⁶ T. Sargsyan 'How to Make a Revolution Happen', www.cba.am

Typology of societies as per key attributes

attributes type of society	Base process	Resource	Governance structure	Demonstration of power (in prioritized order)	Realization of freedom	Basis of conduct
Preindustrial	Extraction of products	Natural resources and human labor	Vertical	Violence Wealth Knowledge	Tendency to revolt, rebellion	Fight for survival
Industrial	Production of goods	Produced energy, capital, machine-supported labor	Pyramidal	Wealth Violence Knowledge	Tendency to enrichment	Consumption
Postindustrial	Creation of knowledge	Information Intellect	Networked	Knowledge Wealth Violence	Tendency to accumulation of knowledge	Self-realization