

The End of the State or A New Form of Societal Organization

As the title suggests, this essay continues the discussion begun in my previous articles setting forth a new vision of Armenia's future in light of the transformations taking place in the world at large.

Today the future arrives faster than it did yesterday, and tomorrow it will arrive faster than it does today. This means people's lives are changing before our very eyes. In the past, societal changes took place over centuries, and it was beyond the ability of a single generation to grasp their essential meaning. Today, for us, the meaning of the changes we see taking place so rapidly is more obvious.

In light of the current theories of post-industrial society, this article attempts to delve into certain issues of the societal changes taking place today – how forms of social organization are being influenced by these changes, and what will happen to one of the most important social institutions, the state.

I will dare to suggest that the state as we have known it is coming to an end.

The article is divided into three parts:

In the first part, we will try to understand the concept of the state, by identifying its main characteristics. Unveiling these characteristics will allow us to confirm later on in this essay that the institution of state is undergoing fundamental structural transformations which will lead to its eclipse.

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 transformations of the governmental authority in the post-industrial world which 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, going back in its origins many millennia to the first farming communities in Mesopotamia. In China, a state with highly-developed bureaucracy has existed for more than two thousand years. In Europe, the modern state with a huge standing army, strong tax authorities, centralized bureaucracy exercising supreme authority over a vast territory has a history of four or five hundred years, from the time of establishment of the French, Spanish, and Swedish monarchies.¹

Social theory does not provide a single definition of a state. The textbook *General Theory of Law and State* defines the state as “a specific organization of public political power, possessing a special machinery for enforcing and expressing the will and interest of the dominant class or the whole nation.”²

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 Lazariev V. V. M.* 1994, p 23.

Let us cite more definitions of the state:

“The state is a specialized, 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, for example, the police and the courts, have been 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 up to regulate social relations. It exists in a sophisticated, stratified society which is located on a certain territory and which is comprised of two main strata – those who rule and those who are ruled. The relationship between these strata reflects the political supremacy of those who rule and obligation of those who are ruled to pay taxes. This relationship becomes legitimate under an ideology held by [at least part of] the public that provides a foundation for a principle of reciprocity.”⁴

“The state is a mechanism for one class to oppress other classes, a mechanism to keep some classes obedient to a one particular class.”⁵

“The state is a monopoly for exercising legitimate violence.”

Any such definition of the state becomes meaningless if we take it out of the context being dealt with. In the context of our argument here, it is very important to understand the main characteristics of the state which, as currently understood, will slowly vanish or be delegated to other institutions.

From the definitions cited above we can distinguish three main features of a state without which, we believe, this institution is rendered meaningless:

First, a state is an organized form of authority that governs people on a certain territory.

Second, coercion is the main manifestation of governmental authority.

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

It is impossible to view the state in isolation from its society, since it is *per se* a form of societal organization. The mix of tools for wielding authority varies across societies, which leads, in turn, to considerable variations 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 means using violence, wealth and knowledge (in their broadest sense) in order to make people act in a certain way.”⁶

Change in the political and societal architecture (the forms of governmental authority) is inevitable as the base process in the society changes. By the term “base process” we understand a fundamental process around which economic relations in the given society are structured. In other words, as an economic structure changes, the forms and methods of governance too will change inevitably. When the economic and political systems come to contradict each other, this could ultimately give rise to serious conflicts leading to a revolution, or even the extinction of the society.

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. Complete Works: Fifth Edition. Vol. 39, p 75.

⁶ Toffler A. Powershift: Knowledge, Wealth and Violence at the Edge of the 21st Century. Russian translation, Moscow, 2004.

Over the period of human existence of which we have knowledge, one may distinguish at least three basic changes in the base process. Each time, the change of the base process has brought on a modification of the societal organization.

The expansion of agriculture destroyed the tribal hunter-gatherer communities, and replaced them by dynastic monarchies, feudal empires, and states. The industrial revolution in turn demolished many of these forms of societal organization. As mass production, mass consumption and mass media grew, a new form of societal organization emerged in many countries – the bureaucratic state with mass democracy.

At present we can discern problems of governance arising in countries which are at the point where post-industrial society is in decline, with crises emerging in many crucial areas of the society, with political establishments that are already incapable of taking adequate decisions, and with democracy itself being called into question.

Three Types of Public in the Theory of a Post-Industrial Society

Let us take a more detailed look into the types of society that are distinguished within the framework of the theory of post-industrialism that was devised in the last years of the past century. A typology will provide:

- 1) A clearer demonstration of the inevitability of change in the forms of social organization and governance in keeping with the change of the base process.
- 2) A way of identifying the main forms of power and authority used by the state to enforce social order.
- 3) A way to determine the main features of the state as they are manifested in various societies.

We will use the following main features to construct the typology:

*base process – resources – forms of organization – manifestations of power –
realizations of freedom of choice – cultural basis of conduct*

The post-industrialist theory classified societies into three types, following each other in a chronological order: agrarian society (the term “agrarian” has been slowly replaced by the term “preindustrial” in line with the adopted methodology); industrial society; and post-industrial society (see appendix 2).

Toffler labels these as societies of the First Wave, Second Wave, and Third Wave.

The Pre-Industrial World

Political power grows from the barrel of a gun - Mao Zedong

Pre-industrial society is defined as an organization of the economy in which goods for consumption, principally food and handicraft products, are directly appropriated through the use of political power, in which the mechanism of the commercial exchange of goods are undeveloped, and in which the processes of urbanization are immature. The society is based on natural materials and the use of renewable energy. Manual labor is intensively used, and capital does not play an essential part in creating added value.

Social relations in a pre-industrial society may be described as communal, and are based to a large extent on kinship, direct personal relationships, and informal affiliations, which rule out the need for formal governance and regulation of the public sphere. A person’s freedom to choose is missing completely, as the most people lack the possibility for decision-making in respect to their personal future.

As Daniel Bell puts it, “Life in a pre-industrial world, which up to now has been the situation of most people in the world, is chiefly an interaction with nature.”⁷

In a pre-industrial society, as a rule the source of authority is violence. The feudal overlord employed instruments of violence to force the laborers to work more. War and conquest of neighboring territories were the main source of wealth. In Toffler’s triad of the attributes of dominance, in the pre-industrial area violence occupies the top position, followed by wealth and knowledge.

Local communities and the earlier forms of the autocratic state are the characteristic forms of organization of a pre-industrial society.

The Industrial World

Money talks. - Anonymous

An industrial society is different. Productive activity is based on artificially produced energy and on capital, and production typically involves capital-intensive technologies.

The main characteristic of an industrial society is that the producer is separated from the consumer, and the growth of mass production and consumption is unrestrained.

A revolution in productivity has occurred that is transforming the proletariat into a middle class. Capital becomes one of essential conditions for creation of added value, since the technologies of the industrial society require enormous investments. Integration and competition come next after 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 basis of which is a formal agreement – the contract, which functions within a framework of laws.

The main source of authority at the stage of industrial development is wealth. Increased well-being, and access to expanded opportunities for consumption keep the members of an industrial society tractable. Power is sustained by buying people off, rather than by beating them down.

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. Freedom to choose will be realizable through increased wealth (income, profit, capital gains) that broadens the range of choice. So this desire for increased wealth is the motivation that serves as the main driver of development of the industrial society.

The Post-Industrial World

Knowledge is power.- Francis Bacon

Daniel Bell, the founder of the theory of post-industrial society, was the first to give the definition of a post-industrial society. He writes: “A post-industrial world is a 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 living; in which the class of technicians

⁷ Bell, Daniel, *The Cultural Contradictions of Capitalism*, 1961, p 198.

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 post-industrial society, the base process changes considerably as the production of material goods recedes in importance, while the creation of knowledge takes the leading position.

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

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

Self-organization is becoming the main feature of the post-industrial society. An individual-personality is appearing to serve a key role in the processes taking place worldwide. Global transformations, including the development of technologies which allow an unlimited access to information resources, have noticeably accelerated the process of achieving self-knowledge and self-affirmation, and are giving each of us the freedom to choose.

In the post-industrial society, humans become free to choose. Isaiah Berlin writes: “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 intellect is the mainstay, freedom is balanced against the set of rules that are technologically built into the new public (network) space, and those who fail to comply with these rules are automatically removed.

Moreover, 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 creating abundance. When the pieces of this system combine with each other, they hamstring the authority structures which were designed to support the system of wealth creation in the industrial age.”¹¹

Let us sum up these ideas with the famous formulas of Daniel Bell:

A pre-industrial world involves human interaction with nature in which people are dependent directly on their habitat, where they live and work under the rule of the local tyrant, shaman, tribal chieftain who makes decisions compulsory for all.

An industrial world involves human interaction with transformed nature (an artificial environment) in which consumption of man-made goods is the main purpose. At the same time, the bureaucratic state, with mass democracy as its highest form, serves as the dominant model in the organization of the state.

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 post-industrial world involves human interaction with other humans. Here people learn to live side by side, and information becomes the main resource.

We are curious about what will happen to the state after post-industrial society is fully formed, and we are on the lookout for processes that point to the inevitable demise of the state as we know it today.

The End of the State

If we agree with the premise social change goes hand in hand with changes in the form of societal organization, we can affirm that when the process of forming a post-industrial society is complete, it will result in the extinction of the bureaucratic state as a whole.

What are the processes that serve as evidence for such a statement?

First of all, there is the increasing sophistication of human activities and relationships. The state as we understand it is an institution of political authority. In a more sophisticated world, political authority loses its ability to make decisions in more and more aspects of human activity.

Moreover, change is accelerating, and this often renders the decisions taken by a bureaucratic state machinery meaningless before they even take effect, thus demonstrating a the state's inadequacy in keeping pace with technological development.

Securities market regulatory commissions, central banks, anti-monopoly commissions, public utilities regulatory commissions, and so on, are vivid examples of quasi-state governmental institutions of a post-industrial type. Such institutions do not fit with old models of authority and, most important, do not come as part of that authority, even though they do hold authority to regulate and intervene in the operations of markets, and resolve conflicts. Here then we encounter a contradiction in our perceptions of the form and content of power in its traditional interpretation.

The special nature of the establishments that regulate financial markets is determined by the following preconditions:

- the inability of political authorities to undertake professional decision-making in highly specialized fields;
- the need to have capacity for effective decision-making in order to deal with a fast-changing landscape in financial markets;
- the requirement that regulatory agencies be independent from political cycles because, in financial markets, the sensitivity to political change is very high, and any such dependence may lead to uncontrollable and crisis-prone situations that distort the normal flow of financial resources;
- the trust of market participants in decision-making professionals;
- the new need for transparency in corporate standards, which sometimes is impossible to implement within the structure of a bureaucratic machinery.

The structure of the industrial era state has been given its first challenge by the formation of such regulatory institutions with quasi-judicial, quasi-legislative, and quasi-executive functions.

The second aspect, increasingly inimical to the old-style 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 new period of globalization opens up unique opportunities for people with the necessary intellectual potential, because all boundaries can be removed for such people. Geographically defined territories are losing their 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 the mounting trend of globalization, the ethos encouraging us to live globally rather than only at the national level is becoming more significant.

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

Such manifestations of globalization force the previous industrial 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 1990s. Since then, international standards have been modified considerably, and local state officials failed to keep pace with them, which created problems for businesses that were following these standards. Companies were forced to follow two sets 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 the evidence for how the institutions of authority “wash out” as new forms of public governance come to replace 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.

The third argument against the effectiveness of state authority is the network form of organizations.

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

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

The rapid development of information technologies and global computer networks has opened up new, incredible ways and fantastic opportunities for information exchange and for the establishment of communities with special features.

Focusing on such processes in the world with vivid symbolism, John P. Barlow proclaims in his *Declaration of the Independence of Cyberspace*:

Governments of the Industrial World, you weary giants of flesh and steel, I come from Cyberspace, the new home of Mind. On behalf of the future, I ask you of the past to leave us alone. You are not welcome among us. You have no sovereignty where we gather. ...

I declare the global social space we are building to be naturally independent of the tyrannies you seek to impose on us. You have no moral right to rule us nor do you possess any methods of enforcement we have true reason to fear. ...

You do not know our culture, our ethics, or the unwritten codes that already provide our society more order than could be obtained by any of your impositions. ...

Ours is a world that is both everywhere and nowhere, but it is not where bodies live. We are creating a world that all may enter without privilege or prejudice accorded by race, economic power, military force, or station of birth. We are creating a world where anyone, anywhere may express his or her beliefs, no matter how singular, without fear of being coerced into silence or conformity.

Your legal concepts of property, expression, identity, movement, and context do not apply to us. They are based on matter, There is no matter here. ...

We believe that from ethics, enlightened self-interest, and the commonweal, our governance will emerge. ...

In our world, whatever the human mind may create can be reproduced and distributed infinitely at no cost...

We will create a civilization of the Mind in Cyberspace.¹⁴

On the other hand, the growth of information networks has given us communications capacities which call into question the form of representative democracy that relies on periodic elections. The Internet makes it possible for everyone to take part (and cast a vote) in public discussion and decision-making at any level in any community, raising the question of whether it is really necessary to elect people to national assemblies, congresses, etc.

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

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

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 dialogue, the inhabitants of a small suburb used electronic means to take part on-line 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 they could also participate in the discussion and have their voices on the air.”

As we understand it, a network is a set of interconnected nodes, existing outside of any physical territory, that enables people to meet their needs through self-realization. What constitutes a node in the network depends on the character of the particular network structure. In the context of global financial flows, securities markets are the network nodes. In the context of a networked political governance system like the European Community, the nodes are the councils of ministers in the European countries. Other examples of such networks are the WTO, the UN, various chambers of commerce, anti-globalist organizations, etc.

“Access 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 use a single language, and 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 for banking institutions is a good example of this. Where banking institutions achieve a certain level of risk management, they will then set their prudential norms within the framework of this accord.

Friedman’s idea that “The world has become flat” is equivalent to the notion that in the near future networks will become the main form of public organization, as Fukuyama says, while power will belong to people of knowledge, as Toffler asserts.

The only ones who will be at home in such a fast-changing world, the only ones who will survive, will be those who win the day by creating conditions for coexistence (via self-organization) which enable people to think freely and rid themselves of outmoded stereotypes.

From Violence to Self-Organization

In these ways, then, the transformations that are taking place today put in doubt the fundamental premises of the state.

First of all, the state is increasingly shedding a great number of functions and does not mind handing them over to other public structures and associations. The way the state organization

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

assets itself as a legitimate force is slowly losing its decisive role to the new forms of self-organization in society.

A new paradigm of “from violence to self-organization” is clearly emerging. This is displayed first and foremost in professional fields. The state intentionally gets rid of national standards in favor of international and local non-governmental rules and policies, and delegates the function of control over compliance with these standards to professionals.

We are witnessing processes of self-regulation by extra-governmental international communities voluntarily adopting ever-changing standards for activities and cooperation. They design uniform terminologies to facilitate cooperation, lay down rules and policies that encourage mutual trust and interchange, and gradually efface territorial, legislative and cultural frontiers blocking coexistence. A number of non-governmental organizations have started to establish accounting standards, statistical compilation standards, food quality and consumption standards, as well as standards for education, healthcare and tourism. One may hardly find any area without the conscious need for uniform rules providing for safeguards, identification, trust, comfort, etc. It is worth mentioning that such standards are chiefly set by non-governmental structures, though many governments acknowledge them and adhere to them.

The higher the intellectual potential of people, the broader their tendency to self-organization, and the more the government will delegate its functions to other bodies. It is also true that the more responsibility and power the government delegates to the society, the greater will be its ability to self-organize.

An excessive concentration of authoritative power is as dangerous as the handing over authority to an unprepared and irresponsible crowd. The art of government administration lies in accurately steering these self-organizing processes in society towards a desired direction. To serve 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 balance.

This process suggests **three directions for deconstructing authority** in the framework of a bureaucratic state.

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

The political authority holds administrative tools which enable it to realize its own, distinct ideologies. Across the world we can see the frameworks of political power becoming blurred. In developed European countries, for example, we can see those on the political right coming together with those on the political left in order to form a cabinet. This implies that parties in developed countries are just an instrument for building power.

In a post-industrialist world, the space occupied by political ideology is supposed to narrow down, yielding to judgments grounded in professional technical considerations. In a post-industrialist world, political debate should center first on the world order, and only then on domestic issues. Political debate should stop revolving around the exercise of power and shift to philosophical issues regarding the trend of world development, the formation of new ontologies, and in turn, the building up of new networks.

Second direction – downward! The bureaucratic state hands over part of its powers to communities as territorial units, enabling them to independently determine rules of coexistence

within 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 deconstructing the bureaucratic state, it is inevitable that smaller nations and people will obtain the right to self-determination.

In a post-industrial world, the importance of human factor is becoming critical. Obviously, a thinking people will settle where they believe they will feel most comfortable. The sharp rise in mobility makes it possible for people to move away from places where they are not happy with the living standards. When this becomes a mass phenomenon, local governments will be left with the decision-making power over how their territories develop. Individual communities will decide the rules for how people live together and work together, and these decisions will be guided by cultural and social values. Socio-cultural communities will emerge that independently regulate their own conduct and conditions of life. This will make bureaucratic interference in regulating the community senseless, and attempts to impose regulations from outside dangerous.

In a post-industrial society the bureaucratic machinery will have nothing to do with formation of national ideology – this will be the work of the networks of people bearing the national identity. As a result of this transformation, the model of the nation state will be superseded in the 21st century by the model of a cultural community.

In the context of this hypothesis, issues relating to a nation's right to self-determination and the territorial integrity of states are being transposed into a different dimension. The territorial integrity of the state as such will lose its narrow political meaning and will, to a large extent, be replaced by the concept of creating conditions conducive for people to coexist and live together in harmony in a given geographic territory.

As powers are being handed over to networked professionals who have no national flavor, the territorial organization of the community will be transformed 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 prospects for the future, and so on.

For example, in Armenia and Azerbaijan and Turkey, identifying with the EU, or aspiring to be a post-industrial European country, creates a serious basis to begin a dialogue just in the culturological arena.

While Turkey's aspiration to be a member of the European Union has already advanced the agenda of coexistence and, in a sense, confrontation of different cultures beyond the philosophic point of view of industrial society, it is clear that resolution of these problems is only possible in the context of a post-industrial world.

Third direction – forward! The bureaucratic state hands over its main regulatory and control functions in the socio-economic area to quasi-governmental entities in charge of regulation and oversight, and to 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 the maintenance of law and order, are being handed over to private organizations (for example, when prisons get privatized), while court decisions are being taken by public judges trusted by the community at large, rather than government officials.

In many countries, alongside the judicial authorities, an interesting institution has been added which, as our argument suggests, is not to be considered an element of the state judicial system, namely, the Financial Ombudsman. The ombudsman makes mandatory decisions in relation to professional financial market participants. Moreover, the decisions of the 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 a high level of professionalism and trust. The financial ombudsman is not a government entity, and is funded by market participants who undertake to appoint an ombudsman and comply with the decisions the ombudsman makes. This is another current example that validates the model for the future of self-regulating networked relationships.

The process has another aspect, the realization of joint projects between the government and private sector on the basis of a public and private partnership (PPP). This practice has shown that the most effective development projects are being implemented when there is a partnership between the government and the private sector.

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

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

Unlike the traditional scheme, whereby a state takes part in all links of a “project planning – financing – building – commissioning” chain, under the PPP model, the government will only be a customer, while the private sector will undertake to carry out 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 occur little by little in various areas and fields worldwide, regionally, and locally.

As information technologies develop, network-based public organizations will break down barriers of space and time, and this will considerably accelerate the processes of societal development and remove territorial restrictions.

Post-industrial society is different from its predecessors in that the legitimation of authority relies on cultural values rather than compulsion. That is to say, in post-industrial society, people must follow public decisions willingly. That being so, the moral order becomes the cornerstone for more or less steadily preserving the public system. No elite will be able to keep up with the demands of ruling unless it complies with established cultural norms, or unless it proposes its

own cultural norms that are accepted by the majority. In this way what emerges is 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 an atmosphere that necessarily must foster creativity.
2. The development and spread of this base process, which typifies post-industrial society, will trigger a conflict with the old form of societal organization under a bureaucratic government.
3. As a result of the transformation of power, government by compulsion will slowly turn into new, networked systems of governance in the following directions: upward to the global level, downward to the communal level, and forward to the professional level.
4. The network structures will little by little take hold in new spheres and aspects of human life.
5. The network structures will independently establish intra-network rules of conduct (ethics, moral codes).
6. Territories will slowly lose their importance as limits on the extent of authority.
7. Competition and dialogue will move from a territorial context to a networked environment.
8. The mix of preindustrial, industrial, and post-industrial realities will be changing quickly. The lead will be taken by the more developed form of public organization, and it will set up rules for co-existence among the different realities.

In sum, I will dare to make the following assertions:

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

In an industrial society today, an effective state is one that creates the conditions and the atmosphere for the development of a networked society, thus ensuring for its society a transition to the post-industrial world.

The Armenian World

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

History shows 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 logic of networks.

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

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

What we have to do is:

- Create a global network that will link all nodes of Armenians together, and make sure that network is permeated with all values the Armenian people have preserved over the centuries.
- Set up a new, innovative education system that will be an engine to promote all post-industrial areas of value-creation; a modern education system cannot be outside of the network logic.
- Establish a new effective framework for public governance based on the principles of a post-industrial understanding of liberty and self-realization.

We can succeed as a nation if we achieve such a breakthrough. To succeed means to build a post-industrial society of the future. In the meantime, we will endeavor to move from a preindustrial world to a post-industrial 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 the radical and bold nature of the proposed scenario of transforming the institutions of public governance. This work is a call to provoke a public dialogue, to challenge the traditional taboos, and to create an atmosphere of free dialogue and a frank exchange of opinion on any extraordinary issue, in the face of an ossified conservative view of the world order. I am hopeful that the intention is clear, and it will invite bold and sensible dialogue in our society.

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Yerevan, 2008

¹⁶ T. Sargsyan “How to Make a Revolution Happen”, www.cba.am

Appendix 1: Key Attributes of Individual Networks

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

Appendix 2 : Typology of Societies by 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
Post-industrial	Creation of knowledge	Information Intellect	Networked	Knowledge Wealth Violence	Tendency to accumulation of knowledge	Self-realization