**Abstract.** In the context of the apparent failure of Russia’s attempt to modernise itself after the post-communist period of its being, one of the actual tasks for social sciences is to identify the nature of the state and the economic system of contemporary Russia as well as historically determined dominants of its development in the foreseeable future. The article offers to solve that task through an inter-disciplinary junction of most relevant concepts of the politar/neopolitar economy, studying the Horde genesis of Muscovy-Russia, its political and historical notions of the «palace state».

The Putin Russia’s historical roots are traced from early class politar societies of Asia and Aegeide, especially the Cretan «palace» states all through the 2nd millennium BC, through the post-Horde Muscovy and the post-Petrine Russian state «privatised» by nobility, up to a number of communist and oligarchic dictatorships of the 20th century. The mechanisms of a large-scale redistribution of assets accumulated in power-property of Russia’s ruling elite are outlined through the case study of the RUSNANO state-owned company specialising in nanotechnologies. In contrast to the present day Ukrainian economy (being predominantly neo-feudal but with a dynamically developing segment of capitalist relations of the European type), in Russia under Putin one can observe the phenomenon of two-tier property, which is characteristic of politar societies, i.e. while this property is officially registered in the name of legal entities and individuals, its supreme owner and arbiter is actually the top-brass of the federal bureaucracy acting on behalf of the entire ruling class.

Thus, the socio-political and economic system of contemporary Russia may be identified as palace-neopolitar, wherein the top bureaucratic oligarchy has usurped power controlling and redistributing, the core economic resources and assets of the country with the purpose of its own utmost enrichment. Moreover, due to the escalation of the systemic conflict of Russia with the West and, more broadly, with the world of modernity, further consolidation of the palace-neopolitar power and economy, which brings under control and increasingly distorts the segment of competitive market relations, is taking place. The above means that the unlikely success of today’s Russian modernisation would threaten the very foundations of the Russian statehood.

**Keywords:** Power-property; Palace State; Horde; Russian Federation; RUSNANO

**JEL Classification:** H11; L32; P26; P27

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**Abstract.** Contemporary Russia as a Palace-neopolitar State and Economy

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Transformation, the neo-modernisation approach emerges, according to which such institutional structures as democracy, law and market, in spite of being functionally important, do not represent any historically inevitable or linearly imperative results [1]. At the turn of the 20th-21st centuries, the most prominent and consistent supporters of world development multi-linearity were such Western scientists and scholars as Andre Gunder Frank, David Harvey, Samuel Huntington, Vladimir Shlapentokh, Immanuel Wallerstein, along with Andrey Kuzmin, Yuriy Semenov and Leonid Vasilyev from Russia; Azar Gaf from Israel, and Serhii Krymskiy and Yuriy Pavlenko from Ukraine.

Works by contemporary researchers on issues related to the East-West civilizational and axiological dichotomy and the Eurasian (Horde-era) roots of Muscovy-Russian statehood, among whom are Aleksander Akhiezer, Sergey Gavrov, Lev Gumilyov, Svyatoslav Kaspe, Eduard Kulpin, Charles Halperin, Abbott Gleason, Donald Ostrowski, Richard Pipes, Alexander Yanov and Yuriy Pavlenko play an important role in understanding the nature of the economy and the social order of today’s Russia. Karl Wittfogel [2] and Igor Shafarevich [3] showed that the Soviet-Chinese-type socialism represented in nesuicitation of the traditional for the Oriental despotic and bureaucratic social order had adapted to the conditions of the industrial society of the 20th century. Yuriy Semenov associates the societies described by Igor Shafarevich as «socialist» with the polity or Asiatic mode of production [4], while L.S. Vasiliev emphasises on the state mode of production [5].

In his book, «Horde» [7; 8], about «neo-feudalism» [9], or about «moderate Eastern type and path of society development prefer to talk Serhii Krymskyi and Yurii Pavlenko were consistent supporters of world development multi-linearity were such Western, Weberian sense both in terms of motivation and conditions of their implementation. One can notice deep-going links between the anti-modernisation trends, for example, in the Indian economy in the first decades after the country’s independence, and the Russian post-Soviet economy: both of them are based on «an elaborate network of patronage and subsidies» [22, 65] and a bloated public sector of the economy that the bureaucracy de facto used as their collective property.

In contemporary Russia, antimodernism (now actively promoted by the right-wing conservative circles of the Russian Orthodox Church, of the Izborsk Club, by ideologists of Euraisanism led by Aleksandr Dugin, and other entities close to the Kremlin [23]), takes forms of violent confrontation not only with modernism, but also with «ancient» with scientific historians who adopted his choice, which makes one look for the fundamental principles of the social order of Putin’s Russia in early class societies that had existed even before the onset of the Axial Age not only in Asia (in what today is China, India, Islamic countries, etc.), but also in Africa, Mediterranean Europe (Crete, Cyprus), and pre-Columbian America. The basis of such a society is represented by an «undifferentiated power-ownership» ensuring power and high standing to those who dispose of the public property through performing leading economic, primarily economic, organisational and redistributive functions» [24, 69]. In such a society, individuals could only fulfill themselves as much as they were close to power. Richard Pipes considered that the nature of Russia is based on the sustainable, formed shortly after the transfer of sovereignty over the Muscovy state from Sarai to Moscow, paramount tradition, i.e. on viewing the state as private property, patrimony of the ruler [7, 61-76, 91-100]. In fact, since the time of Ivan III, Muscovy has been the direct heir of the empire of the Chingizids who under new historical conditions inherited the principles of effective management of a large despotic empire borrowed by the Mongols from China they had conquered. The system of edicts (yarliqs) introduced in Russia and in the USSR «the means of modernisation were exclusively oppressive and did not fit into the context of the European tradition at all» [18]. As a result, the deep foundations of the conservative paternalistic and clientelistic system of power and economic relations remained unchanged. The new social «revolution» that occurred in Russia in the early 1990s did not change it either, despite the fact that, as Ukrainian political scientist Mykola Holovaty rightly points out, just «critical alienation of the people from property and power» turned out to be the main social reason for the collapse of the USSR in the late 20th century [19, 5-6].

The contemporary Russian socio-economic system is essentially a product of evolution of the Soviet super-statism. According to estimates by Russian sociologist Aleksandr Tarasov, no less than 80% of the new business elite of Russia are represented by the former Soviet nomenclature (including their children), the «theoretical heritage» of which is the bureaucratic social order, while capitalist relations play in this economic system a clearly subordinate role compared to the polity ones [4, 390].

Scientists who do not share the concept of the special Eastern type and path of society development prefer to talk about the «wrong development of Russia since the times of the Horde» [7, 8], about «neo-feudalism» [9], or about «moderate Eastern type and path of society development» [10, 107]. Russian economist Vladislav Inozemtsev and economic historian Maksym Kyrchanov believe that Russian Federation under President Putin may be viewed as a neo-feudal structure with increasing feudal trends [11; 12]. However, M. Kyrchanov recognises the limited nature of the neo-feudal concept in the analysis of the post-Soviet realities [12, 6].

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If, at the beginning of the «Putin era», the share of the public sector accounted for about one-third of the Russian economy, in the mid-2000s, when the state took the «commanding heights» of the economy again, this figure amounted to at least 50% of the country’s GDP [29] and is maintained at such a level to this day. Even in the context of the deep economic crisis in the Russian Federation which was caused by the slumping world oil prices and economic sanctions of the West due to the Russian aggression against Ukraine, the Kremlin does not intend to sell shares in the state-owned companies to private investors [30].

Let us consider a typical example of how government property is managed in the context of the «palace state» and «palace economy». In July 2007, a special federal law established the government-owned corporation of nanotechnologies RUSNANO (or RUSNANO JSC since March 2011). In November 2007, the Russian government made an asset contribution in the amount of 130 billion rubles (5.3 billion US dollars at the official rate established then by the Central Bank of the Russian Federation) to support the activities of the corporation [31, 48]. 100% of the shares of RUSNANO JSC are owned by the state. The company’s core business is investing funds in private (emphasis added – I. P.) projects to set up new nanotechnological plants and factories [32].

Since September 2008, a former head of the Presidential Administration, “father” of Russian privatization Anatoly Chubais is the Chief Executive Officer of RUSNANO. The highest governing body of RUSNANO, JSC is a corporation, but the nature of the «palace» is directly opposed to the capitalist one: it has an monopolistic exploitation of both basic material resources/assets and «subjects» themselves [27].

As part of the corrupt «palace» communications, the financial industrial oligarchy makes a specified payment for the exclusive use of profitable resources and assets assigned for them by the «palace», thus becoming «statesmen», while the bureaucracy becomes commercialised pursuing the sole purpose of enrichment and distribution of assets accumulated in power-holding. A large-scale redistribution of assets accumulated in power-property of the «palace» is ensured through suchlike institutions and due to such an informal relationship.

The audit of RUSNANO performed on a parliamentary inquiry in April 2013 by the Accounts Chamber of the Russian Federation revealed lack of any documents confirming the effectiveness of the investments made, evidence of money laundering and legalisation through investment transactions, obtaining unjustified benefits, and so on. Between 2007 and 2015, at the expense of RUSNANO over 5 years of its activities amounted to nearly 200 billion rubles. However, the «moderator» of the «palace», Russian President Vladimir Putin took RUSNANO publicly (during a live call-in show) under his shelter, and the Russian law enforcement agencies virtually ignored the audit discussion of the Accounts Chamber of the Russian Federation reaffirmed that «virtually none of the projects, in which state-owned corporation RUSNANO invested funds has shown good returns yet» [37].

It is no surprise in this context that in 2014 Russia’s state budget revenues from the federal public and municipally owned but actually «restrictedly collectively held» (by the «palace»)
ECONOMIC THEORY AND HISTORY OF ECONOMIC THOUGHT


