
DEMOGRAPHY AND GOVERNANCE

CIVILIZATION, POLITICAL INSTITUTIONS AND ECONOMIC DEVELOPMENT

Yuri Suvaryan

*Academician-Secretary of the Department
of Armenology and Social Sciences, NAS RA*

The role of political institutions in the economic and social development was discussed extensively in Acemoğlu's and Robinson's work entitled as "Why Some Countries Are Rich and Others Poor."¹ The book is rich in factual material about different countries of the world and interesting generalizations, which mainly refer to the interactions of economic development and political institutions. The key idea is that as long as political institutions are overactive, the long-term, sustainable economic growth cannot be ensured because they concentrate power in the hands of the elite, creating appropriate economic institutions that pursue a pro-government economic policy.²

The authors consider the prescription to fight the economic and political devastation of some countries of the modern world to be the transformation of overactive political institutions into inclusive ones.³ Included are the political institutions, which are characterized by pluralism and concentration at the same time.⁴ Such institutions, according to the authors, reserve power for a wide range of individuals, and prevent the creation of overactive economic institutions with the above-mentioned negative manifestations of their activities. Of course, in the observed context, the authoritarian-democratic countries are the subjects, in the first of which a powerful political institution or elite rules. However, we believe that the above provisions need further interpretation, taking into account the level of civil society and civilizational development in different countries, the established legislative framework, especially the level of law enforcement, executive and judicial relations, restraint structures, available resources and national government traditions, the level of education, science, economic development and integration tendencies.

Therefore, in order to study the conclusions and scientific-practical generalizations drawn from the interrelations between political institutions and the complicated economic development, it is necessary to focus on the next problems:

- a) for theoretical and methodological generalizations
 - the level of development of civilization and civil society in the country,
 - the level and trends of economy, education and science development, integration, new culture,
 - the existing mineral, demographic resources, climatic conditions, nature of their use and efficiency,

¹ Acemoğlu, Robinson 2016.

² Ibid.: 114.

³ Ibid.: 533.

⁴ Ibid.: 114.

- the established legislative field, especially the constitutional structures of the relations and restraints of the legislative, executive and judicial powers,
 - the progress and competitiveness of the current economic structure, compliance with the requirements of the new public administration system in the civilized world.
- b) for description of the peculiarities of the Republic of Armenia in terms of the system of public administration and the development of guarantees on the economic strategy
- to analyze the above-mentioned directions of political institutions and economic relations in the Republic of Armenia,
 - to develop substantiated proposals on the economic and social strategy on the basis of the reform of the components influencing the mentioned interactions and the technological development of the scientific-educational system and technology.

1. Civilization and its interactions with political institutions

There are different definitions and interpretations of civilization. The encyclopedic commentary is that civilization is "a synonym of culture", at the same time, "civilization is the level of social development, material and spiritual culture, and its level".⁵

According to the French historian F.Braudel, "the civilizations or cultures are two interchangeable words without loss, *from the semantic point of view*, representing an ocean of habits, limitations, affirmations, mysteries, assertions ... They are a heritage, just like the language we speak."⁶ The author also adds that civilization is in principle an enemy of innovation, but the realities of life force him to adapt to it, to give it a green light.⁷

According to A.Toynbee, an English thinker and philosopher of history, civilization is originated and developed under the influence of external pressures (natural, extranational) and human factors, but found that a discrepancy between the progress of technology and the growth of civilization is possible⁸. However, answering the question why the industrial revolution of the 18th century took place in England, Toynbee answers: "The stagnation of politics, religion and lifestyle in the 18th century accelerated the concentration of industry. For its part, the focus was on technical discoveries that have contributed to the development of mathematics and advances in the physical sciences."⁹

⁵ Encyclopedic dictionary 1981.

⁶ Braudel 1988.

⁷ Ibid.: 564.

⁸ Toynbee 1991: 233.

⁹ Ibid.: 25.

The judgments of modern Russian scholars about civilization and its structure are remarkable.¹⁰ In their opinion, three main components can be distinguished in the system of civilized values:

- Ethics: moral-customary norms that determine human behavior in society,
- Ideology - ideas that guide a person or social groups who determine the goals and incentives of actions,
- Religion - a system of views that confirms the existence of a higher, supreme power, its influence on earthly life.¹¹

The key commonality of the above-mentioned provisions is that civilization and culture are identical, and the achievements of science and education are not properly included in them. However, the complete and deep understanding of civilization does not refer only to a part of the spiritual culture, the arts, religion, language and customs. It includes education as a process of knowledge transfer, science as an important sphere for worldview, recognizing nature, creating knowledge and offering technologies, aimed at materializing the results of the latter.

Indirect justification for this provision can be found in Toynbee's reference to the importance of mathematics and physics during the First Industrial Revolution, as well as Braudel's hint that civilization is the enemy of innovation but adapts to it.

A comparative analysis of the events of the Renaissance is more than convincing. In the fourteenth and seventeenth centuries, fine arts, music, literature, that is, pure culture flourished in Western and Central Europe. In parallel to that, the architecture, geography, astronomy, mathematics, physics, botany, geology, anatomy, and medicine were succeeding. Hydraulic motors, metal-cutting lathes, drilling machines and other apparatus began to be used in the production.¹²

It was no coincidence, then, that the historical events of the Renaissance were followed by the first industrial revolution, for which scientific and technical preconditions were created due to the rapid development of science and technology in the fourteenth and seventeenth centuries.

Civilization, in our opinion, is the set of spiritual and material values created by the human mind and hand. In this sense, there can be no discrepancy or conflict between civilization and technical progress, innovation. Moreover, the history of civilization confirms that human being has accumulated knowledge from the moment of its formation with the objective requirements of living conditions and security, due to which he has created means of production and protection, used science and education, and improved the scientific and educational system. In other words, the driving force of civilizational development is the human mind, and its new scientific and cultural ideas, values, especially knowledge-based means of production and products, are the real and spiritual results created as a guarantee of civilization's progress and security. However,

¹⁰ See, for example, The Dialogue of cultures 2017.

¹¹ Ibid.: 388.

¹² Encyclopedic dictionary 2018: 933; Armenian Soviet encyclopedie 1985: 386.

depending on the level of scientific education and traditions, the degrees of civilization vary according to countries, peoples and even spheres (art, religion, science, etc.). The levels of development of political institutions (state, civil society, public political unions) correspond to them*.

2. Is the role of political institutions crucial for economic development?

As it has already been mentioned in part, the economy was created by a human being to provide him with livelihoods and security items, and then to sell the surplus, and later to sell the goods he/she produced, in order to make a profit. All this was done without a complex of modern political institutions, which were formed as a result of the development and establishment of civil society (18th-19th centuries) and then development (20th century). An important exception should be emphasized here. The state was established as a political institution along with the formation of human civilization, but it was mainly of a hereditary monarchy, and was certainly not inclusive.

And before that complex was built, in 1776, Adam Smith proclaimed the principle of the "invisible hand" in his famous "The Wealth of Nations", based on liberal economic doctrine, where the objective motives of economic development are followed by supply, and indeed the coveted profit. In general, without excluding the price factor, the quantitative and qualitative characteristics of demand in the long run change directly in relation to the level of human civilization, especially in terms of quality of goods and services, range, i.e. demand structure, which directly affects supply structure and movement. By the way, before the popularity of Smith's idea, even today and in the future, they are unchanged.

In order to cover the issue raised in the title, it is possible to remember some episodes of the creation of the state and its functions, especially when it is the main political institution.

The theological (Thomas Aquinas), natural, legal, and allied interpretations of the need and origin of the state (John Locke, Jean-Jacques Rousseau, Paul Holbach) are well known.¹³

Proponents of the state's need for natural and legal alliances explain the need for this institution by saying that people sign a public alliance that sets out common rules and conditions for everyone. At the same time, the person and his property are protected, and there are ways to be held accountable for violating the general rules. It is noteworthy that Th. Hobbes believed that the human is inherently evil. That is why there is an endless struggle among the people for a "war of all against all" for the spheres of property and influence, and for the prevention of which the state was created. He saw

* About the coverage of national and territorial features of civilizations and the dogma of "unity of civilization" as being scientifically unfounded see Toynbee 1991: 81-85.

¹³ The Theory 2001: 51-98; Chirkin 2001: 23-24.

the "absolute power of the state" as a guarantee of peace and a means of exercising natural rights.

The oligarchic theory of the origin of the state is also known, according to which people differ in mental and physical abilities, in the size of property. Therefore, as a result of natural inequality a certain stratification of people occurs and an elite class that leads the whole society comes forward. Thus, the power of the oligarchy was formed as a state power. In line with the latest interpretation, monarchies or aristocratic states have been formed, which, for the most part, according to the political regime, have been characterized as dictatorial. By the way, the origin of political institutions in modern political science is explained by the same factors that Hobbes used. He considered the state authorities, organizations and structures whose activities were allowed by the state to be political institutions.¹⁴

In our opinion, the most common of many definitions of political institutions is given below, being, at the same time, the exact one; the political institutions are agreements between groups of people in the form of votes, whose behavior is regulated by clearly defined rules and the decision-making process, which is ensured by the power of an individual or their group, i.e. by a formally endowed authority.¹⁵

In addition to Hobbes's theory, the state is currently a political institution, a structure related to its activities, as well as non-state formations: parties, groups formed on the basis of common interests, social movements. And the beginning of the formation of parties is considered to be the XVII-XVIII centuries, when such political structures were formed in Great Britain and France.¹⁶

Then, along with the establishment of civil society, modern democratic-legal states were formed. In particular, from the beginning of the 18th century, Great Britain became a parliamentary monarchy from a constitutional monarchy, where the highest executive power actually belongs to the government, and it consists of members of the party that won the elections. In France, the republic was first proclaimed in 1792 instead of the monarchy, and for the fifth time in 1958; a federal republic was established in the United States in 1787. Of course, during the monarchies, especially in European countries, economic development took place, but the three industrial revolutions - mechanization, standardization, the creation of flow lines - took place in the 18th and 20th centuries in England and the United States. The fourth revolution also began in the United States.

These revolutions, which significantly contributed to the economic and social progress in the world, were first of all the result of the development of the scientific-educational system and, above all, of the above-average level of civilization. At the same time, the growing economic competition created the need for rapid innovation, which increased the demand for science and highly qualified professionals. These trends continued throughout the 20th century. They are typical of the 21st century.

¹⁴ Politology 2005: 235.

¹⁵ Ibid.: 238.

¹⁶ Ibid.: 265-266.

Let's take a look at some of the information that confirms this point from the history of the development of world science, the source of which is the collective study entitled as "100 Great Scientific Discoveries."¹⁷

According to the logic of this study, the priority is not to cover the content of discoveries of great importance in science and socio-economic life, but to find out where and when they were made. The major discoveries in the table below have been made in countries with a corresponding level of civilization in both the ancient, medieval and modern worlds.

Some landmark discoveries in human civilization

№	Discovery	Country	Year	Author(s)
1	2	3	4	5
1.	Copper, bronze	Ancient Greece	III millennium B.C.	
2.	Iron	Egypt, Mesopotamia	II millennium B.C.	
3.	Pythagoras' theorem	Ancient Greece	VI-V centuries B.C.	Pythagoras
4.	Basic laws of hydrostatics	a) Ancient Greece b) France	287-212 B.C. 17 th century	Archimedes B. Pascal
5.	Electricity	a) Ancient Greece b) USA	VII century B.C. 18 th century	F. Miletski, B. Franklin
6.	Laws of motion	England	1667	I. Newton
7.	The law of cosmic gravitation	England	1666	I. Newton
8.	Molecular theory of material structure	Italy	1814	A. Avogadro
9.	Periodic law of chemical elements	Russia	1869	D. Mendeleev
10.	X-rays	Germany	1896	W. C. Röntgen
11.	Quantum theory	Germany	1896	M. Plank
12.	General and specific theory of relativity	Germany, USA	1915-1916	A. Einstein
13.	Insulin	Canada, University of Toronto	1921-1923	F. Bunting, J.J.R. McLeod
14.	Penicillin	England	1928-1941	A. Fleming, E. Chen, W. Flori

The country that has contributed to the treasury of human civilization more than others has won and now also continues to win the economic and scientific-technical

¹⁷ 100 great scientific discoveries 2018.

competition. Economic development, in addition to the above, certainly implies mineral resources, favorable climatic conditions, markets for the sale of goods and services. This was the reason why the race of the powerful countries in the 18th and 19th centuries tried to conquer new regions, especially the rich ones, and expand their spheres of influence. The same struggle took place in the 20th century, it continues in the 21st century, but the force manners to gain spheres of influence are supplemented by the methods of impact of the "soft power". Summarizing this section, we can conclude that political institutions, if not more important, are not the only factor in ensuring economic development. Especially, as history proves, democracy wins in the most civilized countries. Let's remember M. Nalbandian's genius observation that only citizens with internal freedom can form a democratic government if there is no "element of violence and lawlessness" in the individual.¹⁸

Among the mentioned factors, it is necessary to consider the role of individuals in history. Just one example, the author of the Singapore Miracle is the longtime leader of that country, Lee Kuan Yew, who has created an effective management system and wonderful traditions. "History, however, shows that ordinary, good-natured calculations can be changed by very extraordinary and outstanding individuals," H. Kissinger wrote in the preface to Yew's book¹⁹. Fortunately, such individuals are not unique. And according to A. Toynbee, "Human history is created by individuals, and not by society."²⁰

Let's not forget that even in the case of inclusive political institutions, the intervention of the elite in political and economic processes is not ruled out, especially since the unequal distribution of income is a global phenomenon, it is typical of many developed countries, even the United States.²¹

It should also be remembered that political institutions, being the result of the development of public consciousness, are not derivative or basic, but, of course, public levers influence all manifestations of the country's development, including the factor of civilization. In this respect, the generalization with Toynbee is remarkable, "The society, and not the state, is the social "atom" on which the historian should focus his attention".²²

At the same time, the civilizational progress, being objectively advanced, particularly the rapid advancement of modern science and technology, has led to the development of public administration, at least in the following directions:

¹⁸ Nalbandyan 1985: 472-474.

¹⁹ Yew 2016: 9.

²⁰ Toynbee 1991: 254.

²¹ Stiglitz 2019. Moreover, the concentration of wealth is a dominant trend. The share of wealth of 1% of the world's population in global wealth reached 47.2 from 42.5% during 2008-2018. As of 2010, 388 people owned as much wealth as the world's poorest population - 3.5 billion people. Bogosyan 2020: 132.

²² Toynbee 1991: 40.

- Extensive application of e-governance principles, approval of trends in digital technology and models,
- Improving the constitutional structure of the relationship between the legislative, executive and judicial powers in the context of the application of democratic principles of public administration and the transformation of political institutions into inclusive ones.
- Rooting of participatory governance by raising the scientific and educational level of the society, limiting the possibilities of maneuvering the elite. By the way, participatory governance is not only group or collegial governance; in a broad sense it includes the whole spectrum of public decision-making: referendums, free elections of national and local government bodies, constitutional powers reserved for the opposition, freedom of speech and press.

Of course, the connection between public administration and scientific and technical progress is two-sided. The management system, especially the financial resources and the position of the scientist in the public life can stimulate the development of the scientific-educational system. Some countries are poor, underdeveloped, because the resources allocated for the development of the scientific and educational system are not enough, as these resources do not exist as a result of poor economic development. Highly developed countries have them, they are provided with the rise of science and education, as a result of which the technological progress is ensured, the newly created culture becomes dominant. The results of science are in demand in such countries, and in weakly developed countries, where the non-sensitive branches of technology are predominant (food production, the mining industry, etc.), the achievements of science are not in great demand.

Weakly developed countries find themselves in a magical period. There are no resources for scientific and technical development, and without technology there is no breakthrough in the economy of highly qualified personnel. Some of the countries that broke this chain have become developing, even developed (Singapore, South Korea, etc.). Therefore, the key to overcoming poverty is scientific and technical progress, the development of education, as a result of which the civilized level of the population increases, the nature of demand changes, political institutions grow, become inclusive. The democratic, in particular, participatory governance is becoming dominant.

Under the influence of these processes, the economic structure, as a component of public administration, ensures economic freedom and competitive environment for economic entities, active foreign economic ties in the globalized world, based on the country's well-founded and long-term economic and social strategy.

Of course, in order to overcome economic development and poverty, as it was mentioned, the mineral resources and climatic conditions are essential. Their availability and favorable conditions are preconditions for economic growth, which must be used effectively and very purposefully. There are countries in the world whose crust is rich, but its extraction does not always contribute to a stable increase in the living standards of the population. There are also countries that are not rich in mineral resources, but

have a high level and quality of economic and social development. This issue also reflects the level of civilization of the population and the efficiency of public administration conditioned by it.

3. The logic of economic development: how to overcome poverty

There is no need to touch upon textbook truths in this section: human resources, the need for finances, their provision. Here will be a brief description of the formation of political institutions in Armenia, the problem of very modern technological advancement for economic development and the improvement of public administration in the modern period, and the second, as mentioned, is an essential precondition for the first.

In the Republic of Armenia, the political institutions and civil society are at a level of establishment and development that is conducive to sustainable economic and social growth. During the years of independence, a system of public administration in line with European standards was created with components of public administration and local self-government; a favorable legislative field for business, and an effective fiscal and monetary policy was developed, which is constantly improving. The country's main law, the Constitution (2015), states that the basis of Armenia's economic order is "social market economy based on private property, freedom of economic activity, free economic competition and state policy aimed at general economic prosperity and social justice." (Article 11). Prerequisites for the establishment and development of civil society are a number of articles of the Basic Law, in particular, Article 8, according to which "Ideological pluralism and multi-party system are guaranteed in the Republic of Armenia", Articles 42-46, which define the expression of opinion, the right to create, to participate in rallies, to form associations, to form or join a party. Article 42.2 guarantees "freedom of the press, radio, television and other media."²³

It is noteworthy that the main goals of the state policy to promote economic development and scientific and technical progress of the country (Article 86) constitutionally include improving the business environment, promoting entrepreneurship and employment, improving working conditions, free higher education, basic and applied science.

It is obvious that the Armenian people, having a history of 10 thousand years, 1500 years of statehood, and being as one of the bearers of centuries-old human civilization and one of the nations with great contribution to the development of culture and science, quickly adapted to the political, economic, socio-cultural standards of modern civilization. The Armenian nation has the potential to provide economic and social development in the country on a technological basis with modern requirements.

²³ According to the State Register Agency of the Ministry of Justice of the Republic of Armenia, 109 parties, 5040 non-governmental organizations, 27 TV companies, 17 radio companies, 54 newspapers, 26 periodicals, 5 news agencies are registered in the republic as of 01.01.2020.

In the current context of the new world governance, traditional principles are intertwined with the components of business management, and in this regard, the strategic management, the pursuit of an executive and incentive environment, is needed to ensure technological development.

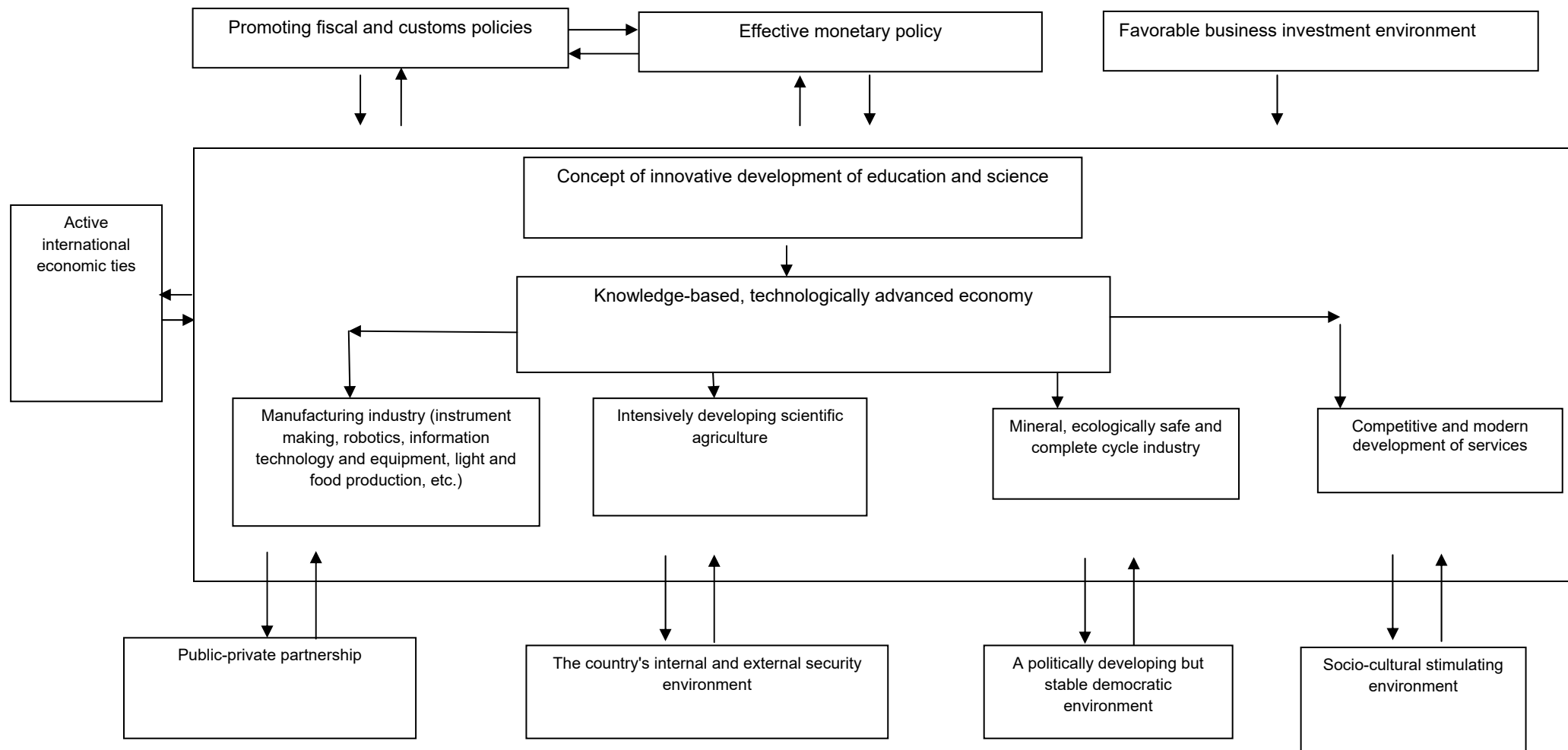
Strategic governance is an opportunity to analyze and evaluate the country's internal and external environments in detail, especially given the strengths and weaknesses, opportunities and threats, that is, to determine the vision based on a thorough SWOT analysis for up to ten years, a promising development program based on the necessary resources.

Let us emphasize once again that the key to the strategy is to ensure the scientific and technological development of the educational system and, as mentioned above, these are the most important factors, especially in the age of artificial intelligence and robotics, overcoming poverty and being the first to move from the third world.

After the development of the program, it is necessary to define the tools for its implementation and monitoring. In this regard, there are standard rules of the game for all countries, in particular, legislation that regulates fiscal, monetary, business promotion, creates a favorable investment environment, develops and implements the customs and other civilizations, which, however, are not sufficient to ensure economic development. The well-founded and stimulating legislative base is extremely important, but the prospect of defining the initiative of the executive branch to fix the most important and situational issues and to strive to solve them is of no less importance as well. And these problems are unique in each country, due to the available mineral, climatic, human resources, national traditions, geopolitical environment. Therefore, the main task of each country is to find its relative but competitive advantage in the system of international division of labor, to make it the core of economic policy and to build on it the interconnected priorities of the development of the whole socio-economic system, the specified content. For the Republic of Armenia, it can be presented in an extremely generalized schematic form with the following drawing.

Figure 1

The logic and structure of the RA economic development strategy



In the diagram, each component (inside or outside the square), is of great synergistic significance for the upward development of the whole system. Therefore, their design and operation is a very important issue in terms of public administration.

It is obvious from the comparative analysis of the proposed strategy and the process of economic development of the Republic of Armenia that there are some issues to be solved. First of all, they refer to the need for technological development of the economy, and to the overall internal product, the branch structure and the tendencies of change. According to the National Statistical Service of Armenia in 2017-2018, the share of industry in gross domestic product is 11%, agriculture - 14-15%, services - more than 25%. The branch structure of the industry is more problematic. The mining and open-pit mining sector accounted for 15.5% of the total, the processing industry - 69.8%, in which the share of food production was 63.3%, light industry - 4.6%, machinery - 2.3%, chemical and pharmaceuticals - 1.9%.

Thus, the share of purely scientific products is very low - 4.2%. In the structure of the gross domestic product, there is a non-positive trend, according to which the spheres of trade, living and public food, entertainment are growing relatively faster than the spheres of producing real economy and scientific products.

The similar structure of jobs in the economy distorts the structure of education. In 2017, the share of people with higher education in the humanities reached 64.5%, which means that more graduates were issued in social, behavioral, business, law, than in physics, biology, mathematics, information and communication directly related to technological progress.

One of the main obstacles to technological and economic progress in agriculture is the large number of small farms - about 318 thousand, whose average weighted productivity is low - 57%, and 30% of which is in the amount of money; the rest is in exchange for goods and services.²⁴

For technological development of the country's economy, the establishment of a new national system of education-science-production, integrated with the chain, is extremely important. The transition to a relatively environmentally safe and complete mining cycle is a major issue in the long-standing technological and economic development.

In general, it is obvious that the concept of technological and newly created development on a scientific basis has not yet become the core of the logic of economic strategy.

There are issues to be solved in the areas of monetary policy: increasing efficiency in terms of economic growth, creating a favorable investment environment, improving public-private sector, scientific, technical and economic cooperation.

The solution to the above-mentioned problems is largely conditioned by the maturity of political institutions, which, as already covered, is the result of civilizational development, but it also influences the basic components of public progress on the principle of feedback. And public administration, in addition to being a science, is also an art. A leader (manager), as a representative of a political institution, possessing a certain amount of knowledge, must have the potential to quickly consider the

²⁴ For details on the structure of GDP and agriculture, see Suvaryan 2019.

opportunities created by the economic and political environment management decisions. They refer to both the choice and the definition of the toolkit for its implementation.

It can be argued that there is no country in the world that lacks resources at all, the population is doomed to poverty, and the low level of economic development and the poverty of the population are conditioned by improper level of collective or middle civilization and the necessary maturity of political institutions, which do not allow for effective public administration.

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