The neo-feudalism theory in the context of contemporary economic neo-Marxism

Abstract. Introduction. The different approaches and ways of actual economic processes interpretation are actively debated in contemporary theoretical economic studies. Purpose of this article is the analysis of the basic theoretical assumptions of neo-feudalism concept in relation to post-Soviet economies transformations in the context of Russia and Ukraine. Results. The theory of neo-feudalism is used by economists of neo-Marxist orientation and critically minded intellectuals for analysis of failure and impossibility of post-Soviet political elites to institutionalize true market capitalist economy. Proponents of the neo-feudalism theory believe that feudalism was a universal form of economic relations. Feudalism is imagined by them as a universal matrix existing despite the formal victory of capitalism. Regionalization, the rise of informal economy, actualization of violence and forced redistribution are the main dimensions and forms of the post-Soviet re-feudalized economies. The interpretation of the results presented in the article. Contemporary economists of neo-Marxist orientation believe that neo-feudalism is among the inevitable economic processes. Neo-feudalism is imagined by them as a progressive historical phenomenon in comparison with the earlier Soviet model of economic development. The neo-feudalism theory has the revisionist character. The concept was a reaction to inability of other classical theories to propose adequate explanation of contemporary economic processes in the post-Soviet states. The author implies that the neo-feudalism theory is among possible theoretical approaches for the comparative post-Soviet economies studies. Conclusions. The theory of neo-feudalism pretends to methodological universality as it provides scholars with a mechanism for explanations and interpretations of unique economic conditions emerged in the post-Soviet economies of Russia and Ukraine. The author insists that the concept of neo-feudalism is an integral element of the critical and revisionist approach in actual economic theories that develop in general uncertainty of methodological backgrounds of modern economic processes.

Keywords: Economic Theory; History; Neo-Marxism; Neo-Feudalism; Re-Feudalisation

JEL Classification: B24; B29; B30; B49; O10; P40

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The term "neo-feudal" terminology in the first half of the 1990s was popularized by Immanuel Wallerstein [3] in his works focused on economic characteristics of the peripheral and semi-peripheral regions, but some American authors including Dave Pederson [4] believe that it is possible to understand economic processes and institutions in developed Western countries that form the core of the modern world capitalist system in the neo-feudalism context. William Beck [5], analyzing the economic relations of the 20th century, used and defined the terms «contemporary feudal society» and «contemporary feudalism». The «neo-feudalism» concept in American economic theory is used for analysis of corporations' role [6] in the world economy and it is extremely popular among intellectuals belonging to the influential New Left in economic theories. The contemporary ideological heirs of the New Left including Michele Swenson [7] prefer to stress relationships and inter-connections of neo-feudalizing institutions with international corporations. The «neo-feudalism» theory in the 2000s was proposed as one of the possible explanations of Russian inability to solve economic problems and establish a market economy [8]. The attempts to conduct an analysis of Eastern European economies within the traditional methodological frameworks of «capitalism» and «Keynesianism» were rather controversial, debatable and ideologically biased. The «neo-feudalism» and «neo-feudalization» concepts in this theoretical and methodological situation became attempts of Western economic theory and political economy to suggest new adequate methodological and terminological tools for economic and social processes explanation in developing countries.

**Purpose.** The author will attempt to critically analyze the concept of «neo-feudalism» in the economic context of modern Ukraine and Russia. The author also tries to prove that the theory of feudalism, «proposed» by the so-called Russian «economists», for analysis of Ukrainian reality is also applicable and transplantable with regard to socio-economic studies of contemporary Russia.

**General results.** A critical analysis of the main historiographical trends in classical forms and versions of Western and Oriental feudalisms and development processes of neo-feudalism and re-feudalization trends in the context of comparative historical and political methods allows us to develop the present article in two directions. On the one hand, the author considers that it is necessary to critically analyze attempts of Russian analysts to feudal elements in the politics and economy of modern Ukraine. On the other hand, the author believes that similar trends in current Russian political and socio-economic situation are bound consciously and logically.

The genesis of the actual neo-feudalism in post-Soviet economies has a variety of backgrounds. The inability of political elites to effectively reform inherited economies, mental inability to economically active in capitalism, strong archaic and stable traditional formal and informal economic institutions and relations, impossibility to radically dismiss the team and redistribution management methods are only some of a wide range of possible explanations and interpretations of the post-Soviet economies features, which ceased to be socialist, but at the same time they were also unable to become truly capitalist. The failure of economic transformations in the post-Soviet economies can be explained in the context of the crisis of capitalism that numerous American Wallersteinian economists write about. The prospects and possible directions of economic neo-feudalism were described by Immanuel Wallerstein who stressed that neo-feudalism is «… a sort … that would reproduce in a far more equalitarian form the developments of the time of troubles» in a world of parcelized sovereignties, or considered more authoritarian regions, of local hierarchies. This might be made compatible with maintaining (but probably not furthering) the current relatively high level of technology. Endless accumulation of capital could no longer function as the main spring of such a system, but it would certainly be an ineffectual force. The actual capitalist economy is understood as temporary and also extremely unstable. Immanuel Wallerstein [10] believes that economy and economic relations based on this capitalist system is not viable and will unable to exist in the **longue duree**, but methodological question in neo-Marxist economic theory on the future character of the new system is still unclear and unanswered. Neo-feudalism as a form of the post-capitalist economy established is one of the multiple possible scenarios of economic transformations.

The Author presumes that the trends of contemporary neo-feudalism in both Ukraine and Russia are relevant and actual. The further sections of the paper will be focused on the analysis of the neo-feudalism concepts of economic and political landscape in modern Ukraine and Russia. The elements of economic feudalism, feudal economy, formal and informal economic institutions of a feudal type were widespread in today's economies of some post-Soviet countries, including Ukraine and Russia. The property relations, weakness of private property and state institutions, interactions between the centre and periphery as the actors of economic relations as well as international economic relations are deeply feudalized areas of formally capitalist, but actually post-Soviet economies.

**Neo-feudalism and rent-seeking** economy. John Whitlehead [11], an American analyst and the President of The Rutherford Institute, presumes that «the new age we are experiencing is feudalism». It means that feudalism tendencies in national economies have a universal character. Actual Russian and Ukrainian neo-feudalism stimulates the money idealization and assists by attributing by them qualitatively new symbolic functions. The idealization of money as a universal value in feudalism and capitalism is too different. Michael Postan [12], an American economist, commenting on the specifics of medieval feudal economies and archaic institutions in the later economic systems, assumes that it is absolutely natural and normal that isolated and independent economies have never existed; and money always plays a crucial role. The attitude to money in capitalism is characterized by economic rationality, and the modern neo-feudalism stimulates only the «rent-seeking».

The «rent-seeking» theory was proposed by an American economist Gordon Tullock [13] and later popularized by A. Krueger [14]. There is no single definition of «rent-seeking» in the economic literature. «Rent-seeking» can be imagined as a political activity of certain groups who use and spend their limited resources to acquire exclusive rights and state guarantees and commitments. «Rent-seeking» in today's neo-feudalizing economies actually promotes re-institutionalization of social and economic relations of banal feudalism and feudal immunity. Some social types of the post-Soviet states can be determined as rent-seeking, but the first attempts to analyze their «matrix» took place in the 1980s by James Buchanan and his colleagues [15] and in the early 1990s by William Mitchell and Michael Munger [16] before neo-feudal and rent-seeking economies became a reality. Contemporary neo-feudal immunity is not characterized by actual exemption from prosecution. The banalite economic relations in the modern neo-feudalism cannot be imagined as a monopoly right to use a variety of resources. The actual forms and varieties of immunity and banalite develop as informal relationships between economically active actors and political authorities in the form of office purchase or public officials' bribe. Contemporary «rent-seeking» led to the institutionalization of economic actors' power that is comparable with the same rights of medieval feudal barons. Russian experience of the oligarchs' empowerment or power separation between Moscow and its oligarchic partners and allies is well known and studied. Roman Abramovich was appointed as governor of Chukotka in 2000, Aleksandr Khlopin headed Krasnoyarsk Krai in 2002, and in 2002 Sergei Pugachev began to represent the Republic of Tuva in the Council of Federation. Similar trends were observed in Ukraine but in a less vivid form. Most of the regional governors in Ukraine during the presidency Viktor Yanukovich were representatives of business or had well developed informal links with it. The anti-feudal sentiments expressed in the Maidan in Ukraine in 2014 were dissatisfaction in this order and disagreement with such policies did not lead to radical changes. The case of Ihor Kolomoisky is a prime example of the trend. This Ukrainian oligarch had who his economic

Kyrchanov, M. / Economic Annals-XXI (2015), 5-6, 4-7
interests in several regions and understood them in a way of a neo-feudal lord, became chairman of Dnipropetrovsk Regional State Administration. He was able to keep his office a little more than one year. The economic became a source of financial welfare for concrete individuals, and concrete politicians provided their business partners with exclusive economic rights. «Rent-seeing» in actual neo-feudal economies braked and slowed down because neo-feudalism actually assisted to the reincarnation of the subsistence economy in its mild forms.

The subsistence economy and neo-feudalism. The tendencies to subsistence economy re-institutionalization are typical of mainly Russian economy. The foreign sanctions were adopted by Western states after President Vladimir Putin's foreign policy activating had become incentives and stimuli for the subsistent recovery of the economy. Contemporary Russian version of neo-feudalism is characterized by economic development predominantly not in agrarian and rural sectors, but to the attempts to actualize the economic potential of the country without legal opportunity to import numerous goods which it actively imported some months earlier. This policy in a few months of the 2015 has not led to positive results when its negative consequences are obvious. The classic feudal economy was, however, a significant component of property interests in several regions that were under their control. The economic roles, tactics and strategies of the central political power in contemporary neo-feudal economies of the post-Soviet space are too different. Ukrainian model of relations between the state and different business groups' representatives is marked by significant dynamics and an extremely diverse range of relationships and mutual influences.

Some critically minded Ukrainian diaspora intellectuals deny the capitalist status of Ukrainian post-Soviet economy. For example, a well-known Ukrainian historian Stephen Velychenko commenting on the concept proposed by the Scottish historian Neil Davidson categorically declares: «[...] my position is that post 1991 Ukraine is definitely not capitalist. It is neo feudal and Eastern European feudalism coexisted with feudalism, developed and co-evaluated with it completely displace and finally abolish feudalism. Capitalism was not arisen, and market relations developed in a deformed version with numerous institutional and regional characteristics. The personal relationships played a leading role in the feudalization processes of post-Soviet economies, and this factor also assisted to the institutionalization of clans and kinships relations that successfully ousted weak market relations. The feudalization of post-Soviet economies was actualized by the formal institutions weakness that promoted the rise of informal institutions and the importance of relations. The gradual marketization of informal connections and relations known and identified as «blat» [20] was one of the features of neo-feudal tendencies in Russia. The «blat» was subjected to commercialization and marketization becoming an important component of informal economic relations of network type.

The network structure of Russian neo-feudalism led to the development of the vassalage and suzerainty in the forms of patronage and clientele. These relationships were updated in two levels. The first level was presented by the national economy in general, and the second one developed in the context of localized economic relations and interactions. The neo-feudalism of local economies in post-Soviet Russia developed in clans and inter-families relations [21]. The feudalization of post-Soviet economies was stimulated by unfinished and incomplete capitalization, deformed and non-classical development of capitalism. English economist David Harvey [22] proposes that capitalism in historical dimension was too weak and unable to completely displace and finally abolish feudalism. Capitalism coexisted with feudalism, developed and co-evaluated with it simultaneously. The restoration of feudalism and the defeat of capitalism were inevitable under such economic relations. The defeat of market relations in post-Soviet Russia actualized the role of economic institutions connected with barter [23], giving a second chance to money (currency) substitutes. Barter played a special role in the 1990s, but in the 2000s its role gradually declined among neo-feudal institutions. The currency substitutes in Russia were not classical regional currencies. The first attempts to implement them can be dated from the 1990s when regional authorities were among the initiators of such financial measures and actions. In the 2010s...
regional economic and political elites could not afford such liberties fearing the inevitable retribution and central federal governments' repressions. The regional private entrepreneurs began to dominate in financial neo-feudalism economy. The fact is that neo-feudalism are fixed in the Republic of Bashkortostan, where Arthur Nurgalev and Rustam Davletbaev initiated the use of local money known as «shaimuratiki» in the village of Shaimuratovo. The «shaimuratiki» were used by them as a means of payment for local farmers obliged to purchase goods in Arthur Nurgalev's stores. This practice actually determined the isolation and naturalization of local economy, establishment and strengthening of informal economic ties and relations that transformed social and economic relations into a new form of relationship based on the principles of personal dependency. This new economic regime established on the local level had much in common with the dependence of medieval serfs from their land lords.

Conclusions. The concept of neo-feudalism is one of the most contentious and controversial approaches in the contemporary interdisciplinary social, historical, economic and political studies. The artificiality of this concept, on the one hand, actualizes its weaknesses. On the other hand, the multidisciplinary approach to the problem of neo-feudalism, in the context of feudal forms revenge in social, economic and political relations is productive and promising for the current social and other studies of Russia and Ukraine. The re-feudalization trends take place in Ukraine and Russia but they do not lead to a literal restoration of feudalism in its classical form of «high» feudalism. The typical history of Western Europe. The golden age of feudalism and feudal economy gone away and irrevocably become a part of history. The author believes that we can ascertain some of re-feudalization trends, feudalism simulation and feudal relations imitation in modern Ukraine and Russia.

The conditional and imagined feudalizations develop predominantly in property relations in the context of weaving and splice property synthesis with forms of political and economic power. The extent and depth of these processes in Ukraine and Russia are rather debatable. Some elements of the relations of this type have developed in Ukraine. The Ukrainian version of the imagined re-feudalism in the context of oligarchic clans strengthening with their ambitions to control the entire regions of Ukraine has much in common, on the one hand, with the Western historical forms of feudalism. On the other hand, the historical logic of classical European feudalism is based on a gradual crisis of seignioral power that politically and economically lost its position after central government rise and triumph. Russian re-feudalization shares absolutely different political and economic values. Russian neo-feudal economy is based on predominantly Oriental type of relations. The dichotomy of «power – property» is among its central and system elements.

The political and economic institutions of the «power – property» type have become a central element in the Russian version of re-feudalism. The conflicting and confronting relations between Moscow as the centre and some of the North Caucasian regions in the 1990s and attempts of its pacification in the 2000s led to re-institutionalization of various forms of oppression based on contemporary forms of tribute payment and forced re-distribution. The recent and actual processes of neo-feudalism of Russian and Ukrainian political and economic landscapes are based on different economic, social and political models. The objective differences are ignored and not recognized by pro-Kremlin Russian authors who tend to demezize Ukraine and virtually ignore the challenges of actual feudalization that are relevant and actual for the modern Russian society.

References