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## **Eurasian Integration**

### *MIREES' Open Lecture*

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On November 13, 2015, Professor Viachaslau Yarashevich of the Belarusian State University in Minsk, delivered a lecture on the ongoing project of Eurasian integration at the Faculty of Political Sciences at the UNIBO campus in Forlì. The Eurasian integration can be defined as the project - now an international organization - which since 1995 brings together former Soviet countries of Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia to fulfill mutually relevant objectives mainly, but not only, in the economic area. This process started in the immediate aftermath of the Cold War with the establishment of a custom union and evolved in the subsequent years in the sense of strengthening of the bonds among its members up to January 1, 2015 when the parties signed a multilateral treaty declaring the creation of the Eurasian Economic Union (EAEU).

Professor Yarashevich defined the Eurasian project as a cooperative and non-conflictual means to harvest gains in military, political, social, and economic areas. It is directed towards overcoming the multifaceted consequences of the traumatic event of the USSR's breakup, in order to guarantee regional stability in the so called Russian neighborhood. Secondly, member States search for an effect of synergy in trade and industrial cooperation, as well as in investment and services development; the aim is that of reaching the conditions that would bolster economic growth and heighten living standards, bearing in mind the importance of providing the sufficient material basis for population's satisfaction. The Eurasian integration is aimed at restructuring cross-border social bonds and downsizing the apathy in inter-national relations among former Soviet States after USSR's collapse. This, alongside economic benefits, would encompass also great promises in terms of peace and social security in the region, and mutual cultural enrichment. Lastly, also military considerations are part of the reasoning behind this process. There is no doubt that the institutional arrangements of the EAEU are a tool for broadening Moscow's security space; in fact, the maintenance of regional - and domestic - stability necessary needs the ability to control to some extent the security patterns in the surrounding areas. In addition, also other parties of the Union will benefit from the cooperative sharing of the costs of security, as it is inherent in the logic of every international regime.

Given all the aspects just outlined, Yarashevich remarked that some international actors and analysts look unfavorably at this integrative process and its aims, identifying beneath its cooperative surface a USSR recovery plan or, worse, a sort of Putin's superpower dream. I agree with professor Yarashevich that this claim has no ground, both from a theoretical and a factual point of view. As I

had the opportunity to write elsewhere<sup>1</sup>, and as he remarked on this occasion, today's Russia lacks the ideological, economic, and subjective preconditions for aspiring at the role of superpower in the same way as the USSR did. The first point stressed was that of ideology: Putin's Russia has no available substitute of the messianic, universalistic, and inherently exclusive ideology of communism. References to the national and primordial values of Russia in order to fill such a vacuum cannot be successful; I would say that a similar thesis is self-defeating: given the focus on national - and thus particularistic - elements, this strategy posits itself at the opposite side of the ideological spectrum with respect to communism, and serves more domestic than transnational aims. Then, Russia also lacks the economic background to act as or become a superpower in the foreseeable future. The legacy of the Soviet economic failure still poses a burden on the performances of the Federation and its competitiveness, notwithstanding the efforts made during the transitional period. All the long-time vectors designed by Putin<sup>2</sup> still have to find a true accomplishment; apart from some noticeable improvements, Russia still suffers from structural problems such as heavy dependence on commodities and energy exports, low value-added production, widespread crime, grey market fluctuations and an inadequately reformed fiscal system. I would also add that the more general European trend of demographic crisis does not spare Russia from its nefarious economic consequences either. Finally, being a superpower is not simply a matter of military self-sufficiency and hard-power differentials. As prominent scholars in IR underline, it also entails the fact that other States, their leaderships and peoples recognize that the actor in question has such a special status, and particular rights and duties<sup>3</sup>. This does not seem to be the case for contemporary Russia, which cannot count on such a shared belief across the majority of the international society.

The last part of the lecture focused on strictly economic issues. Professor Yarashevich stressed how the Eurasian integration project locates itself in the framework of the relative improvements of the economic conditions of the member States and their will to yield even greater returns from their efforts. The idea of Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia is that of uniting their markets to complete more quickly and efficiently the transition towards a more balanced and competitive economy; in this, a special attention is put on consumer goods and high-technology products, completely disregarded by Soviet quinquennial plans. Frequent critique against the mechanisms of the EAEU regards its protectionist nature. Indeed, EAEU, being basically founded as a custom union, *is* protectionist, but this is no surprise. At a general level, custom unions are by nature protectionist: they are finalized to develop and privilege an internal, shared area of trade against any other existing economic space outside it. Moreover, taking the specific case of EAEU, and given the generally unimpressive manufacturing system in the region - the so called "Dutch disease" -, protectionist attitudes are an understandable tool for guaranteeing a consistent share of the market to internal producers, which otherwise would be wiped out by more market-competitive Western - and Eastern - firms. *De facto*, protectionism is identifiable also as a means to prevent WTO's further intrusion in these countries with new packages of "liberalization recipes". In other words, EAEU seems to be a sort of cooperative expedient to reach the same objectives that

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<sup>1</sup> Nicolò Fasola, "Ritorno alla Guerra Fredda? Russia e USA nell'attuale contesto internazionale", *BloGlobal-Osservatorio di Politica Internazionale*, July 9, 2015. Available at: <http://www.bloglobal.net/2015/07/ritorno-alla-guerra-fredda-russia-e-usa-nellattuale-contesto-internazionale.html>

<sup>2</sup> A first account of which can be found in: Vladimir Putin, "Russia at the Turn of the Millennium", *Nezavisimaya Gazeta*, December 30, 1999.

<sup>3</sup> Hedley Bull, *The Anarchical Society. A Study of Order in World Politics*, New York: Columbia University Press, 1977.

international financial institutions praise for, but without giving up sovereignty to supra-national entities which are not directly and fully controlled.

In sum, the political economy of Eurasian integration is focused principally on industrialization, as it should be logical for resource-rich countries in order to process raw materials at home, generate jobs, sustain (political) reforms, and improve living standards. Two main points are of primary importance for the integration process to yield serious returns. The first is to create a common industrial policy - fundamental if the EAEU is truly funded primarily upon the aim of industrial development. The second is to implement concretely what discussions and meetings decide, without spending time and words just to pay lip service to vague political ideals. Present conditions do not allow foreseeing an unproblematic future, since it won't be easy to accommodate such structurally different economies into a single regulatory framework. For Russia and Kazakhstan, in particular, difficulties will rise in balancing their export structures, now disproportionately focused on fuels and commodities. In addition, arrangements for the custom union do not seem to be fair and accurate, and intra-EAEU trade is still too low to implement further centripetal provisions - just to give an example, only half of Belarus' trade is within the custom union.

As Yarashevich concluded, having clear objectives in mind will help in making this process smoother. A particular stress has to be put on the employment opportunities concentrated in manufacturing, to be explored in parallel to the implementation of a heavy downsizing of gray and black markets. People expect a lot from politicians in this regard: if economic and social conditions would not get better in the near future, people will start a massive emigration, tired to be stuck in the middle of structural distortions and unsuccessful reforms.

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