
THE POLITICAL ECONOMY OF EURASIAN INTEGRATION

MIREES' open lecture by Viachaslau Yarashevich

During the whole academic year, MA MIREES (Interdisciplinary Research and Studies on Eastern Europe) invites prominent scholars and practitioners, who hold open lectures on relevant issues on Eastern European politics and cultures.

On the 24th March, professor Viachaslau Yarashevich, from Belarusian State University, Department of International Relations, presented the topic “The Political Economy of Eurasian Integration”. Professor Yarashevich defined Eurasian Integration as a project that involves four countries: Armenia, Belarus, Kazakhstan and Russia. On 1995 there was the first attempt to create a Customs Union between Belarus, Kazakhstan and Russia, but it failed. Then, in 2010, on the basis of the 1995 proposal, the three states signed an agreement, which, with the joining of Armenia in 2014, became the Eurasian Economic Union (EEU).

Professor Yarashevich continued describing the profile of the Union. The countries involved are really different, especially in their territorial size (Russia is the widest country in world, while Armenia is in the 138^o place) and population. Moreover, they pursued different transition models after the collapse of the USSR. To illustrate this, he showed a graph from the European Bank for Reconstruction and Development (EBRD), which shows that Belarus is implementing much less reforms than Russia, Kazakhstan and Armenia. He explained in four points what the rationale of the EEU is: 1) politically, there is the will to reverse regional disintegration after USSR collapsed; 2) economically, to create cooperation and synergy in trade and business; 3) socially, to remove communication borders (as language differences), which can hinder reciprocal comprehension; 4) militarily, to assure a security space supervised by Moscow, mainly in response to NATO enlargement (which represents a sensitive issue for Russia, in particular). He went on by asking a thorny question: is this a USSR recovery, or USSR under a new name? He drew some political considerations, in response to this issue, such as geopolitical questions, an alternative to the European Union integration, and the developments in Ukraine.

Then, the explanation moved towards the political economy of Eurasian Integration. During the Soviet period the economy was highly integrated, and the collapse of the Soviet Union was stressful for the GDP of former Soviet countries. This dramatically contracted during the 1990s, especially for industry and agriculture, which represented the two more developed sectors for these countries. To explain the GDP behaviour, it is also important to keep in mind that, in the 1990s, oil prices were much lower than now. They grew when the demand increased, in particular from Asian countries (not USA or Europe). Structural changes took place in terms of national wealth, as well.

However, this did not occur in Soviet Union, where the production was mainly focused on heavy industry and military stuff, instead of consumer goods.

Moreover, professor Yarashevich explained why the Eurasian Integration is a protectionist endeavour. It is based on the Customs Union, and this is why it reflects protectionist trends. It “suffers” from the Dutch disease (the increase in the economic development of natural resources and a decline in the manufacturing sector, or agriculture). Indeed Kazakhstan, Belarus, Armenia and Russia tend to protect their manufacturing sectors from external competition, both from West and Asia. He gave us the example of duties for car, which now amount to 30%, while in the past it was absent or much lower. Furthermore, the Eurasian Integration could be seen from Russia as a tool to counterbalance the World Trade Organisation’s (WTO) demand for further integration.

Is it really about industrialization? Yes, because it would be logical for these countries such as Russia and Kazakhstan, which are extremely rich in term of natural resources, to process them at home, by generating jobs, goods, wealth, and stable democracies.

The final part of the presentation focused on what this integration needs in order to be successful. First, there is the need for more emphasis on economic, rather than on politics. This would lead to the creation of common industrial policies. Finally, a true economic union should be fulfilled, and not just declared (this is constantly postponed). Today, there are a lot of talks, especially on modernization, innovation and investment in all Eurasian Economic Union countries, but little action. Moreover, there is too much limitation and too little common trade in the Custom Union.

Profession Yarashevich concluded by explaining his predictions in four points. First, future employment opportunities will be concentrated in manufacture and agriculture. Second, the general level of work force will be reconsidered, and the Eurasian Integration will provide the background to accomplish that. Third, employing people with a lower degree of education or skills, who represent the majority of the electorate, to fulfil the electoral victory. Finally, it is more about maintaining the *status quo* than an actual integration.

This Open lecture represented an outstanding opportunity for current MIREES students and other students of the Forli campus to learn more about a current process about integration that is taking place in former Soviet countries, and it has given us incredibly interesting discussion points on many aspects regarding the Eurasian Integration.

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