

About the Author

Dr Arkady Moshes is Programme Director for the EU's Eastern Neighbourhood and Russia research programme at the Finnish Institute of International Affairs in Helsinki, and an associate member of the Russia and Eurasia Programme at Chatham House. Before moving to Finland in 2002, he worked at the Institute of Europe in Moscow. His areas of expertise include Russian–European relations, Russia's policy towards the Western CIS and Baltic States, as well as the internal and foreign policy of Ukraine and Belarus. He has been a guest lecturer at several universities and institutes, has authored over 130 academic and analytical publications and is a frequent commentator in European and Russian media. He holds a the PhD in history of international relations from the Academy of Sciences of the USSR

Further Reading

- Arkady Moshes, "Europe's Disillusionment with Russia", *PONARS Eurasia Policy Memo* No. 284, August 2013, <<http://www.ponarseurasia.org/article/new-policy-memo-europes-disillusionment-russia>>
- Arkady Moshes, "Will Ukraine Join (and Save) the Eurasian Customs Union?", *PONARS Eurasia Policy Memo* No. 247, April 2013, <<http://ponarseurasia.org/memo/will-ukraine-join-and-save-eurasian-customs-union>>
- Arkady Moshes, "A marriage of unequals: Russian-Ukrainian relations under president Yanukovich", in St. Meister (ed.) *Economization versus Power Ambitions. Rethinking Russia's policy towards post-Soviet states* (DGAP-Schriften zur Internationalen Politik. Nomos, 2013, pp. 59–72).

ANALYSIS

Eurasian Integration: A Viable New Regionalism?

By David Lane, Cambridge

Abstract

The project of a Eurasian Union can be considered as a response to the consequences of neo-liberal globalisation, which led to economic and moral decline in the countries forming the Commonwealth of Independent States. It is part of a more general movement in world politics towards regionalisation. Possible developments are discussed in terms of three scenarios: isolation from the world economy; a 'stepping stone' to further integration in the world economy; and a more autonomous 'counter-point' within the world economy. The third variety would only be possible with concurrent stronger linkages to the BRICS countries and the Shanghai Cooperative Organisation.

After the disintegration of the Soviet Union, COMECON and the Warsaw Pact, the Central European societies and, later, the former Baltic republics of the USSR returned to their European home by entry into the European Union. The remaining states of the USSR adopted market economies and became exposed to the world economic system. They remained in a loose association, the Commonwealth of Independent States, which regulated a number of common activities (such as air traffic control) and weakly promoted symbolic forms of attachment, but had no effective economic and political powers.

A belief that the backwardness of the state-socialist societies was due to their separation from the international economic system drove policy makers across central and eastern Europe and the post-Soviet space

to enter global markets. The neo-liberal globalised system has led to the greater porousness of state borders to allow the market to flourish and, consequently, the nation-state has lost powers. The central European, post-socialist, New Member States of the European Union are bound to the European Union by its comprehensive conditions for membership, though they are to some extent shielded by its social provisions and have free movement of people within its borders.

The CIS countries, however, were unable to compete in the open world system of competitive capitalism and were confronted economically and politically by Western powers, successfully pursuing their own geopolitical interests through market mechanisms. Consequently, the former republics of the USSR experienced economic decline, rising levels of inequality and poverty.

Russia lost the USSR's status as a major world power and its peoples suffered an identity crisis. A process of decay and industrial de-development accompanied by disenchantment with free market mechanisms occurred.

This decline of the CIS states and a degeneration of their societies into chaos have precipitated the ideas of Eurasianism, and the proposed Eurasian Union. Post-Soviet political leaders have sought to find the illusive 'alternative' to the neo-liberal ideology learned from the West, which to them legitimates the political and economic hegemony of the USA. In this quest, they seek forms of association which would bring them into the world economy on a more equal and, optimistically, more beneficial terms than hitherto.

There is no single version of 'Eurasianism' (Evraziystvo). It is an ambiguous and controversial term. The proposed Eurasian Union has to be interpreted as a movement in-progress. This is to be expected and follows other comparable movements; for example, the evolving notions of the European Union or, with a much longer history, the changing understanding of the (British) Commonwealth of Nations.

The Eurasian Background

Eurasianism can be addressed at different levels—as a philosophy of a civilisation, or at a policy level in terms of an economic customs' union. At a philosophical and historical level, it is associated with writers ranging from Nikolay Berdyaev to contemporary Russian sociologists, such as Ovsy Shkaratan. As a set of values and beliefs, it is derived from the space, history, institutions and practices of Imperial Russia and the Soviet Union. The content is sufficiently vague to present a repertoire of concepts.

Eurasia, as a geographical space, is the area occupied by Genghis Khan, the Imperial Russian Empire and the Soviet Union. Socially, the area is composed of heterogeneous peoples, with Russians being predominant. Eurasianism is composed of the values, mores and institutions which developed historically in this area. This gave rise to a Russian civilisation that is distinguished by the conservative religious teaching of the Orthodox Church, the collective role of a state legitimated by a strong leader, and the responsibility of institutions to 'serve the people'. The social order has also arisen in opposition to 'the Other': the West. It has no formalised social basis analogous to class (as in Marxist theory). In the cultural formation of Eurasianism, there is no dynamic for, or aspiration to, territorial expansion and differences are essentially cultural. Eurasianism, therefore, has and can coexist with other civilisations, such as Islam; and can be expressed in different economic forms of production, such as feudalism, capitalism and socialism.

Eurasian Union

From this amalgam of ideas and orientations, political leaders, such as Presidents Putin, Lukashenko and Nazarbayev, devise and legitimate policies. The idea of a Eurasian Union was first formulated by President Nazarbayev in 1994, but only in November 2011 did the three presidents agree to establish a union by 2015. Currently, it involves, institutionally, a form of collaboration between three states: Belarus, Russia and Kazakhstan, though others have shown interest in joining. Clearly, as in the European Union, these states have different predispositions and priorities, reflecting their endowments and relative strengths. The leadership of Kazakhstan (analogous to the UK's disposition to the EU) rather favours an economic association, whereas Belarus (similar to Germany) supports a stronger and more comprehensive political and economic union.

The proposed Eurasian Union conforms to a capitalist form of economy with a place in the world economic system. But the thrust of policy is to reverse the effects of globalisation, particularly to ensure the sovereignty of the nation state. The objective is to achieve these goals by forming a regional bloc. Such an association is open to different courses of action and could be a positive movement similar to other regional developments in world politics. Other more sceptical views are prominent, and are considered below.

The Vitality of Regionalism

The dissolution of the Soviet Union, initially led to a fragmentation of the world political system around a unipolar USA. Later developments enabled the rise of regional blocs and a move to a more multi-polar system. Whereas international borderless trade and the de-territorialisation of politics¹ are assumed to be a dynamic feature of 'globalisation', regional forms of association have become major components of international political and economic organisation.² As of 31 January 2014, 377 regional trade agreements were in force and they covered over half of world trade.³

- 1 K. Ohmae, *The Nation State*. New York: Free Press: 1995. C. Crouch, 'The Global Firm: the Problem of the Giant firm in Democratic Capitalism', in D. Coen, W. Grant and G. Wilson (Eds) *The Oxford Handbook of Business and Government*. Oxford: OUP 2010: 148–172. For more cautious approaches recognising the retention of state powers, see: P. Dicken, *Global Shift: Reshaping the Global Economic Map in the 21st Century*. London: Sage 2003. M. Mann, *The Sources of Social Power*. Vol. 4: *Globalisation 1945–2011*. Cambridge: CUP 2013.
- 2 Peter J. Katzenstein, *A World of Regions: Asia and Europe in the American Imperium*. Ithaca: NY: Cornell University Press 2005.
- 3 See WTO Regional trade agreements data base. <<http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx>> These include 18 cus-

The New Regionalism approach, developed in Western political studies, regards regions as the successors to nation states. The European Union is the model to be emulated. To be successful, regions require not only an economic basis (in which the EU has been strong), but also forms of cultural identification (which has been a stumbling block in the EU) and political and social linkages (which have proved problematic in the EU). The proposed Eurasian Union would combine cultural, political and social components and fit comfortably into this framework.

For example, from an economic point of view, there is a large domestic internal market. Russia has considerable currency reserves, and all the countries have a low transnationality index (low value-added by foreign companies). Politically, all the countries share common Tsarist and Soviet legacies, with a presumption that strong state leaders will provide public welfare. The failure of neo-liberal policy to secure prosperity has weakened the identification of significant parts of the elite with neo-liberal economic outlooks and individualism. Ideologically, there is a strong national identity linked to Russia as a civilisation with a common language and shared history. Culturally, Orthodoxy gives rise to a mutual religious history for the Slavic peoples of the countries, though it has coexisted with other religions (such as Islam). There is also a perceived common 'Other'—the hegemonic United States and its Western allies.

However, many commentators express doubts. The current dialogue on Eurasianism involves conflicting roles for state and market, different positions on religious and secular norms and diverse standpoints on allies and 'others'. Some commentators point out that many of these views are contradictory and they have reservations about the model's viability. Whilst others, erroneously I believe, regard Eurasianism as an ideology that underpins a military and political threat to the West.

Three Possible Scenarios

I would single out three contrasting positions for the evolution of the Eurasian Union:

The first opinion is that the Eurasian Union would follow a route down an economic cul-de-sac. Most Western critics take this point of view—particularly those from the European Union—and contend that a state-led economic union will lead to isolation, protectionism and consequently to economic decline and political weakness. They claim that it would cut off the Eurasian member states from innovation and progress. The argument

toms' unions and 218 free trade agreements. See also: Edward D Mansfield and Helen V Milner, 'The New Wave of Regionalism', *International Organisation*, (53, no 3) 1999.

here is a familiar one, articulated by Margaret Thatcher during the time of Gorbachev: 'there is no alternative to the neo-liberal model'. Others in this school emphasise the mischievous intentions of the Russian leadership: Eurasianism is a legitimisation of opposition to the West and its values. They contend that it not only legitimates a false economic alternative, but it seeks to enlarge the Russian state and reconstitute the former Soviet Union.

This in my view is an erroneous understanding of the position of its political advocates in Russia, Kazakhstan and Belarus. The assertions have no foundation in the philosophy of Eurasianism; political actions, moreover, have to be interpreted also in the light of geo-political interests and policies.

The European Union Model

Second, is the idea that the envisaged regional association would emerge as a 'stepping stone' to the current world system, dominated by a core of hegemonic Western states. The argument here is that regions are complementary components of the world system. According to Bjorn Hettne, the core states seek to control the world outside the core and, to this end, they exercise 'ideological hegemony'—predominantly neo-liberalism.⁴ Other writers in this vein emphasise the adoption of regionalism as part of American soft power.⁵ Such commentators define the regions within the 'core' as Europe (the EU), North America (NAFTA) and East Asia—the 'Triad'. These regions have all moved in the direction of neo-liberalism.

Outside of the 'core' are the intermediate regions, of which the post-Soviet states are a part. States in the intermediate zone are linked to the core regions and gradually become incorporated into the core. Such writers point out that the core can use regional arrangements to set up, or widen free trade and, hence, extend neo-liberal influence on others. Such regions then may become 'stepping stones'. An example here is the southern European and the east European New Member states of the European Union, who on joining become enmeshed in the neo-liberal democratic world order. Alternatively, should the regions in the intermediate zone fail to meet the conditions for joining the core, they will 'sink into the periphery'.⁶

4 B. Hettne, 'Regionalism, Security and Development: A Comparative Perspective', in B. Hettne, A. Inotai, and O. Sunkel (Eds) *Comparing Regionalisms*. Basingstoke: Palgrave 2001, pp. 1–53, citation pp. 3–4

5 See James H. Mittelman and Richard Falk, 'Hegemony: The Relevance of Regionalism', in B. Hettne et al (Eds), *National Perspectives on New Regionalism in the North*. London: Macmillan 1999.

6 Hettne (2001), p. 6

Some sponsors of the Eurasian Union advocate the institutions of the European Union as a model to be copied. The implication of this position is that if markets are to predominate in the economic union, they would exert their own logic and would drive the Eurasian Union to the neo-liberal world system, which they would welcome. So the development of an alternative social system would not arise. The Eurasian Union would become another economic region in the neo-liberal world system driven by global markets, rather than by states set in regional blocs. The cultural and social components of Eurasianism would be incorporated by the economic market. In this variant, Eurasianism is no threat to the West; indeed, it is one way to contain the states in a reformulated Commonwealth of Independent States.

Another advantage of a Eurasian grouping based on the model of the European Union is that it would be far less heterogeneous than the latter's present membership. Russia, Belarus and Kazakhstan have more in common culturally, politically and socially than those of the current EU members. While there are groups with other religious values (such as Muslims), the societies have a common language and have been members of a common state for over a century before the breakup of the USSR. The dominant values and norms as well as institutions have the same background. These states endorse state welfare and collective, rather than individual, responsibility. Unlike the EU members, they have never been to war with one another. They are not divided by some members having a dual commitment (such as the transatlanticist UK). Hence, one can understand why some Eurasianists contemplate the EU as a model. Despite its current severe problems and dislocations, it is widely admired as an example of positive economic achievement furthering integration of nation states.

However, it is mistaken to advocate this model for a Eurasian Union. The EU is premised on uniting its members into a common ideological and political framework with complementary political and economic institutions and a common foreign policy. In 2014, there are thirty-five chapters of its *Acquis Communautaire*, which define institutional arrangements and acceptable procedures over a comprehensive range of activities. The first ten chapters include: free movement of goods; freedom of movement for employees; the establishment and provision of services; free movement of capital; public procurement; company law; intellectual property rights; competition policy; financial services; information and media; agriculture and rural development; other chapters include: social policy and employment; enterprise and industrial policy; regional policy and coordination of structural instruments; judiciary and fundamental rights; justice, freedom and security; education and cul-

ture; customs union; foreign, security and defence policy; financial control; financial and budgetary provisions. The European Union obliges commitment of its member states to common political values and institutions, and to the virtues of electoral competitive democracy.

The outcome of free movement of capital, labour, goods and services has undermined the social and economic fabric of the member states. In fulfilling the conditions of the *Acqui*, the member states have lost sovereign powers. This is in contradiction to a major component in the thinking of Eurasianists, particularly President Putin; notably, to maintain the sovereignty of the nation state components of the proposed Union. That is just not possible in a European Union type of political and economic association.

Eurasia as a Regional Counterpoint

There is also a third option: that of a political and economic counterpoint. The Eurasian Union might well secure a polity based on more collectivist and conservative religious values, with state economic coordination and a form of democracy different from electoral democracy (or not based at all on Western conceptions of pluralist democracy). It would exchange with the dominant world system, but would not be embedded in the neo-liberal order. Economically, it would be a national form of capitalism. In this sense, it would be a competing formation to neo-liberal capitalism.

I would suggest that an alternative looser organisational structure is appropriate for the Eurasian Union, which would maintain the sovereignty and individual identity of the three states. Other models would be the European Economic Community (which preceded the EU) or even the British Commonwealth (before the UK joined the EEC). Both these formations included a customs' union within which individual states maintained their political sovereignty. The political institutions and ideology were also shared though there was considerable divergence of views and interests. The Commonwealth members also had strong cultural identification and recognized common enemies and friends.

Predispositions of the political elites in the post-Soviet states are shaped by similar developments. Eurasianism provides an alternative predicated on a practical regional association. A move to economic autarchy (as previously in the USSR) can be ruled out for many reasons. As Schulz, Soderbaum and Ojendal put it: 'The neo-liberal warning that the new regionalism is a revival of protectionism seems to be an ideological construction'.⁷

7 M.Schulz, F. Soderbaum and J. Ojendal, 'Key Issues in the New Regionalism', in B. Hettne, A. Inotai, and O. Sunkel (Eds) *Comparing Regionalisms*. Palgrave 2001, pp. 234–276, citation p.247.

The Eurasian community has the possibility of exercising a form of autonomy within a regional setting.

In my view, for countries in the semi-core of the world system, regionalism need not entail adopting the principles of neo-liberal globalisation. China, Russia, India, Brazil and Venezuela and constituents of regional groups (Shanghai Cooperation Organisation, the Eurasian Economic Community, MERCOSUR, and ASEAN) can strengthen their position against hegemonic powers.

A serious problem here is whether a Eurasian Union of only three countries would make an effective economic base. To take just one measure: Forbes's Top 2000 world corporations—in 2013 Belarus had not one company; Kazakhstan had two (one gas company and a bank); Russia 30 (10 in minerals, 7 in oil and gas and three banks). Whereas Brazil had 41 corporations in the list, India 66 and China outstrips all these countries with 136 corporations occupying the first, second and eighth ranks in the Forbes list.

To make a viable alternative economic regional bloc, cooperation with China and other BRICS countries would be essential. By 2011, the BRICS accounted for 23 per cent of global GDP as measured by PPP.⁸ These countries are quite compatible to the values of the Eurasian Union. To quote Zaki Laidi, they 'form a coalition of sovereign state defenders. While they do not seek to form an anti-Western political coalition based on a counter-proposal or radically different vision of the world, they are concerned with maintaining their independence of judgment and national action in a world that is increasingly economically and socially interdependent'.⁹ When combined, Russia, India and China have considerable manufacturing and military capacity, as well as enormous internal markets. By 2009, China had dis-

placed the USA as the major world trading nation. They already have extensive capacity for research and development. Strengthening regional associations would minimise contagion from global financial crises. They promote economic integration and preserve the nation state without confronting the hegemonic members of the current world economic order.

Conclusions

The dynamics of the world system—particularly the rise of semi-core countries and the relative decline of the still dominant USA—leads to a longer term scenario, which will see the developments of counterpoints, of which a Eurasian Union might become an important constituent. But a Eurasian Union alone could not mount a very serious challenge to the hegemonic core. To build any significant alternative to the neo-liberal global order would need combination with other regions in semi-core countries—particularly the BRICS or members of the Shanghai Cooperative Organisation. Such economic alternatives could prioritise economic development, channel investment and provide employment through administrative forms of collective economic coordination. The ideology is conducive to policies requiring companies to exercise greater social responsibility—to employees, consumers, suppliers and to the environment.

A Eurasian Union could legitimate a different state system and more collectivist traditional values, including those developed in Russia, Kazakhstan and Belarus in the past. Such developments would provide the basis for a more pluralist and multi-polar world. It would have as an economic base a capitalist alternative—a type of organised national capitalism.

About the Author

David Lane is a Fellow of Emmanuel College, Cambridge and was previously Professor of Sociology at the University of Birmingham. He is an Academician of the Academy of Social Sciences (UK). His recent work includes: *the Capitalist Transformation of State Socialism* (2014); *Elites and Classes in the Transformation of state Socialism* (2011); (with Stephen White); *Rethinking the 'Coloured Revolutions'* (2010); (with Andrew Gamble) *The European Union and World Politics* (2009). Recent articles have been published in: *The Political Quarterly*, *Mir Rossij*, *New Political Economy*, *British Journal of Politics and International Relations*, *European Societies* and *POLIS* (Moscow).

⁸ Figure cited by Zaki Laidi, BRICS: Sovereignty power and weakness. *International Politics*, 49 (5): 2012: p. 616.

⁹ Zaki Laidi, BRICS: Sovereignty power and weakness. *International Politics*, 49 (5): 2012: 614–632. Quotation: Abstract, available at: <www.palgravejournal.com>