

# Eurasian integration could offer a counterpoint to the EU and the United States, but only in close co-operation with states like India and China

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*Russia, Belarus and Kazakhstan have pursued integration with the aim of creating a Eurasian Union by 2015. David Lane writes on the economic and political background underpinning Eurasian integration and its potential to act as a counterpoint to the hegemony of the United States in the global system. He argues that while the economic weight of the three Eurasian Union states is fairly limited, pursuing close co-operation with 'BRICS' countries such as Brazil, India and China could offer the basis for a more pluralist and multi-polar world.*



After the disintegration of the Soviet Union, the Council for Mutual Economic Assistance (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 (CIS), 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 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 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 geo-political 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.



Vladimir Putin, Credit: Number 10 (CC-BY-SA-3.0)

The decline of the CIS states and 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 United States. In this quest they seek forms of association which would bring them into the world

economy on more equal and, optimistically, more beneficial terms than they have so far managed to achieve.

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 philosophical 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 [Nikolai Berdyaev](#) to contemporary Russian sociologists such as [Ovsey Shkaratan](#). As a set of values, it is anchored in the history, institutions and practices of Imperial Russia and the Soviet Union. Such writers see Russia as a civilisation with distinctive values and culture which were, to some extent, continued and adapted in the Soviet Union.

The content is sufficiently vague to present a repertoire of concepts: including values generated by the shared historical experience of Russian speakers, the conservative religious teachings 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). There is no aspiration to external expansion; differences are essentially cultural. Eurasianism therefore is quite capable of coexistence with other civilisations, such as Islam; and can be expressed in different modes of production such as capitalism and socialism.

### **Eurasian Union**

From this amalgam of ideas and orientations, political leaders, such as Presidents Putin (Russia), Lukashenko (Belarus) and Nazarbayev (Kazakhstan), devise and legitimate policies. The idea of the 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 considered below.

### **The vitality of regionalism**

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

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 trans-nationality index (low value added by foreign companies). Politically, all the countries share common Tsarist and Soviet legacies with a presumption that strong state leaders would provide public welfare. The failure of neo-liberal policy to secure prosperity has weakened 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. 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 have reservations about the model's viability; while others regard the ideology as underpinning a military and political threat to the West.

### **Three possible scenarios**

I would single out three contrasting positions. 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 would 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 here is the 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 that 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. Chinese developments in the past twenty years are a clear alternative to neo-liberalism.

### **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 complimentary 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. Other writers in this vein [emphasise](#) the adoption of regionalism as part of American soft power. 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 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'. Examples here are the southern European and the eastern 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 conditions for joining the core, they will 'sink into the periphery'.

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.

### **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 recognised 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'. 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 Agreement, 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: in Forbes's Top 2,000 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. 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'.

When combined, Russia, India and China have considerable manufacturing and military capacity and enormous internal markets. By 2009, China had displaced the United States 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 United States – leads to a longer term scenario, 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.

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*Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.*

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