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EURASIAN INTEGRATION: ON THE ISSUE OF ACHIEVING ECONOMIC EFFICIENCY

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Abstract

The process of Eurasian integration is being studied, which is becoming more and more noticeable and significant in modern international relations, contributes to the emergence of new associations and the qualitative evolution of existing interstate organizations, attracts the interest of the entire scientific community. We study the models of unification of states on the scale of the EAEU, analyze the real prospects for the future of the Common Economic Space in the context of multilateral forms of economic integration. It is emphasized that integration interaction in the Eurasian space proceeds against the background of crises, sanctions, political and economic instability, and therefore the focus should be on the issues of articulation, definition, distribution and consolidation of new functions within the EAEU by political and economic actors. It is emphasized that the participating countries that have received bonuses from the process of Eurasian integration are functionally obliged to receive more geopolitical functions and responsibilities in their regions. The authors conclude that a comprehensive scientific analysis of the substantive components of Eurasian integration is necessary. A request has been formulated to develop improved criteria for the effectiveness of the Eurasian integration project, reflecting not only the parameters of the integration plan, but also its impact on the quality of life, the level of regional social cohesion of the economic space of Greater Eurasia. The EAEU is able to become one of the centers for the formation of a large-scale integration contour with the participation of China, India, Iran, Pakistan, CIS partners.

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1. Introduction

Eurasian economic integration involves not only the processes of mutual adaptation, interaction and cooperation within the framework of the EAEU, but also the cooperation of national economies with the subsequent restoration of economic activity indicators at a qualitatively different level lost during the post-Soviet unity. Disintegration processes, prevailing for more than two decades since the collapse of the USSR into parts of the post-Soviet space, have changed their movement towards a qualitative reunification. The Soviet legacy in the form of interaction and cooperation as part of a superpower served as a strong impetus and incentive for the development of the integration process, the search for potential for structuring a large space – almost one sixth of the earth. Integration provided an opportunity and created the conditions for the development of regional economies, thereby contributing to the formation of a better situation that contributes to the well-being of citizens of the participating countries. Five years have passed since the signing of the Treaty on the Eurasian Economic Union on May 29, 2019, which launched the processes of Eurasian integration. Serious work has been done to implement the planned course and fulfill the tasks assigned to the EAEU (Tsoi, 2018).

The EAEU has many achievements, including memoranda of cooperation with integration associations: ASEAN – Association of Southeast Asian Nations, MERCOSUR – South American Common Market, CIS – Commonwealth of Independent States, Pacific Alliance, Andean Community, trade and economic cooperation agreement with China signing in the near future a treaty with the African Union, etc. In general, trade and economic mechanisms with integration associations and third countries are developing quite effectively.

At the same time, even for European integration, the historical path of which has been estimated over more than five decades, economic science has not formulated generally accepted approaches to assessing the effects of integration. The integration processes of the post-Soviet space are characterized by several features. The results can be conditionally divided into short-term and long-term. The first ones are associated with the reaction of the economy to a reduction or abolition, up to complete customs barriers. The effects are directly related to the characteristics of trade flows and changes in customs tariffs. Long-term integration effects depend on changes in the economy of a dynamic and structural nature that occur based on transformations of efficiency parameters, the creation of fundamentally new cooperative ties, and the expansion of markets for goods (Ivanter, Geyets, Yasinsky, Shirov, & Anisimov, 2012; Kosov & Frolov, 2013).

2. Problem Statement

There are a number of approaches to quantifying the integration effects: gravity modeling, computable general equilibrium modeling – “CGE models”, multiple regression modeling, dynamic intersectoral modeling using input-output tables, scenario approach. The effectiveness of integration processes within the Eurasian space depends on the integration model and on the main idea, which finds expression in international significance.

Within the framework of the Eurasian Economic Union, at least there are three well-established views on the union, whose supporters have identified the following integration models: “Moscow-centric” (“Russian-centric”), “equal” and “sector” (Raspopov, 2015).

"Moskvotsentrichnaya" allows the cooperation of several interested countries led by Russia, as the owner of a more powerful economy in the macro-region. Adherents of such an idea insist on tight integration with one center that manages integration processes throughout the united space. In favor of full reunification in the post-Soviet space (or a significant part of it), supporters defend the idea of not so much a strong Russia in the role of a dominant force, but emphasize the geopolitical advantage of a force capable of implementing tough imperial, “Russian-centered” integration.

In the context of an “equal” model, preference is given to the creation of an alliance of strong nation-states that cooperate in order to solve universal problems on equal rights. Fundamental is the principle of equality in integration construction. In the framework of the policy of Eurasian development, the model involves the establishment of recognized sovereign states, jointly interacting in creative projects operating in a common legal, sociocultural, economic, infrastructural, political environment.

The “sector” model implies cooperation of a “cluster nature” which is based on an agreement between individual states on specific issues or within the framework of certain business projects. All united states have the right to preserve the vector or multi-vectoriness previously chosen with respect to economic and political allies or partners, which allows developing and maintaining economic, military, political, cultural and humanitarian interaction simultaneously with several “centers of power”, if there is no clearly priority among the participants.

3. Research Questions

The external situation of Eurasian integration is far from favorable. The complexity of the period in which integration within the Eurasian space takes place is demonstrated by three “directions”:

- The first is the complication of Russia's relations with the United States and the European Union.
- The second is the extreme deterioration of relations between Russia and Ukraine.
- The third is the processes in South Asia, including the instability of the situation in Afghanistan and the high risk of increased pressure of the “Islamic factor” near the borders of Russia.

Monitoring the effectiveness of integration processes within the EAEU should be reduced not only to the analysis of criteria for increasing economic activity related to indicators of final consumption or GDP, but also for budget revenues that are sensitive to tax revenues collected by customs services (Glazyev, 2016).

The mentioned conditions and the specifics of the implementation of Eurasian integration indicate the need for serious work in terms of optimizing the role of each of the participating countries.

The Eurasian region contributed to the emergence of integration associations, the purpose of which was to restore and develop relations between the states participating in the process – the former Soviet republics. If at the stage of Eurasian construction, the parties concerned do not reach a proper understanding and do not agree on the choice of a common model for all, then further movement towards

unification is likely to be doomed to stagnation. When choosing an integration model, you need to consider which area most tasks or problems relate to. The solidarity of the main politicians and representatives from the expert communities of the participating countries is aimed at the fact that economic integration must first gain strength; then, the legislation should be brought into conformity, and only then other circumstances and factors.

It is undeniable that participants in Eurasian integration tend to copy many ideas from the experience of the EU integration process. At the same time, one should not repeat fundamental mistakes, directing the main efforts at solving political issues when politics “runs ahead” of the economy, which causes many problems in new education (Vozmitel & Osadchaya, 2010).

Integration should be based on the consolidation of the economic potential of all participating countries, a unified system of regulation of functions and powers transferred to the international level. It is necessary to create conditions conducive to the formation and implementation of a joint development policy, including structural, industrial, transport, energy, agricultural, educational, scientific, technical, humanitarian components.

4. Purpose of the Study

The purpose of the article is to clarify the real prospects for the development of a single Eurasian economic space as a deeper and more diverse form of economic integration, which can be seen as:

- a) the center of power, one of several world economic, industrial, technological and geopolitical poles;
- b) a “buffer” that will minimize negative external consequences for the economies of its member countries (Matsevilov, 2015);
- c) a means of supporting the economy of any one country located in this union and using other union countries for their own interests (which is highly undesirable, but, as historical experience shows the existence of other union supra-state entities in the past is not excluded).

5. Research Methods

The content analysis of scientific articles, speeches and publications allowed us to identify a common vector for the development of Eurasian integration in the future. Summarizing, we emphasize, economic integration in the Eurasian space is a logical and logical process that is aimed at creating a rational open project, in contrast to the USSR, a competitive global economic union as an integral part of a pan-European integration union and a fundamentally different geopolitical project as an integral part of the new world order.

6. Findings

In the Eurasian space, modern integration processes take place in clearly changed conditions, aggravated by protracted crises in relations between Russia and the United States, the European Union, Ukraine, as well as the growing Islamist danger coming from South Asia, mainly from Afghanistan, claiming to change the political and economic configurations in the world. The leaders of the

participating countries, experts and representatives of the political elite should pay closer attention to the tasks of defining, articulating, distributing and securing new functions for their countries within the framework of the EAEU (Maksimtsev & Mezhevich, 2018).

A special redistribution of functions is expected from a qualitatively different level of Eurasian integration, in which a decision in a certain institutional form will be consolidated that participating countries that have received certain bonuses in the process of Eurasian integration will be required to assume more geopolitical functions in their regions (Lazareva, 2016; Leskova, Ermakov, Andruschenko, Raspopov, & Khmelevskaya, 2015).

The study of problems in achieving the planned results of the economic efficiency of integration processes within the Eurasian space should include substantive components of the following nature:

1. A comprehensive description of the integration model, an analysis of its compliance with prevailing internal and external conditions, as well as the claims of the leaders of integrating countries.

2. Description and assessment of the main goal, which finds expression in the international importance that the EAEU should have soon.

3. Identification of the basic functions of states, participants in the integration process within the Union and beyond: their “inventory”, analysis of the usefulness and adequacy of distribution between member countries.

The objectives of the project should be clearly and concretely agreed upon both with the leaders of the states participating in the integration and with all participants in the negotiation process in order to achieve consensus and unambiguous understanding of the identified main tasks and to reach agreement on all related issues, including an analysis of the resource potential of the united economies, prospects of cooperation projects, proximity of trade relations between the participating countries.

At the final stage, it is necessary to resort to a “scenario approach”, which involves assessing the effectiveness depending on changes and existing characteristics of the external process in which the claimed integration of a specific time period is implemented.

The tasks of the near future of the EAEU include the development of a strategic planning system, the implementation of major infrastructure projects, building a unified strategy for the participating countries, the formation of a common humanitarian space, pursuing agreed policies, etc. (Lapenko, 2018; Novikov, 2018; Vasilieva, 2015).

7. Conclusion

The project of regional integration, its effectiveness and efficiency is traditionally calculated by the indicators applicable to national economies, in connection with which, the authors emphasize, a number of characteristics and processes arising within the integration association and affecting relations of both an intra-regional nature and beyond the limits. General approaches to analyzing the success of a regional economic integration project come down to assessing how close to the chosen integration model was. At the same time, the fragility of projects of both pro- and anti-Russian post-Soviet integrations camouflaged for the creation of popular modern geo-structures indicates a request to develop improved criteria for the effectiveness of the Eurasian integration project, reflecting not only the development of the integration project itself, but also its impact on the quality of life, confidence in tomorrow, the level of

regional social cohesion of the economic space of Greater Eurasia (Ryazantsev Osadchaya, Seleznev, & Pismennaya, 2018).

The EAEU is expected to demonstrate a willingness and ability to cooperate with all countries of the region, despite conflict situations and continuing conflicts. The main driving force and goal should be the geopolitical tasks and the necessary economic needs of the region (Bordachev & Pyatachkova, 2018).

... The Eurasian Economic Union may become one of the centers for the formation of a wider integration contour with the participation of countries with which we have already developed close relations – China, India, Pakistan, Iran and, of course, partners in the CIS, other interested states and associations. (Putin, 2016, para. 9)

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