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GEOPOLITICS AND GEOECONOMICS OF THE RUSSIAN NORTHWEST: IN THE CIRCLE OF BARRIER AND CONTACT FUNCTIONS OF THE BOUNDARY

The beginning of the 21st century has altered the established pattern of economic development of the world and its leading countries. The new reality is planetary processes of integration of markets, finance, and economy under the umbrella of a single concept of globalization. The primary reasons for rapid development of economic globalization are the basic needs of the modern economy and society: fast-paced market densification, increased competition, and limited basic resources.³

Analysis of current trends in world development suggests that the 21st century is likely to become an era of confrontation between two trends: the strive of nation states to preserve their sovereignty and attempts to ignore the boundaries of a nation state as a result of the expansion and deepening of the process of globalization and destruction of the Yalta system.⁴ “The world’s multinational corporations and international banks depend on the free flow of goods and capital to lobby the promotion of economic globalization and liberal market ideology outside their home states. This also underlies the systematic policy of spreading the Western system of values, their imposition on other states who seek to preserve their own ethnic and cultural identity, historical memory, autonomy and independence in laying their economic and political course.”⁵ In other words, globalization was breaking down boundaries, both economically and politically. In the meantime, up to a certain point, the globalization processes entailed an obvious economic benefit,

so Russia and its Northwest in particular learned to put up with their negative implications.

L. Fawcett fairly observed, “Regionalization of world economy is partly the result of resistance of states to the destructive effects of globalization.”⁶ The first two decades of the new century have shown that “in response to rising social costs and macroeconomic management problems, an increasing number of countries will seek to insulate their markets, companies, and economic clusters as a whole from adverse external influences.”⁷

The economic significance of national boundaries should be evaluated from various perspectives. From the perspective of global processes, boundaries hinder the development of integrative economic processes, create territorial socio-economic differences and, at the same time, the possibility of cross-boundary and near-boundary cooperation. To identify objective economic trends, economic boundaries are more important. In terms of the national interests of the country, their role is also contradictory. Boundaries are where the integrative nature of the economy in the past comes into conflict with the peculiarities of the economy of a modern particular country. Near-boundary location is of particular importance in the shadow economy.⁸

The Soviet Union as a whole, Leningrad and the Leningrad Region as part of it, in terms of external relations, most of the time were in geoeconomic isolation of varying degrees. The boundary with “capitalist” Finland was nearby, but inaccessible. Mind that the only external boundary for the Leningrad Region and Leningrad was with Finland. Relations with it were purely friendly. Convertible ruble was used for trade with Finland. Soviet tourists went to Finland quite rarely, but Finnish tourists, as we remember well, learned the road to Leningrad since the 1970s.

Leningrad and the Leningrad Region had a special status in the USSR and even some authority in the foreign economic domain. Lenfintorg association carried out barter deals that helped solve problems of providing the huge city with essential goods in exchange for supplies of raw materials. The border was “locked” and it would be incorrect to speak of a serious impact of foreign economic relations with Finland on the model of socio-economic development of Leningrad and the Leningrad Region. In Soviet times, the world across the national boundary was perceived as alien and hostile. The boundary, accordingly, had a barrier function, not a contact function. The barrier of civilization separated Russia from the rest of the world, and the symbol of the barrier was the boundary. Contacts and communications with the world took place at the highest level, and there were virtually no cross-boundary or near-boundary

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³ See: Кузнецов С. В., Межевич Н. М., Ткачев С. А. Границы и приграничное сотрудничество в России как результат глобализационных вызовов // Корпоративное управление и инновационное развитие экономики Севера. 2017. № 4. С. 68–76.

⁴ Максимцев И. А., Межевич Н. М. Уроки эволюции глобальной экономики и перспективы евразийской интеграции // Изв. С.-Петерб. экон. ун-та. 2023. № 1. С. 7–11.

⁵ Арапова Е. Я., Юрова Н. В. Политическая экономия и международные отношения сегодня // Международная аналитика. 2023. Т. 14, № 1. С. 10.

⁶ Fawcett L. Regionalism in historical perspective // Regionalism in World Politics: Regional Organization and International Order / ed. by L. Fawcett, A. Hurrell. N. Y.: Oxford Univ. Press, 1995. P. 26.

⁷ Европа в кризисном мире / под ред. Ал. А. Громыко М.: ИЕ РАН, 2022. С. 350.

⁸ See: Жабреев А. А., Межевич Н. М., Леонтьева А. Н. Развитие приграничного сотрудничества — цель и совокупность задач стратегического развития Северо-Запада Российской Федерации // Псковский регионологический журн. 2011. № 12. С. 3–9.

ties The “Finnish spirit” or Finnish goods were as present in the Leningrad Region as they were in the Magadan Region.

The collapse of the Soviet Union led to a fundamental revision of points of view on ensuring national security of the state. The new economic, political, and geographical position of Russia as the successor state requires some reflection. In fact, a whole range of economic, military, and political tasks faced by the USSR turned out to be virtually “inherited” by Russia. At the same time, the state and its institutions were forced to assume the responsibility for taking care of the interests of the country, even though the economic, political, and geographic opportunities for doing so were greatly diminished.¹

Without touching the issues of the collapse of the Soviet Union, let us resort to the definition given by V. P. Fedorov, Corresponding Member of the RAS, Deputy Director of the IE RAS: “...the new authorities inflicted defeat on themselves, one after another, giving out the country’s geography and history into the wrong hands.”² Of course, this process was not linear, and in addition to the negative aftermath at the regional level, there were positive consequences.

Since 1992, external and foreign economic relations with Finland have been steadily growing. Apart from the state, large, medium, and small businesses became actors in these ties, and hundreds of thousands of residents of the region received Finnish visas. Mutual influence between southeast Finland and Northwest Russia did not need any proof; it was evident even on the ground, in the landscape.

Certainly, according to the laws of dialectics, the absolute positives came alongside the negative aspects, such as those only too well known to the representatives of law enforcement agencies; nevertheless, both Russia and Finland expressed satisfaction with the developing external ties. There was a similar situation in other boundary regions of Russia, but for Leningrad Region, these processes were central, since the “window to Europe” was cut here by Peter the Great and later secured by Alexander Pushkin in the world culture. In the early 1990s, the model of foreign economic openness returned and began to have a positive impact on the regional economy.

At some point, it seemed as if this situation had become permanent. Russian citizens bought property in Finland, the number of joint ventures grew steadily, and thousands of Russian-Finnish marriages were effected. Importantly, the European Union supported cross-border cooperation programs. First, it was within the framework of TACIS, and then under the Interreg programs, Russia – South-East Finland, Cross-Border Cooperation and others.

Certainly, Russian regions, provinces, and republics have different potential for European cooperation. The integration capabilities of our region led the Leningrad Region to membership in the Assembly of European Regions (AER), and the story of St. Petersburg’s external relations in the first two decades of the post-Soviet era could be very long. By the end of the first decade of the 21st century, the common practice was for residents of St. Petersburg to pay in borderline Finland in rubles. And this practice suited absolutely everyone. Then it was over. Strictly speaking, this

¹ *Межевич Н. М., Шамахов В. А.* Современность и традиция в российской геополитике (статья первая) // Управленческое консультирование. 2020. № 1 (133). С. 10–19.

² *Федоров В. П.* Актуальные уроки: против односторонних уступок // Аналитическая записка. 2017. № 7 (80). С. 2.

is how it was supposed to happen: external and foreign economic openness is a cyclic process, and once export openness reaches a certain maximum, the rebound trends begin to prevail.

Before proceeding with further analysis, we should say that cross-boundary contacts are not always a good thing. As professor I. I. Sigov noted, “Trade of Russian boundary regions with neighboring states is becoming more extensive, to the detriment of the development of domestic economic ties. This creates an economic basis for separatism of these regions and their inclusion in other economic systems, rather than in the unified national economic complex of Russia.”³ This crucial observation was made at the very beginning of the 21st century, at a time when only a few leading scientists could see it.

Boundary regions occupy a dual position in the economic space of the state, being both the center of relations and the periphery of their own country. “The periphery is a dependent territory, which controls at best only its own resources and is influenced by uncertainty even in distant markets; it is isolated from all other regions, except the central one, and contributes less to the communication flow within the territory; it has little cultural potential, which is fragmented and limited, and does not prevail in a politically defined territory. In all these areas, the periphery depends on one or more centers...”⁴

Integration into the world economy, unfolding avalanche-like in the 1990s, has led to a reassessment of the accumulated regional wealth. For the international division of labor, the extraction, processing, and transportation of natural resources were of the greatest interest. Prediction “The heartland of Russia risks being forgotten. There will be disputes over infrastructure (‘I have an oil pipe, you have oil’)” was absolutely accurate.⁵ The struggle for control of the Soviet raw material base was the true content of the redistribution of property in the early 1990s. However, the sale of raw materials, due to the peculiarities of the relationship between the economic complex of the USSR and the outside world, did not warrant a significant influence on world pricing.

Sovereignization of the Russian regions meant their true colonization: complete dependence on a single-channel export of raw materials without any influence on the raw materials market means that you are just that – a colony.⁶ This situation might have been an inevitable norm in 1993, but in 2023 it could only be seen as an impasse.

The coordinated position of our opponents also implies an adequate response at the national and regional level. External ties of regions, previously seen as a competitive advantage (and not without reason), are now becoming a burden for a number of key regions.

Let’s summarize. In the beginning of 2023, the EU leaders once again announced that they would not change their policy regarding Russia. Such “commitment” has led to

³ *Сизов И. И.* Региональная собственность СПб., 2001. С. 14.

⁴ *Rokkan S., Urwin D. W.* Introduction: Centres and Peripheries in Western Europe // *The Politics of territorial Identity. Studies in European Regionalism* / ed. by S. Rokkan, D. W. Urwin. L.; Beverly Hills; New Delhi: SAGE publications, 1982. P. 5.

⁵ Проблема регионализации России и факторы внешнего влияния // Школа целостного анализа. 1999. Вып. 5. URL: <http://kurg.rtcmm.ru/publ.shtml> (accessed: 24.02.2023).

⁶ *Котлов А.* Путин начинает демонтаж колониальной системы // GlobalRus: [website]. URL: <http://globalrus.ru/opinions/138508/> (accessed: 02.01.2005).

global catastrophes in the 19th and 20th centuries. The intention to organize a crisis at Russia's boundaries has led to an unusual economic result: "International investors are conservative people... so if something goes bad in Russia, they will withdraw everything they can from neighboring countries as well."¹

The latest IMF report on the state of the world's financial system (Global Financial Stability Report. April 2023) designed to give an optimistic interpretation of the situation, reports problems: "The outlook once again appears uncertain amid turmoil in the financial sector, high inflation... and three years of the COVID pandemic." The authors of the Report cannot but mention Ukraine and problems in East Asia. The main thing, however, is not specified. The cycle associated with globalization and foreign economic openness is ending (or has ended?), and the stage of regionalization is approaching. The question is how St. Petersburg and the Leningrad Region will be positioned in the new context, and what will the "turn to the East" look like? How can one lose some of the competitive projects and gain others, taking advantage of the new geoeconomic situation? A realistic answer to these questions must be found not only at the national, but also at the regional level.

From our point of view, we can assume the following scenarios for the adaptation of St. Petersburg and the Leningrad region to the new economic and political conditions.

Pessimistic scenario. Due to the geographical location and specifics of the regional economy, St. Petersburg and the Leningrad Region are more susceptible to external influences and inherent internal systemic problems. This scenario presupposes an increase in crisis phenomena related to regional, national and global objective problems. The negative effects of this scenario are intractable. In terms of timing, these challenges may be positioned as long-term ones. Overcoming these challenges, including the challenges of external isolation, is ultimately impossible. A complex scenario of forced adaptation is likely to take place.

The most likely scenario can be described as a realistic one. An optimistic, unproblematic scenario in the style of "let's wait and the problem will solve itself" will not happen, this option is simply not possible in the current circumstances. The realistic scenario assumes that the nature of external challenges for St. Petersburg and the Leningrad Region will not change, but within the framework of the regional level's mobilization efforts, and with the support of the federal centre, the negative factors of development can be curbed. For example, with the reduction of the "Baltic" arm of development, the "Arctic" vector will develop successfully.

The history and geography of St. Petersburg show that the current difficulties are not the first in our regional practice. However, each time they have been overcome. The wind from the East will overcome the wind from the West.

¹ *Саморуков М.* Как российская девальвация накрыла Восточную Европу // Delfi : [website]. URL: <http://rus.delfi.lv/news/daily/versions/maksim-samorukov-kak-rossijskaya-devalvaciya-nakryla-vostochnuyu-evropu.d?id=45382824#ixzz3PNSgeVg7> (accessed: 25.12.2022).