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## “SCOURING THE ATTRACTOR”, OR STRATEGIC TASKS OF RUSSIA IN THE HEGEMON CHANGE EPOCH

### Global Risks and Management Strategy

The global competition is strengthening and reflects in the rapidly increasing turbulence of international relations, and that takes place in the environment of the quickly unfolding technological revolution, described as digitalization and industrialization 4.0. Combination of these processes with the well-known “demographic transition”, migration and transformation of mass worldview and behavioural stereotypes provoke shifts of the key global risks to the “orange” and “red” zones.

The state of affairs is aggravated by unbelievable rates of changes, rapid shortening of time between conceiving ideas and their bringing into life. The world economy stratifies into three sectors of the cross-boundary character: production of traditional goods, financial sector and super-profitable “information economy”, closely coming to mass production of forms of virtual conscience and respective tools and platforms. At the same time the global competition’s focus is shifted to the management models sphere and systems of civilization values and cultures standing behind them. These changes have a direct impact on basic characteristics of the world economic system, going back to the monetary and financial hegemony.

The point is that at present we’re speaking about the anthropological challenge, the essence of which is quick formation of powerful technological opportunities for formatting the desired target condition of mass conscience like society and its technological basis. Consequently, competition of actors for development of this desired condition of the society is quickly unfolding as well as anticipating creation of advantages in future.

The today’s special feature is that after some period of allergic reaction to such, in essence, social design, the goal to create a new-type human and human-like systems is openly put forward on the expectation of control over the full human lifecycle and such systems. Designing technologies for new types of conscience are connected with the domineering role of nonmaterial assets in the success of the leading world corporations as well as appearance in the near future of artificial systems with self-consciousness and imitation of the sensual sphere. Though we’re speaking about a possibility to realize such projects on global and sub-global scales.

The annual assessments by the World Economic Forum<sup>2</sup> show increasing concerns of the political, business and expert elite about unpredictable consequences to which the wave of technological innovations, especially in cyber-

space, leads. Mobile Web, Internet of Things, cloud calculations, progress in genetics and biotechnologies, radical change of labour and workplaces, integration with the human nervous system, use of new kinds of energy, formation of target identities via games and various kinds of subcultures — all that makes the nucleus of the breakthrough that is taking place and not only presenting great opportunities but also fraught with serious risks. Technological risks are closely interlaced with social and geopolitical. The threat of the world financial system’s collapse, water and food deficit, expected natural disasters — and all that with world instability, multiplying local conflicts and keen competition of integration megaprojects as a background. The multiple undermining of the international legal system and intensive use of hypercompetition methods, shaking the very market bases and giving new monopoly privileges for certain players to the disadvantage of the majority of other interested parties make the state of affairs more dramatic.

All that sets new requirements for the quality of management of socioeconomic, scientific and technological development and long-term strategic risks. Solution of these tasks is on the agenda of the leading states, integration associations and systemically important corporations. All these problems are urgent for Russia as well. Many approaches and institutions, which seemed efficient in the past, are already not in conformity with either today’s risks or available opportunities (including information and technological), or public moods and expectations.

However, understanding deep-lying features of contemporary world system, the genealogy of which dates back to the key events and processes of the 20<sup>th</sup> century is of principal importance in this environment of quick changes and working out possible ways of management.

### Monetary Hegemony Problem

The currency emitted by the most powerful economical country and the one around which the whole subjected to it structure of the world monetary system is formed, is the most influential in world economy. In the 19<sup>th</sup> century, it was the system based on the “gold standard”, “hard line for the rate of exchange” and, most important, British technological and economic supremacy and, consequently, pound sterling. In 1913–1945, the period marked by re-division of spheres of influence in the course of World Wars, the USA came forward to take the role of the world monetary hegemon<sup>3</sup>.

R. Mundell, Noble Prize winner in Economic Sciences, emphasized that most political changes taking place in the 20<sup>th</sup> century, were generated by still poorly comprehended perturbations of the international monetary system, which in their turn were a consequence of the USA rise and miscalculations of their financial lever — the Federal Reserve System<sup>4</sup>. However, one should mention that not all “miscalculations by Fed” were a mistake.

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<sup>2</sup> See: The Global Risks Report 2017. URL: <https://www.weforum.org/reports/the-global-risks-report-2017>; The Inclusive Growth and Development Report 2017. URL: <https://www.weforum.org/reports/the-inclusive-growth-and-development-report-2017>.

<sup>3</sup> See in detail: Ageev A. I. Hegemon Change: War and Economy. Moscow: Institute for Economic Strategies, RUBIN, 2016.

<sup>4</sup> Van der Vee G. History of the World Economy. 1945–1990. Moscow: Nauka, 1994.

In the correct opinion of Van der Vee, rapid increase of the USA economic power in the beginning of the 20th century allowed them to establish control over Western Europe already by 1919: the USA were to take the place of the UK as “the head of the world”<sup>1</sup>, coordinating world trade, investments and settlements of payments. In essence, it was required from the USA to effect “stabilizing leadership”. Not only the mindset of the influential part of elites on isolationism hindered realization of this maturing mission of the USA, but also resistance and confrontation of other, still powerful at that moment countries — first of all England and France, the principle of “self-determination” of small nations that generated a lot of consequences as well as the so called problem of Russia. But the main knot of contradictions at that decisive moment, which could provide evading the prospect of a new war, was tied by two absolutely definite questions: preservation of the colonial system and reparations from Germany, including redistribution of its colonies<sup>2</sup>. The Treaty of Versailles which imposed a lot of obligations on Germany, at the same time became a delayed action bomb forecasting inevitability of retaliation<sup>3</sup>.

It was required to cardinaly solve several important issues in order to stabilize national economies as well as normalize and restore the growth of international trade. First of all, it was required after coordination of fairly contradictory economic interests, to create acknowledged by the world community tools and institutions which could provide regulation of tariffs and trade and allowed to grant credits to countries to evade repetition of inflation’s export. And, most important, it was required to find a solution to provide payment means and world reserve means for international trade as well as work out such a system of exchange rates which could be efficient for a fairly long period of time, at least 25–30 years.

As numerous international conferences and talks held between the two World Wars, including the experience of the League of Nations, demonstrated, the ability of the leading powers to find mutually advantageous solutions left much to be desired.

The conditions were required to make governments of the leading countries have not only fruitful and constructive discussions of the key issues of international relations, trade, settlements of payments and investments but also set up really capable to act international institutions that could reflect the domineering economic role of the USA.

The most important economic result of World War II is formation of coalitions of winners, including with limited participation of the USSR, the system of supranational institutions of the new generation. The main of them was the United Nations Organization (UN). The Bretton Woods Agreement (1944) also provided for setting up such institutions as the IMF and IBRD (1945–1946), GATT (1947) and the system for international settlement of payment resting on the US dollar as the main world currency for pay-

ments and reserve currency. Currency rates were fixed within certain limits, the main currencies’ connection with the US dollar was restored and its fixed price was established. By 1945, the USA accumulated, according to various estimations, from 70% to 85% of the world gold reserves. In this environment the Federal Reserve System of the USA was becoming the emitter of the world payment currency and in essence the central bank of the world economy. The FRS incomes accumulated both from emission of cash for the whole world system of payments (as a difference in the cost of one banknote’s production and its nominal value, the so called seigniorage) and payment of interest on the granted loans on world scales.

According to most rough estimations, the task of the USA was development of about 40–50% of the world economic space in addition to the space they had controlled before the War. This revolutionary shift was absolutely clearly expressed by F. Roosevelt who said that the main American postwar interests were then not only in maintaining supremacy in the Western hemisphere but also prevention of the Eastern hemisphere’s getting in the area of control of one potentially hostile power<sup>4</sup>.

This task was substantiated by the ideologeme for liberalization of the world market, meaning mostly elimination of barriers for access both to the markets of former enemies and their satellites, and the market under the colonial influence of the allies — the UK and France. In this situation, it was possible to neglect the provision of access to absolutely all markets for a certain period of time. And in this environment a possibility for development of the “second world” originated — socialist world with relatively isolated contours of economy. Empirically, a kind of limit for expansion of this fragment of the world market was evident as well — 20–25%. When the global capital fully “masters” its 75–80% of the market, there will be the objective requirement for absolute globalization. It will happen in the end of the 1980s. And that “globalization drive” will last till the beginning of the 21st century.

### Real World Status of Russia and Management System’s Tasks

Russia is relatively deeply in-built in the world economic relations, global information space and geopolitical configurations. This excludes particularly autarkic decisions but puts a question point-blank as to the character of provision and degree of economic self-efficiency, cultural identity, especially in the environment of sanctions, and information and political pressure. The numbers and heterogeneity of threats experienced by Russia and opportunities are laid upon high social heterogeneity and its prerequisite and consequence — heterogeneity of its purpose and value focuses, behavioral stereotypes and interests of the key groups of the Russian society<sup>5</sup>. As a result there is long-drawn-out effect of “scouring the attractor” in the selection of the strategic development line. And the costs of dependent position in the world configuration of economy and politics and their comprehension started growing already in the end of the

<sup>1</sup> Van der Vee G. Op. cit. P. 16.

<sup>2</sup> A. I. Utkin clearly presented the essence of the controversy: “Really, the embittered winners just wanted material aid from the USA, but even more they wanted material compensation at the expense of Germany. The allies were indignant because the country that was the last to join the war and had the least losses in comparison with the others, tried to dictate its terms and conditions”. (See: Utkin A.I. Woodrow Wilson. Moscow: Cultural Revolution, 2010. P. 448.)

<sup>3</sup> About the Treaty of Versailles problems see in detail: Keynes J. M. A Revision of the Treaty. N.Y.: Harcourt, Brace and company, 1922.

<sup>4</sup> Cited by: Utkin A.I. Roosevelt. Moscow: Logos, 2000. P. 275.

<sup>5</sup> See in detail: Makarov V.L. Social Clusterism: Russian Challenge. Moscow: Business Atlas, 2010; Aganbegyan A.G. Strategic Task of Russia — Acceleration of Socioeconomic Development // Economic Strategies. 2013. No. 7, 8; Maevsky V.I., Chernavsky D.S. On Rational Behaviour of Real Consumer // Economic Issues 2007, No. 3; Polterovich V.M. Elements of the Theory of Reforms. Moscow: Economics, 2007.

1990s. By now, this process has not ended and that defines the preserved complexity of social choice.

Characterizing the maturity of the system of management of the socioeconomic, scientific and technological development according to the topological scale (“solved tasks level” and “resource base” criteria), it’s possible to single out four management types: 1) corresponding the task scales and resource potential; 2) laying claims to achievement of large-scale goals but not duly using the available potential; 3) not setting large-scale tasks but focused on complete utilization of the potential; 4) not setting high-level tasks and not focused on full utilization of resource potential.

Two explanatory notes are required — about the scales of solved tasks and the character of management of the resource potential’s utilization.

First, about the scales of tasks solved by the management system. The issue is far from abstract as it has been one of the most burning issues of international rhetoric since 2014, directly connected with imposing sanctions on Russia and assessment of its international status. We are speaking about the rank of Russia as a power. States are classified according to the integral power as “superpower”, “great power”, “regional power”, “small state”<sup>1</sup>. Historically, each concept has an empirical equivalent. Today, only the USA have the superpower status, and the European Union and China are approaching it. At present, Russia in this context has integral power in the middle of the great power scale, and the management factor level is in the lower part of the scale, inferior to relative values of a number of other parameters<sup>2</sup>.

Imposing sanctions on Russia was declaratively given reasons with reference to its status of as if a regional power. Historically and in contemporary diplomacy reference of another country by a strong party in the international relations system to this or that category means an attempt to unilaterally or forcefully fix the league of values of admissible (assigned to it) behaviour. In this case negation of the objective status of Russia as a great power with the proceeding from it rights and responsibilities in international relations excludes projection of its force outside and significant role in determination of the global agenda. Respectively, not only international conflicts but also one of the main challenges to the system of management inevitably originate from this gap between Russia’s self-assessment and its assessment by the USA and their allies.

The essence of this challenge is the scales of tasks which Russia can allow itself to solve and if they can go beyond the limits of the status it is referred to by other centers of power. There are fierce debates inside Russia and international debates over this issue. The official course of Russia was worded as “strengthening economic sovereignty”<sup>3</sup>. The scenarios of “One’s own center of power”, “Transit and raw material bridge” and “Prolonged status quo” were

worded in the development forecast up to 2030, worked out by the Eurasian Economic Commission<sup>4</sup>. Though in real space events are still more likely unfolding in the space of the second and the third scenarios, Eurasian Economic Union’s turning into one of the most influential world centers of power seems not only desirable but also an attainable variant. This concept is supported by the aims of “interlinking Eurasian integration and economic belt of the Great Silk Road” and putting forward the idea of “Big Eurasia”. The necessary condition for its realizing is building development management institutions corresponding to this aim. We should pay attention to the closeness of today’s strategic challenges and the circumstances that preceded the formation of the USSR and the Great Patriotic War.

Ultimately, the strategic choice for actors with objectively high world status comes down to ability and readiness: (1) to be the leader in the target sector of activities; (2) to play the role of province; (3) to be satisfied with the role of world outlying districts or (4) out-of-the-way place — technologically, economically, socially, culturally. This choice refers to the country as a whole and its regions, corporations and finally each resident. Staking on the leadership in target segments of world economy and successful actions to achieve these aims are a sign of solution of large-scale management tasks.

Second, the attitude of the management system to resource potential is actually graded for its development, use and exploitation — more or less pitiless up to annihilation. The latter is not a theoretical hypothesis at all, history knows a lot of examples of “scorched earth” as a result of human activities. The management system setting tasks corresponding to the objective scales of the country and expectations of society, is inevitably aimed at increase and not decrease of the long-term resource power of the country, including demographic, scientific and technological.

In the offered topological scale the management system present in Russia today generally combines the properties of the second and the third types. Only a few subjects (corporations and regions) act in accordance with the logic of the first management type and have strong competitive positions. As a result, the state is a fairly heterogeneous economic space, in which waves of innovations and institutions of various generations co-exist, including coexisting focally behavioural cultures<sup>5</sup>. This makes attempts of uniform solution of all problems obviously ineffective and even more so the dropping of their solution in the area of market’s self-arrangement. Solution is originally viewed as plural and requires high culture and adequacy of management.

### Conclusion

Now, both the state and the Russian society live in the intensive period of self-consciousness. But strategic choice has not been made yet though it is predetermined in many aspects. Outdated fictions of a possibility to follow the old economic model and geopolitical paradigm are preserved in elites and the society. That paradigm comes down to comprehensive integration into structures of the West, delegation to it of a part of its responsibility for one’s own civilized development, preferring a primitive model of state-monopoly arrangement of economy.

<sup>4</sup> Long-term forecast of economic development of the Eurasian Economic Union up to 2030. Moscow: Eurasian Economic Commission, 2015.

<sup>5</sup> Glazyev S.Yu. Strategy of Russian Economy’s Outrunning Development in the Environment of the World Crisis. Moscow: Economics, 2010.

<sup>1</sup> See substantiation in: Ageev A.I., Kuroedov B.V., Matthews R., Sanderov O.S. The Methodology of Strategic Matrix. Moscow: Institute for Economic Strategies, 2004.

<sup>2</sup> Ageev A.I., Kuroedov B.V. Special Features of Application of the Methodology of Strategic Matrix when Forecasting States’ Development (with Russia and China as examples). Moscow: Institute for Economic Strategies, 2008; Global Rating of the Integral Power of 100 Countries / Edited by Prof. A.I. Ageev (Russia), Prof. G. Mensch (Germany), Prof. R. Matthews (UK). Moscow: Institute for Economic Strategies, 2012.

<sup>3</sup> Minutes of the meeting with the Chairman of the Government of the Russian Federation of December 1, 2015. No. ДМ-П13-101-ип. URL: <http://government.ru/orders/20957/>

The project for stabilization of the present status of Russia without profound integration of the post-Soviet space is still very attractive for a part of Russian elite. Russia as other states in the post-Soviet area still has not defined the vector and model of its evolution. The intensified deliberate demonstration of independence which is treated in a biased way in some places outside the Russian Federation as “imperialism”, did not eliminate this contradiction in the Russian politics that fundamentally stays pro-Western in the mindsets and aims of the contemporary elite.

While this project is somewhat attractive providing an opportunity of selfish behaviour in relations with states in the post-Soviet area and space for maneuvering between two or three world-level centers, such raising the issue seems strategically outdated and incorrect.

In the environment of the 21st century, the “great power” status can be a temporary, transit state in movement either to the super power status at the expense of building one’s own or cooperative trade and economic, and military and political blocs, or going down to the regional power status, considerable losses of territories and damage of civilization identity.

Big numbers of actors and their interests in the contemporary world supposes a number of development scenarios between the two extremes: big war and preservation of tension that today can be called “the New Cold War” only by a long shot. Not all bridges have been burned yet. There is still no critical mass of conditions and factors for a world-scale war. However, their accumulation goes on, similarly to “cauldron heating” between the two World Wars of the 20th centuries.

The state of affairs is complicated by the fact that the international situation requires from Russia to irreproachably play its role and be a guarantor (one of guarantors though critically important) and operator (one of them though critically valuable) of the system supporting world and regional economic balances, first of all in military and political, fuel and power, transport, space and a number of other sectors. The real potential Russia has as a great power allows

to successfully oppose stirring up war in the majority of integral power parameters.

However, increased inclination of the managing Russian elite to unjustified foreign economic concessions, fraught with sacrificing oneself for alien geopolitical and geoeconomic intentions and plans, is a special feature of the long-term historical dynamics of Russia. Usually this self-sacrifice ends in a catastrophe overcoming of which again requires overexertion. Both turn into competitive advantages and profits for interested parties (opponents). And today one of the leading ideas of debates outside and inside Russia is pointing at “small scales” or “weakness”, “dependence”, “regional character”, “provinciality”, “backwardness” and other characteristics of Russia, called to nip in the bud the undesirable for a number of global players shift in favour of Russia’s becoming a strategic subject.

No matter the well-known inconsistency of actions of the top political leaders of the Russian Federation, their strategic imperatives and understanding of the present moment were expressed fairly clearly and not once. However, there is some distance between the quality of understanding, taken decisions and efficiency of their bringing into life. In some cases this distance becomes insurmountable, leading to collapse of the state machinery which seemed all-powerful.

The group of BRICS states which originally seemed to many a convenient speculative and statistical construction, fairly quickly displayed a considerable ontological meaning. It does not only come down to the fundamental shift taking place in world economy in favour of developing countries, the vanguard of which is BRICS states and a number of other states (Mexico, Indonesia, Nigeria, Turkey — MINT group, as well as some others). The role of BRICS increases both in foreign relations and as a subject of sovereign policy, alternative to stirring up a new world war.

In this environment it’s exactly the initiated by Russia activation of economic and military cooperation within the BRICS as well as the EAEU limits that is an alternative to their being dragged into a new big war.