THE CONTOURS OF THE RUSSIAN ECONOMY’S FUTURE IN THE CONTEXT OF THE WORLD CRISIS

If the governing law for technological patterns’ change is well-studied and recognized as a scientific discovery\(^1\), the hypothesis of global economic patterns’ change requires explanation. The systemic cycles of accumulation discovered by G. Arrighi\(^2\) are based on the system of production relations and respective managerial institutions and interests of the ruling elite, setting socioeconomic and political relations.

It’s supposed that the world economic development and related to it political changes take place by way of periodic change of global economic patterns, each of which is the system of interrelated international and national institutions that provide for expanded reproduction of the economy and determine the mechanism of global economic relations.

A global economic pattern is the system of interrelated international and national institutions that provide for expanded reproduction of the economy and determine the mechanism of global economic relations. The institutions of the leading country are of the highest importance, providing dominant influence on the international institutions that govern the global market and international trade, economic and financial relations.

Each global economic pattern has limits of its growth, determined by accumulation of internal conflicts as a part of reproduction of the institutions it includes. Such conflicts are deployed until the moment of destabilization of the system of international economic and political relations that have been solved so far by world wars. During such periods, the system of international relations is drastically destabilized, the old world order is destroyed, and a new world order is formed. The possibilities of socioeconomic development on the basis of the existing system of institutions and technologies are being exhausted. Countries that have been leading until then come across insurmountable difficulties in maintaining the previous rates of economic growth. Over-accumulation of the capital in production and technological


complexes that are becoming obsolete, casts their economy into depression, and the established system of the institutions complicates formation of new technological chains. They together with new institutions for production’s organization cut a path for themselves in other countries that break through to become the leaders of economic development.

Former leaders are trying to retain their dominance on the global market by strengthening control over their geoeconomic periphery, including by military and political enforcement methods. As a rule, this brings about big armed conflicts, in which the aging leader squanders resources without achieving the proper effect. A potential new leader, who is on the raising wave by that time, tries to wait and see in order to preserve his productive forces and attract the best minds escaping from the war, capitals and treasure of the fighting countries. The new leader builds up his capabilities and enters the international scene when fighting opponents are weakened enough, in order to appropriate the fruits of victory.

The basis of the today’s global dominance of the United States is the combination of technological, economic, financial, military, information and political superiority. The technological leadership allows American corporations to appropriate the intellectual rent, financing research and development by it to outrun rivals on the maximally wide front of the scientific and technological progress. Keeping the advanced technologies monopoly, American companies provide advantages on global markets for themselves both in efficiency of production and offer of new products. The economic supremacy establishes the basis for the domineering position of American currency that is protected by military and political methods. The United States in their turn finance the deficit of their national budget, forming as a result of inflated defense expenditures, at the expense of appropriation of seigniorage from the emission of global currency.

However, currently the United States hegemony is undermined by unsolvable internal conflicts within the limits of the existing system of capital reproduction institutions. By now, the United States and their allies in G7 have already exhausted the opportunities of extracting resources from the post-soviet countries, in which their own corporate structures have been established and privatized the remainders of their production capacity. The financial war also exhausted itself, the war Washington wages against unprotected national financial systems, tied to the dollar, by way of forcing upon them the monetary macroeconomic policy with the help of the IMF, rating agencies,
agents of influence, etc. dependent on it. There is already not enough capital inflow, artificially stimulated in such a way, into the American economy to service the federal government’s avalanche-like increasing liabilities, expenses for which are approaching one third of the US GDP. The US financial system’s reproduction has entered the blow-up regime – the exponential growth of their national debt and financial pyramids-derivatives certifies the approaching of its self-destruction.

At the same time, the People’s Republic of China and India that preserved their economic sovereignty, do not open their financial systems, demonstrating stable growth in the crisis environment. The biggest countries in Latin America and South-East Asia follow their example, resisting absorption of their assets by foreign capital. China is quickly forming its international payment system by establishing bilateral foreign currency swaps. As the new technological pattern is established, the space for the US Federal Reserve System’s maneuvers inevitably shrinks – the American economy has to bear the main weight of devaluation of capital, concentrated in excessive production facilities of the previous technological pattern, financial pyramids and liabilities of the countries in trouble. The gap between real assets and their virtual derivatives that was considered the main reason of the world financial crisis, has considerably increased since them. All that certifies that expansion limits have been reached and possibilities for economic development as a part of the current global economic pattern have been exhausted.

As in the previous periods when the age-old cycles changed, the leader losing influence resorts to enforced methods to maintain his dominance. Encountering over-accumulation of capital in financial pyramids and obsolete production facilities as well as loss of the markets, where they sold their products, and decrease of the dollar share in international transactions, the United States are trying to stay the leader by launching a world war to weaken both their rivals and partners. Establishing control over Russia combined with domineering in Europe, Middle Asia and Middle East gives the United States the strategic advantage over the rising China in control over the main sources of hydrocarbons and other critically important natural resources. Control over Europe, Russia, Japan and Korea also provides domineering in creation of new knowledge and development of innovative technologies.

According to the hypothesis of global economic patterns’ change, the United States cannot win the provoked by them world war. The era of American hegemony in the world is coming to the end. The system of institutions that set the American
accumulation cycle going, does not provide forward movement of production forces any more. The modern development of production forces requires new production relations and global economic institutions, which could allow providing sustainable development and repulsion of threats to the planet, including ecological and cosmic. These challenges to the existence of the mankind remain without an answer in the environment of liberal globalization, built according to the interests of transnational, mostly English and American corporations.

The rise of China entails reformation of the global economic order and international relations. Revival of planning of socioeconomic development and state regulation of the main indicators of capital’s reproduction, active industrial policy, control over trans-border capital flows and limitations for currency – all that may turn from the prohibited by Washington financial organizations “menu” into generally accepted tools of international economic relations. A number of scholars are already speaking about the Beijing consensus as a counterweight for the Washington consensus, as the first one is much more attractive for emerging countries in which most people live. It is based on non-discrimination principles, mutual respect of sovereignty and national interests of cooperating states, orienting them not to servicing international capital but advancement of people’s well-being. At the same time, a new regime may originate to protect rights to intellectual property and transfer of technologies, it’s probable that new standards will be approved for foreign trade in energy and resources, new rules of international migration will be approved, new agreements may be signed on limitation of harmful emissions, etc. The Chinese approach to international politics (refusal from interference into internal affairs, from armed intervention, trade embargoes) provides a real alternative for emerging countries to build mutually advantageous relations enjoying equal rights with other states3. China principally rejects use of force as well as imposing sanctions in foreign policy. China always emphasizes expansion of economic and cultural cooperation even in its relations with Taiwan, while Taiwan authorities oppose that4.


Japan, Singapore and South Korea are engaged in formation of the nucleus of the new global economic order together with China. Notwithstanding considerable differences from the People’s Republic of China in political organization and mechanisms for economy regulation, there are a lot of sustainable, cooperative ties formed between them, mutual trade and investments grow quickly.

Both neighboring countries – Russia, India, Vietnam, Malaysia, Indonesia as well as Brazil, Venezuela, Cuba and other states in Latin America come up to the forming “nucleus” of the new global economic pattern. The attraction of African countries to it strengthens. The total economic power of these states is already comparable with the countries from the “nucleus” of the American accumulation cycle.

It’s possible to determine the following scenarios for development of Russia depending on internal and external factors in the triangle with the United States and China. If in case of the latter it’s possible to suppose that the current system of new global economic pattern’s institutions will be preserved, and the new global economic system’s center will continue formation in the foreseeable future, there are two variants for both Russia and the USA.

The US politics may stay mostly unchanged, and Trump will go on along the previous line, keeping to global domineering, continuing the hybrid warfare against Russia and constraining China. Or he will switch to the common sense policy, acknowledging the realities of the multipolar world and inevitability of transfer to a new global economic pattern. The second way will require cardinal renewal of American ruling elite and looks unlikely.

The variants for Russia differ depending on the home economic policy. In the first case, it stays unchanged. This will mean growing technological falling back of Russian economy, its degradation, decrease of competitiveness and final loss of ability for independent development. The second variant supposes switching to the outrunning development policy on the basis of new technological and global economic patterns. It supposes sovereign monetary and crediting policy and mixed strategy of economy development: accelerated increase of investments; dynamic catching up in the spheres with relatively small technological “lagging behind”; catching up development basing on import of modern technologies in the areas of hopeless lagging behind.

Let’s review the following variants.
1. **Status quo.** Each of the three countries continues the current policy. For Russia that will mean growing falling behind both the new and the old centers of the global economic system. It will lead to weakening of military and technological power, comparative worsening of the standard of living and reduction of social support for the authorities. The weakening of the latter will provoke increase of the United States’ aggression against Russia that will include intensification of military provocations on the part of the neo-Fascist regime in the Ukraine controlled by the United States, escalation of terrorist activities in the Caucasus and the Volga Region, destabilization of social and political situation in the capital cities of the Eurasian Economic Union (EAEU). At the same time, the People’s Republic of China will increase its influence in the economy of Russia and the EAEU. Chinese investments en masse as a part of bringing the Silk Road Economic Belt (SREB) doctrine into life will adapt them to requirements of the Chinese economy’s development. The EAEU will hardly stand the test within the framework of this scenario and break up under the pressure from opposite directions by the United States and China, with weakening Russia. The Eurasian integration will also be tested for strength between the old and the new global economic centers. Russian economy will become a set of poorly tied with each other enclaves, serving various segments of the global market, which creates prerequisites for destabilization of the political situation and transfer to the next variant of development of events.

2. **American colonization.** Domination of pro-American forces in home policy restores in Russia in the environment of increasing socioeconomic difficulties. Concessions are made under the pressure brought upon Russia by the West in order to lift sanctions, and that entails intensification of American aggression up to establishment of a puppet regime in Russia. Nuclear disarmament of Russia and its following disintegration are effected by this puppet regime. Russia loses its sovereignty, the EAEU ceases to exist, Middle Asia becomes the area where China dominates.

3. **Chinese periphery.** Russia’s strategic partnership with China is filled with real contents in the environment of the growing falling back and worsening economic situation in Russia. Joint programs for interlinking of the EAEU and the SREB are brought into life thanks to Chinese financing. Chinese investments en masse are directed to development of Russian fuel and energy, agribusiness and transport complexes, which are reoriented to the demands of the Chinese market. The military-
industrial complex is developed according to the goals of external protection of the Collective Security Treaty Organization and the Shanghai Cooperation Organization. The remains of the civil high-tech industry’s potential are absorbed by joint Chinese-Russian ventures. Russia preserves political sovereignty and equal military and political partnership with China, while its economy becomes a Chinese “periphery”.

4. Isolation and intervention. This is the worst variant for Russia, in case of which China joins anti-Russian sanctions. In this case, Russia finds itself in total isolation, losing both foreign currency reserves and foreign markets. If the current economic policy is maintained, this entails catastrophic worsening of the standard of living and destabilization of social and political situation. There is a big probability of the EAEU disintegration. Social and political destabilization in Russia provokes external aggression that may take the form of the country’s division into areas of influence between the old and the new global economic centers.

5. Isolation and mobilization. The still existing in Russia research and production, military and technological, intellectual and spiritual potentials as well as natural resources allow surviving and independently developing based on formation of the mobilization variant of integral global economic pattern in case of global anti-Russian front. It supposes complete de-offshorization of economy, transfer of the most part of foreign currency reserves into gold, introduction of currency control and limitations for trans-border operations with capital, obligatory sale of all receipts in foreign currencies. It will also require review of the privatization results, introduction of progressive taxation of incomes and property, resource rent in favor of the state, without which it will be impossible to achieve restoration of justice required for mobilization of public conscience. The monetary and crediting policy should be subjected to the modernization goals and production growth. State corporations, banks, ministries and departments should operate according to strategic and indicative plans and be responsible for their fulfillment. However, the today’s ruling elite is principally incapable to do all that. Practically full replacement of it will be required – both in administrative authorities and in business.

6. Russian-Chinese strategic partnership becomes real when new global economic pattern’s institutions are formed in Russia and there is a transfer to the outrunning development strategy. Common development plans are worked out, big joint investment projects are brought into life, the interlinking of the EAEU and the SREB is
filled with real contents. Big Eurasian partnership is established. Russian high-tech products are sold on the Chinese market. Russia joins the “nucleus” of the new growth center of global economy. In case of this variant, the growth rates of Russian economy achieve the maximum figures — up to 10% growth of annual GDP and 20% growth of investments. An expanded anti-war coalition is established, in which Russia, China and preferably India participate. In this case, it’s also supposed that the Russian ruling elite will be considerably renewed.

7. The United States, Russia and China partnership. An unlikely at the moment scenario with lifting anti-Russian sanctions and establishment of friendly relations based on acknowledgement of joint liability for keeping peace and inevitability of transfer to a new global economic pattern. The criterion of this variant’s reality is cessation of American occupation of the Ukraine and anti-Russian aggression. This is the most comfortable for Russia but unstable scenario, the efficiency of which will depend on the carried out economic policy. In case it remains unchanged, events may leave this track and take scenario 4.

At the same time, variants 4 and 2 are impossible while V.V. Putin is the President of Russia. They may become actual only as a result of a “color” revolution or coup d’état.

Proceeding from the definition of politics as the art of the possible, the preferential for us is movement according to variant 6. It practically does not depend on the United States influence, allows protection of ourselves from threats coming from them by cooperation with China as well as achieve the maximally high rates of economic growth. In case this variant is realized, there are prerequisites for bringing the seventh, the most favorable scenario, into life.