Russia's Integration in the World Economy and its Economic Security

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Abstract:

The article considers the problems of Russia’s integration into the world economy and its economic security. The purpose of the system of ensuring the economic security of Russia is to achieve the basic conditions for the development of the national economy aimed at:

• satisfaction of social and economic needs of society;
• increasing the level of economic security;
• progressive development of the national economic system;
• a stable position in the world economy;
• reliable protection of the national economy from internal and external threats.

The article contains solutions to the problems of Russia's integration into the world economy, presents the essence and tasks of integration, determines the share of Russia in the modern world economy, considers the problems of Russia's positioning in the modern world.

In the article, modern theories of market economy, development and regulation, the methods of structural-functional analysis and systemic approach, the grouping method, the graphical and tabular methods have been used in the methodological aspect of the research.

Keywords: globalization, integration, economic security, BRICS, cooperation.

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1. Introduction

The relevance of the chosen topic is due to the fact that in the context of integration of economies into the world economy, the development of the digital economy, the globalization of world finance, the study of problems, threats, risks, and challenges is relevant and the exchange of experience in the sphere of ensuring business economic security, fraud detection and prevention are important (Gilpin 2016; Lewis 2015; Sunkel and Inotai 2016). In the formation of 3G budgets, the development of predictable fiscal and monetary policies of countries, there is a need to ensure economic security, prevent corruption and fraud at various levels both in executive bodies and in business structures (Thalassinos and Politis, 2011; Thalassinos et al., 2015).

The integration movement has significantly accelerated since the middle of the twentieth century, when this process became an indispensable attribute of the world economy system. The integration has different manifestations such as: cooperative links between production structures of states; the formation of international bodies and organizations; regional integration associations; the activities of transnational corporations and transnational banks, etc. In the new century, integration is spreading both territorially, covering new countries and regions, and especially in depth, drawing virtually all areas of the world economy – the production of goods and services, trade, monetary sphere, as well as the information environment, science, culture, etc.

Integration processes are closely related to the globalization of international economic relations (Thalassinos, 2014; Thalassinos and Thalassinos, 2006). Integration is activated by global economic processes. Therefore, as for the multidimensionality of economic integration, it is advisable to consider this process at the two most common levels: at global and regional ones (Gilpin 2016; Lewis 2015; Dudin et al., 2016; Muravikh and Nikitenko 2017; Kovalev et al., 2017). At the initial level, integration processes, having a bilateral form (i.e. strengthening economic relations between two countries), gradually spread to the regional level and become worldwide.

In fact, both processes – globalization and regionalization – take place simultaneously and in relationship. The difference is that a global form of integration is not territorially localized, or a territory factor is not determinative. For example, the European Bank for Reconstruction and Development (EBRD) includes Australia, Egypt, Israel, Cyprus, Morocco, Mexico, New Zealand, the Republic of Korea, the USA, Japan, as well as the Asian republics of the CIS, in addition to European countries.

In the first decade of the twenty-first century, it became obvious that the world development is characterized by an imbalance in both economy and politics. The difficulties faced by the system of international relations are caused by the impact of this imbalance. The emergence of BRICS has become an adequate response to these
challenges. The positions of BRICS countries in the global economy were expressed in the framework of the Business Forum (2011), which put forward the thesis that BRICS was a platform for cooperation to create a more rational world economic order for the sake of universal well-being and prosperity. Brazil, Russia, India, China and the Republic of South Africa were identified as new centers of gravity in the post-crisis world. The starting point for economic convergence was the recognition of the common mutual interest of BRICS countries in creating conditions for the recovery and reconstruction of the global economy by:

a) economy recovering, economy restricting;
b) economy development;
c) economic and trade cooperation.

China has offered to use its experience, which is "to pursue the path of innovation, development of new strategic industries, development of new strategic resources and liberalization in order to achieve stable prosperity of the world economy".

An important, essential feature of global integration is that it covers virtually all countries of the world, literally "pervades" the world economy, bringing it to a fundamentally new quality level. We can predict that with the further deepening of globalization, the world economy will turn into a continuous integrated economic system. Global economic integration has several directions and forms. It implies the formation of the world market of goods and services, the global financial market and the global information system. It also includes the activities of transnational corporations and transnational banks, the formation and functioning of international economic organizations.

The modern world is undergoing fundamental transformations. They are part of a long transit that began after the end of the Cold War. However, in recent years they acquire a new quality. From the transitional state of the past twenty-five years, the system of international relations has slipped into serious conflicts between key players. New dividing lines appear. The conflict between Russia and the collective West is one of the brightest components of this new state. At the same time, the world is characterized by an unprecedented level of globalization, mobility of people and capitals, and opportunities for cooperation in the widest range of areas. The factor of globalization still mitigates political contradictions.

However, serious imbalances are observed in the process of globalization. Their imposition on political contradictions and social stratification can cause a serious imbalance of the system of international relations, increase the risks of open conflicts between the established centers of power. Transformations of the international environment occur at several levels. The balance of power, international institutions, technologies and resource base of economic development, cultural-civilization landscape change (Lewis 2015; Dudin et al., 2016; Muravikh and Nikitenko 2017). Therefore, it seems advisable to consider key issues related to a change in the system
of international relations and world economic relations and to identify the main
directions for ensuring the economic security of the Russian Federation as one of the
key states that determine structural changes in world politics and world economy.

2. Methods

As for methodology, this article contains the analysis of the existing trends in ensuring
economic security. In the study, the methods of content analysis were used based on
the materials of leading international organizations on a range of studied problems of
the state of economic security in the world, as well as in individual countries and
regions, including the BRICS countries. The main attention is paid to the state of
economic security of the developing and developed countries of the world. The
economic-statistical comparative analysis was used as the main analytical tool. The
key conclusions have been made based on the obtained analytical data and this made
it possible to establish that ensuring economic security largely depended on the degree
of integration of a country into the world economy.

3. Results

Nowadays, the role of regional integration institutions and projects is growing.
Despite internal problems, the European Union is the most successful example of deep
economic and political integration. Until recently, the USA have made attempts to
create new associations. Although currently this policy is being fundamentally
revised, in the long run, major efforts to create "American-centric" regimes and
organizations will likely be resumed. China initiates the formation of new structures
and projects. Russia is a significant participant in Eurasian economic integration; it
supports the development of the SCO. At the same time, Russia is among the twelve
largest countries in terms of GDP in the world (both according to the World Bank and
the International Monetary Fund), but inferior to several world's largest economies.
Table 1 shows a share of Russia in the world economy in terms of GDP and GDP per
capita.

Table 1. The position of the Russian Federation in the world economy in terms of
GDP at year-end 2016 (International Monetary Fund, 2016)

<table>
<thead>
<tr>
<th>No. (position)</th>
<th>Country</th>
<th>GDP, USD billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The USA</td>
<td>17,947</td>
</tr>
<tr>
<td>2</td>
<td>The People’s Republic of China</td>
<td>10,983</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>4,123</td>
</tr>
<tr>
<td>4</td>
<td>Germany</td>
<td>3,358</td>
</tr>
<tr>
<td>5</td>
<td>Great Britain</td>
<td>2,849</td>
</tr>
<tr>
<td>6</td>
<td>France</td>
<td>2,422</td>
</tr>
<tr>
<td>7</td>
<td>India</td>
<td>2,091</td>
</tr>
<tr>
<td>8</td>
<td>Italy</td>
<td>1,816</td>
</tr>
<tr>
<td>9</td>
<td>Brazil</td>
<td>1,773</td>
</tr>
</tbody>
</table>
Russia retains a major military-political potential. Although its economy is not comparable to any of the listed centers of power, it can play a balancing role (a game changer) in all key regions – Europe, the Arctic, the Asia-Pacific region, Central Asia and the Middle East.

The formation of the polycentric world is a key property of changing the balance of power in the world. There is a slow reduction in the military-political and economic role of the USA, although for the foreseeable future America will remain a superpower, one of the leading states with a high strength degree and the leader of the Western world. Currently, the dollar is still a reserve currency, its share in world trade is 81.08% (the euro is about 6.64%). In international currency, the dollar’s share is 60.7% (the euro is about 24.2%). Since October 2016, the dollar’s share in the structure of the SDR currency basket is 41.73%. In payment transactions, the dollar’s share is 38.12% (Kanazarov and Gordyachkova, 2017). However, there are also pessimistic forecasts indicating a gradual fall and weakening of the dollar. Some Russian scientists indicate that "the preservation of the dollar standard, which is typical of American centrism, contradicts the tendency towards multicentrism in the modern world economy" (Krasavina, 2011).

The military and economic potential of the People's Republic of China is increasing. China is becoming one of the world centers of innovation; its role in the Asia-Pacific region (APR) is significantly growing. At the same time, the potential of the key US allies in the APR – South Korea and especially Japan – is also growing. The European Union plays an active role in the world economy. Its political significance can increase in the future, despite the difficulties of European integration. The European Union will remain among the centers of world innovation. India has a significant potential for the long term. Economic growth and qualitative internal transformations in the development will inevitably strengthen the military-political role of India.

The dynamics of the balance of power creates a conflict potential between the descending and ascending centers of power. Contradictions between China and the USA can become systemically important for international relations in the next few decades. Nevertheless, the conflict between China and the USA is not a predetermined scenario. Political contradictions coexist with a high level of economic cooperation between the countries. Washington and Beijing may develop a mutually beneficial formula for interaction (Timofeev 2017; Bibarsov et al., 2017; Danilina et al., 2015).

In contemporary international politics, an increasingly important place is taken by transboundary threats and challenges, one of the main sources of which is the global socio-ecological and economic crisis. Currently prevailing approaches to solving global problems, viewed as problems of the functioning rather than the development of the consumer society, should be recognized a systemic "methodological threat".
The most politically fringe manifestation of the "old" approaches is the use of international terrorist organizations, which turn into professional structures, by subjects of the world economy and politics in their own interests (Dudin et al., 2016).

Until recently, international security has been primarily considered as the absence of a real military threat. In addition, the areas of external and internal national security, which require different methods of provision, have been clearly delineated. Certainly, the main goal of ensuring international security is to maintain peace, prevent and suppress acts of aggression, but non-military threats have emerged and are becoming pressing. In the era of globalization and the industrial revolution, threats in economic and environmental spheres, threats of color revolutions and hybrid war, transnational terrorism using network technologies and other innovations, including nuclear terrorism and cyber-terrorism, are exacerbated.

The boundaries between the internal and external security of the state are blurred when the country's own internal security and stability do not provide overall national security. An impact of non-state actors, such as global corporations, small and medium-sized businesses operating at the international level, market regulators, private security structures, on international relations is increasing. An important tendency of growing denationalization of elites, which significantly affects the process of ensuring national and international security, is observed (Muravikh and Nikitenko 2017).

Russia is a member of key international global governance institutions. Permanent membership in the UN Security Council is the most important factor. Russia should ensure that any reform of the UNO does not reduce the status of Russian participation. In cooperation with foreign partners, it is necessary to perform active work on strengthening the role of the UNO in international affairs and increasing the effectiveness of the related institutions. Russia could be an initiator of discussion of the prospects for the development of international public law. This discussion could be held at the level of a network of research centers representing a representative sample of the world's countries. It is advisable to bolster efforts to develop such institutions as BRICS and the Group of Twenty. Nevertheless, we cannot expect significant strengthening of their role in solving global problems in the short term.

The future of Russia in the modern world is determined by the viability of its productive forces, the quality of human capital, the sustainability and effectiveness of governance institutions. Russia is doomed to have a peripheral role in the world without a qualitative internal breakthrough. The creation of favorable international conditions for such a breakthrough is a strategic priority for our foreign policy.

In order to ensure favorable conditions for Russia's integration into the international economy and the development of cooperation between Russian and foreign companies, since 2011 the Ministry of Economic Development of Russia has been implementing measures to establish and develop a network of institutions of the
Projects of economic integration tend to be politicized – they are subject to political contradictions of major countries. This makes cooperation between the institutions of regional integration difficult, reduces their inclusiveness and openness. The task of integrating the Russian Federation economy for sustainable and safe development requires solving the following problems:

a) the creation of a mechanism for interaction between the economies of regions and the development of the all-Russian market for goods and services;
b) introduction of the territorial division of labor;
c) prevention of the destruction of interregional links;
d) combating separatism.

Despite existing serious problems, Russia's economic potential and its domestic market allow it to play a significant role in the processes of economic integration in Eurasia. Russia is an attractive country for educational and labor migration, although this potential should be greatly developed. Weak export diversification, a high share of production and supply of raw materials, growing dependence on imports of machinery and technologies are birthmarks of the Russian economy. To support Russian producers and increase the competitiveness of domestic products, support for exports should be strengthened by high added value products. In addition, it is necessary to develop foreign trade relations with foreign partners, despite the sanctions imposed by the Western countries. Vietnam, India and Israel are the most promising (Main Directions of Export Development for the Period until 2030, 2015; Gusareva and Terekhova 2017).

4. Discussion

The experience of more developed countries shows that over the past decades the state’s participation in increasing the competitiveness of goods produced in it has increased significantly. The governments of these countries develop and implement special state programs to ensure the competitiveness of goods of national production. The Russian government needs to pay attention to the experience of other countries and make significant changes in its policy of promoting goods of national production. It is necessary to promote the improvement of the entrepreneurial climate in the country and support Russian producers. The state policy of increasing the competitiveness of goods should provide for the following:

a) the need to support new and growing companies;
b) the creation of favorable conditions for increasing the capital of Russian producers in order to successfully compete with foreign companies on the world market;
c) the development of a plan that will help domestic producers to "adapt" abroad;
d) developing a system of state guarantees to private investors and ensuring decent protection of Russian producers outside the state borders.

In the conditions of the domination of fuel and raw materials specialization, a significant potential in the sphere of export of several manufacturing industries and factories, the service sector of many Russian regions has not been fulfilled yet. At the same time, a significant number of problems in the development of high-tech industrial exports are caused by instrumental factors related to improving the system of regulation and stimulation of the foreign economic activity, mechanisms of Russia's participation in international economic cooperation. The consistent commercialization of benefits from the geographically advantageous location is the most feasible reserve of expansion and diversification of national exports (Pivnenko, 2017; Vetrenko et al., 2017).

There is an imbalance between a high level of political confidence and relatively weak economic interaction in relations with key strategic partners – China and India. The same analogy is observed with several other partners. The economic foundations of our relations should be qualitatively strengthened and the energy of the growth of new development centers in Asia should be used to overcome backwardness.

The transport infrastructure (density and quality of roads, availability of modern port terminals) is a weak point. Although the situation is gradually changing for the better, a great deal of work is required to be done on further infrastructure development. Backwardness is also manifested in governance institutions. Corruption in Russia remains extremely high. The country's participation in globalization and openness along with the corruptness of institutions can cause its drift towards the status of a raw material colony, including because the national economy is over-regulated. Institutional defects impede the development of domestic business and the attraction of foreign investment.

The creation of a favorable and comfortable environment for entrepreneurship is still a problem for Russia, but the system of state administration remains super centralized. In Russia, the development of human capital is stagnating. A threat of depopulation remains due to the birth rate that is standard for European countries, but, at the same time, due to the abnormally high mortality rate. The still high level of education is blurred by the drain of talented personnel. Health care, education and other public goods are becoming less accessible due to high taxes. They managed to overcome some trends.

However, the risks of degradation of human capital remain high. The backwardness of the economy and governance institutions from the best world practices is a much greater threat to sovereignty and integrity of the country in comparison with realistic
military threats, from which Russia is already reliably protected. Therefore, a favorable international environment for solving these problems should be created, since it is impossible to overcome backwardness in conditions of closeness from the external globalizing world. The main tasks aimed at overcoming the problems of Russia's integration into the world economy are presented in Table 2.

**Table 2. The main tasks of overcoming the problems of Russia's integration into the world economy [compiled by the author]**

<table>
<thead>
<tr>
<th>Task</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualitative policy changes in the post-Soviet space through the creation of attractive institutions of economic integration and collective security</td>
<td>Going beyond the &quot;post-Soviet&quot; paradigm through cooperation with extra-regional partners. Overcoming restrictive lines and resolving conflicts in the post-Soviet space, the most acute of which was the conflict in the Donbass.</td>
</tr>
<tr>
<td>The use and active development of non-Western areas of economic and political cooperation</td>
<td>Partnership with many countries is limited by the structure of the Russian economy, the narrowness of its exports. It is necessary to consistently remove barriers in bilateral relations: cumbersome customs procedures, infrastructure restrictions, etc.</td>
</tr>
<tr>
<td>Steady achievement of compromises in solving key political problems in relations with the West</td>
<td>Preventing the arms race and reformatting the Euro-Atlantic security system. Selective cooperation on common problems with the prospect of expanding the scope of such cooperation. Change in the spirit of relations between Russia and the West from confrontation to mutually beneficial cooperation in the polycentric world.</td>
</tr>
<tr>
<td>Strengthening global governance institutions while maintaining the fundamental role of the UNO</td>
<td>Russia needs to deepen its niche in solving common global problems. Great potential in such areas as global energy security, food security, cybersecurity, cooperation on climate and environmental issues. Besides, it is necessary to maintain positions in the areas, where Russia already has major reserves – nuclear non-proliferation, peacekeeping, space problems, polar research, etc.</td>
</tr>
<tr>
<td>Close coordination of foreign policy with the tasks of internal development</td>
<td>Diversification of foreign policy tools. Greater involvement of the country’s regions, business, universities, non-profit organizations in the international cooperation. Creating a comfortable internal environment for highly qualified migrants and investors.</td>
</tr>
</tbody>
</table>

Nowadays, Russia is one of the main initiators of the alternative international policy. This policy is formed based on constructing the multipolar world, creating competitive centers of power and consistently upholding the dominant role of the international law institution. Russia is taking practical steps to destroy the monopoly of world reserve currencies and the established system of nonequivalent economic exchange between the countries of the Center and the Periphery. Russia's special mission is in its significant participation in the formation of the world economic space and global mechanisms for regulating financial flows. The BRICS group starts losing its political
and economic importance. This is due to the general decline in the importance of international multilateral structures and the strengthening of Russian-Chinese partnership in the format of the interface between the Eurasian Economic Union and the Silk Road Economic Belt. Internal disorders in Brazil, the revival of the Indian-Chinese antagonism, the self-absorption of South Africa lead the BRICS to the periphery of the agenda of these countries. This tendency is becoming an obstacle to Russian policy in strengthening the polycentric world order.

Migration is one of the key global problems. Russia is one of the important players in the international migration agenda. The country accepts a significant number of labor migrants. Besides, the outflow of qualified personnel, the loss of their ties with Russia is a serious problem. Russia needs a comprehensive migration policy aimed at addressing the labor-shortage problem, mitigating the consequences of depopulation, ensuring economic growth and reducing the risks of interethnic conflicts within the country.

5. Conclusion

Nowadays, Russia is one of the world's leading economic powers. The country could overcome the threat of disintegration and the most severe political consequences of the collapse of the Soviet Union. The Russian Federation conducts an active foreign policy and consistently protects its interests abroad. Besides, the country lags the leaders and the best world practices in a number of critically important areas. Backwardness harms the sovereignty of the country, restricts its foreign policy and reduces it to a narrow set of tools. Overcoming backwardness is a strategic task that determines the positioning of Russia in the world. Participation in globalization, pursuing foreign policy for development while preserving strategic independence in security matters are the key content of the country's international activities. Several interrelated tasks should be solved to achieve this goal such as:

a) the first task – qualitative changes in policy in the post-Soviet space through the creation of attractive institutions of economic integration and collective security;
b) the second task – the use and active development of Pacific economic and political cooperation;
c) the third task – the consistent achievement of compromises in resolving key political issues in relations with the West;
d) the fourth task – strengthening of global governance institutions while maintaining the fundamental role of the UNO;
e) the fifth task – the close linkage of foreign policy with internal development tasks.

Russia needs to deepen its niche in solving common global problems. Such areas as global energy security, food security, cybersecurity, cooperation on climate and environmental issues have great potential. Besides, it is necessary to preserve reserves in the areas, where Russia already has strong positions – nuclear non-proliferation, peacekeeping, space problems, and polar research. In this article, general theoretical
and applied aspects that characterize changes in the system of international relations and ensuring economic security in national states have been considered. In their further works, the authors plan to improve methodological approaches to assessing the level of economic security of countries and world regions in the context of the impact of predictable and unpredictable geopolitical factors.

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