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## RUSSIA IN THE GLOBAL ECONOMY

### THEORY AND PRACTICE

**ABSTRACT**

The aim of the article is to analyze the Russian economic policy in its external dimension (economic expansion), in the context of discussions about changes in the global economy held in the Russian Federation. The starting point for reflections in this respect is Sergey Glazyev's view of the current evolution of international relations. The article contrasts the propositions of the Russian author and the strategy of activities of the Kremlin, which uses the state corporations for its external targets.

**Key words:** Russia, global economy, state corporations, Glazyev, semi-periphery

The aim of the article is to analyze the Russian economic policy in its external dimension (economic expansion), in the context of discussions about changes in the global economy held in the Russian Federation. The starting point for reflections in this respect is Sergey Glazyev's<sup>1</sup> view of the current evolution of international relations. According to a scientific hypothesis registered by him in the Russian Academy of Natural Sciences in 2016: *On the cyclical change of global economic systems in the process of development of the global economy and national economic systems (Гипотеза о периодической смене мирохозяйственных укладов в процессе развития мировой и национальных экономик)*,<sup>2</sup> we are now witnessing a global transition from the so-called "imperial" to the "integral" global economic system.

The Russian author sketches a suggestive picture of economic transformations that determines new ways of acting on the international stage. The mentioned dynamics are reflected in the ongoing change in the global economic system (Мирохозяйственный уклад). The latter, according to Glazyev, constitutes the entirety of national and international institutions connected at a given moment, ensuring an extended accumulation of the economy and implying the development of global economic relations. The horizon of the dominance of the current system, referred to by the Russian author as "imperial" (Имперский мирохозяйственный уклад), is designated by the barriers to its development. These, in turn, are conditioned by growing internal contradictions as part of the process of regeneration of the institutions which create this system. The escalation of these antinomies continues until the international system of political and economic relations is totally destabilized, which generates a large-scale armed conflict. It is Glazyev's belief that in this way the final collapse of the old world order and the formation of the new one takes place. This is because countries that up to this moment have been performing the function of a leader within a given system are facing unsolvable problems in maintaining the current rate of economic growth. The excessive accumulation of capital within obsolete technological and production complexes is driving the economy of these countries into a state of depression, while the institutional structure shaped so far makes it difficult to form new technological chains. These technological chains, together with a new type of production organization, are beginning to

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<sup>1</sup> Sergey Yurievich Glazyev (Сергей Юрьевич Глазьев), born in the Ukrainian Zaporizhya in 1961, is a Russian analyst who is known for both his public and scientific activities. In the 1990s, he was the Minister of Economic Relations with Foreigners under Viktor Chernomyrdin, then deputy of the State Duma, including from the Communist Party of the Russian Federation, then chairman of the parliamentary faction of the Great Fatherland Party (Родина). Since 2012, he has been the adviser of the President of the Russian Federation, Vladimir Putin. At the same time, he has been undertaking research activities as part of the Russian Academy of Sciences. He has been developing his scientific concept regarding changes in the global economy and international relations since the early 1990s, when his first independent work appeared: *Теория долгосрочного технико-экономического развития*, Москва 1993.

<sup>2</sup> С. Глазьев, "Закономерность смены мирохозяйственных укладов в развитии мировой экономической системы и связанных с ними политических изменений", *Наука. Культура. Общество*, no. 3 (2016), p. 5.

be visible in other countries, thanks to which those countries are becoming the new leaders of economic growth. The previous despots strive to maintain the dominant position on the global market by strengthening control over their economic periphery, including methods of political and economic coercion. This usually involves great military conflicts, in which the aging leader is wasting resources without achieving the intended effect of his actions. A potential new leader seeks to take a waiting position in this dispute, to preserve his production forces and attract human and financial capital, fleeing from war. By expanding his capabilities, the new leader enters the international arena when the opponents fighting each other are exhausted enough and finally he collects fruits of his victory.<sup>3</sup>

It is not difficult to guess that in the process of changing the world economic system that he describes as shifting from imperial to integral, the role of an aging leader (i.e. outgoing but also aggressive) is attributed to the United States by Glazyev. The new leader is to be China and, wider in its concept, Southeast Asia, while the key periphery (which is interesting in both systems) is of course Russia.<sup>4</sup>

In the approach proposed by Sergey Glazyev, the institutional system of the US, as the leader of the imperial system, is oriented on the implementation of the financial oligarchy's interests, parasitizing the dollar's issue as a currency of global significance. In turn, the institutional systems of China, India, Japan, Korea, Vietnam, Malaysia, Singapore, Iran, and other countries of the newly emerging development center are oriented towards taking social needs during economic advancement into account. Their efforts are also directed towards harmonizing the interests of various social groups and building partner relations between business and the state. The overriding goal of the new leaders is to achieve significant results from the perspective of the existential interests of society. In the integral world economic system, the expansion of capital is to be limited by national and international norms that safeguard the interests of the society. The institutions of international law created in the previous economic system are to finally gain a fundamental meaning.<sup>5</sup>

As indicated by Glazyev, the current development of productive forces requires new production relations and such institutions organizing a global economy that would make it possible to maintain stable development while preventing threats on a global scale. Under the conditions of a liberal economic approach, constructed in the interest of transnational corporations, especially Anglo-American corporations, these challenges to the existence of all mankind remain unanswered. The ordering of the mobility of world capital, objectively necessary, can only be achieved within the new global economic system. With the development of China, India, and Vietnam, following Japan and Korea, the contours of the transition to a new global economic system are becoming more and more visible, in which the institutional system will be dedicated to the stable and harmonious development of humanity.

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<sup>3</sup> Ibid., p. 6.

<sup>4</sup> Ibid., p. 7.

<sup>5</sup> Ibid., pp. 7-8.

The primacy of social interests over private is expressed in the institutional structure of economic regulation characteristic of the new global economic system. Firstly, in the state control over the main parameters of capital accumulation with the help of planning, lending, subsidizing, price regulation, and basic business conditions. Entrepreneurs, in turn, should enrich the motive of maximizing profits through ethical policies that protect the interests of society. Thus, the use of business institutions, oriented not so much to maximize profits as to achieve a significant social effect – non-profit organizations, development institutions, Islamic or Orthodox banking, et cetera – is increased.<sup>6</sup> Public-private partnership is subordinated to social interests as part of economic development, increased national welfare, and improvement of the quality of life.

In Glazyev's view of the integral system, the ideology of international cooperation also changes: the paradigm of liberal globalization in the interest of private capital from the most developed countries is turned into a paradigm of the stable development of all humanity. The architecture of international ties, financial and economic, is also changing. Limitations on cross-border capital flows block the possibility of escape from social responsibility and lead to the equalization of social policy costs in different countries. The new world economic system will differ from earlier ones thanks to the recognition of national sovereignty over the regulation of the economy and the strict observance of international law.<sup>7</sup>

As Glazyev argues, the most dangerous period will, from Russia's point of view, take place after 2020, when the reorganization of developed countries like China will begin based on a new technological system, while the USA and other Western countries will emerge from the 2008-2018 depression to start a new period of long-term growth. In the years 2021-2025, without a transition to a pre-eminent development policy and the development of institutions of the new world economic system, Russia may clearly lag behind in the technological and economic dimensions. This will minimize its defense potential and lead to a radical strengthening of internal conflicts, social and inter-ethnic, similar to what happened in the USSR at the end of the 1980s.<sup>8</sup>

Among the guidelines proposed by President Putin's adviser to the authorities of the Russian Federation, the implementation of rules constituting a new integral economic system as soon as possible is first and foremost. Among them, Glazyev includes restrictions on the cross-border flow of capital and the implementation of the principle of state sovereignty in the field of economic regulation. He also proposes state control over the main parameters of capital accumulation with the help of planning, lending,

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<sup>6</sup> The picture of new "ethical" entrepreneurship described by Glazyev is shown in a distorted mirror in the latest film by Russian director Andrei Zvyagintsev called *Disappearance* (Нелюбовь). The main character of the film works in an Orthodox corporation. One of the corporation's basic criteria for employment is the condition of a person's family life, which is to the disadvantage of the protagonist over the course of the film. Associates advise him, therefore, to bring a fictional wife to corporate parties.

<sup>7</sup> С. Глазьев, "Закономерность смены мирохозяйственных укладов...", p. 8.

<sup>8</sup> Ibid., p. 40.

subsidizing, price regulation mechanisms, and determination of basic conditions for running a business.<sup>9</sup>

With regard to actions at the international level, Glazyev recognizes the possibility of going beyond the boundaries of the imperial economic system through the formation of a coalition (referred to by him as “anti-war”), which should include: the Eurasian Economic Union (EAUG), the Collective Security Treaty Organization (CSTO), the Shanghai Cooperation Organization (SAA), BRICS as well as the Indo-Chinese countries, “sovereign countries of the Near and Middle East, participants of the Bolivarian Alliance (ALBA), or countries included in the Group 77”. The main instrument of their operation would be resignation from the use of the American currency as a means of trade and the so-called reserve currency.<sup>10</sup>

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Expressive display by Sergei Glazyev of the dominance of economic instruments in world politics brings to mind the arguments of the geo-economist environment.<sup>11</sup> The author himself, however, does not refer to the works of western or native representatives of this trend. In drawing his vision, he points to the achievements of the creators of the systems-worlds theory (I. Wallerstein, G. Arrighi) and the theory of business cycles (N. Kondratiev, G. Mensch, S. Menshikov).<sup>12</sup> On the other hand, Aleksandr Neklessa, the leading voice of one of the geo-economic schools dominant in Russia, points to the fact that it was during the period when Glazyev held the post of minister of foreign trade relations (1992-1993), that the ministry pursued a policy in accordance with geo-economic principles.<sup>13</sup>

The rhetoric of Glazyev undoubtedly forms part of the critical attitude towards globalization processes characteristic of Russia. These authors perceive it through the

<sup>9</sup> Ibid., pp. 40-41.

<sup>10</sup> Ibid., p. 41.

<sup>11</sup> In western scientific thought, the main promoter of geo-economic concepts, which preach the primacy of economic instruments as a means of implementing their own interests in international relations, are American scholar Edward Luttwak, author of the renowned work *Turbocapitalism. Winners and Losers of the World Economy* published in 1998 (Polish edition: *Turbokapitalizm. Zwycięzcy i przegrani światowej gospodarki*, transl. by E. Kania, Wrocław 2000) and French economist Pascal Lorot, editor of the book *Introduction à la géoéconomie* (Paris 1999) and creator and editor-in-chief of the influential magazine “Géoéconomie” published by the Choiseul Institute since 1997. In Russia, this style of writing is used by Alexey Bogaturov, the author of the text “Геоэкономическая альтернатива геополитике” (*Навигатор*, no. 1 (1999)), Ernest Kochetov, creator of i.a. university textbook *Геоэкономика. Освоение мирового экономического пространства* (Москва 2006), and Aleksandr Neklessa, author i.a. of the text “Геоэкономическая система мироустройства и Россия” (*Современная конкуренция*, vol. 6, no. 12 (2008)).

<sup>12</sup> С. Глазьев, “Закономерность смены мирохозяйственных укладов...”, pp. 13-14)

<sup>13</sup> А. Неклесса, “Геоэкономическая формула мироустройства. Траектории России в новом универсуме”, in *Геоэкономическая формула мироустройства. Россия в новом универсуме. Материалы постоянно действующего научного семинара*, vol. 1, Москва 2009, p. 12.

prism of the dominance of the slogans of liberal democracy, which they understand as the opening of states to the expansion of American capital and thus the consolidation of the international domination of the United States.<sup>14</sup> A rival approach to the West (the USA in particular), that determines several conclusions regarding the present and future of international relations is traditional for the Russian political and intellectual circles. These conclusions are apparent in the official rhetoric of the authorities and in many places are convergent with the views of Glazyev.

The Kremlin has stubbornly criticized the current structure of the global economy, addressing similar allegations against it, which Glazyev puts into the imperial system. Statements by Russian politicians and their legal acts (including the successive editors of the National Security Concept or the Strategy of Economic Security adopted in 2017) emphatically stress the exhaustion of the current model of international relations based on the dominance of Western countries led by the US and the expansion of transnational corporations: "At the present stage of the development of the international system, we can clearly see the objective reasons for the disintegration of the unipolar world. At the same time, the process of transition to multipolarity is accompanied by growing geopolitical instability, unbalanced development of the global economy, and finally a radical tightening of global competition".<sup>15</sup>

However, there is a lot of discrepancy between the diagnosis of Sergey Glazyev and the Kremlin's declarations. One of them boils down to the location of the Russian Federation in the new architecture of global relations. Moscow, declaring its intention to increase economic sovereignty while broadening its own economic expansion abroad,<sup>16</sup> suggests the same desire to participate in the new "concert of powers," in which it would take the position of one of the equal leaders. Meanwhile, Glazyev places the Russian Federation on the periphery of a new economic system, the center of which is to be China and Southeast Asia.<sup>17</sup> He remains inconsistent in this aspect. On the one hand, he declares a fundamental novelty of the integral system, the sources of which he sees in the Far East. On the other hand, he makes Russia an indispensable element for this new system's creation. It is easy to distinguish between the postulates of Russian diplomacy: resignation from the dollar as a reserve and settlement currency or support of the anti-American coalition, consisting largely of Kremlin allies (Iran, Syria, Venezuela) and international organizations whose driving force is Russia (EAUG, CUBO, SCOOT).

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<sup>14</sup> Cf. В. Колонтай, "О неолиберальной модели глобализации", in *Постиндустриальный мир: центр, периферия, Россия*, vol. 1: *Общие проблемы постиндустриальной эпохи*, Москва 1999, pp. 189-212; М. Конотопов, С. Сметанин, *История экономики России*, Москва 2008, pp. 317-347; В. Станченко, "Некоторые особенности геополитической модели в эпоху глобализации и Россия", in *Постиндустриальный мир: центр, периферия, Россия*, vol. 3: *Особый случай России*, Москва 1999, pp. 102-121.

<sup>15</sup> "Стратегия экономической безопасности Российской Федерации на период до 2030 года. Утверждена Указом Президента Российской Федерации от 13 мая 2017 г., № 208", *Правительство России*, at <<http://government.ru/docs/all/111512/>>.

<sup>16</sup> Ibid.

<sup>17</sup> С. Глазьев, "Закономерность смены мирохозяйственных укладов...", p. 27.

The fundamental difference between the government's actions in Moscow and Glazyev's predictions boils down to the pace and scale of the changes in the Russian economy necessary for the expected nature of Russia's future economic relations with other countries. The accusations, which the author most often addresses towards the Kremlin's authorities, are the marking of changes and opportunism, which do not allow Russia to go beyond the structure of the world economy, "playing" in favor of the United States. The Russian scholar calls for an immediate break with the dependence of the Russian financial system on American currency, prohibiting investment in local securities (with simultaneous redirection of funds for e.g. BRICS bonds), consistent implementation of the import substitution program, and supporting its own industry.<sup>18</sup>

Undoubtedly, the government of the Russian Federation, due to the ongoing crisis in relations with the West since 2014, is pursuing a policy analogous to that of Glazyev in a clearer manner than before. The response to sanctions against the Russian economy, adopted by the United States and the European Union countries, has become the long awaited dynamization of the import substitution policy ("Импортозамещение") by many Russian economists.<sup>19</sup> Its effects, however, leave much to be desired, especially since it is only implemented in the food complex so far, not in the areas of high-tech industries suggested by experts.<sup>20</sup> In 2018, Russia also announced a dedollarization program,<sup>21</sup> part of which will be signed at the end of June 2019, as part of the Russian-Chinese agreement on switching to national currencies in mutual settlements. Representatives of the government and the president of Russia take every opportunity to ensure that their goal is not the total abandonment of the dollar, but only "reducing the dependence of the Russian economy on settlements in the American currency, which, however, is a lengthy process requiring meticulous action".<sup>22</sup>

Similar steps—gradual and calculated to wait out the economic crisis and the return to the "business as usual" policies in relations with the West—cannot satisfy Sergey Glazyev, who demands a full reformation of the Russian Federation's economic policy. He perceives the consolidation of Russia's position at the periphery of the Western world in the current government's actions. Glazyev's disappointment with the attitude of the Kremlin elite can be seen in his frequent references to the period of Yevgeni Primakov's

<sup>18</sup> Idem, "Хотим рынок – нужны инвестиции", *Изборский клуб*, 21 June 2019, at <<https://izborskclub.ru/17156>>.

<sup>19</sup> Ег. С. Бодрунов, *Теория и практика импортозамещения. Уроки и проблемы*, Санкт-Петербург 2015; Моисеев, *Государственная политика экономического развития современной России (2000-2016 гг.)*, Москва–Берлин 2017.

<sup>20</sup> "Экономисты: импортозамещение в России приостановилось", *Коммерсантъ*, 7 November 2016, at <<https://www.kommersant.ru/doc/3136206>>; "Проблемы импортозависимости российской промышленности и импортозамещения в 2014-2018 гг.", *Neftegaz.ru*, 10 April 2019, at <<https://magazine.neftgaz.ru/articles/rynok/386953-problemy-importozavisimosti-rossiyskoj-promyshlennosti-i-importozameshcheniya-v-2014-2018-gg/>>.

<sup>21</sup> "Глава ВТБ раскрыл подробности плана по дедолларизации", *Известия*, 14 September 2018, at <<https://iz.ru/788889/2018-09-14/glava-vtb-raskryl-podrobnosti-plana-po-dedollarizacii>>.

<sup>22</sup> "Кабмин опроверг сообщения о планах отказа от доллара", *Известия*, 3 October 2018, at <<https://iz.ru/795979/2018-10-03/kabmin-oproverg-soobshcheniia-o-planakh-otkaza-ot-dollara>>.



presidency preceding the rise to power of Vladimir Putin (1998-99). In Glazyev's view, Primakov was the only one to perceive and pursue a policy of determination towards Western partners, while at the same time providing the so-called "economic miracle," referring to Russia's immediate exit from the financial crisis of 1998.<sup>23</sup> This last success was later discounted by Vladimir Putin's team.<sup>24</sup> Evgeny Primakov's contribution would also be to introduce the concept of a "development budget" ("Бюджет развития") to the practice of Russia's economic policy, which involves investing profits from the export of Russian energy resources directly into the reconstruction and strengthening of national industry.<sup>25</sup> This policy was (according to Glazyev) mistakenly later withdrawn by Putin's team, instead proposing instruments of reserve funds (Stabilization Fund, Reserve Fund, National Welfare Fund), sponsored by the Minister of Finance Alexei Kudrin and allowing free investment in American securities.<sup>26</sup>

Glazyev therefore calls for a return to the path of development set by Primakov. In his recommendations to the government, formulated as the "12 steps" strategy ("12 шагов"), the economist specifies how Russia's transition to a new (integral) global economic system should take place. Among his key points, it is worth mentioning the copying of Chinese solutions: activation of the Central Bank's role as a stimulus of lending policy (both for state and private institutions) and separation of priority investment projects for which the aforementioned lending policy would be addressed. Glazyev also sees the possibility of a radical acceleration of the Russian economy in the dynamization of Eurasian Economic Union projects (EAUG) and the close cooperation of the latter with the Chinese concept of the New Silk Road. Recognizing the small share of the Russian integration project in the global economy (about 3% of global GDP), Glazyev proposes a step forward, consisting of introducing preferential terms of commercial cooperation with rapidly developing Asian economies.<sup>27</sup>

These are not new proposals. Moreover, they are not rejected by the Russian authorities. One example is the construction project announced in 2016 by Vladimir Putin, based on EAUG: a broad Eurasian cooperation.<sup>28</sup> The problem lies in the fact that Sergey Glazyev, as the goal of these activities, prioritises a real change in the structure of the world economy, such as the construction of partner economic relations between states or the policy of sustainable development. Meanwhile, the Russian authorities make declarations calculated for internal use. The Russian society

<sup>23</sup> С. Глазьев, "Правительство само заблокировало экономический рост", *Изборский клуб*, 20 June 2019, at <<https://izborsk-club.ru/17151>>.

<sup>24</sup> М. Думитриу, С. Александзенко, *Перспективы экономики России по кризису и выборам*, Warszawa 2000, pp. 7-20.

<sup>25</sup> С. Глазьев, "Хотим рывок..."

<sup>26</sup> Р. Фаляхов, "Срулить с обочины", *Газета.Ру*, 27 March 2017, at <<https://www.gazeta.ru/business/2017/03/27/10595417.shtml>>.

<sup>27</sup> С. Глазьев, "Семь сценариев для России", *Изборский клуб*, 28 February 2017, at <<https://izborsk-club.ru/12582>>; Р. Фаляхов, "Срулить..."

<sup>28</sup> "Путин призвал создать большое Евразийское партнерство", *ТАСС*, 17 June 2016, at <<https://tass.ru/pmef-2016/article/3376295>>.



traditionally supports slogans about social solidarity and socially oriented economic policy. Glazyev would like to see his country's foreign policy as morally justifiable. Meanwhile, the Kremlin's real moves demonstrate its consistent adherence to the "real politik" principle. Moscow always puts its own interest ahead of mutually beneficial solutions, regardless of the propaganda superstructure of its actions<sup>29</sup>. In the matter of economic relations with foreign countries, these actions can be compared to the strategy of conduct of the countries described by American political scientist Immanuel Wallerstein as "semi-periphery"<sup>30</sup>.

Such states, being an element of the world economy described by Wallerstein, locate the *core* and the *periphery* and run a special policy within it. They are characterized by a fairly regular distribution of modern, innovative ("core") production and a non-technologically advanced ("peripheral") one.<sup>31</sup> Thus, remaining under economic pressure from the "core" states, they are so strong that they also put pressure on "peripheral" countries. They are aiming to create a new, fairer, international constellation, not at the request of Glazyev, but to improve their own position in the international arena. They try not to go down to the periphery level and do everything possible to get closer to the core, including using aggressive protectionist policies.<sup>32</sup>

If Moscow's actions are to correspond to such a strategy of defense against center domination, it must, in economic terms, take steps in at least two directions. The first is the care for economic sovereignty, which the Kremlin does in the hope that it will *protect its production processes from competition with stronger external companies and improve the effectiveness of companies inside the country to better compete on the global market*.<sup>33</sup> The second activity boils down to the exploitation of the existing production potential in Russia, central to the economic dependence of other areas. In other words, the economic expansion in peripheral countries, which requires the conscious use of state power *in the internal and inter-state arena in order to raise its status as a producer, a tool for capital accumulation and military strength*.<sup>34</sup>

Applying these considerations to specific actions of the Russian authorities, one can see the contours of defending their own economic sovereignty in the Kremlin's moves from 1999, aiming to:

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<sup>29</sup> This attitude can be clearly seen in the "milk wars" – the restrictions on importation of Belarusian milk and dairy products to Russia which have been recurring since 2009. Although Minsk remains to be Moscow's closest ally in the international arena, it is threatened by sanctions in the same way as Georgia or Moldova – countries that conduct a much more assertive foreign policy with Russia. "Молочные войны Беларусь vs Россия", *Agronews*, 2019, at <<https://agronews.com/by/ru/news/themes/841>>.

<sup>30</sup> I. Wallerstein, *Analiza systemów-światów. Wprowadzenie*, transl. by K. Gawlicz, M. Starnawski, Warszawa 2007.

<sup>31</sup> *Ibid.*, p. 48.

<sup>32</sup> *Ibid.*, p. 49.

<sup>33</sup> *Ibid.*

<sup>34</sup> *Ibid.*

1. regain control over economic processes taking place inside the country, including the prevention of the disintegration of the state into regional markets functioning independently of the center;<sup>35</sup>
2. rebuild the state's controlling stake in key companies for active economic policy, especially in the raw materials sector (Gazprom, Rosneft);<sup>36</sup>
3. create a system closely related to the implementation of the interests of the authorities of Russian special purpose corporations (the so-called "state corporations", "госкорпорации").

The first two processes are quite well analyzed in the literature on the subject, which is probably due to the fact that they constitute a specific condition for the success of the consolidation of power by Vladimir Putin and his surroundings. Activities undertaken as part of the third process, chronologically later, constitute a kind of culmination of the process of structural changes in the Russian economy. They have not yet been finalized, but at least a few state-owned corporations can be identified, whose emergence or transformations are important for pursuing Russia's economic interests outside its borders. These companies include such giants as Rosatom, Rostech, and Roscosmos, whose activity has not been thoroughly analyzed.<sup>37</sup> They share several characteristics:

- a. Just as the companies restored under the state control of the oil and gas industry, they operate in areas that have remained to be the most developed strategic sectors of the economy since the Soviet Union: nuclear energy, armaments, and technologies related to space research. Despite the collapse of the USSR and the crisis of the 1990s, these technological fields continued to be relative "islands of modernity." The necessity of their use for the development of the Russian economy is indicated as a condition for going beyond the "trap of stagnant equilibrium at a low level" and

<sup>35</sup> A. Bartnicki, *Demokratycznie legitymizowany autorytaryzm w Rosji. 1991-2004*, Białystok 2007, pp. 186-191; J. Cwiek-Karpowicz, "Reforma władzy państwowej w okresie prezydentury Władimira Putina", in A. Skrzypek, S. Bielen (eds), *Rosja. Refleksje o transformacji*, Warszawa 2010, pp. 63-68; S. Gardocki, *Instytucja prezydenta w polityce Federacji Rosyjskiej*, Toruń 2008, pp. 211-229; J. Staniszkis, *Postkomunizm. Próba opisu*, Gdańsk 2001, pp. 173-174.

<sup>36</sup> A. Bartnicki, *Demokratycznie legitymizowany autorytaryzm...*, pp. 210-217; T. Ekiert, "Znaczenie sektora surowcowo-energetycznego dla gospodarki rosyjskiej i światowego bilansu energetycznego", in A. Skrzypek, S. Bielen (eds), *Rosja...*, pp. 121-140; K. Kosowska, *Rosyjski sektor naftowy wobec nowych wyzwań na rynku krajowym i zagranicznym*, Kraków 2016, p. 23; H. van Zon, "Modes of Integration in the World Economy: The Case of Russia under Putin", in A. Makarychev, A. Mommen (eds), *Russia's Changing Economic and Political Regimes. The Putin Years and Afterwards*, London 2013, pp. 93-99; E. Wyciszkievicz, "Rosyjski sektor naftowo-gazowy – uwarunkowania wewnętrzne i perspektywy rozwoju", in E. Wyciszkievicz (ed.), *Geopolityka rurociągów. Współzależność energetyczna a stosunki międzynarodowe na obszarze postsowieckim*, Warszawa 2008, pp. 10-24.

<sup>37</sup> The activities of the Rosatom corporation are considered by the following, among others: Tomasz Młynarski (*Energetyka jądrowa wobec globalnych wyzwań bezpieczeństwa energetycznego i reżimu nieprolifacji w erze zmian klimatu*, Kraków 2016, pp. 138-143) and Tomasz Ekiert ("Znaczenie sektora surowcowo-energetycznego...", pp. 127-128). A reliable analysis of the structure and operation of the Russian military-industrial complex, designed by Ireneusz Topolski (*Sila militarna w polityce zagranicznej Federacji Rosyjskiej*, Lublin 2004, pp. 51-87), chronologically precedes the creation of the Rostech corporation.

even for the survival of the Federation as a whole,<sup>38</sup> also listed among the priorities adopted in 2008 by the Russian Long-Term Strategy for Socio-Economic Development for the period up to 2020.<sup>39</sup>

- b. The process of their formation or transformation of existing structures in State-owned corporations, the gradual expansion of their range of activities and orientation to foreign markets, has been conducted in principle since 2007. At that time, they were called Rosatom and Rostekhnologii (the name changed to Rostech in 2012). Roskosmos was transformed from agencies of federal importance into a state corporation in 2015.<sup>40</sup> Chronologically, their separation in the new organizational formula falls on the period after the state structures were “sorted out” to the commodity market. Such a sequence seems obvious, as the development of these strategic areas would be impossible without the significant financial outlays obtained thanks to the taking over by the state of profits from the export of energy resources.
- c. The legal status of this form of ownership, in terms of its suitability for the realization of the state’s interests, is extremely beneficial. State-owned corporations are not covered by the regulations on the disclosure of information and bankruptcy regulations. Only the government exercises control over their activities, while the position of general director and chairman of the supervisory board is filled by the president.<sup>41</sup>
- d. The key element connecting these corporations is a business model adapted for them by the Russian authorities that can be identified with the principle of the “integrator”. In this case, the logic of the corporation’s operation is to expand the value chain of the “operator” (the company limiting its activities to one of the links in the value chain – extraction, production, sales or service) for further functions and activities so as to gain control over the entire creation and appropriation process values. The company (“integrator”) covers the next aspects of business: supply and production of components, research and development, production, sales,

<sup>38</sup> J. Staniszki, *Postkomunizm...*, pp. 165-178.

<sup>39</sup> “Концепция долгосрочного социально-экономического развития Российской Федерации на период до 2020 года, утверждена распоряжением Правительства РФ от 17 ноября 2008 года №1662-р”, *Правительство России*, 17 November 2008, at <<http://government.ru/info/6217/>>.

<sup>40</sup> “Федеральный закон О Государственной корпорации по содействию разработке, производству и экспорту высокотехнологичной промышленной продукции ‘Ростехнологии’, Принят Государственной Думой 9 ноября 2007 года, № 259-ФЗ”, *Президент России*, 23 November 2007, at <<http://www.kremlin.ru/acts/bank/26518>>; “Федеральный закон О Государственной корпорации по атомной энергии ‘Росатом’, Принят Государственной Думой 13 ноября 2007 года, № 317-ФЗ”, *Президент России*, 1 December 2007, at <<http://www.kremlin.ru/acts/bank/26621>>; “Федеральный закон О Государственной корпорации по космической деятельности ‘Роскосмос’, Принят Государственной Думой 1 июля 2015 года, № 215-ФЗ”, *Президент России*, 13 July 2015, at <<http://www.kremlin.ru/acts/bank/39889>>

<sup>41</sup> “Федеральный закон... № 259-ФЗ”; “Федеральный закон... № 317-ФЗ”; “Федеральный закон... № 215-ФЗ”; В. Иванова, “Экономико-правовые особенности государственных корпораций и их роль в развитии инвестиционного процесса в России”, *Вопросы экономики и права*, no. 4 (2012), pp. 11-12.

marketing, and after-sales service. In a market economy, the guiding principle of such action is to take control and capture the value added and created in the areas of technological supply-production-distribution.<sup>42</sup>

The model described above belongs to the classic type. It was practiced in the 20th century not only in capitalist economies. It's description rightly brings to mind the Soviet centrally controlled economy, where the priority of the integrator was not to capture the value but to minimize the uncertainty and distortions brought by market shortages. Big economic organizations of the socialist era tried to build such a value chain to ensure self-sufficiency.<sup>43</sup>

In a sense, analogous goals are guided by today's Russian state holdings, which in their initial phases became the subject of criticism within the Kremlin elite. Dmitry Medvedev, the President of Russia in 2009, appeared before the Federal Assembly with an appeal, directly calling the state corporations outdated, whose functioning "in today's conditions is deprived of perspectives."<sup>44</sup> He saw the opportunity to make a leap forward thanks to the implementation of the Priority National Projects program ("Приоритетные национальные проекты") announced in 2005, investing in human capital through improvement of the health care, education, and housing systems.<sup>45</sup> However, state-owned corporations have survived because economic expansion has become a significant goal within their operation.

The motives of the decision of the Russian authorities, creating structures with such a broad spectrum of activity, are easily understood using the example of the Rosatom corporations. Established in 2007 with the transformation of the Federal Atomic Energy Agency, the company now has almost 350 "daughter" companies operating within each of the links in the value chain: from uranium production, through atomic fuel and electricity production to the nuclear industry and the construction of nuclear power plants, their operation and the utilization of nuclear fuel, both in the country and abroad.<sup>46</sup> In addition, Rosatom has its own research centers, concentrated within the framework of the company Science and Innovation (АО "Наука и инновации").<sup>47</sup> The Corporation emphasizes its importance to the Russian and international market: it is the largest producer of electricity in Russia, providing 19% of the total demand in this respect. It ranks second in the world in terms of uranium resources and fourth in its extraction. It also remains to be the leader in the enrichment of uranium (36% of the world market) and one of the main global producers of atomic fuel (17% of the global

<sup>42</sup> K. Obłój, "Modele biznesowe: Operator i Integrator", *Przegląd Organizacji*, no. 11 (2001), p. 6.

<sup>43</sup> *Ibid.*, p. 8.

<sup>44</sup> Д. Медведев, "Послание Федеральному Собранию Российской Федерации", *Президент России*, 12 November 2009, at <<http://www.kremlin.ru/events/president/transcripts/5979>>.

<sup>45</sup> В. Казанцев, *Приоритетные национальные проекты и новая идеология для России*, Москва 2007, pp. 5-16).

<sup>46</sup> *Годовой отчет. Итоги деятельности государственной корпорации по атомной энергии "Росатом" за 2017 год*, p. 5, at <<https://www.rosatom.ru/upload/iblock/e5d/e5d0fefbd69c8d8a779ef817be2a63d0.pdf>>.

<sup>47</sup> *Наука и инновации*, at <<https://nirosatom.ru/en/>>.

market).<sup>48</sup> But what is most important, Rosatom declares that it is the leader in this industry in terms of the number of foreign contracts, currently implementing 36 nuclear power plant projects in 12 countries.<sup>49</sup>

The geography of these international transactions of the Russian tycoon is interesting in the nuclear energy industry. In addition to the traditional markets of the former USSR for Russia – Belarus<sup>50</sup> or Uzbekistan<sup>51</sup> – Rosatom is involved in nuclear power plant construction projects in new destinations, especially in Asian countries such as: Bangladesh, China, India, Iran, and Vietnam,<sup>52</sup> as well as in the European Union, namely Hungary and Finland.<sup>53</sup> In recent years, the Russian corporation has also signed contracts for the construction of nuclear power plants in Turkey and Egypt. These agreements are symptomatic from the point of view of Russian interests. Thanks to its contract with Turkey, Rosatom received the right to implement its venture in the BOO system (“build-own-operate”), which means that this company assumes the tasks of design, construction, operation, and possible shutdown of the reactors of the power plants. In turn, part of the agreements negotiated with Egypt were on long-term nuclear fuel supply, training of power plant employees, or construction of a special radioactive waste repository.<sup>54</sup>

The mentioned Rosatom contracts prove the real impact of the integrator business model applied to the Russian economic expansion in the case of corporations. The development of the value chain in the case of these corporations makes it possible to expand their service offer to foreign contractors, which translates into a tighter and, what is more, long-term binding of the latter to the Russian side, and even a specific technological dependence on the Russians.

Undoubtedly, the strategy of the corporations’ activity requires further, in-depth studies. Both the external aspect – the usefulness of these companies in the implementation of Russia’s foreign policy objectives – as well as the internal aspect – the

<sup>48</sup> *Годовой отчет...*, p. 5.

<sup>49</sup> “О Росатоме”, *Росатом*, at <<https://www.rosatom.ru/about/>>.

<sup>50</sup> *Годовой отчет...*, p. 24.

<sup>51</sup> “Соглашение от 07.09.2018 между Правительством Российской Федерации и Правительством Республики Узбекистан о сотрудничестве в строительстве на территории Республики Узбекистан атомной электростанции”, *Министерство иностранных дел Российской Федерации*, at <[http://www.mid.ru/ru/foreign\\_policy/international\\_contracts/2\\_contract/-/storage-viewer/bilateral/page-1/53357?\\_storageviewer\\_WAR\\_storageviewerportlet\\_advancedSearch=true&\\_storageviewer\\_WAR\\_storageviewerportlet\\_sdAttr\\_countries\\_key\\_field=%D0%A3%D0%97%D0%91%D0%95%D0%9A%D0%98%D0%A1%D0%A2%D0%90%D0%9D&\\_storageviewer\\_WAR\\_storageviewerportlet\\_fromPage=search&\\_storageviewer\\_WAR\\_storageviewerportlet\\_andOperator=1](http://www.mid.ru/ru/foreign_policy/international_contracts/2_contract/-/storage-viewer/bilateral/page-1/53357?_storageviewer_WAR_storageviewerportlet_advancedSearch=true&_storageviewer_WAR_storageviewerportlet_sdAttr_countries_key_field=%D0%A3%D0%97%D0%91%D0%95%D0%9A%D0%98%D0%A1%D0%A2%D0%90%D0%9D&_storageviewer_WAR_storageviewerportlet_fromPage=search&_storageviewer_WAR_storageviewerportlet_andOperator=1)>.

<sup>52</sup> *Годовой отчет...*, p. 24.

<sup>53</sup> “Строящиеся АЭС”, *Росатом*, at <<https://rosatom.ru/production/design/stroyashchiesya-aes/>>.

<sup>54</sup> *Ibid.*; W. Rodkiewicz, “Rosja: umacnianie wpływów w Egipcie”, *Osrodek Studiów Wschodnich*, 13 December 2017, at <<https://www.osw.waw.pl/pl/publikacje/analizy/2017-12-13/rosja-umacnianie-wplywow-w-egipcie>>; “АЭС ‘Аккую’ (Турция)”, *РИА Новости*, 10 December 2017, at <<https://ria.ru/20171210/1510584872.html>>.

implementation of social policy and the diversification of the Russian economy, previously oriented around the raw material complex are interesting in this respect.

To sum up, Russia's moves in the field of economic policy (import substitution) and economic relations with foreign countries (economic expansion of Russian special purpose corporations) point to the implementation of the base scenario for "semi-peripheral" countries, combining actions protecting their market against "core" state expansion with steps to develop the center-periphery relationship with the weaker countries, especially with regard to the development of advanced technologies. The logic of action described above coincides with the indications of Sergey Glazyev for the countries of the "key peripheries" but it is difficult to determine the future actions of the Russian authorities and the corporation-related activities aimed at building a new, fairer international order. Economic diplomacy, carried out with the help of such tools as corporations, does not go beyond the implementation of the particular Russian interests that characterize the imperial system criticized by Sergey Glazyev. Russia does not agree with the dominance of the current leader (US), but its defense activities do not change the logic of conduct in international economic relations, rather using its old assets to achieve goals similar to those of the leader.

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