



The EURASIAN ECONOMIC UNION and Integration Theory

Mikhail Mukhametdinov

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ISBN 978-3-030-34287-6 ISBN 978-3-030-34288-3 (eBook)
<https://doi.org/10.1007/978-3-030-34288-3>

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The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

CONTENTS

1	Analytical Framework for the Comparison of Regions	1
1.1	<i>Research Question and Related Propositions</i>	6
1.2	<i>Book Structure</i>	6
1.3	<i>Theories of Integration</i>	9
1.4	<i>Themes and Criteria of the Comparison</i>	20
1.5	<i>Summary of the Analytical Framework</i>	28
2	Economic Integration	37
2.1	<i>Breaches in the EAEU's Common Market System</i>	38
2.2	<i>Low Economic Interdependence and Its Causes</i>	44
2.3	<i>Divergences in Endowment and Performance</i>	51
2.4	<i>Case Study: Monetary Cooperation</i>	59
2.5	<i>Conclusion</i>	67
3	Structural Factors	75
3.1	<i>Number of Member States and Challenges of Enlargement</i>	77
3.2	<i>Intra-Block Size, Power, and Interest Asymmetries</i>	80
3.3	<i>Foreign Policy Divergence</i>	89
3.4	<i>Institutional and Legal Order</i>	93
3.5	<i>Conclusion</i>	101

4	Overcoming Cultural Barriers?	107
4.1	<i>Variation in Cultural Diversity</i>	111
4.2	<i>Discourses on Regional Unity</i>	114
4.3	<i>The Russian Language and Russian-Language Diasporas After 1991</i>	129
4.4	<i>Religious and Racial Divisions</i>	139
4.5	<i>Conclusion</i>	140
5	External Factors and Geostrategic Considerations	151
5.1	<i>The EU and the USA: Drifting Apart</i>	153
5.2	<i>Inducing and Constraining Eurasian Integration</i>	158
5.3	<i>China, an Additional Vector of Eurasian Integration</i>	174
5.4	<i>Conclusion</i>	175
6	Conclusion	187
	Index	207

ABBREVIATIONS

ABM Treaty	Anti-Ballistic Missile Treaty
AD	<i>anno Domini</i>
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BC	before Christ
CACM	Central American Common Market
CAN	Andean Community of Nations
CAP	Common Agricultural Policy
CES	Common Economic Space
CET	common external tariff
CFSP	European Common Foreign and Security Policy
CIA	Central Intelligence Agency (USA)
CIS	Commonwealth of Independent States
CIS-12	USSR minus Estonia, Latvia and Lithuania
CSTO	Collective Security Treaty Organization
CU	Customs Union of Russia, Kazakhstan and Belarus
EC	European Community
ECJ	European Court of Justice
ECSC	European Coal and Steel Community
EEC	European Economic Community
EAEC	Eurasian Economic Community
EAEU	Eurasian Economic Union
EMU	European Monetary Union
EU	European Union
EU-15	European Union with 15 members
EU-27(CR)	European Union with 28 members minus Croatia

EU-27(UK)	European Union with 28 members minus Britain
EURATOM	European Atomic Energy Community
EUROSUR	A project of a transatlantic FTA between the EU and MERCOSUR proposed in 1995
FDI	foreign direct investment
FTA	free trade area
FTAA	Free Trade Area of the Americas
G-7	Group of Seven (USA, Canada, Britain, Germany, France, Japan, Italy)
GCC	Cooperation Council for the Arab States of the Gulf
GDP	gross domestic product
GDR	German Democratic Republic
GRP	gross regional product
GU(U)AM	Georgia, Ukraine, (Uzbekistan), Azerbaijan, Moldova
IMF	International Monetary Fund
INF Treaty	Intermediate-Range Nuclear Forces Treaty
LNG	liquefied natural gas
MERCOSUR	Common Market of the South
MERCOSUR-4	Argentina, Brazil, Paraguay, Uruguay
MERCOSUR-5	MERCOSUR-4 plus Venezuela
MFN	most favored nation
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NGO	non-governmental organization
NTB	non-tariff barrier
OCA	optimum currency area
POL	petroleum, oil, and lubricants
SAARC	South Asian Association for Regional Co-operation
SACU	Southern African Customs Union
SADCC	Southern African Development Coordination Conference
SEA	Single European Act
UN	United Nations Organization
US(A)	United States of America
USD	United States dollar
USSR	Union of Soviet Socialist Republics
WEU	Western European Union
WTO	World Trade Organization
WW2	World War Two

LIST OF FIGURES

Map 4.1	The world before the Spanish accession to NATO (<i>Source</i> Russett, 1975, pp. 26–27)	117
Map 4.2	The world before the Spanish accession to NATO (<i>Source</i> Russett, 1975, pp. 72–73)	118
Map 4.3	The world after the fall of communism (Based on Huntington, 1997, pp. 26–27)	119

LIST OF TABLES

Table 1.1	Main comparisons of the study	7
Table 1.2	Application of the four theories to the four integration dimensions in the study of the EAEU	26
Table 1.3	Analytical framework of the book	29
Table 2.1	Extra-regional and intra-regional trade of the EAEU, the EU, and selected countries	45
Table 2.2	Share of Russian FDIs among all FDIs into Belarus, Kazakhstan, and the CU, %	47
Table 2.3	Share of FDIs from Belarus, Kazakhstan, and the CU among all FDIs into Russia, %	47
Table 2.4	The share of national economies within the regional economies and the share of intra-regional exports of goods to GDP/GRP	49
Table 3.1	Population, territory, GDP, and GDP per capita of the EAEU countries	81
Table 3.2	Political variables and their effect on regional consolidation	102
Table 4.1	Preferred languages in the EU-27(CR) and the EAEU	113
Table 4.2	The percentage of the largest ethnic groups of Belarus in relation to total population	130
Table 4.3	The percentage of the largest ethnic groups of Kazakhstan in relation to total population	132
Table 4.4	Number of secondary school students taught in Russian and Kazakh in relation to the total number of students	136
Table 4.5	Number of tertiary education students taught in Russian and Kazakh in relation to the total number of students	136

Table 4.6	The percentage of selected ethnic groups of Kyrgyzstan in relation to total population	138
Table 5.1	The evolution of geostrategic perceptions of the EU and the EAEU	177
Table 6.1	Relative significance of selected dimensions for integration and relative progress of integration achieved in these dimensions	196



Analytical Framework for the Comparison of Regions

Among regional integration groups the EU receives most of the scholarly attention, and no other integration bloc has been studied and theorized to the extent of the EU. Yet, regional integration is a global phenomenon, and cases other than Western Europe offer additional insights to integration studies. The EAEU, a process involving five countries of the former USSR, is interesting in that its development is occurring while other regional integration processes in Europe, the Americas, and Asia are stagnating following their boom in the 1990s—the period characterized by prevalence of fragmentation on the post-Soviet territory. Despite uncertainty over regional integration efforts and disappointment about asymmetric development results enforced by regional blocs, interest in regionalism remains strong. This book on the EAEU is timely and highly relevant for several reasons: (1) Protectionism under Trump's administration is giving a new boost to re-evaluation and development of regional blocs like the EAEU. (2) Increasing political and social instability along with coups and revolutions all over the world lay new hopes on regions as potential sources of stabilizing influence. (3) The EAEU is receiving increasing attention as a Russia-led initiative intended to increase Russian political influence and economic power in the period of time when there

The author is wholeheartedly thankful to the Commonwealth of Australia for the generous funding for his work on this book at Macquarie and Harvard Universities.

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M. Mukhametdinov,

The Eurasian Economic Union and Integration Theory,

https://doi.org/10.1007/978-3-030-34288-3_1

are many concerns over the country's behaviour in the West. (4) The bloc is expanding both in depth and scope, and its regional institutions, including the Eurasian Economic Commission, are growing. (5) In the meantime, another important region, the EU, is experiencing serious fragmentation tendencies like *Brexit* with far-reaching implications for global regionalism.

The EAEU is a much younger process than the EU, and its integration achievement is modest. The EAEU institutions are less developed and they deal with a narrower scope of issues, and only in the economic domain of integration. This monograph evaluates the current condition of integration in the EAEU in relation to the Single European Market, explains why the two regional polities are characterized by markedly different outcomes of integration including their institutional forms, and tests the EAEU against criteria derived from European integration theories to identify EAEU's persistent limitations. To these ends the study proposes a special analytical framework for the comparison of the EAEU with the EU, which can be used for the analyzes of other contemporary regions, and which has already been applied to an analysis of MERCOSUR.¹

Both the EAEU and the EU are perceived as *regions* in the literature on regional integration, which elaborates on a wide range of cooperation issues within various groups of countries. The majority of scholars adhere to a broad definition of *regional integration* as 'institutionalised cross-border cooperation'. There are no excessive criteria in the definitions of *institutionalised*, *cross-border*, and *regional*.² The degree of institutionalization may vary from formal organizations to informal political consultations. Cross-border cooperation may apply both to spontaneous social interactions across borders between territories of contiguous states and to government-promoted inter-state cooperation. Regions can be defined as groups of contiguous territories linked by a degree of interdependence that incorporates interaction and possibility of cooperation.

Some authors insist that integration should be defined in more narrow terms to distinguish it from coordination and other forms of cooperation.³ Thus *coordination* most commonly implies the exchange of information. A deeper form of shared action, *cooperation* means taking joint decisions. *Integration* more accurately refers to policies and decisions stemming from binding agreements and supranational institutions. The following stage of merging national policy emitters into

one entity and the single policy coming from such entity is called *unification*. I propose to define regional integration primarily as intentional harmonization of national policies among several countries as pursued by a common regional authority. Such understanding of integration automatically brings forward the necessity to consider the specific areas where integration (or policy harmonization) is taking place, thus highlighting the dimension-specific and issue-specific character of the process across various temporal and spatial examples of regionalism. However, integration in narrow terms is not the exclusive focus of this study because other forms of cooperation accompany it and affect regional cohesiveness.

There are several grounds for the comparison of the EAEU with the EU. Both are geographically contingent areas. Both have expressed commitments to a common market and have undertaken measures for its full or partial implementation.⁴ The two blocs have accepted states' competences in the field of commercial policy and have received powers to represent their members in international commercial agreements as a single entity. Thus they have acquired international juridical personalities and recognition as actors in international law with the ability to be subject to international agreements. On the surface, the two blocs appear to have parallel institutional systems, and every major EU institution except the European Parliament and the European Central Bank has an analogue in the EAEU. Also, the two blocs share relative similarity in terms of the economic process. They generally confirm the conventional logic of economic integration sequence from an FTA to a customs union and then to a common market.⁵

However, the EAEU brings together Russian-language countries that used to be constituent entities of one state, the Russian Empire and then of the Soviet Union. They are former "second world" countries, which have effectively descended into "third world" status to become fully dependent on commodity trade with rich countries. Regional integration in the EAEU is unable to significantly reduce the dependence of the region on better developed countries in its economics, politics, and capital and technology needs. The EU, on the contrary, is a group of predominantly rich and self-sufficient countries. Also, the EAEU is a very recent process. The EAEC was founded in 2001 while the EEC has operated since 1957. The EAEU has fewer member states, five countries versus 27 in the EU. The EAEU's basic indicators differ substantially from those of the EU correlating from 1:2.5 (population) to 4:8:1 (territory), 1:3.8 (GRP), and 1:1.5 (GRP per capita).⁶

The degree of commercial interdependence within the EU is at least eight times that of the EAEU (Table 2.1B). There are 24 official languages in the EU and only five in the EAEU reflecting dramatic differences in the degree of cultural diversity. Further, the EU with its three principal actors Germany, France, and Italy is unfamiliar with the degree of power asymmetry in the EAEU where Russia stands out as a predominant country. The two blocs have had different geostrategic motivations. These are most prominently characterized by the different nature and impact of the US policy in relation to the two regions (supporting the EU and opposing to the EAEU as a restoration of the USSR), and by consequences of WW2 in Europe and the degradation of the post-Soviet economies in the 1990s and thereafter.

Despite parallel institutional structures in the two unions, there is a striking variation between the forms of regional institutions and the ways they operate: the EU is an organization with various supranational competences compared with the intergovernmental structure of the EAEU. The EU exercises supranational authority in many economic, environmental, juridical, and security spheres. Depending on the area, EU institutions can take decisions by consensus, absolute majority or qualified majority. The EAEU's competences cover only economic domains of social life. Its regional bureaucracy is very small, and all officials responsible for the integration agenda are representatives of the member state governments. The major regional institutions with decision-making powers are collegiate. They produce decisions through intergovernmental mechanisms that usually require unanimity.

In the analysis of quality and outcomes of integration regional institutions have an important position both as by-products of integration and as agencies that affect the processes through their various functions and roles, which stem out from their specific features. Supranational institutions in the EU are believed to pursue interests of the bloc as a whole, and at times they are able to enforce decisions contrary to the will of individual states.⁷ However, the EAEU intergovernmental system is restricted to advancing only those measures of integration that have been agreed upon by all member states. This might reduce the scope, depth, and speed of integration. Concurrently, the EAEU lags behind the EU not only in institutional development but also in economic integration. Despite the pronounced goals, the EAEU is not a fully operational common market yet, and even its free trade agreements are repeatedly infringed.

The slow progress of institutional development and policy harmonization in the EAEU vis-à-vis the EU might seem surprising as a number of factors could have allowed expectations of a faster progress of the EAEU. For example, it has to reconcile far fewer countries over common policies; and there are fewer cultural barriers to intra-regional integration among its countries that used to be entities of a *de facto* unitary state. The more rapid transformation of the world economy today than in the years of the EC formation in the 1960s–1980s may have been expected to accelerate the consolidation of the common market in the EAEU. When the EEC was born, few foresaw the freedom of capital movement within its borders; on the other hand, the EAEU has evolved in a period when capital transfers are so significant that they cannot be ignored. Also, the historic precedents of European economic integration and other regional processes offer a great deal of available practical and theoretical experience. More recently, the deterioration of the international security environment and increased geopolitical rivalry could have contributed to rapprochement among the post-Soviet states; however, the smaller states of the EAEU remain very sovereignty-protective and display no signs of aligning their foreign policies with Russia.

This monograph offers a complex explanation of the gap between EAEU goals and achievements. Its narrative is based on important aspects of four salient approaches to regional integration available to date: neo-functionalism, intergovernmentalism, social constructivism, and neorealism. The study identifies a number of significant factors shaping the post-Soviet bloc through a comparison of the EAEU with the EU along such important parameters derived from the four theories as economic interdependence, economic convergence, intra-bloc size and interest asymmetries, cultural heterogeneity, discourses on regional unity, and geostrategic motivations.

The book has implications both for the theory of regionalism and regional policy-making. It contributes to a better understanding of the EU and of the potential and limits of regional integration among the post-Soviet republics. The monograph illustrates the idea that contemporary regions are studied and understood best through approaches combining the use of multiple integration and cooperation theories. One of the major contributions of the study is the development of an analytical framework for the comparison of regions and the identification of the criteria for such comparison, which are derived from the respective theories.

The emphasis of the study on policy harmonization and integration having to deal with similar problems among the countries in order to achieve adequate and equitable outcomes brings forward a simple and frequently overlooked idea that integration is a means and not a goal. Integration is only warranted where a common policy is beneficial for the pursuing countries, and is unnecessary where it is not needed or detrimental.

1.1 RESEARCH QUESTION AND RELATED PROPOSITIONS

As indicated, the EAEU is different from the EU as a geographic region, as a regional organization, and as a generator of different regional policy both in scope of activities and in depth of policy harmonization. Based on this observation, the monograph examines why the EAEU process has distinct outcomes from those of the EU across various integration dimensions. This question is of particular significance for economic and institutional realms where the EAEU lags behind. The monograph addresses the following important questions in relation to the EAEU's economic and political process: Why is EAEU's economic integration limited in comparison with the EU? Why is the EAEU's common market regime loose and partial? Why are the EAEU institutions weak and uninfluential? Will the shape of the EAEU's institutions be similar to that of the EU institutions after the EAEU process matures? The study examines how the EAEU responds to the important criteria of regional cohesiveness derived from European integration theories. This helps to evaluate the utility and prospects of the EAEU in conjunction with the theory. The monograph also supports three related claims: (1) Integration outcomes are highly contingent on regional endogenous properties. (2) Cultural and geo-economic factors are playing a greater role in the consolidation of the EAEU in contrast to the EU process, which has been shaped by geopolitical factors. (3) Theories used to explain the EU (neofunctionalism, liberal inter-governmentalism, social constructivism, and neorealism) are suitable for the understanding and explanation of EAEU's differences from the EU.

1.2 BOOK STRUCTURE

Comparisons between the EAEU and the EU may involve myriads of random facts and analogies. Many of them can be related to the differences between the two cases with various degrees of confidence and tentativeness. In order to avoid conclusions with little or uncertain value, the study

proposes an analytical framework for the comparison of the EAEU with the EU using four salient integration theories. The enquiry using multiple integration theories is based on the approach to inter-theory dialogue known as *analytic eclecticism*.⁸ Eclecticism prescribes the use of elements of multiple theories in search for explanations to complex phenomena. Through the proposed framework the book examines why and how the EAEU develops differently from the EU.

The framework rests on the analysis of integration development in the EAEU and the EU in four dimensions: economic, politico-institutional, historico-cultural, and geostrategic. Each of the four dimensions uses one integration theory to identify the principal theme or parameter of the comparison in the dimension. The main themes of the comparison are economic interdependence (derived from neofunctionalism), state size and interest asymmetries (from intergovernmentalism), cultural diversity (from constructivism), and geostrategic considerations (from neorealism). The comparison between the two blocs in each integration dimension is done along several specific criteria measuring each parameter. Table 1.1 lists the principle themes of the comparison that lay out the quadri-dimensional structure of the study. Full description and explanation of the analytical framework with additional themes and criteria follows in Section 1.4. Each of the four substantive chapters undertakes a comparison of the EAEU against corresponding EU indicators in a respective integration dimension by the use of the criteria explained in Subsection 1.4.4.

The structure of the monograph is based on the proposed quadri-dimensional analytical framework. The analysis of the EAEU's development in four dimensions of social life divides the comparison into four

Table 1.1 Main comparisons of the study

<i>Book Chapter</i>	<i>dimension of integration</i>	<i>applied theory</i>	<i>principal theme of the comparison</i>
Chapter 2	economic	neofunctionalism	economic interdependence
Chapter 3	politico-institutional	intergovernmentalism	size and interest asymmetry
Chapter 4	historico-cultural	social constructivism	cultural diversity
Chapter 5	geostrategic	neorealism	geostrategic considerations and incentives

main parts. Each of the four substantive chapters is responsible for the comparison of the EAEU with the EU in one of the four dimensions using one of the baseline theories. There are additional non-key comparisons as well. The chapters highlight important differences between the two processes in the respective dimensions of integration. They also analyze relevant factors of integration and their implications for the EAEU. Introductory chapter precedes the four thematic narratives. It discusses the integration theories that form the bases of the EAEU's comparison with the EU in the subsequent substantive chapters, and also builds up the analytical framework for the comparison of contemporary regions by derivation of the specific criteria of comparison from the discussed theories.

Chapter 2 is concerned with the relatively low propensity of the EAEU for intra-regional economic cooperation, low economic interdependence, scarce trade and intra-regional investment, and divergences in economic performance, which are greater than in the EU. These difficulties of the bloc arise from natural conditions of economic geography, the size and the number of the countries, demographic dispersion, and low diversification of production structures. As regional cross-border transactions in the EAEU are relatively low, there is little interest in securing them in legal terms. In consequence, economic regimes of the bloc are looser than those of the EU.

Chapter 3 discusses factors of size and interest asymmetries. No country in the EU represents 79% of the region's population and 85% of the economy as Russia does in the EAEU.⁹ The power asymmetry in favour of one country is a great obstacle to policy harmonization. It reduces the scope of mutual interest and is responsible for greater foreign policy divergence and a lower degree of institutional cohesion. In addition, the EAEU is more difficult to sustain as a club of poorer countries as they have often prioritized not regional integration, but their foreign policy in relation to wealthier countries from outside the region (the EU, the USA, and China). However, the EAEU has an important advantage over the EU in the more manageable number of member states.

Chapter 4 demonstrates that both *Europeanness* and *Eurasianness* as complexes of measures to promote regional identity have more political than cultural meanings. The EAEU possesses a greater level of cultural unity than the EU because of its nations' historic co-habitation in the USSR and their continued use of Russian. However, alone, without a viable politico-economic agenda relative cultural unity is unable to sustain

political and economic integration. Moreover, cultural uniformity of the EAEU area has been in stable decline after 1991.

Chapter 5 evaluates different geostrategic motivations behind the two regional projects and reveals that external motivations for the EAEU have been different from those of the EU. In the external context, Eurasian integration aims to consolidate the bloc's economic capabilities in order to catch up in economic development, while the EU is trying to achieve greater political influence on par with the US, as geoeconomic equipollence with the USA has already been achieved through the Single European Market and the *euro*. Together, the four main chapters illustrate how the proposed analytical framework may be used for assessing the EAEU relatively to the EU and what conclusions may be derived from these comparisons.

1.3 THEORIES OF INTEGRATION

As there are no theories of global regionalism, scholars who study regions resort to European integration theories.¹⁰ Observers refer to regional integration as a multidimensional phenomenon and lament the inability of any of the existing theories to fully explain the formation and development of regions.¹¹ If no theory can offer an exhaustive explanation of integration in one region like the EU, the comparison of integration outcomes between any regions will surely benefit from an exploration based on multiple theories. The specificity of EU Studies is such that it does not have one dominant approach. Two of the four theories deployed by this monograph, neofunctionalism and liberal intergovernmentalism, contest the dominant position as better developed theories, because they provide descriptions of the process and explain institutional and regulatory developments. As their combined portrait of integration is incomplete, they are complemented by other theories, including social constructivism and neorealism. These came to the field of integration studies from International Relations and were not meant to offer any coherent mechanics of regional integration as defined in narrow terms. Social constructivism draws attention to a number of important factors determining the quality of regional political order such as values, norms, identity, and equality. Neorealism explains how global factors affect the formation and development of regions. This section reviews the four prominent theories, while Section 1.4 selects their core elements for the identification of the various criteria for the comparison of the EAEU with EU.

1.3.1 *Neofunctionalism*

The most influential theory in the field of EU Studies is neofunctionalism. In neofunctionalism, integration is a sporadic and self-sustaining process advanced by pragmatic interests of social groups.¹² The major assumptions of neofunctionalism are essentially transactionalist: the key issues for integration are not of ideological vision and cultural agency, but matters of the satisfaction of material needs: ‘Converging economic goals embedded in the bureaucratic, pluralistic, and industrial life of modern Europe provided the crucial impetus to integration. The economic technician, the planner, the innovating industrialist, and trade unionist advanced the movement, not the politician, the scholar, the poet, the writer’.¹³ The emphasis on actors and their often haphazard interactions is illustrative of the emphasis on integration in terms of process rather than outcomes. Neofunctionalism is mainly concerned with the process and has little to say about its end-goals.

However, the neofunctionalist process is not quite automatic. It is guided and manipulated by actors and institutions. Neofunctionalism holds that non-state actors (regional organizations, interest groups, and regional social movements) are responsible for integration. Organized interests and interests of supranational bureaucrats exercise pressure on national governments. Governments are forced to accommodate region-wide interests of economic agents by conceding authority to regional organizations. However, states are not unimportant actors in integration. They may accept or ignore the preferences of interest groups and institutions. Governments set the terms of formal agreements even though they do not exclusively determine the direction and extent of subsequent changes. Supranational institutions also have an important role in integration development, as they experience pressures of having to justify their roles. Neofunctionalists explain that supranational authorities in the EU contribute to further European integration while the lack of supranational authorities in other regions restricts integration development. In addition to sets of actions among sub- and supranational groups, neofunctionalism explains integration process through such dynamics as functional spillover, political spillover, and the upgrading of the common interest: the pursuit of integration in one policy area creates pressures in neighbouring policy areas, placing these areas on the political agenda and leading to further integration.

Once initiated in a specific policy domain, integration creates groups that benefit from the development of integration and its spread to other policy domains. The benefiting interest groups push the process further. Increasing socio-economic interdependence causes citizens to shift some of their expectations to regional institutions. This causes a ‘spillover’ into political integration: ‘Political integration is the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations, and political activities towards a new centre, whose national institutions possess or demand jurisdiction over the pre-existing national states’.¹⁴ Thus intensifying social and economic transactions may lead to the formation of a certain regional identity. However, neofunctionalism recognizes that not all sectors contain equal spillover potential. Moreover, spillovers to political domain, and especially culture, are not guaranteed. The assumption that deeper integration requires a supranational regulatory authority pushing political integration to follow economic integration has come under sustained scrutiny. It has been argued that incremental political integration, as predicted by neofunctionalism, is not taking place across the globe.¹⁵

1.3.2 *Liberal Intergovernmentalism*

The most significant approach after neofunctionalism is liberal intergovernmentalism.¹⁶ With neofunctionalism it shares the emphasis on economic interests as the principal driving force of integration. Like neofunctionalism, it stresses the importance of institutions as a necessary means of facilitating and securing the integration process. However, it focuses on the central role of national governments, on the importance of powerful domestic economic interests, and on bargaining among national governments over distributive and institutional issues. As regional integration reveals itself most in economic activities, liberal intergovernmentalism prioritizes the economic preferences of national governments, which pursue integration to secure the commercial advantage of domestic producer groups.

Thus integration is a series of rational choices by national governments that reflect interests of powerful domestic groups and the relative power of each state. Intergovernmentalism overlooks ongoing economic, legal, and social changes. Like most realist explanations, it assumes that states are central actors in international politics and that policy-making in international realm takes place in intergovernmental negotiations. Thus

state preferences are central for the outcomes of negotiations. If in realist intergovernmentalism state preferences are derived from the position of the state in the international power structure and the interest in autonomy and security, in liberal intergovernmentalism state preferences are formed by the outcomes of domestic negotiations on interests of domestic groups. Therefore, liberal intergovernmentalism emphasizes priorities of domestic oligarchy.

Further, the agreed integration policy is a result of intergovernmental negotiations on specific cooperation issues. This result comes from the aggregate of actions dependent on state preferences and their bargaining capabilities. States calculate the utility of all possible courses of action and choose the action that maximizes their utility under given circumstances. As the outcomes of international negotiations depend on bargaining power, small and weak states are insignificant actors in integration as they are unable to exercise much influence on the process. Better informed and stronger governments manipulate negotiations. This is why economic integration generates distributional conflicts among the involved states. However, weaker countries that are not interested in specific agreements can threaten non-cooperation and may receive concessions.

Liberal intergovernmentalism recognizes that foreign policy goals vary and depend on governments' response to shifting pressures from domestic social groups. Yet states continue to be unitary actors even though their options are neither fixed nor uniform. This is so because national governments are able to develop consistent preferences at a time when domestic groups do not play significant roles in negotiations beyond the state. Thus national governments call the tune of integration when pursuing interests generated at the domestic level. Also, national governments create institutions to facilitate more efficient management of the regional system. Institutions are governments' tools for the achievement of governmental goals. They do not take power away from the national governments. On the contrary, institutions enforce the power of the governments. Economic interests go a long way in giving a plausible account of state behaviour, but in some cases geopolitical, security, and ideological interests may be decisive. Liberal intergovernmentalism allows for such interests especially in conditions when the domestic constituency behind a policy is weak or diffuse or when the implications of a policy choice are unimportant or uncertain.

1.3.3 *Social Constructivism*

With its important links to politics, geography, culture, and history, regional integration may go far beyond economics. Constructivists in particular stress ‘natural’ conditions as important though imprecise elements of regionalism.¹⁷ These ‘natural’ conditions evolve out of geographical, cultural, and historical proximity and provide the ‘humus’ for regional integration. That is, shared values, social interactions, and similar organizational structures facilitate the development of common aspirations and mutual identification. These, in turn, make it more likely that a common political culture and consensus about political and economic objectives evolve.¹⁸ Constructivists are interested in notions like regional awareness, mutual responsiveness, loyalty, durable sense of community, major societal values, shared knowledge, learning, ideas, and normative and institutional structures.

Commercial agreements alone are not sufficient to cement long-lasting alliances as wars may separate countries or bind them together more strongly than any economic rationale. Therefore, historic relations account for a wide range of integration factors beyond economic relations. It is impossible to explain integration without allowing for the effects of previous cooperation, conflicts, social, and governmental interests, and institutional decisions. Constructivists believe that there is much more *Europeanness* than assumed just by judging the results of the EEC, EC, and EU. Likewise, identification processes in the EAEU encompass a much longer time period than the history of the organization, and even the history of the USSR.

Key to constructivism is the idea about the mutual constitution of agency and structure. Human agents do not exist independently from their social environment and culture; they reproduce and ‘construct’ social reality through their daily practices. The social environment defines people as social beings and conditions their actions. In turn, actions affect and change the environment. Common rules, policies, and law enable us to study how integration shapes social identities and interests of actors. The evolution of national and supranational identities is important as they change over time and encourage new forms of cooperation while cooperation further redefines the identities.

Not only does integration constrain the range of choices available to actors (states, corporate actors and citizens) by formal and informal rules, but also by the ways in which actors define their interests. So-called *soft*

institutions have been addressed by a literature that studies the influence of world-views, principal beliefs, routinized practices, and norms. In integration studies, the constructivist focus on *soft institutions* has offered a new perspective on regional integration as a process that involves the constitutionalization of shared norms, principles, and procedures including law and social sciences.¹⁹ Other important notions in social constructivism are communication and discourse. A focus on discourses allows examining more closely how integration blocs are constructed discursively and how actors understand the meaning of integration. Argumentative rationality means that participants in a discourse are open to the influence and persuasion of better arguments regarding social organization while relations of power and social hierarchies recede to the background. Integration blocs are affected by discursive and behavioural practices and also have their own influence on these practices.

1.3.4 *Neorealism*

In efforts to explain regional integration scholars often look to neorealist ideas, which locate the source of regionalism at the level of the international system.²⁰ For these authors regional integration is a response to external challenges. Regional blocs are formed and stimulated to expand their political power, economic competitiveness, and negotiation capacity relative to the rest of the world and against the international hegemony in particular. In the current global order the USA still remains ‘the global hegemon of the regional hegemons, the boss of all the bosses’ whose task is ‘to be the motor and monitor for the international order and the model and mentor for the regional spheres of influence’.²¹ US hegemony is understood primarily as the capacity of power exercised by the USA (economic, political, military, ideological, technological, and cultural) to influence internal and foreign policies of other countries.²²

The USA represents about 4.4% of the world population; however, it is in possession of 15.2% of the global wealth.²³ Financial resources, military force, and advanced technological capability secure the USA a privileged position in the international system. The hegemon is willing to impose its political and economic will on other countries. To resist subordination to US interests, countries form alliances at the bilateral, regional, and international levels that enable them to speak to the USA with a stronger voice. Middle powers such as large developing states occupy an intermediary position in the power stratification system and have their own power ambitions.

A representative of the English School of international relations emphasizing the international society Andrew Hurrell makes a very sensible and clear adaptation of realist and neorealist ideas to regionalism.²⁴ According to him, global and regional hegemonic powers (the USA and middle powers) affect regional organizations in several ways. One of them is pushing countries to integrate against them (GU(U)AM against Russia, SADCC against South Africa, the GCC against Iraq, MERCOSUR against the USA, ASEAN against China). Another way is to restrict the exercise of the hegemonic power (of Germany in the EU, of Brazil in MERCOSUR). When power differences are too large, the third scenario is possible: smaller countries seek accommodation with the hegemon in hope of receiving special rewards (Mexico in NAFTA for the sake of access to the US market). In such cases regionalism adopts the character of subordination to the hegemon.

It is common that regional groups serve the interests of powerful states. One major actor sets the agenda in the organization (the USA in NAFTA, Brazil in MERCOSUR, Russia in the EAEU, India in the SAARC, South Africa in the SACU). In this sense regionalism has always existed when powerful countries and empires dominated in different international systems. Hegemons press for regional integration in order to pursue their interests, to generate support and legitimacy for their policies, but also to share burdens and solve common problems such as the provision of security.

The movement towards regionalism can also be characterized as a response to 'a security dilemma' in which each regional movement attempts to enhance its bargaining position relative to other regions. When the trend to the united and closed market in Western Europe became clear, the USA and Canada started a regional agreement of their own. In response to European and North American regionalism Japan undertook efforts to create a regional economy, and there also appeared APEC, NAFTA, and MERCOSUR.²⁵ Also, neorealism allows a consideration of collective security problems. From the perspective of security studies, regionalism may be a response to conflicts and threats. However, security threats often disrupt and destroy regional alliances instead of strengthening them.

1.3.5 *Interrelationship Among the Four Theories*

The four baseline approaches offer different views of regional integration and cooperation. One of the major distinctions among them is their view of origins and roles of regional institutions. Neofunctionalism, liberal intergovernmentalism, and neorealism are referred to as rational choice approaches because they assume rationality of social actors and their interactions. They are interested in material incentives for actions leading towards integration. Particularly in intergovernmentalism, regional institutions are created by states for specific needs, and governments retain full control over institutional operation. By contrast, social constructivism does not prioritize short-term interests but locates in a broader normative environment. According to its interpretations, institutions and practices are not created from scratch, but reflect and build upon previous designs and structures. Regional organizations have a reciprocal influence on the constituent states, and they affect state interests and social identities.

While regionalism occurs at sub-state and supra-state levels, states continue to play key roles in regional arrangements, and most of the literature focuses on inter-state cooperation. However, social constructivism does not even take states as given subjects of international relations. In its view states are flexible entities constructed by socially and historically contingent interactions. In contrast to rational choice approaches, social constructivism emphasizes rule-guided behaviour. Such behaviour differs from strategic behaviour as actors are often compelled to do ‘the right thing’ instead of optimizing their preferences. Doing ‘the right thing’ may also determine which options are available, but this certainly restricts the range of actions.

Another tangible line of difference is among the rational choice approaches, between neofunctionalism on the one hand, and intergovernmentalism and neorealism on the other. Neofunctionalism takes sub-state gradual unobtrusive exchanges and interactions for a driving force of integration while the latter approaches follow realist assumptions about states being dominant actors that pursue their unitary national interests and control the pace and outcomes of integration through periodic revisions of mutual obligations. The theories have opposite views on state sovereignty: integration reduces it in neofunctionalism and enhances in intergovernmentalism and neorealism.

In spite of these apparent contradictions, there are many linkages among all the four approaches. The linkages are natural because the

theories are studying the same phenomenon. Neofunctionalism is similar to intergovernmentalism in that it is an actor-centred approach that starts with utility-maximizing actors cooperating on some collective action problem. However, neofunctionalism talks about the functional logic taking over at some point, which leads to further integration, including normative integration, the upgrading of the common interest, and shifting loyalties and identities from the national to supranational level. This implies the effects of integration at a different categorical level. When integration transforms collective identities, the narrower rational choice approach is generally overcome. In this respect neofunctionalism has contiguous areas with constructivism. Both recognize the spontaneity of integration coming from social interactions.

Intergovernmentalism admits that the ideological and geopolitical preferences of governments may have an indefinite or even conflicting relation to utility-maximizing economic interests. Thus liberal intergovernmentalism allows for geopolitical considerations, which is the domain of the neorealist analysis. In the analysis of regional integration in the third world, neorealist narratives are often supplemented by dependency theory and world system analysis. Not only do these two emphasise the importance of the world hierarchy in determining the behaviour of states, but they also argue for the need to analyze domestic participants as the principal elements influencing the foreign policy of the states.²⁶ Thus they share the interest in domestic factors with liberal intergovernmentalism. According to each of the three approaches, the international system, the state and powerful domestic groups all hold responsibility for integration.

In neorealism, integration promoted by foreign policy is intended to overcome vulnerability, however knowing countries' weaknesses is only one part of the picture: states respond to vulnerability in different ways. Here, both constructivist and rational choice explanations can be useful for understanding why certain societies remain outside the scope of regional cooperation even when they are faced by seemingly identical external challenges. Some countries may estimate their benefits in a different way (Norway and Turkmenistan are not interested in joining the EU and the EAEU), others may not even consider the membership because of the 'psychological' distance (Belarus in relation to the EU and Mongolia to the EAEU).

The connections among the theories are also confirmed empirically by the links of economic regionalism (explained primarily by neofunctionalism and liberal intergovernmentalism) to security alliances (typically dealt

with by neorealism) and sociocultural linkages such as common language, history, and religion (the elements emphasized by constructivism). Thus cultural affinities have been found to have positive effect on proliferation of economic cooperation in clusters of countries with greater 'psychological proximity' to each other.²⁷ Also, the states are more likely to liberalise trade and engage in other forms of economic integration with political-military allies than with actual or potential adversaries.²⁸ The effects of alliances on trade reflect the fact that trade flows generate efficiency gains that can be used to enhance the power of states.²⁹ As major powers are likely to possess market power to influence their terms of trade, they do not have many incentives to liberalise trade with real or imagined enemies, if they can do so with friends.

Despite the many possible linkages among the four theories at different levels, there is no consensus whether the logic of states and power politics or the imperatives of interdependence and cooperation are more responsible for regionalism. The theories do not identify integration either within the pursuit of national interest or within the strategy of internationalism. There is no single sufficient explanation of integration even for one region like Europe. The focus of all approaches is limited as they manage to explain only selected aspects of integration. The creation of a single coherent approach based on the mentioned theories is problematic because of their different scopes and unresolved contradictions among them. This is why European integration theorists treat the mentioned theories as complementary rather than contradictory.³⁰ They see the future of their field and the achievement of scholarship progress in the synthesis and modification of the approaches rather than in disputes among them. Consequently, it is even less probable that a single theory of regionalism emerges for the explanation of various spatial and temporal instances of regionalism. Therefore, throughout the book, the theories are treated as complementary to each other, and not competitive, in the provision of a multidimensional picture of integration.

1.3.6 *Excluded Approaches*

Neofunctionalism, liberal intergovernmentalism, social constructivism and neorealism are the most salient theories that are conventionally considered the core of EU studies.³¹ Yet, they are not exhaustive of all the explanations available to those who study the discipline. The omission of other theories from the analytical framework needs an explanation. Thus, the

book does not discuss the EAEU along the lines of various institutionalist approaches.³² They emphasize the role of community institutions in shaping the integration process, particularly in instances when this happens in ways not anticipated or desired by states. However, the EAEU does not have independent institutions. Its organs are accountable to the member governments, and the governments play the principal role in the definition and advancement of integration. Therefore, there are slim grounds for the comparison of the EAEU's institutions along the institutionalist ideas of EU Studies.

Approaches dealing with the analysis of the European governance and order are excluded because they are even less relevant for application to the EAEU.³³ Even though the institutionalist and governance approaches are not included in the study, the factors constraining institutional development in the EAEU are considered and attributed to low functional interdependence among the countries and high asymmetries among national preferences in relation to integration. Another overlooked approach is transactionalism, which emphasizes intensifying societal interactions as a primary drive of integration.³⁴ In doing so it shares the emphasis on the significance of interdependence with neofunctionalism, therefore its key assumption is present in the analytical framework of the book through references to neofunctionalism.

The book does not undertake the comparison of launching the EAEU and the EU through the functionalist logic. Functionalism explains the initiation of European integration after WW2 by an idealist striving of statesmen to increase social and economic interdependence among their countries in order to minimize future risks of war. However, in contrast to Europe prior to the ECSC, a security dilemma was absent in relations among the EAEU countries, in intra-regional context, and to date the EAEU organs do not engage with security and defence issues. Security and functionalism can certainly make their way into comparisons of other regions where security and defence agenda is more important. However, the explanatory value of functionalism is limited because the theory says nothing about the development of the integration process once it has started.

The book does not engage with two other types of theories. Domestic-level theories emphasizing the importance of internal cohesion of member states in terms of territory and regimes are not considered because the key actors in the two blocs are fairly well established states, even though less

so in the EAEU than the EU. Economic theories of integration (customs union theory and fiscal federalism) are bypassed, as they are non-explanatory and mostly static.³⁵ However, the discussion of prospects for an EAEU's monetary union in Section 2.4 is done on the premises of the OCA theory as a case study and a non-key additional comparison to the EU. There is no need to single out this comparison within the explanatory framework of the book, because the OCA criteria largely overlap with the criteria of economic integration discussed within this proposed analytical framework.

1.4 THEMES AND CRITERIA OF THE COMPARISON

The analytical framework using the described theories is designed to identify and explain differences in EAEU's integration outcomes relative to those of the EU in four dimensions of social life: economic, politico-institutional, historico-cultural, and geostrategic. Each of the discussed four theories offers one general theme for the comparison: economic interdependence, state size and interest asymmetries, cultural diversity, and geostrategic motivations. According to the corresponding theories, these themes are the key notions affecting regional integration and cooperation. More narrow criteria are derived from these four themes for the actual comparison. There are additional themes and criteria as well. Below is the explanation of the position of the dimensions of integration, the theories, and the themes and criteria of comparison within the proposed analytical framework.

1.4.1 *Why Several Theories?*

Diverse manifestations of regionalism constitute a theme that merits 'a comprehensive examination even at the expense of theoretical parsimony'.³⁶ As a complex process across many dimensions of social life, regional integration requires various explanations depending on an issue area. The four approaches discussed in the previous section are all influential theories of integration. However, each of them offers only a partial and incomplete story. Like the factors they emphasise, the approaches have varying degrees of relevance for different geographic instances of regionalism and for a single region in different periods of its evolution. Together they add to each other in the provision of a more detailed picture of regionalism. Integration theories illustrate the multidimensional

character of European integration. Therefore, a complex comparison of the EAEU with the EU has to be grounded in accounts of multiple explanatory approaches as well.

In order to provide a complex explanation based on several theories, the book relies on the approach towards inter-theory dialogue known as *analytic eclecticism*.³⁷ This approach is preoccupied with problems of wider scope and complexity that cannot be resolved by an application of a single theory. *Eclectic* work combines various pre-existing well established research traditions and produces explanations based on these multiple traditions. Due to the nature of research problems and organization of the inquiry, *eclectic* studies do not test theories, fill in gaps within theories or resolve inter-theory debates. Neither do they attempt a synthesis of the used theories, but they operate with the respective theories selecting their relevant ideas. Conclusions from *analytic eclecticism* aim to provide an explanation of the studied phenomena. Sil and Katzenstein observe that *eclectic* work in its combination of different traditional approaches cannot operate with the full-length accounts of the theories it incorporates, but it usually employs only selected elements of each theory. In any case, it is impossible to apply ‘full’ versions of the European integration theories towards the study of the EAEU, as these theories are ‘alien’ to the post-Soviet group in the sense that they were composed from the studies of a different region: Europe. Besides, one can never be sure what a standard full account of any theory is anyway, because authors offer varying interpretations of each specific theory.

1.4.2 *Why Dimensions?*

The book aims to evaluate the quality of integration in the EAEU across several integration dimensions. Even though regionalism is most tangible in the areas of trade and investment, integration touches upon various aspects of social life, receives strong impulses from non-material factors and extends to the domains of security, politics, and culture. As both the EAEU and the EU are multidimensional processes, understanding them overcomes strictly economic and institutional realms of integration. Whereas existing studies of regionalism usually focus on a single issue area, the broad focus of this book on exploring various dimensions brings into clearer relief the differences, similarities, and interrelations among multiple issue areas. Such multidimensional approach contributes to a fuller understanding of regionalism.

Most of the regional initiatives prioritize trade and investment and are subject to economic analysis. Whether an integration project is stuck at the level of an FTA or proceeds further into social and political spheres, the study of the political dimension of integration is unavoidable because political circumstances of decision-making are involved in generating regional policy in any social domain: economic, social, cultural, or pertaining to foreign policy. Culture is marginalized in European integration studies because little integration or convergence is occurring among national cultural policies in the EU, if any. The necessity to include this dimension of integration is prompted by the experience of the EAEU, whose countries share common historical past and the Russian language as a unifying factor. While the effects of linguistic, historic and cultural affinities among the populations on the actual political and economic processes are not easy to measure, EAEU's historico-cultural affinities predetermine the very membership of the union. Finally, the external dimension of integration is incorporated to illustrate how the hegemonic structures have affected the two regions in notably different ways.

Such important dimension as intra-regional security is not singled out as a separate integration dimension, because intra-regional security has not been an issue for the EAEU, and because EAEU institutions do not deal with security and military problems. Clearly, the EAEU is different from the EU in each integration dimension. In some domains regional policies are easier to harmonize and homogenize in one region, thus making them subject to regional integration effort; other kinds of policies are easier to pursue in the other region. Therefore, the book determines which specific integration dimensions in the EAEU have greater or smaller potential for integration in relation to its counterpart region and explains why it is so.

1.4.3 What Is the Relationship Between the Dimensions and the Theories?

The analytical framework of the book is grounded in four theories serving to explain integration in four dimensions. Neofunctionalism depicts regional integration as a chain reaction advanced by interests of economic actors. It is effective in the analysis of economic integration through the notion of interdependence promoting integration. Intergovernmentalism attributes the integration process to rational decisions of governments.

Most intergovernmentalist analysis is about achieving outcomes in bargaining over economic and political matters. Constructivism explains integration as a consequence of pre-existing social, cultural, and economic conditions. It provides important links to culture, history, identity, and factors constraining and shaping utility maximizing behaviour. Neorealism treats integration as a means to increase individual and collective power of states in the global context. With its notions of power it brings in the interrelationship between inter-state cooperation and the power structure of the international system.

The various aspects of the process each individual theory emphasizes correspond well to the main dimension the respective theory is assigned to in the book, as each of the four theories is particularly relevant just for one of the four dimensions. Above all, this is true for neorealism in its application to the study of external factors of integration. The use of neofunctionalism is possible in any integration dimension involving interaction, and its key concepts, like interest groups, interdependence, and spillovers do not have to be exclusively economic. However, the economic process suits neofunctionalism well, and this is the domain where it is most commonly applied. As EAEU's key players are states, intergovernmentalist ideas are useful in the analyzes of different approaches towards integration among the EAEU member governments. Thus criteria based on intergovernmentalism are applied to the study of inter-state politics of integration. This leaves the domain of history and culture for constructivism, which is more used to dealing with these fields than any other theory. Together, the four dimensions and respective theories make up a framework allowing us to look at the most important implications of the EAEU process.

However, all the four theories were intended to describe the integration process as a whole, and they were not designed specially to suit the analysis of integration in the dimensions as proposed in this book. The application of each theory is not bounded by one dimension only. For example, neofunctionalist interactions can be economic, cultural, political, and so on, and neofunctionalism can be applied to the analysis of integration in various dimensions. If each theory could be used for analysis in each of the four dimensions, the book would have four times four, sixteen narratives in total. However, due to the limited scope of the theories, not all the sixteen analyzes are possible in principle. For example, the application of neofunctionalism to external dimension is problematic because neofunctionalist sources of integration are internal to the region.

Some of the narratives are possible but not feasible because there is no reliable data to do them, or they are unable to generate any valuable conclusions. Consider neofunctionalism in application to culture. If Germans and the French increasingly interact with each other, the ultimate neofunctionalist prediction is that at some point they stop being French and German and become Franco-German. This is not happening. Even though the neofunctionalist logic does work in culture, the results of cross-cultural interactions in the two blocs remain miniscule and difficult to evaluate. In other instances, some of the narratives are merged, as it is impractical to keep them separate. For example, the discussion of external factors of integration under the neorealist framework is dedicated to political and economic cooperation anyway, therefore there is only one narrative instead of three (political, economic, and geostrategic) in the four by four matrix. The four specified theories are applied to the four dimensions as follows.

Economic integration. As mentioned, neofunctionalism provides the basis for the discussion of EAEU's economic integration in Chapter 2. However, factors affecting economic integration are not limited to interdependence, and the other three theories can explain various aspects of economic integration as well. The intergovernmentalist discussion of integration politics is mostly about economic issues. Neorealism can explain regional economic mobilization stemming from the fears of losing economic competition to extra-regional players, and this shapes the discussion of external factors of integration in Chapter 5. Finally, regardless of any interdependence levels, economic divergences present difficulties for homogenizing national economic practices and regulations. Therefore, an additional discussion about the difficulties of integrating the EAEU economies is incorporated under the constructivist and intergovernmentalist inference that integration is easier to achieve among similar economies and that economic divergences narrow the scope and depth of economic integration (Chapter 2).

Politics of integration. As states are principal actors in the integration of the EAEU, their interests and preferences determine the course of the process. Both constructivism and intergovernmentalism agree that similar interests are conducive to actors' engagement in integration. In constructivism integration is prompted by such evolution of existing social structures that converge actors' interests. In intergovernmentalism homogeneity of interest simplify inter-state bargaining over strategic matters

and prompt faster agreements on collective action. Therefore, the analysis of politics of integration in Chapter 3 is based on the comparison of states and their interests in accord with the intergovernmentalist and constructivist reasoning that less similar states are more difficult to integrate. The neofunctionalist approach is less suitable for the analysis of political integration because high levels of functional interdependence do not automatically guarantee such integration. In the EAEU interdependence levels are relatively low and they have not played a decisive role in the formation and the development of the region. As in case of economic integration, mobilization as a result of extra-regional threats and competition is an important factor of integration. This mobilization becomes the subject of discussion of the influence of external factors on the EAEU and the EU in Chapter 5.

Cultural integration. The proposed framework applies social constructivism to culture in Chapter 4. While neofunctionalist and intergovernmentalist analyzes of cultural integration are possible, they are not capable of producing any significant conclusions. There is no evidence of emergence of any supranational *Eurasian* culture as a consequence of regional interaction facilitated by the EAEU as could be predicted by neofunctionalism. Likewise, the intergovernmentalist approach to culture may enjoy limited success because regional cultural integration scores low among governmental priorities. Even though culture is greatly shaped by political factors, there is little evidence that regional institutions like the EU and the EAEU cause any significant cultural transformations among populations. EU studies literature overuses the term ‘European identity’ in places where a talk about solidarity or affinity perceptions among selected population groups is more appropriate. Neither does cultural integration occur as a response to external security threats or because of fears of losing economic competition to extra-regional actors. What happens as a result of these external influences is cooperation or mobilization as discussed in Chapter 5. Therefore, the neorealist argument does not apply to culture either.

External dimension. As mentioned, neorealism does a good job explaining economic integration and political cooperation as a reaction to external challenges faced by the integrating countries (Chapter 5). Neofunctionalism does not apply to external dimension because its source of regionalism is internal to the region: intra-regional functional interdependence. However, constructivism and intergovernmentalism may give

Table 1.2 Application of the four theories to the four integration dimensions in the study of the EAEU

<i>Dimension/Theory</i>	<i>Neofunctionalism</i>	<i>Intergovernmentalism</i>	<i>Constructivism</i>	<i>Neorealism</i>
Economic	++ (Chapter 2)	+ (Chapter 2)	+ (Chapter 2)	+ (Chapter 5)
Political	–	++ (Chapter 3)	+ (Chapter 3)	+ (Chapter 5)
Cultural	–	–	++ (Chapter 4)	–
External	–	+ (Chapter 3)	–	++ (Chapter 5)

“++”—analysis serving as the basis of a corresponding book chapter

“+”—analysis feasible and present in the book

“–”—analysis impossible or insignificant

important insights to converging national foreign policies resulting in regionalism. Constructivism discusses culture and identity and explains why countries sharing historic, cultural, or ideational affinities feel the need to stand together against competition and threats from the outside, and what may constitute the division between ‘inside’ and ‘outside’ (Chapter 4). Intergovernmentalism explains convergence in national foreign policies in relation to material factors. Therefore, the chapter on politics of integration discusses the varying approaches of Russia and the smaller EAEU countries to their foreign policies that are conditioned by the inherent differences among them and the ways in which they tend to manage their international relations (Chapter 3).

Table 1.2 represents the summary of feasibility and significance of each of the potential analyzes across the four dimensions and four theories.

1.4.4 What Are the Themes and Specific Criteria of the Comparison?

Each of the four dimensions contains one or two themes of comparison derived from a relevant theory, and each theme is further broken down into specific criteria for the comparison of the EAEU and the EU. This Subsection explains what these themes and criteria are.

1.4.4.1 Economic Dimension

Principal Theme. Economic interdependence. In neofunctionalism high economic interdependence provides conditions for the work of the mechanisms that result in the advancement of integration. Economic interdependence can be easily measured by such criteria as intra-regional trade

and investment volumes. A number of factors condition regional interdependence levels such as barriers to exchange among the countries and conditions of regions' physical and economic geography and cross-border infrastructure. Therefore, they become important criteria for the comparison of the EAEU with the EU in the economic chapter.

Additional Theme. Economic convergence. Interdependence is not the only variable affecting economic integration. In practical terms there are difficulties in the development and application of uniform regional policies among countries with different production structures, low levels of macroeconomic convergence, and different economic ideologies that affect their existing national policies. Macroeconomic divergence, heterogeneity of production patterns, and difference in development history constrain EAEU's integration. Therefore, they are included in the analysis of the economic chapter under the constructivist/intergovernmentalist inference that economic integration is easier to achieve in instances where the above indicators are lower.

1.4.4.2 *Politico-Institutional Dimension*

Theme. Intra-bloc size and interest asymmetries. Intergovernmentalism provides core criteria for the study of the EAEU process in the political dimension of integration. This theory holds that states are key actors in integration; therefore, state interest in relation to integration becomes the focal point of the analysis. In intergovernmentalism negotiations over integration measures are easier if state preferences coincide. State interest is highly conditioned by the state size and power. Therefore, size and power asymmetries have implications for such important outcomes of integration as quality of the regional institutional system, principles of decision-making, and principles of operation of regional law. These, in turn, exercise further influence on the process. Size and power asymmetries in the EAEU condition a significant divergence in national approaches towards foreign policy, which reduces the scope and depth of regional integration.

1.4.4.3 *Historico-Cultural Dimension*

Principal Theme. Cultural heterogeneity. EAEU's relative cultural homogeneity promises to facilitate regional integration. Therefore, factors such as *race*, *language*, and *religion* are incorporated into the analysis with a goal to evaluate their possible effects on the process. The stated notions

clearly affect separatist claims at the national level, therefore they are useful for the examination of regional cohesiveness at the supranational level.

Additional Theme. Discourse on regional unity. In addition to the levels of relative cultural heterogeneity, the cultural segment of the study compares discourses on regional unity. A dominant discourse serves the needs of those holding power, therefore it provides links between cultural themes and power politics. Discourses identify the particular elements of regional unity that can be contrasted between the EAEU and the EU. This comparison illustrates that *Europeanness* is characterized by the prevalence of political meanings over cultural definitions whereas the EAEU countries share stronger historic and cultural affinities.

1.4.4.4 *Geostrategic Dimension*

Theme. Geostrategic considerations and incentives for integration. This segment of analysis does not produce any easily measurable criteria, but it deals with the qualitative analysis of EAEU's incentives for regional cooperation that have been conditioned by its relationship with the USA and the EU. The analysis illustrates that geostrategic factors shape the EAEU in a notably different way from the EU. While the EU is being affected more by geopolitical factors, the EAEU is by geoeconomic. The monograph employs 'geopolitical' strategy to denote measures that consolidate regional power and influence on other states, whereas 'geoeconomic' strategy is a combination of measures targeting a catch-up in economic development and an increase in economic leverage of the integrating countries against extra-regional actors.

1.5 SUMMARY OF THE ANALYTICAL FRAMEWORK

Table 1.3 represents the summary of the proposed analytical framework. It identifies all the items discussed above: the four dimensions of integration, the four theories, the six broad themes of comparison derived from these theories, and the narrower criteria for the comparison of the EAEU with the EU. The four theories and their corresponding four themes—neofunctionalism/economic interdependence, intergovernmentalism/size and interest asymmetries, constructivism/cultural diversity, and neorealism/geostrategic incentives—constitute the basis of the analysis of the subsequent chapters. Two additional themes with their criteria—economic convergence and discourse on regional unity—provide bases for additional comparisons.

Table 1.3 Analytical framework of the book

<i>dimension of integration</i>	<i>applied theory</i>	<i>principal theme of the comparison</i>	<i>criteria of the comparison</i>
economic	<p>neofunctionalism</p> <p>Neofunctionalism explains integration as a spontaneous process shaped by interests of economic agents. Export-oriented producers maximize their utility through economic liberalization and market expansion. Increasing functional interdependence as a result of their operation causes integration to spread into other social domains.</p> <p>constructivism/intergovernmentalism</p> <p>Both constructivism and intergovernmentalism agree that converging interests make integration more likely and easier to proceed. Therefore, national divergences in production patterns, development strategies, and macroeconomic performance are discussed as factors constraining integration in the EAEU.</p>	<p>economic interdependence</p> <p>economic convergence</p>	<ul style="list-style-type: none">• volumes of intra-regional trade• volumes of intra-regional investment• degree of economic openness• peculiarities of physical and economic geography (cross-border infrastructure and population settlement)• degree of divergence in national production patterns• degree of divergence in national development strategies• degree of divergence in macroeconomic performance

(continued)

Table 1.3 (continued)

<i>dimension of integration</i>	<i>applied theory</i>	<i>principal theme of the comparison</i>	<i>criteria of the comparison</i>
politico-institutional	intergovernmentalism In liberal intergovernmentalism, integration is an outcome of rational decisions of national governments. It is an intentional and organized process, in which the preferences of individual governments are strongly affected by interests of powerful domestic groups. The governments agree only on the decisions that provide maximum benefit or least damage to their clients (business groups and population).	intra-bloc size and interest asymmetries	<ul style="list-style-type: none">• the number of participant states• peculiarities of decision-making• size asymmetries among the member states• average size of the member states• image of the regions' core countries• the character of regional leadership• divergences in foreign policy approaches• the quality of the regional institutional system• principles of operation of the regional law

<i>dimension of integration</i>	<i>applied theory</i>	<i>principal theme of the comparison</i>	<i>criteria of the comparison</i>
historico-cultural	<p>social constructivism For social constructivism, integration is a process highly conditioned by already existing social relations, practices, norms, and values shared by the integrating societies. Human agents (governments, corporate actors, and citizens) are deeply affected by the environment they act in. Regional integration reinforces the trends that are rooted in the history of the regions.</p>	<p>cultural heterogeneity</p> <p>discourse on regional unity</p>	<ul style="list-style-type: none"> • linguistic diversity • religious diversity • racial diversity • dominant discourse on regional unity
geostrategic	<p>neorealism Neorealism explains integration as a measure to increase individual and collective powers of the states vis-à-vis the international hegemony. Regional blocs are formed and stimulated to expand their political power, economic competitiveness, and negotiation capacity relatively to the rest of the world through individual countries' foreign policy coordination and the mobilization of available resources.</p>	<p>geostrategic considerations and incentives</p>	<ul style="list-style-type: none"> • geopolitical considerations, including response to extra-regional security threats • geoeconomic considerations

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Economic Integration

Regional integration is most often associated with economic liberalization of trade and investment and the effects of regional economic institutions and exchanges. ‘Integration’ and ‘economic integration’ are used interchangeably, which reflects the fact that, among all kinds of international relations, economic activities are most susceptible to joint inter-state management. This is evidenced by the launch of FTAs and customs unions and the conclusion of many bilateral, regional, and global commercial agreements on all the continents except Antarctica, with the expectation that economic integration and expansion of economic activity will enhance the welfare of producers, traders, consumers, and will improve conditions of life in the participating countries. As of 4 January 2019, 467 notifications of regional trade agreements (counting goods, services, and accessions separately) had been received by the WTO. 291 of them were in force.¹ Unsurprisingly, economic integration continues to be the major focus in the studies of regionalism.

This chapter discusses major differences between EAEU and EU economic systems and explains the relative underdevelopment of the EAEU market using a neofunctionalist argument. Neofunctionalism emphasizes high interdependence as an essential condition of integration. Increasing economic flows and various functional needs within regions cause domestic actors to press governments for policies to further liberalise and standardize regional rules for intra-regional exchange and to promote deeper integration. Regional institutions emerge to manage increasing levels of

cross-border transactions. Differences in the outcomes of economic integration in the EAEU and the EU (the varying degrees of consolidation of their common market regimes and economic institutions) can be attributed to the difference in the intensity of intra-regional economic exchanges, which determine higher or lower interdependence levels.

As regional interdependence is a key notion in the study of economic integration, the chapter identifies its varying degrees within the two blocs and explains this variation. Compared to the EU, the EAEU has limited incentives for intra-regional economic integration because of much lower levels of economic interdependence among its member states. The EAEU's relatively low interdependence is conditioned by specific physical, geographic, demographic, and structural characteristics of the region. The lower levels of interdependence caused a later preoccupation with commercial liberalization in the ex-USSR than in Western Europe, relatively weak consolidation of the EAEU economic system compared to the single European market, and differences in EAEU's institutions and rules regulating intra-regional economic activities from their EU counterparts.

Section 2.1 of the chapter describes breaches in the EAEU's common market. Section 2.2 illustrates low interdependence levels and explains their causes. Section 2.4 is dedicated to the study of prospects for the monetary union in the EAEU. It suggests that despite being on the regional agenda at various times, a monetary union is not advisable because the overall economic cohesion of the EAEU is much lower than that of the Eurozone. Besides low economic interdependence, there is another obstacle for the setting of the EAEU's regional market. The EAEU countries display a greater divergence in economic performance than the more numerous EU members. From constructivist and inter-governmentalist perspectives, the imposition of uniform economic rules on different countries is both more difficult and less sensible than policy harmonization among similar countries trying to achieve shared goals. Section 2.3 and Subsection 2.4.3 link difficulties of integrating the EAEU economies to divergences in their economic performance, production structures, factor endowments, and economic ideologies.

2.1 BREACHES IN THE EAEU'S COMMON MARKET SYSTEM

Despite its name suggesting an economic union, the EAEU is far from being even an operational customs union, and its free trade arrangements are often infringed. Even though the contours of a common market are

clearly seen in the bloc's treaty, the EAEU regional market is incomplete in comparison both with the ideal model and with the single European market. An ideal common market presupposes free intra-regional cross-border supply of services, free movement of goods, workers and capital, and a unified approach towards the products and factors of production from the rest of the world. The present-day EAEU cannot be characterized as a common market because of existing obstacles to free intra-regional cross-border circulation of means and results of production, and divergent national norms in relation to products and factors of third countries. The deficiencies of the EAEU market system are many, and one of the tasks of this study is to explain the causes of relative underdevelopment of EAEU economic integration. The following paragraphs describe the state of the EAEU integration in the goods, services, labour, and capital markets in their internal and external dimensions.

2.1.1 *Goods Market*

Even though EAEU's effects are most tangible in the liberalization of trade in goods and in the elimination of tariffs, the circulation of goods among the five countries is not free due to remaining tariffs, NTBs, and administrative procedures.² The EAEU has no free trade in pharmaceutical goods and electric energy. Restrictions for imports of food products and fuel from Russia have been imposed on many occasions by Kazakhstan following *ruble* devaluation in 2014 and 2015. In extra-regional trade the EAEU does implement the CET. However, the CET has numerous national exceptions. In 2010 the 'Protocol on selected temporary exceptions from the regimen of the single customs territory of the Customs Union' was approved.³ It allowed the member states to set higher import tariffs for selected categories of goods and introduce tariffs for goods subject to anti-dumping measures. Thus it represented the legal basis for the composition of lists of goods not subject to the CET. The Protocol was superseded by the EAEU Treaty.

The list of Kazakhstani exceptions has 400 groups of goods (pharmaceuticals, plastic, paper, aluminium, machinery, and others) and allows lower or zero import tariffs for Kazakhstan whereas higher tariffs are set for imports of such goods into Russia and Belarus. Whenever Kazakhstan re-exports these goods into the EAEU, they become subject to the CET. This regime allows Kazakhstan to acquire cheap imports while Russia and Belarus can protect their markets from the inflow of cheap

imports. Therefore, the EAEU maintains intra-regional tariffs for re-exported goods from third countries, and does not set the principle of free circulation for such goods. Imported goods pay duties when they enter the EAEU and when they cross national borders within the bloc. The problem of double duty arises from Kazakhstan joining the WTO in 2015 under less favourable conditions than Russia. Russia managed to obtain WTO's consent for higher import tariffs for agricultural goods and machinery. Kazakhstan is obliged to import these goods with lower tariffs. The arrangement of double duty has resolved the problem of Kazakhstan's membership in both the WTO and EAEU, but it has set a new system of exceptions, which, in essence, are permanent. Many such exceptions to the customs union regime will not be abolished in the near future and will exist for a long time, representing an obstacle to the formation of the common market.

On the CIS front, following entry in force of Association Agreements between Ukraine, Georgia, Moldova and the EU, Russia cancelled the CIS trade concessions to the three countries. Belarus and Kazakhstan refused to do the same, therefore goods from the three countries re-exported to Russia from Belarus and Kazakhstan also become subject to double duty, from the EAEU and then from Russia. Armenia and Kyrgyzstan have their own lists of exceptions. Armenia is allowed special tariffs for milk products, eggs, honey, some fruit, nuts, and petrol. Kyrgyzstan has a preferential regime for some 300 categories of goods, while the initial list of preferences included over 2500 items. Most of these items are subject to temporary adaptation exceptions. Besides, the EAEU uses quotas allowing certain goods in with low tariffs or duty free. As soon as the quotas are finished, much higher tariffs are applied. The Eurasian Economic Commission is in charge of the composition and approval of quotas. In 2016, for example, Russia was allowed to import 40,000 tonnes of low-tariff beef and 40,000 tonnes of low-tariff pork and also some amounts of milk serum.

More breaches in the customs union appeared after Western countries imposed sanctions on Russia following the incorporation of Crimea. These concerned ban on exports of a number of military and technological products. Russia responded with counter-sanctions posing embargo on their agricultural exports. The rest of the EAEU is neither subject to 'Western' sanctions, nor has it joined Russia in counter-sanctions. Not only does the EAEU fail to effectively enforce the CET, but it also fails to implement common trade defence measures. Despite the presence of

the fragmented CET, the five customs territories remain separate; and the term ‘incomplete customs union’ about the EAEU is misleading. The word *incomplete* refers to national exceptions to the common external trade policy. However, not only does a customs union require a CET, but also the merging of national customs territories into a single one. As the EAEU also maintains restrictions on intra-zonal trade, rather than an FTA or an incomplete customs union, it has to be defined as ‘an incomplete FTA harmonizing member states’ extra-zonal commercial policies’. A real customs union would need elimination of double duty. As in the SACU, national authorities in the EAEU collect import duties and redistribute them among member states according to a fixed percentage. However, it is not quite clear how this scheme works for exchanges that are subject to double duty.

The question of completion of the FTA and of the customs union is closely related to the issue of negotiations with third parties. The EAEU requires that trade agreements with third countries and blocs be negotiated and finalized by the bloc and not by the countries individually. However, obstacles to intra-zonal trade remain and tensions appear as the smaller EAEU countries are often more interested in third markets than in the regional market. Third countries themselves may prefer to negotiate with the bloc members separately rather than jointly until the customs union is effectively in place for outsiders to take advantage of the truly integrated regional market. Armenia’s membership in the EAEU and its ‘free’ trade deals with the EU provide an example illustrating this situation.

2.1.2 *Services Market*

There is no Eurasian single market in services, though the union is planning to liberalise this market. Liberalization in 11 service sectors for Kazakhstan, according to Eurasian Economic Decision 30 of 16 October 2015, is planned no earlier than 2025.⁴ The major problems in service sector liberalization are different rules in force in each country that still have to be harmonized, the dispersion of regulatory regimes and their absence in some countries, and weak participation of private interests in negotiations. No specific services sectors have yet been covered by the EAEU legislation. The union requires that the MFN principle is observed in cross-border provision of services (Section XV *Torgov’la uslugami, uchrezhdenije, dejatel’nost’ i osushchestvlenije investitsij* of the Treaty).

However, financial services, transport, energy sector, and ‘natural’ monopolies are explicitly allowed to have exemptions and special regimes.

2.1.3 *Labour Market*

The common labour market was operating under Agreement *O pravovom statusu trud’ashchikhs’a-migrantov i chlenov ikh semej* (19.11.2010) between 2012 and 2016 when it was superseded by the EAEU Treaty. Both the Agreement and the Treaty allow employment of citizens of the member states anywhere on the territory of the union without too many bureaucratic formalities. They differ from the corresponding EU and MERCOSUR provisions in that they approach ‘the labour’ market in ‘the labour’ and not ‘the people’ sense. Thus both the EU and MERCOSUR allow their citizens to live and travel freely across the territories of their states, while an EAEU citizen has the right to reside in a different state than his citizenship and to access certain benefits of that state only when he or his family member has an employment contract. As soon as the contract is terminated, the former employee and his family members become subject to stay, entry and exit requirements for ordinary travellers. In contrast to the EU, each country retains its own discretion over labourers from third countries. The salaries of the labourers are taxed according to the national laws of the country of employment. The country of employment also becomes responsible for the payment of a share of pension benefits according to an agreement in force since 2016. Treaty Section XXVI *Trudovaja migratsija*, in force since 2017, requires automatic recognition of secondary and tertiary education accepted by national authorities in the issuing state by all member states of the union with exception of medical, pharmaceutical, and pedagogical professions.

2.1.4 *Capital Market*

The EAEU has no special regulations in the capital sector. The existing guidance from Treaty Section XV *Torgovl’a uslugami, uchrezhdenije, dejatel’nost’ i osushchestvlenije investitsij* treats capital market as service market, and therefore proclaims similar guidance for the enforcement of the MFN treatment. Because financial services are allowed to have special

treatment, it is expected that a separate body of rules for the capital market will emerge by 2025 when a regional financial regulator is planned for a set-up in Almaty.

2.1.5 *Conclusion*

As discussed, the EAEU has not made much progress beyond liberalization of trade in goods and movement of labourers. Although the union's Treaty proclaims the target of the common market and sets the principle that economic integration should eventually embrace services and factors of production, it does not contain detailed operational provisions applicable to economic reforms other than trade in goods. Measures to promote the free cross-border supply of services and investment have been scarce or ineffective. The extension of economic integration into areas other than trade in goods was seen as a task of 'secondary legislation' from the decisions of the EAEU organs. This type of agreements has not been effective.

In contrast to the EAEU Treaty, the EEC Treaty included provisions that extended integration beyond the trade in goods to services, movement of capital and workers, and the right of establishment. Not all these provisions had similar consequences in terms of policy harmonization. The provisions on the liberalization of capital movement, in particular, were shallower than the rest and required much more secondary legislation to become complete. Moreover, the practical effects of many liberalization provisions in all areas, including trade in goods, were curtailed by the existence of divergent national legislation raising indirect barriers. Their elimination has been achieved through further gradual harmonization only partially. However, the fact remains that from the very beginning the EEC Treaty included provisions covering services, movement of capital and workers, and the right of establishment, at a minimum enshrining the obligation to grant national treatment to economic agents from other member states.

In addition to greater restrictions to product and factor movement, the EAEU lacks competition rules. The EAEU Treaty advises members-states to follow certain principles of fair competition, but it leaves observance and enforcement of this guidance entirely to the states. In the EU any measure to restrict competition falls within the competence of the European Competition Law because measures affecting national markets are

believed to have an impact on the regional market. The intermediate situation between the national states and the community institutions enforcing completion rules is that of MERCOSUR, where *the Protocol of Fortaleza* distinguishes the restriction of competition within the national market from the restriction of competition in the regional market and leaves the former to ‘the exclusive competence of the member state’.⁵ This may present a temporary target for the EAEU, even though the MERCOSUR provisions disunify the MERCOSUR market and give rise to conflicting interpretations of whether a specific violation of competition rules affects the regional market or a domestic market only.

2.2 LOW ECONOMIC INTERDEPENDENCE AND ITS CAUSES

According to neofunctionalist explanations of integration, increasing economic and social interaction leads to the adoption of rules facilitating exchanges and cause policy harmonization spillovers into new integration domains. Therefore, the region’s motivation and propensity for economic integration is dependent on the intensity of intra-regional exchange and significant interdependence levels. There are unsurmountable obstacles of physical, geographic, demographic, and structural character for the EAEU countries to achieve high interdependence. These natural limitations affect the region’s propensity for integration along with the goals, speed, and results of the corresponding reforms.

The most convenient indicators of regional economic interdependence are intra-regional trade and investment volumes. The EAEU differs from the EU substantially in both. Even though the EAEU is a destination for 8% of Russian, 11% of Kazakhstani, 26% of Armenian, 31% of Kyrgyzstani, and 46% of Belarusian exports, the overall level of economic interdependence among the EAEU countries is low because foreign trade does not make up a high share of their domestic production (Table 2.1C). The shares of Russian foreign trade are by far inferior to those of Poland (Table 2.1A). This is an expected result of a comparison between large and small countries, because larger countries are more self-sufficient while smaller countries tend to trade more. However, the principal economy of the EAEU, Russia, is relatively inward-looking not only in comparison to smaller countries, but also to European giant Germany. Naturally, all trade in relation to production is smaller in the EAEU than in the EU (24.3 versus 34.0%, Table 2.1B).

Table 2.1 Extra-regional and intra-regional trade of the EAEU, the EU, and selected countries

A*		B**		
	Exports of Goods and Services, % of GDP	the EAEU	the EU	
Russia	26.0	Total Exports, % of GRP	24.3	34.0
Kazakhstan	34.4	Intra-Regional Exports, % of Total Exports	11.2	64.0
Belarus	67.0	Intra-Regional Exports, % of GRP	2.7	21.7
Armenia	37.3	% of intra-EU exports to GRP / % of intra-EAEU exports to GRP	8	
Kyrgyzstan	35.4			
Britain	30.5			
France	30.9			
Germany	47.2			
Poland	54.3			
Belgium	85.1			
the Netherlands	86.5			
Slovakia	96.3			

C***				
	Intra-regional Exports, % of Total Exports	Intra-regional Exports, % of GDP/GRP	Intra-regional imports, % of Total Imports	Intra-regional imports, % of GDP/GRP
Russia	8	1.9	7	1.0
Belarus	46	24.9	57	35.8
Kazakhstan	11	3.2	42	7.7
Armenia	26	4.8	31	10.5
Kyrgyzstan	31	7.1	42	24.6
EAEU	11	2.7	17	2.8
Cyprus		5.1		
Germany		22.9		
Slovakia		75.4		

D** Russia's trade with the EAEU countries (imports+exports) of total trade (imports+exports), %**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EAEU	8.2	8.0	11.6	9.6	10.2	10.0	9.5	9.8	10.3	7.8	7.7
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EAEU	8.0	7.7	8.1	7.2	7.6	7.3	6.7	6.7	7.0	8.3	7.8

*World Bank data for 2017

Indicators for the EAEU are based on *Comtrade* and UN data for 2017; indicators for the EU are based on *Eurostat* data for 2017**Comtrade* and UN data for the EAEU for 2017, *Eurostat* data for the EU for 2017****Based on *Comtrade* data

Since 1991, Russia's economy, its weight in the trade of the post-Soviet countries, and the post-Soviet countries' participation in the economies of each other have declined.⁶ The combined share of trade with the four EAEU countries of all Russia's foreign trade has fluctuated between 11.6% in 1998 and 6.7% in 2014 (Table 2.1D). Thus Russia's interest in a common EAEU market is not strong. The smaller countries do not trade much with Russia either. As patterns of interdependence since the USSR have changed significantly, the EU and China are now bigger trading partners than Russia for all post-Soviet countries except Belarus.

In the EU, intra-regional exports occupy a greater share of EU total exports, 64%, whereas in the EAEU they reach 11% only (Table 2.1B). Only 2.7% of total EAEU GRP is exported intra-EAEU: 1.9% of Russian, 3.2% of Kazakhstani, 4.8% of Armenian, 7.1% of Kyrgyzstani, and 24.9% of Belarusian GDP (Table 2.1C). In the EU on average 21.7% of the GRP are goods designated for the single market (the highest share of intra-EU exports to GDP is 75.4% in Slovakia, the lowest 5.1% in Cyprus, and 22.9% in the biggest economy Germany) (Table 2.1C). Thus commercial interdependence among the EAEU countries is eight times weaker than within the EU.

Intra-union exchange is relatively unimportant for the EAEU individual economies, and the EAEU countries are much less dependent on the common market than their EU counterparts, with exception of Belarus. Even for the smallest countries in the EAEU, intra-regional exports do not exceed 31% of total exports in Kyrgyzstan and 26% for Armenia (Table 2.1C), which is well below the EU average of 64%. Intra-EAEU exports from Armenia and Kyrgyzstan range from 4.8 to 7.1% of their GDPs (Table 2.1C), again below the average of 21.7% in the EU. The relation of Russian intra-zonal exports to GDP (1.9%, Table 2.1C) is particularly indicative of Russia's low interest in the EAEU's market.

The figures for investment are by far inferior to those of trade (Tables 2.2 and 2.3). Most of intra-regional investment in the EAEU comes from Russia. The volume of these flows in relation to total FDI flows and GDPs is minimal: the largest share was registered in 2011 in the amount of 4.2% (for Russian investments into Belarus). The largest EAEU investor into Russia is Kazakhstan. Its investment participation in Russia registered the highest level of 0.5% in 2012. Intra- and extra-regional investment in the EAEU is not efficiency-promoting but resource- and rent-seeking. It is focused on exploiting natural resources or circumventing market access restrictions by establishing branch plant operations.

Thus between 2001 and 2006 the single Russian province of Sakhalin received 30% of all FDIs into Russian economy because of Sakhalin's oil and gas reserves.⁷

There are several factors explaining low economic interdependence among the EAEU countries. First, there are existing barriers to trade and various exceptions to the common market regime. A 2016 report lists 216 barriers, exceptions, and restrictions of trade practices used by the five countries.⁸ It is likely that interdependence will increase if these obstacles to trade are eliminated along with temporary adaptation regimes. However, the increase in interdependence will not be substantial. A more difficult problem is homogeneity of production patterns and the low diversification of the national economies due to the region's underdevelopment. The region simply does not produce much that can be traded. The top ten export products of Kazakhstan, Armenia, Kyrgyzstan, Russia, and Belarus represent 94, 85, 79, 72, and 70% of their total exports.⁹

Both Russia and Kazakhstan are dependent on the extraction of natural resources, which reaches 11% of GDP in Russia, and 15.5% in Kazakhstan, and comprises 68 and 50% of their total exports.¹⁰ 66% of Russia's export revenues are derived from oil and gas, and so are 63% of Kazakhstan's exports revenues.¹¹ Belarus is highly dependent on the oil and

Table 2.2 Share of Russian FDIs among all FDIs into Belarus, Kazakhstan, and the CU, %

	2007	2008	2009	2010	2011	2012	2013	1st half of 2014
Belarus	1.8	1.9	3.2	1.8	4.2	1.2	1.0	1.5
Kazakhstan	0.2	0.6	2.4	0.4	1.0	1.7	0.8	0.9
CU and CES	2.1	2.4	5.5	1.3	5.2	2.9	1.8	2.4

Source Chufirin, 2013

Table 2.3 Share of FDIs from Belarus, Kazakhstan, and the CU among all FDIs into Russia, %

	2007	2008	2009	2010	2011	2012	2013	1st half of 2014
Belarus	0	0.1	0.2	0.1	0.2	0.3	0.3	0
Kazakhstan	0.2	0	0.3	0.1	0.1	0.5	0.3	0.6
CU and CES	0.2	0.1	0.5	0.2	0.3	0.8	0.6	0.6

Source Chufirin, 2013

gas sector: oil processing accounts for more than half of Belarusian manufacturing output and 33% of the country's exports.¹² Figures of total intra-zonal exchange are flattering to EAEU interdependence, because roughly a quarter of their content is comprised by trade in oil and gas, excluded from the current EAEU coverage.¹³ Such trade is certainly a factor of interdependence, but it is generated by monopolies and does not form part of a broader interest in regional integration among the entrepreneurial class. Moreover, the emphasis on oil and gas crowds out competitiveness in other areas.

However, even more significant causes of low interdependence within the EAEU come from the specific conditions of regional physical, economic, and political geography, and, particularly, the size of its member states. The EAEU countries have enormous territories, low population densities and a natural deficit of cross-border infrastructure. Russia and Kazakhstan have vast deserted areas and huge distances among their population clusters. Population density in the EAEU is nearly 13 times lower than in the EU; an average EAEU country is over 25 times bigger than an average EU member in the territory and nearly twice in population.¹⁴ European integration has been greatly facilitated by short distances and high economic concentration. These important conditions helped to sweep the European borders away. The EAEU project confronts huge distances and scarcity of cross-border infrastructure. Good communications and infrastructure systems are crucial elements in the evaluation of the quality of economies. Conditions of EAEU economic and physical geography have major implications on the lack of cross-border infrastructure. Infrastructure deficiency is both a result and a cause of low levels of physical interaction among the member countries.

Because of the large distances, the amount of work to improve transport infrastructure is colossal, and so are the costs involved. The scarcity of public funds does not contribute to an easy solution of this problem. If physical and economic geography point to infrastructure deficiencies and low demographic and economic concentration, the EAEU's political geography indicates a variation in the number of parties to the unions: five against 27 participants in the EU. Because of the small size of the countries and their large number, many economic transactions within the EU are inter-state.

A large share of commercial exchange occurs within the EAEU domestically among Russian, Kazakhstani, and Belarusian provinces and is subject to domestic and not union regulations. Were the EAEU comprised

not of five countries, but of all their provinces as separate entities, such a hypothetical union's interdependence could reach EU interdependence levels even with EAEU's current underdevelopment, as the figure of Belarus-Russia interdependence illustrates. An EAEU comprised by separate provinces of Belarus and the European part of Russia would be much more similar to the EU along a wide range of indicators: the number of member states, population density, and production capabilities. Yet the reality is such that Russian, Kazakhstani, and Belarusian provinces do not conduct an independent commercial policy and are not subject to regulations at the EAEU level. The EAEU in its current configuration of five member states may never achieve a higher interdependence level than that of NAFTA (Table 2.4). However, its situation is better than that of MERCOSUR, even if figures of unhealthy trade in mineral fuels, lubricants, and related materials (about a quarter of all intra-zonal trade) are subtracted from the total of the intra-EAEU trade.

Table 2.4 The share of national economies within the regional economies and the share of intra-regional exports of goods to GDP/GRP

NAFTA			MERCOSUR-4		
	GDP/ GRP, %	Intra-regional exports to GDP, %		GDP/ GRP, %	Intra-regional exports to GDP, %
USA	87.4	2.7	Brazil	73.9	1.1
Canada	7.4	19.7	Argentina	22.9	1.8
Mexico	5.2	29.2	Uruguay	2.1	3.1
NAFTA	100	5.3	Paraguay	1.1	14.0
			Mercosur-4	100	1.4
MERCOSUR-5			The EAEU		
	GDP/ GRP, %	Intra-regional exports to GDP, %		GDP/ GRP, %	Intra-regional exports to GDP, %
Brazil	69.8	1.2	Russia	87.1	1.9
Argentina	17.3	3.4	Kazakhstan	8.8	3.2
Venezuela	10.5	0.1	Belarus	3.0	24.9
Uruguay	1.6	4.9	Kyrgyzstan	0.4	7.3
Paraguay	0.8	13.1	Armenia	0.6	4.8
Mercosur-5	100	1.6	The EAEU	100	2.7

Based on *Comtrade* and UN data for 2017 for NAFTA, the EAEU and Mercosur-4, and for 2013 for Mercosur-5

Liberal and neoliberal economists believe that larger volumes of trade serve a better allocation of resources. They blame the EAEU for inadequate policies, but it is clear that low intra-regional trade in the EAEU is not as much a result of inadequate economic policies and economic underdevelopment, but of physical, structural, geographic, and demographic characteristics of the bloc.¹⁵ These features condition the low level of cross-border exchanges in the EAEU more than insufficient economic openness and low diversification of production. The neofunctionalist logic of integration advanced by interests of economic agents is lacking almost entirely, as they are governments that set all the parameters of integration. It comes as no surprise that ‘In comparison with the EU, here, business has fewer chances to be heard’. ‘We believe that the level of the involvement of all the subjects who have their interests is not sufficiently high.’¹⁶ What is more accurate to suggest, is that neither the Eurasian institutions are interested in business affairs, nor businesses themselves are interested in the EAEU, at least in a comparative perspective with the situation in the EU.

No wonder that the Eurasian judiciary mechanism for dispute settlements is weak. It was resorted to 21 times between 2011 and 2015, whereas the ECJ produces hundreds of rulings every year.¹⁷ The Tribunal of the EAEC was founded in 2000, but did not start to operate until 2012.¹⁸ States and economic agents can appeal to the Tribunal. ‘Over the past four years (as of May 2015), the EAEC and EAEU courts combined have taken only 21 decisions, 15 of which related to cases where a private company sued a union member state.’¹⁹

The EAEU and the EU have different attitudes in relation to their regional and external markets. This difference is conditioned by the size of their regional economies. While the EU hosts some of the world’s financial and industrial centres, the EAEU is a less self-sufficient bloc of developing countries whose competitiveness in international markets is much lower. Currently, the size of the EAEU economy represents less than a quarter of the EU economy (22.7%).²⁰ While the EU accounts for 16.3% of the gross world product, the EAEU does for 3.7%.²¹ The shares of the EU in global merchandise exports and exports of commercial and financial services are 33.7, 42.5, and 50.5%, while the shares of the CIS-12 are 2.6, 1.9, and 0.4% only.²² The external market has greater importance for the EAEU countries as the absorbent of a larger share of their exports (89 versus 36% in the EU) and a provider of a greater share of imports (83 versus 36% in the EU).²³ EAEU’s relatively small

market size and limited economic capabilities have not been favourable for self-sufficiency aspirations while the small share of trade in relation to GRP and the perception of trade as a source of growth compelled policy-makers to approach the EAEU as an instrument of external trade.

The EU process started in the 1950s before the golden age of neoliberalism when the ideas of protectionism were strong and provided fertile soil for projects like the high-impact CAP. The EC decreased internal tariffs but increased external tariffs, and the result ended being referred to as *Fortress Europe*. The EAEU's close referent MERCOSUR functioned in a different way. As a child of *open regionalism*, MERCOSUR was born in 1991 at least a couple of decades after disappointments about import-substitution policies. Its regional integration was considered a natural continuation of unilateral economic liberalisation initiated by its key members earlier in the mid-1980s. Therefore, initially MERCOSUR administered two types of opening: preferential liberalisation within MERCOSUR and unilateral opening externally through a relatively low CET (12.5% on average).

The EAEU was also designed as an adaptation measure towards the hegemonic structures, at least for the accommodation with the EU in the *Greater Europe* project proposed by Putin in 2003. The set-up of the bloc was accompanied by acquisition of WTO membership by four of its members: Russia, Kazakhstan, Kyrgyzstan, and Armenia. While Europeans emphasized their unified internal market, the EAEU and MERCOSUR saw optimal insertion into the international economic system as their number one priority and experienced natural inclinations towards outward-looking models. However, the years of the EAEC and EAEU formation coincided with the revision of the concepts of *open regionalism* and *global neoliberalism*, both of which entailed numerous negative consequences for less developed countries. Thus the EAEU has turned out a protectionist bloc, primarily to the benefit of Russian economic actors, in accord with the current economic thought emphasizing the necessity of adequate protection and development of internal and regional markets, particularly in larger developing countries like Russia.

2.3 DIVERGENCES IN ENDOWMENT AND PERFORMANCE

In addition to limited incentives for economic integration due to low interdependence; variations in production structures, factor endowment (capital, labour, natural resources), and overall economic performance

pose difficulties for the integration of national economies through the homogenization of the national regulatory bases and the imposition of uniform economic policies. Many difficulties of integration come from the diverse levels of industrialization among the EAEU countries. The USSR represented a self-sufficient economy where production chains spread across the borders of the Soviet Republics. With the disintegration of the state, the production chains were cut. The smaller republics were left with enterprises responsible only for small segments of production. These enterprises became unwanted and quickly disappeared. Russia had an advantage over the smaller republics in possession of a greater share of production units. The lacking segments could be added to the existing structures while in the smaller states whole structures had to be built anew, which was unrealistic. Also, the preserved industries caused Russia to be more defensive and less prone to liberalism than the small states, which uncritically accepted all advice coming from the West.

This situation has exacerbated natural differences in relative size, production structures, factor endowment, and the cost of production factors. All these are structural and permanent differences among the economies that cannot be adjusted by administrative or political decisions. Because of artificial and natural asymmetries, there are fears that the costs of infrastructure, scale of production, and a relatively developed industrial base will favour the commercial and industrial prevalence of Russia. In the smaller countries there are fears that integration with Russia would enforce a colonial or neocolonial relationship, in which the less developed economies would be compelled to import industrial goods from Russia and to specialize in the export of primary commodities and agricultural goods. Surprisingly, they do not voice such fears in relation to the EU and the USA.

As Russia has more developed industries, it needs a higher level of protectionism. As in case of MERCOSUR and Brazil, the EAEU's CET is based on the Russian tariff structure, and Russian tariffs were generally higher than the tariffs of the other member states. Therefore, the CET made imports more expensive for the smaller countries. Imports became costlier both for consumers in case of consumer goods, and for businesses in case of equipment. Higher tariffs were not in the interests of the smaller countries, as they had no domestic production to protect. Therefore, all of them insisted on the maintenance of preferential regimes and asked for financial compensations from Russia. The CET and reduction of intra-union restrictions, on the contrary, gave advantages to Russian exporters

on the markets of the EAEU countries.²⁴ However, Russia may also complain that the customs union, which imposes the necessity of a single policy, is inconvenient to Russia because Russia has more developed industries and needs a higher level of protectionism. Russia's commitment to the customs union with the countries with opposite interests makes it difficult for Russia to maximize its necessities of protectionism, because it has to receive the agreement of the partners whose competition ability is dependent on low tariffs and cheap imports from third countries. Optimal national tariffs would be more effective than the CET for all, if the countries had expertise in international trade.

For example, Kazakhstan imported medical equipment, tubes, transformers, cables, carriages, instruments, pharmaceutical goods, mineral fertilizers, consumer, and technical goods duty free. In the EAEU these goods received 5–20% tariff, and Kazakhstan became worried about the consequences of the CET for its internal market and consumer prices. 'The increase of tariffs has caused "trade diversion" by displacing imports of equipment and material from Europe with imports from Russia, and implied a significant transfer of income from Kazakhstan to Russia.'²⁵ After some time, Kazakhstan achieved permission to temporarily exclude some of the goods from the common regime.²⁶ Kazakhstan has also complained about decreases of its exports to the EAEU and increases of imports from the union, 'continuing obstacles for exports of Kazakhstani meat and meat products, lack of free access to the Russian electricity market, and limited possibilities for electricity transit'.²⁷ Kazakhstani medium-sized businesses have voiced discontent about their inability to compete in the EAEU with cheaper Russian, Belarusian and Kyrgyzstani products. 'Our middle and small-range local producers are not able to compete within the Customs Union framework with Belarus and Russia [...]' commented Timur Nazkhanov, Vice-President of the Independent Association of Entrepreneurs. 'Look, the majority of the products we consume at the moment are already imported. Russia has already taken over our [Kazakhstani] market.'²⁸

Membership in the EAEU increased tariffs and domestic prices in Kyrgyzstan. Its economy heavily relied on re-exports of goods from China to Russia and Central Asia, but the EAEU narrowed these opportunities. Kyrgyzstan requested for compensations from Russia, but the effects of such payments are unknown, as they are not used for development but are misappropriated by the elites. In their turn, Russian businesses complain that Kazakhstani businesses pay much lower taxes, which gives

them competition advantages in the common market. However, some of the Russian businesses abused price differences between consumer goods in the two countries by engaging in speculation. They bought Kazakhstani goods at low prices in Kazakhstan, changed labels, and resold these goods in Kazakhstan for higher prices as Russian goods. This caused consumer prices in Kazakhstan grow up to 2.5 times on certain goods. Consequently, some Kazakhstanis called for the denunciation of the CU Treaty.²⁹ Russia in its turn suffered from the smuggling of excise goods from Belarus and Kazakhstan, where taxes on these goods were six to seven times lower than in Russia. Also, due to exceptions and imperfections of legislation, many goods from third countries started to arrive in Russia duty free. Among them were many Chinese goods that entered Russia through Kyrgyzstan and Kazakhstan.³⁰

There is also a protruded conflict between Russia and Belarus because of the Belarusian heavy subsidies of the agricultural sector. However, a deeper and more picturesque conflict between the two states is in the energy sector. Belarus demands unprecedented discounts on its imports of fuel from Russia. Minsk insists that the EAEU should create equal competition conditions for businesses, and they are not equal if Russian businesses are paying domestic prices on energy resources, which are much lower than export prices. Russia concedes gas to Belarus for the price slightly higher than for domestic consumers and relieves export duties on oil. This gives a big surplus to the Belarusian economy of 4.3 billion USD.³¹ The discounts Belarus receives are never enough, and ideally Belarus would not like to pay anything for gas and oil at all. Russia's reluctance to supply energy resources to Belarus cheaply posed threats to the very existence of the CU and the EAEU on several occasions. Two quotes, from President Lukashenko of 2004 and Prime-Minister Medvedev of 2017 illustrate this problem. Even though 13 years separate these comments, the subject matter, the details, the actors, and the degree of emotional heat has remained the same:

Lukashenko: 'If Putin wants us to pay this money, let's pay him. We'll take the money from medicines, from Chernobyl heroes, from those whose bodies rot in trenches, -- these are all very 'rich' people -- won't we really find these 200 million dollars? We'll find them, and we'll no longer be manipulated and blackmailed. It is the act of terrorism at the topmost level when at minus 20 degrees outdoors natural gas is being denied to

the country, to the nation, not a foreign nation, but to the people half of whom have Russian blood in their veins.’³²

Medvedev: ‘The problems of bilateral relations are increasingly brought to our multilateral forum. This is an intolerable situation, akin to blackmail, in relation to other members who are not parties to the dispute: ‘Either you influence the decision of the other party in our dispute, or we do not sign anything’... If some of the countries whose delegations are present here were not members of the union, or had left the union, they would be buying the gas paying Europe’s price, about 200 dollars for one thousand cubic metres. That’s it. No need to prove us anything and practice your arithmetics, everything would be substantially more expensive... Nobody is being kept here by force. This is a voluntary union.’³³

Belarus seems to misunderstand the essence of integration. In so many years nobody has explained to Lukashenko that the essence of integration is not the price equalization, but a harmonization of practices under which Russia and Belarus would be selling gas to each other on equal terms, if Belarus had some. Kazakhstan is also a party to energy disputes within the EAEU. As a big exporter of energy resources it has priority goals in setting uniform charges for transportation on Russian oil and gas systems.³⁴ Because of Russia’s reluctance, the EAEU agreements only cover gas transport for consumption within the EAEU, while Kazakhstan is interested in agreements specifying access to Russian pipelines for export to third countries. At present Kazakhstani oil exporters pay higher Russian transit fees than domestic companies, and they don’t have equal access to the Russian gas pipeline network, often being forced to sell their gas at the border.³⁵

The labour market is one of the most contentious areas, at least in public perception, where the single regional policy is producing highly asymmetrical results. A common market presupposes free movement of workers within its territory. This market has been liberalised and citizens of the five countries may now work in any of the union’s member state. In practice though, almost all labour migration is destined towards Russia. In a small proportion, Kyrgyzstani workers are going to Kazakhstan (8 versus 92% going to Russia).³⁶ Many post-Soviet states are interested in Russian open labour market so that they could get rid of masses of their unemployed citizens. Transcaucasia and Central Asia would like to continue to send their impoverished rural youth to Russia to reduce tensions at home and to significantly increase their GDPs through remittances. For

some Central Asian countries, open Russian labour market is not simply a matter of stability, but of survival. For Tajikistan, for example, remittances from Russia make up to half of its GDP, 42.6%.³⁷

Remittances from Kazakhstani nationals working in Russia make 0.2% of the country's GDP, from Byelorussians 1.3%, from Armenians 9.1%, and from Kyrgyzstanis 33.4%.³⁸ Within the EAEU, the greatest imbalances are in case of Kyrgyzstan. Its total population is six million, but 1 million of it is working in Russia. Kyrgyzstani remittances from Russia in 2011 made 1.4 billion USD, which exceeded revenue from trade exchange between Russia and Kyrgyzstan by 4.5 times and was comparable to total trade exchange between the two countries.³⁹ Kyrgyzstanis, like citizens of the other EAEU countries, nowadays experience no bureaucratic obstacles on Russian labour market. Other Central Asians may still come to Russia without a visa, but they need to obtain costly work permits, requiring issuance fee and monthly charges to maintain them. In absence of these documents migrants engage in illegal work.

The receipt of post-Soviet migration compensates the natural loss of population for Russia and the loss of population due to emigration out of Russia, though the skills and the expertise of the arriving workers are by far inferior to those of the Russians departing abroad. Migrants seem to reduce employment opportunities and dump wages for the Russian unskilled population. They are a source of additional crime and epidemiological risks. Thousands of impoverished males provide an excellent environment for the spread of radical Islam and associated terrorist threats. Therefore, the majority of Russians are in favour of introducing visa regime for visitors from Central Asia and Transcaucasia. However, the government is not moving in this direction because there are few other deals Russia is able to offer to its post-Soviet partners to maintain their relative loyalty.

Russian businesses love exploiting cheap migrant labour and vastly benefit from it. However, migration poses a huge development challenge for the countries supplying labour to Russia. Their most active and capable population leaves to energize Russia. When migrants become incapacitated due to age, illnesses, or traumas they return home to become burdens for their poorer countries of origin. Nevertheless, dishonest or silly propagandists characterize the open labour market as one of the major benefits of the union: 'Due to its large size, over time the EAEU's common labour market may prove to be a significant positive factor contributing to economic growth of the smaller economies. In particular,

beneficial labour arrangements are crucial for long-term economic stability in Kyrgyzstan and Armenia'.⁴⁰ Of course, when production bases of the small countries are destroyed by the EAEU, people engaged in them will migrate to Russia, further contributing to already existing imbalances in the labour market. Fortunately, it is not difficult for Russia to keep open borders with Belarus and Kazakhstan. These two are not a source of significant migration to Russia, because their economies are working relatively well and are able to provide jobs at home. As far as Armenia and Kyrgyzstan are concerned, they are small countries, so Russia may cope with the absorption of their labourers. However, spreading EAEU privileges on the rest of the post-Soviet countries may be highly problematic, and will serve as a significant obstacle for the EAEU's potential enlargement.

The lack of convergence in economic performance is a common problem of all integration systems. The EAEU often praises the diversity and complementarity of the post-Soviet economies as a great virtue of the process, however uniform economic regimes are easier to impose on similar rather than dissimilar countries. One may think that, compared to the colourful conglomerate of wealthy capitalist and poor post-socialist EU economies, the five post-Soviet economies are all the same, poor and inefficient. In reality, EU national economies display higher convergence levels (see Subsection 2.4.3). For example, the difference in GDP per capita among the wealthiest and poorest country in the EU—Luxembourg and Bulgaria—is 5 times whereas the difference between Russia and Kyrgyzstan is 7.5 times. If Luxembourg is disregarded as an outlying case of fiscal parasitism, the difference within the EU is even smaller: 3.5 times between Ireland and Bulgaria.⁴¹ Because of significant divergence within the EAEU, the standardization of economic policies among its members is meaningless, as a harmonized policy is supposed to address similar and not dissimilar problems.

Convergence is necessary for setting a common policy, which is the key goal of integration. Without convergence and uniformity, a single policy has different (sometimes opposite) effects on the problems requiring differentiated approaches. In absence of convergence a single policy may increase inequalities, cause tensions, exacerbate conflicts, exhaust the scope for collective action, and throw certain industries, territories, and countries into chronic incurable depression. Convergence requires exceptions, asymmetric policies and concessions from more prosperous actors, all of which run contrary to the logic of integration.⁴² Concessions are

difficult to achieve, while privileged regimes delay integration and contradict the logic of equal treatment and homogenization for the sake of uniformity and reduced transaction costs.

Quantitative results of the EAEU are uncertain. They are insignificant to the extent that predictions about Russian businesses being the major benefactors of integration are not confirmed. The union was expected to stimulate increases in intra-regional trade, but in 2010, 2012, 2013, 2014, and 2017 intra-regional trade fell, at least in relative terms, due to various circumstances of economic conjuncture (Table 2.1D). Data suggest that contrary to theoretical expectations, the winner since 2010 was Belarus, not Russia, and Kazakhstan lost on exports both to Belarus and Russia.⁴³ It would be good if the union's quantitative results stay this way and the union be unable to sharpen developmental asymmetries among its members. Otherwise, the small countries' capital and production will be unable to take advantage of scale and withstand competition with Russia. If Armenian companies and banks are used to operate on a three million market, they are unable to expand into a 180 million regional market whereas bigger Russian institutions may adapt to the Armenian market simply by wiping out all Armenian actors.

Studies of a comparable MERCOSUR-4 market have confirmed this simple assumption. In MERCOSUR-4, Brazil is better industrialized like Russia is in the EAEU. As in the EAEU, the MERCOSUR tariff structure was based on higher Brazilian national tariffs, which incurred tariff increases for the smaller countries. The empirical studies revealed the following four situations resulting from MERCOSUR's operation: (1) In most cases Brazilian sectors strengthened their competitiveness relative to their Argentinean counterparts; (2) Argentinean sectors gained advantage over Brazilian sectors but were to lose to them in the future; (3) Argentinean sectors benefited from the CET but were unable to withstand competition with Brazilian sectors; and (4) Argentinean and Brazilian sectors equally benefited from MERCOSUR but only when compensatory treatment was offered to Argentinean sectors.⁴⁴ The asymmetrical effects of the EAEU promise to be stronger because imbalances among the EAEU national sectors are far larger than those between Brazilian and Argentinean sectors.

As in case of Brazil in MERCOSUR, the strengthening of Russian production bases vis-à-vis smaller countries' production is occurring due to two reasons: their more favourable position in terms of economies of scale on the regional market, and trade diversion from third countries in

their favour. Imbalances of the intra-zonal trade flows are extremely sharp. Intra-zonal imports exceed intra-zonal exports by 43% for Belarus, 118% for Armenia, 139% for Kazakhstan, and 246% for Kyrgyzstan. Only Russia benefits from a positive trade balance as its exports to the EAEU exceed imports by 87%.⁴⁵ This is awful, as big trade deficits of the EAEU members can cause foreclosure crises. However, other regions have this problem too.⁴⁶ Last but not least, there are differences in national economic ideologies that condition economic practices and results. For example, Belarus has preserved many elements of socialism. In contrast to Russia and Kazakhstan it does not allow private ownership of land, and is not a member of WTO. In public rhetoric, Kazakhstan with its liberal economy is on the front lines of the human progress, but in reality it has revived many tribal and feudal features, which, for example, restrict access of non-Kazakhs to high-profit sectors of the national economy.

2.4 CASE STUDY: MONETARY COOPERATION

The variation in economic cohesion between the EAEU and the EU reveals in the extent of monetary cooperation among their members: the EU is a monetary union and the EAEU is not. The debates about a single currency on the post-Soviet space are, however, as old as the CIS. As early as 1992 Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, and Uzbekistan agreed on a single currency and institution of a regional central bank, but this agreement failed to be implemented. Sharp devaluations of the *ruble* in subsequent years several times intensified intra-union conflicts, showed the danger for integration posed by an unstable monetary system, and brought back deliberations about the idea of a monetary union in the EAEU. Proponents of a regional currency in the EAEU indicate that the *euro* is remaining one of the most demanded currencies in the world, despite many grievances expressed over its operation. Once the post-Soviet economies were integrated into a single economy with the Soviet *ruble* functioning as the single currency, restoration of the single currency within the EAEU may seem an easy and realistic goal. However, a deeper look at the issue reveals a number of problems. These problems will be identified following a review of the arguments for and against a single currency and a discussion of the criteria for a monetary union.

2.4.1 *Pros and Cons of Monetary Unions*

The necessity of cooperation in the monetary sphere arises from the quest for stability in commercial exchange and investment movement. There is a coherent political-economy logic for a customs union to contemplate a monetary union, as it is a basic solution for the major inconsistency ‘one market – several currencies’. A monetary union can become a base for generation of more effective policies for economic management and can have a number of positive implications such as:

1. Elimination of transaction costs. A monetary union eliminates psychological and technical barriers to exchanges, border taxes and exchange control barriers to factor mobility in the product, capital, and labour markets. Reduction of transaction costs facilitates intra-regional exchange, and allows a better exploitation of the benefits of a common market.
2. Reduction of risks for regional exchanges. A monetary union diminishes the risks of regional exchanges through the reduction of discretion and uncertainty caused by exchange rates. The lack of norms in the monetary sphere is fraught by turning cooperation efforts in areas like trade, investment, and production into disaster by an administrative decision of competitive devaluation of one of the system’s currencies. Consecutive *ruble* devaluations have already caused trade conflicts in the EAEU countries. Importantly, a monetary union in the EAEU can reduce ‘Russia-dependency’ for smaller countries’ exports after diminishing the uncertainty about Russia’s exchange rates.
3. Reduction of dependence on domestic politics. A monetary union can centralize and strengthen the institutional environment by taking control over monetary affairs away from national politicians. Democratic regimes cannot be trusted with monetary policy formation, as they tend to make decisions favouring short-term effects (reducing unemployment) with adverse consequences in the long-term (rising inflation) whereas regional central banks are not subject to domestic political pressures. They take responsibility for unpopular measures and discipline national governments by isolating policy-making from the demands of political cycles.

4. Reduction of consequences of external shocks. A monetary union strengthens the political and economic standing of the bloc in relation to outside competitors. The challenges of globalization and the threat of external shocks compel countries with substantial market integration to undertake measures for a higher degree of monetary cooperation to reduce the consequences of the external shocks that affect member countries in similar ways.⁴⁷
5. Other macroeconomic benefits. Monetary unions reduce the risks of external and regional shocks through the commitment of economies to satisfy minimum prerequisites of economic stability.⁴⁸ Economic growth resulting from stabilization policies further decreases the chances of economic crises. The common policies target convergence and stability. They decrease inflation, promote full employment, nurture long-term price stabilization and more constant purchasing power, decrease interest rates, promote increases in financial assets, prevent capital volatility through anti-speculative mechanisms, and offer incentives for investment. Economic stabilization and amalgamation of the currency units stimulate aggregate demand for a regional currency.

For all of the mentioned reasons, a monetary union may secure greater monetary and financial credibility, may prevent reverses in integration and intra-regional currency crises, and may bring economic efficiency. In addition, a monetary union may be a stimulus for further integration development and the creation of supranational institutions, as it requires considerable central government involvement to operate fiscal and social security policies. It may stimulate convergence in business cycles and decrease the possibility of asymmetrical shocks. All these are important benefits for the EAEU as divergence in economic performance of its economies is not being reduced, reversibility of integration is possible, and the financial credibility of the EAEU is low because its countries have had long histories of financial shocks and high inflation.⁴⁹

Despite the listed benefits of a single currency, it cannot be easily resolved at the domestic level. Recent crises and fears of greater financial instability make the EAEU leaders avoid serious attempts at financial and monetary integration. The Russian *ruble* is unable to guarantee the stability of the common currency in the way the German *mark* conditioned the somewhat successful *euro*. As the EAEU countries are weaker

and poorer, a deflationary bias can impose greater costs of a single currency than in Europe. The criticism of monetary unions is centred on the deprivation of countries of adequate means to deal with regional discrepancies through monetary mechanisms to confront regional shocks, unemployment, low productivity, and low competitiveness. Governments in a monetary union lose sovereignty in the budgetary sphere and the ability to promote individual growth, to secure the balance of payments stability, to stimulate effective demand and affect unemployment through optimal country-specific monetary policy. A single currency imposes central policies that may not be suitable for countries with varying economic conditions or at different stages of the business cycle. The history of trade conflicts within the EAEU shows that the growth of intra-regional trade has sharpened the differences and asymmetries of macroeconomic performance of individual economies.

Empirical studies confirm that the logic of the market implies inequality rather than convergence in growth rates. Monetary unions can cause huge problems if undertaken in systems containing deep structural inequalities.⁵⁰ Differences in economic structures may generate vicious circles deepening the gap of development among integrating countries. This is especially true when financial liberalization of capital accounts is pursued. Financial liberalization is a prerequisite for a monetary union. As the smaller countries have less developed financial systems, financial integration will move the flux of liquidity to Russia. The core country will have a financial concentration that promises concentration of economic growth, greater regional discrepancies, and more disadvantaged position of peripheral territories.

2.4.2 OCA Criteria

Proposals for a single currency are evaluated against the assumptions of the OCA Theory. This theory integrated a number of studies since the 1960s.⁵¹ It lists the following basic criteria:

1. *Economic openness and high factor mobility.* Countries entering a monetary union should have no restrictions on the flow of goods and services and should have flexible factors of production: unrestricted labour movement and fiscal transfers allowing adjustment for shocks in order to avoid economic disturbances. The cost of a

- single currency can be low only if prices are stable, and salaries and factors of production are flexible.
2. *Strong economic interdependence.* It is preferable that the countries have large economies with diversified production. These two conditions ensure high levels of intra-regional exchange. If there is no intra-regional exchange, there are no incentives for a single currency. The benefits of a single currency are greatest when the volumes of trade are large and adequate for effective price arbitrage.
 3. *Convergence in macroeconomic performance.* Studies of monetary unions indicate that in the absence of a political union, convergence in economic performance has paramount importance to ensure that the common monetary policy is appropriate for all members of a monetary union.⁵² This is why such indicators as inflation, fiscal deficit, deficit of the public sector, deficit of the current account, public debt, GDP growth, GDP per capita, and unemployment rates should be similar. The countries should display identical patterns of cyclical development and should be vulnerable to symmetric shocks. These conditions hold when national economies' production patterns are homogeneous. If countries experience asymmetrical shocks that affect them in opposite ways, and if there are significant obstacles to the movement of factors, the countries will need separate currencies to adjust the consequences of the shocks.⁵³

2.4.3 *Monetary Union Criteria in the EAEU and the Eurozone*

There are no strict criteria to determine pass/failure conditions for a monetary union. Relative to the USA, an indivisible market with a single currency, the Eurozone lags behind in all the conditions of OCA. Eurozone's volumes of intra-regional exchange are significantly lower than those among states of the United States. When the *euro* was launched, unemployment varied from 3% in Oberösterreich (Austria) to 37% in Réunion (France), and the output gap as a sign of the stage of the business cycle was +2% in Ireland and -2% in Italy.⁵⁴ There are legal, economic, and cultural limitations to labour mobility. Labour immobility and the lack of fiscal policy are still the most obvious weaknesses of the EMU. There is very little evidence of macroeconomic convergence in Western Europe. In contrast to the USA, the EU budget does not operate as a stabilizer. Evidently, the OCA Theory played little role in the deliberations

over the introduction of the *euro*. Still Eurozone's indicators are much closer to the satisfaction of the OCA criteria than those of the EAEU.

Economic openness and factor mobility

The degree of economic integration in the EAEU is inferior to that of Eurozone, and many EAEU factor markets are unified only symbolically. Compared to the EU, the EAEU commercial liberalization is limited. There are exceptions to free intra-regional trade that do not allow us to consider the EAEU even a complete FTA. Regional labour mobility is highly asymmetrical with almost all labour migration directed towards Russia. National labour markets are heavily regulated and their requirements differ substantially. The EAEU's financial integration is non-existent, and capital mobility is asymmetric because the smaller countries have open markets while Russia retains capital controls. The European experience shows that integration should be gradual, from commercial to the financial sphere, and only then to a monetary union.

Economic interdependence

Within the EAEU, the volumes of intra-regional exchange are much lower in relation to total international trade and investment than in the Eurozone due to the factors examined in Section 2.2. Intra-regional trade in the EAEU is only 11% of all total trade versus 64% in the EU (Table 2.1B); the relation of trade to GRP is very low, intra-regional exports make only 1.9% and 3.2% of Russian and Kazakhstani GDPs (Table 2.1C); intra-regional investment is within 1–2% of the total FDI to the region. Thus the incentives for a monetary union in the EAEU to facilitate regional exchange are low, and the benefits in the reduction of transaction costs will be insignificant. If the small countries have perceivable gains from the monetary union, the gains for Russia are negligible because it has the lowest degree of dependence on the EAEU. If one country dominates in the region in terms of size, its incentives to enter a monetary union diminish.

Macroeconomic convergence

The EAEU countries' macroeconomic variables are further away from convergence than those of the Eurozone members. Though the EAEU countries have similar problems such as vulnerability to external shocks and social disequilibria, their rates of inflation, nominal interest rates, economic growth, and employment are not moving in the same direction. Difficulties in monetary integration are caused by severe discrepancies in

incomes per capita that are larger than within the Eurozone. Thus Kyrgyzstani income per capita is 8.8 times lower than the Russian, whereas in the Eurozone the difference between the highest (The Netherlands) and lowest (Latvia) GDPs per capita is 3.0 times.⁵⁵

The EAEU needs to reduce divergence in unemployment rates and incomes. Disparities in unemployment and average incomes need to be addressed by a fiscal policy involving significant transfers among the countries and subnational regions after the national governments lose the ability to adjust macroeconomic problems through exchange rates. While the Eurozone does not use mechanisms of fiscal transfers for the reduction of disparities, the EU implements a symbolic structural programme pretending to address socio-economic problems. The EAEU, in contrast, is not administering even such a symbolic programme. Russia does sell gas to the EAEU below market prices, but nobody requires that the gains from the small countries be directed to address structural imbalances.

The smaller countries' shocks are more divergent from the pattern of Russian shocks than the shocks among the leading European economies. Moreover, co-movement in the EAEU business cycles is not always in evidence: in 2013 the Armenian, Belarusian, and Kyrgyzstani economies were growing while Russia and Kazakhstan were in recession; in 2015 Kyrgyzstan was growing, Armenia stagnated and the rest were in decline.⁵⁶ In addition, shocks affecting the EAEU are much stronger than those affecting Europe. Stabilization policies might cause shocks to become a little more similar, but hardly enough to introduce a currency zone. In terms of shock adjustment, small countries like Armenia and Kyrgyzstan have most to lose if they drop their national currencies.

Extra-OCA considerations

Monetary unions are often perceived as important policy-making instruments vis-à-vis global centres of power and multinational corporations.⁵⁷ Upgrading the EAEU to a monetary union may seem a warranted initiative as a means of protection against external disruptions. They were the major stimuli for the introduction of the *euro*. As demonstrated by Henning, there was a direct causality between disrupting policies of the USA and the advances of the EU monetary cooperation. Every consecutive step to increase monetary cooperation in Europe followed the consequences of disruptions caused by the US Federal Reserve. European cooperation in the monetary sphere stalled when the USA was not affecting Europe in a destabilizing way.⁵⁸

Though the EAEU is more vulnerable to external shocks than Europe, shocks do not affect the countries of the bloc in a uniform way. While leading Western European economies had a high level of interdependence with the US economy and saw the US *dollar* as the biggest threat to their monetary stability, the EAEU equally depends on the stability of the *dollar*, *euro*, and the aggregate of remaining external currencies. Thus the sources of the EAEU external shocks are more diffused. Besides, shocks affect each of the countries of the union in a different way; and leaps in exchange rates for the *dollar* and *euro* have different implications for the individual economies. Russia and Kazakhstan are more dependent on the EU market and the *euro*, while Armenia is more dependent on the *dollar*. Belarus and Kyrgyzstan are more affected by monetary instability in Russia than instability overseas. Thus the lowest common denominator for the EAEU members' common monetary policy in relation to the rest of the world is low.

2.4.4 Conclusion

It is natural that the differences in the economic cohesion of Western Europe and Eurasia are producing dissimilar results of monetary integration: a monetary union in the EU and a zone of monetary influence in the EAEU.⁵⁹ According to the literature, a single currency is good for a highly integrated regional market, which the EAEU is not. There are many reasons to believe that a monetary union is inappropriate for the EAEU. The bloc is well behind the Eurozone in all OCA criteria such as economic interdependence, economic openness, and macroeconomic convergence. Its common market is not complete and not open enough, mobility within factor markets is restricted, the volumes of trade are low, macroeconomic variables indicate that the convergence of macroeconomic performance cannot be achieved soon, relative price flexibility and fiscal transfers are hardly in evidence. Under such conditions the gains of a single currency from the reduction of transaction costs will not compensate its effects on exacerbating regional inequalities.

Before the monetary union is implemented, the EAEU may want to advance economic and social integration: improve the mobility of labour and capital, intensify commercial and financial integration, and move macroeconomic variables of the countries in a similar direction. Though a monetary union is not advisable, empirical evidence is against the option

of no macroeconomic coordination. Fiscal and monetary policies conducted by a regional board are required to regulate foreign reserves, maintain a stable exchange rate system, eliminate external imbalances, monitor and prevent market failures, and reduce economic divergences among the member countries. These will require a fundamental revision of the principles of liberal economics the EAEU is based on.

2.5 CONCLUSION

Integration theorists acknowledge that high interdependence is a prerequisite for integration, but they seldom resort to the analysis of regional demographic, physical, and economic geography. However, these factors condition economic density and interdependence levels more than any other circumstances. Compared to Western Europe, the EAEU has limited motivation for integration because of low intra-regional cross-border exchange. The low exchange levels are conditioned by geographic, demographic, and structural features of the bloc. The latter have to do with the relatively large size of the countries. With low exchange levels, few regional transactors are affected by integration. On the one hand, this helps the process: as there is no resistance from affected import-competing sectors, agreements on intra-regional liberalization may be fast and easy to achieve. On the other hand, limited numbers of export-oriented agents and the lack of sufficient pragmatic interest in integration explain member states' low motivation for securing and facilitating intra-regional exchanges. As a result, the common regional market without neofunctionalist spillover effects remains partial and loose.

Existing difficulties of integration are posed not only by structurally low interdependence, but also by divergences in economic performance, which are greater than in the EU. In addition, after 1991 new competitive economic interest groups appeared in the new states. Many of these groups are oriented towards third countries. The problems of national differences and the differences in new established economic interests do not have an easy solution. Higher levels of economic interdependence have enabled 19 EU countries to adopt the *euro*. The EAEU does not have a regional currency. Other important differences of the EAEU from the European system deal with very limited liberalization in the capital and services markets, weak judiciary for dispute settlements, the lack of enforcement mechanisms, the lack of the regional competition law, and a

far greater number of special treatments and exceptions from the common market regime.

There are two sources of changes regional groups inflict on members' economies. These changes come from intra-bloc liberalization and from the common economic policy in relation to third countries. There is a strong hypothesis ascribing stronger EAEU's potential effects not to the changes from protectionism and liberalization at the intra-regional level, but to the changes coming from external liberalization, globalization and the CET. The CET regulates the exchange with the external market, and this market retains a far larger share of exports and imports of the EAEU countries than the regional market. However, at the moment the EAEU CET is fragmented.

The results of empirical studies may confirm that the effects of the EAEU's intra-regional liberalization on amalgamation of production, the bloc's welfare gains and changes in aggregate non-members' welfare are weak and consistent with the assumption of limitations of the EAEU's common market. Criticism of the EAEU is usually based on problems in trade of specific products and categories of products, and on conflicts among sectoral interests. Studies of the EAEU's distributional effects may highlight growing inequalities and divergence in economic performance caused by the EAEU and the market tactics it has adopted. The EAEU favours stronger producers and richer countries and the interest of capital over those of workers. However, even though the EAEU's distributional results may seem more visible than welfare effects, it may be difficult to attribute growing inequalities exclusively to the consequences of intra-regional liberalization.

As protectionism and governmental intervention are crucial for the survival of the EAEU's industrial sectors, there is an argument about the EAEU's important role in the protection of regional production from the competition of powerful transnational companies, countries, and blocs in the era of globalization. This argument has empirical backing. However, it is worth noting that the EAEU members per se do not need the EAEU to provide protectionism at the regional level as they can do so themselves relying not on the CET, but on optimal national tariffs that are more responsive to the needs of each individual economy. Another argument is that the value of the EAEU stands in being an instrument of external commercial policy in relations with large external traders and an important bargaining chip in international negotiations on the terms of trade. Even though the EAEU is unable to offer a CET as efficient as the

optimal national tariffs, it is able to provide a framework for the type of external commercial policy that the small, poor and dependent countries dare not pursue individually. Thus the importance of the EAEU is not as much economic, as geoeconomic and geostrategic, and this is a topic of discussion in Chapter 5.

The EAEU's officially stated goal was formulated as the necessity to restore destroyed economic ties among the post-Soviet economies, but many of the former production chains are now dead and not subject to revival. The EAEU countries experience deep socio-economic crises. Attempts to resolve them have not been successful. As a club of poor countries, the EAEU members cannot do much for each other. The impoverished post-Soviet countries are not interesting to Russia from the economic point of view, as Russia represents some 87% of the EAEU's GRP. The major principle of market expansion for the sake of development of economies of scale have limited role because it does not promise significant market expansion for Russia, but the costs of maintaining this integration may exceed the benefits. The EAEU is a burden for Russia, particularly in conditions when Russia's own regional development is compromised. The benefits of the union remain minimal and may cover only a fraction of maintenance and pay-checks of the Eurasian Economic Commission.

The smaller EAEU states do not stand chances of significant increases of exports to the bloc or to any other market due to their backwardness and underdevelopment. Neither do they have any industries able to recover due to protectionist measures of the union or the stimuli coming from intra-union competition. Their business climates and social situations are bad, and they lack attraction for relocation of entrepreneurial activities from Russia and third countries. Economic integration seems to be in line with the necessities of citizens to travel freely, but after 1991 the number of families permanently residing across the borders has decreased. The EAEU will incur restoration and development of transport and communication infrastructure, but there is no need for expensive non-functional infrastructure that does not support the corresponding amount of exchange. Hopes that the EAEU can reverse retardation and degradation of small economies are just hopes that have not been supported by any evidence.

NOTES

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15. See, for example, Libman, A. 2018. Eurasian Economic Union: Between Perception and Reality, <http://neweasterneurope.eu/2018/01/09/8767/>, accessed 1 May 2019.
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35. Kirkham, 2016, p. 120.
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Structural Factors

So far everywhere in the world regionalism has revealed itself most in the standardization of economic practices. Examples of many integration schemes are stalled at the stage of FTA formation despite growing levels of regional interdependence as a result of their operation. The case of the EAEU on the contrary illustrates that integration may sometimes proceed under conditions of decreasing interdependence. Clearly, the neo-functional account alone with its emphasis on economic interdependence and interests of economic agents is unable to explain all instances of development and stagnation of regionalism, and the examination of political factors at play in the EAEU is needed to substantially complement the understanding of this process.

Discussions of politics of regional integration deal with circumstances, actors, and aspects of decision-making invariably involved in integration in any societal domain: economics, culture, security, foreign policy, social sphere, and so on. Definitions of what constitutes politics vary. 'Whereas economic or economic accounts lay primary emphasis on interests (of states, of private actors, of bureaucracies), political accounts are concerned with the relationship between three dimensions: power, interest and values.'¹ In his analysis of 'the politics of regional integration' Hurrell singles out four dimensions of politics: *interest groups, institutions, identity, and power and state interest*.² The focus of this chapter is more restrictive. As states are the major actors in integration, the discussion of politics of integration is centred primarily on the structural differences between the

EAEU and the EU, which are asymmetries of size, power and interest among their member states. These asymmetries provide the omnipresent context for decision-making across all integration dimensions. Consequently, intergovernmentalism, the approach emphasizing differences and similarities among the interacting countries, is used to explain difficulties of the EAEU process.

Identity and values as aspects of politics are excluded from the analysis below. They are contingent on culture and discussed in Chapter 4 on cultural integration. Neither do interest groups receive a separate coverage. It is understood that the most influential interest groups in the integration process are those whose economic interests are at stake. Powerful groups define state interest in economic matters, which is further pursued by the governments. For the purposes of this chapter the consideration of economic interests of different states in relation to integration issues is sufficient for the understanding of difficulties of integration, without looking in detail how this interest is formed at the domestic level in each country. Besides, as the preceding chapter maintains, economic interest groups in the EAEU are weak.

Finally, as in the case of the economic analysis, the book distinguishes between political factors at work for integration in intra-regional context from those in external context. The discussion of regional economics in the preceding chapter was centred on the regional market and intra-regional economic topics, and it left extra-regional themes for Chapter 5 on geopolitics and geoeconomics. Likewise, this chapter focuses on political aspects of integration in relation to intra-regional matters, while Chapter 5 deals with geopolitical interests in relation to interaction with external actors. However, intra-regional contradictions and difficulties in formulating a common international position on extra-regional matters are the two constants characterizing any example of regionalism and affecting any regional order. Therefore, differences in foreign policy approaches are discussed in this chapter to the extent that they are relevant for the understanding of the difficulties in consolidating the regional system. Whereas Chapter 5 discusses the standing of the EAEU and the EU vis-à-vis the hegemonic system and their interaction with the system, this chapter is interested in the differences among the individual member states' approaches towards foreign policy, and it explains how these differences stem out from the variation in the size, power, and interest of the particular countries.

The chapter focuses on such structural characteristic of the EAEU as size asymmetry among the member states. This asymmetry has a lot to say about each state power, interest, and behaviour, and it has major effects on the strength of institutional and legal cohesion of the bloc and the degree of divergence among national foreign policies. The chapter demonstrates that the EAEU has far greater imbalances of size, power, and interest among its members than the EU, and that these imbalances restrict the development of regional institutions. The following variables are identified and discussed throughout the chapter: (1) the number of participant countries, (2) peculiarities of regional decision-making, (3) size asymmetries among the member states, (4) average size of the member states, (5) image of the regions' core countries, (6) the character of regional leadership, (7) the quality of the regional institutional system, (8) principles of operation of the regional law, (9) variation in development levels, and (10) variation in factor endowment.

3.1 NUMBER OF MEMBER STATES AND CHALLENGES OF ENLARGEMENT

The most visible structural difference between the EAEU and the EU is the amount of participant countries: 5 versus 27. This difference affects a significant variation in the principles of decision-making between the two blocs. While the EAEU's usual decision-making mechanism is consensual agreement among the member governments (except certain instances in the Eurasian Economic Commission Board), the EU makes decisions by simple majority, qualified majority, or consensus depending on the nature of the issue. Decisions by consensus are far more difficult to achieve among 27 actors. The goal of cooperation and enforcement of uniform regimes compels the EU to resort to majoritarian voting procedures. These procedures force undesired policies and generate disappointments due to the democratic deficit and the lack of transparency. Systematic disappointments can become a source of instability for the whole system. Undeniably, the small number of member states is a virtue of the EAEU. It allows members to use consensus in the adoption of decisions on common policy in every situation. As the EAEU countries may veto any proposal in any policy area, they are able to adjust a common policy to their individual interests in a better way. However, the consensus is not perfect. Search for consensus can paralyze the decision-making. A forced consensus as a result of political pressures or bargaining and concessions

obtained in other issues can also lead to a frustration of the system due to the accumulation of consequences of undesired decisions.

The ability to take common decisions and formulate common policies is increasingly challenged by the unions' enlargements. Enlargements have been an important issue in the agenda of both blocs, particularly in the EU where they also caused significant institutional changes. After several successive waves of the EC/EU enlargements, several more countries (Turkey, Serbia, Albania, Macedonia, and Montenegro)³ are aspiring to membership, at least formally if not practically, while the EAEU has admitted Armenia and Kyrgyzstan. The EAEU is made up by five CIS countries and is open to membership of the other four: Azerbaijan, Moldova, Tajikistan, and Uzbekistan, which continue maintaining a fragmented FTA. To an extent, enlargements are indicators of success as they show that neighbouring countries feel that staying out of the two blocs and membership in alternative clubs are less attractive options.

However, enlargements destabilize existing intra-bloc relations and pose difficulties for policy formation and regional self-identification. Definitions of the EC/EU changed with every consecutive enlargement, and the perceptions of *Europeanness* continue to vary from a collection of a few wealthy states of the North-West to a vision of Europe including Turkey and Israel and stretching to as far as the Russian Pacific to include all whiter people of Eurasia. Such pluralism causes a lot of confusion about who friends, enemies, bosses, and younger brothers are and what holds them together. As the costs and benefits of the acquisition of new members are different for the existing members, the latter articulate varying positions on the issue.

Expanding regional borders pose new political divisions and create the necessity to adjust the community policy and institutions towards new members, their neighbours, and new areas of cooperation. Enlargement promises to bring in countries that are less politically and economically stable, particularly in case of Armenia and Kyrgyzstan, which are very fragile and vulnerable states. Incorporation of a poorer country and stabilizing participation in its economy and politics is a way to secure regional stability. However, this creates difficulties, and scepticism has often arisen from the fears that the acceptance of new members can hurt the development of relations among the existing members and frustrate further cooperation efforts.

Accompanying the accession of new countries with different capabilities, needs, and visions of themselves, is a spread of flexibility mechanisms

allowing or requesting certain countries to abstain from various cooperation policies, such as the monetary union and the Schengen Agreement in the EU. The Schengen Agreement excludes Ireland, and the EMU does Sweden, Denmark, and some Eastern European countries. Other regimes treat members in different ways: the CAP, and goods and labour markets disadvantage the poorer eastern accession states in the EU. The regional authorities may characterize such optional or partial regimes as adaptation measures optimizing performance of the union, but they can also be perceived as discriminatory and undermining regional unity by those whom they disadvantage.

The EU's discriminatory regimes in which countries have different privileges, rights, and obligations are referred to as 'multi-speed Europe'. The phenomenon is quite clearly linked to the union's operation in a diverse cultural setting where conflicts of interest are present among the countries with substantial socio-political and economic divisions. The EU is at a risk of being victimized by its unrestricted ambition to digest its own diversity and to enforce the political and economic will of the core countries on the large conglomerate of peripheral and semi-peripheral nations without being particularly sensitive to their needs and concerns.

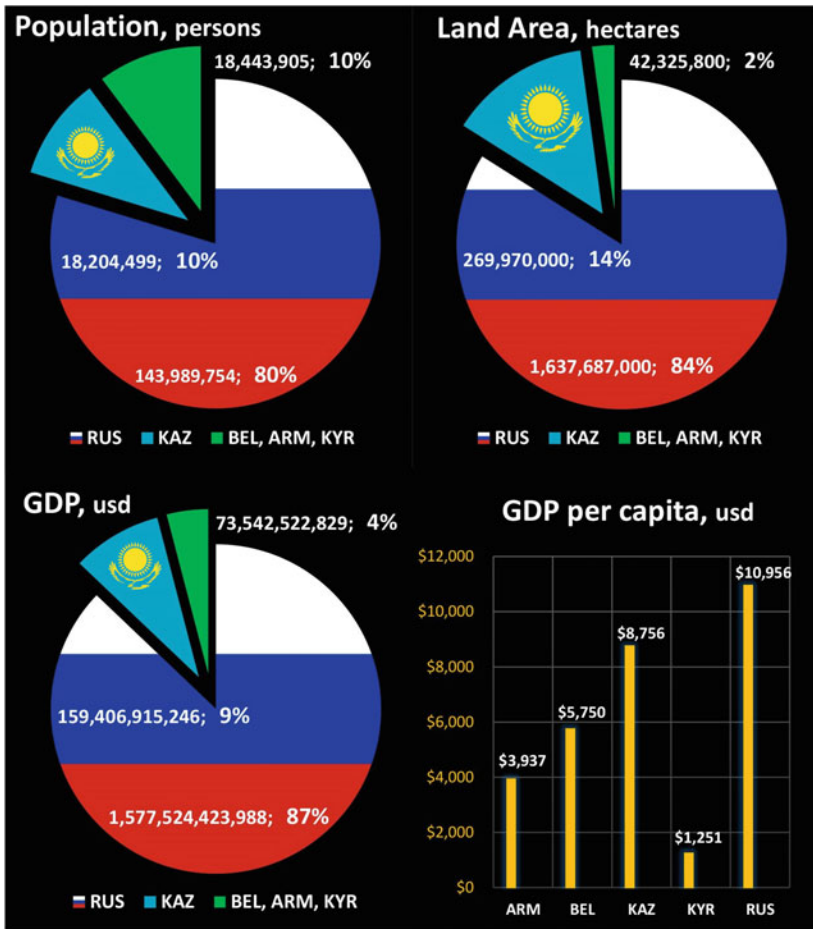
The EAEU is bound for similar problems. Not only has the incorporation of Armenia and Kyrgyzstan brought into the union extremely poor and weak countries, in contrast to the core members of the process—Russia, Belarus, and Kazakhstan—these two countries have a significant share of population who cannot speak, read or write in Russian, a factor that diminishes linguistic cohesion of the union. Both are distant countries, and Armenia does not even have a common border with the union. Instead, it has a serious territorial conflict with Azerbaijan that indirectly affects EAEU politics in a negative way. Incorporation of Armenia and Kyrgyzstan sharpened imbalance in the composition of the Eurasian Economic Commission Board. Before the enlargement, each of the three original member states had three Board members, and now each country has two, regardless of population, whether it is 140-million Russia or 3-million Armenia. If the EAEU expands substantially by incorporating all CIS members, it may require the necessity of deep structural changes, especially in terms of the supranationalization of political decision-making, as consensual agreements would be more difficult to achieve among nine or more governments.

3.2 INTRA-BLOCK SIZE, POWER, AND INTEREST ASYMMETRIES

In terms of institutional development, the EAEU is a great deal shallower process than the EU despite its more manageable number of the participating governments. Evidently, the mere number of member states is not a decisive factor determining the quality of integration. Intergovernmentalist analyzes of differences among the post-Soviet countries in relation to the EAEU reveal that motivation for integration in this union is weaker than in the EU. Intergovernmentalism approaches integration as a series of rational choices by national governments that reflect state interest and relative power. An agreed integration policy is a result of negotiations that comes from the aggregate of individual states' actions based on their preferences and power potential. States calculate the utility of all possible courses of action and choose the action maximizing their utility under given circumstances. Many intergovernmentalist accounts are about small states bargaining with large states, reconciling divergent interests stemming from the size of the states and the exercise of different kinds of power by the states. Intergovernmentalism operates with the notions of interest and power, and integration propensity is contingent upon the presence of common interests within the system. As state power and interests often depend on the size of the state (in terms of market power and population numbers), this section compares the sizes of the EAEU and EU countries and discusses how intra-bloc size and power imbalances among the states reduce occurrences of mutual interest, and, therefore, restrict integration progress.

Both the EAEU and EU are characterized by an uneven distribution of power among their members with Russia and Germany standing out as dominant countries. The largest states of the blocs shape regional politics in a significant way as their goals and strategies often coincide. However, there is a significant difference in the relative size of the two countries, which has important implications for regional cohesion. Power asymmetries in the Eurasian group are extremely sharp due to the absolute predominance of Russia, which accounts for over four fifths of total EAEU assets such as territory, population, and GRP (Table. 3.1). The imbalance of power in the EU is less pronounced as its regional hegemon Germany did not constitute more than one third in either of the three assets even in the EU-15. The EC was launched as a project of equally sized France, West Germany, and Italy. All of them were seriously undermined by WW2

Table 3.1 Population, territory, GDP, and GDP per capita of the EAEU countries



Source UN data for 2017

consequences to the extent that none could claim the leadership role. Similar economic capabilities and equal sizes gave them a greater scope for mutually acceptable concessions and compromises. Today the balance of power within the EU is uneven, but Italy, Spain, and Poland are able to counterbalance Germany and France.

Big power and size differentials among participant countries impede integration. Policy harmonization is difficult to achieve in a group where one country, Russia, differs so much from the rest in terms of size and where smaller countries are very anxious about preserving their sovereignty. For a country like Russia, whose size does not differ from the size of the region by far, it is difficult to match the loss of national control over domestic policies with the gains of participation in regional decision-making. For example, despite recognition of the dependence of the EAEU countries on Russia, Russia did not coordinate any actions in the monetary sphere at the regional level following sharp devaluations of the *rouble* in 2014 and 2015. Interests of the EAEU associates are non-existent for the Russian Ministries of Finance and of Economic Development.

Russia may be mistaken in not differentiating between its partners and the rest of the world. Integration requires that Russia get used to the idea that there are three types of interests: national, regional, and of the rest of the world. For a tighter union, the interests of the EAEU have to be increasingly assimilated with the national interests. The EAEU's medium- and long-term agenda seem to be entirely dominated by Russia. The EAEU became possible only because its geopolitical symbolism was not in conflict with the interests of Russian economic elites. They did not mind the EAEU because their expectations of the potential growth of exports and the new opportunities of access to external markets exceeded their concerns about losing the domestic market to weaker competitors from Kazakhstan and Belarus.

Nevertheless, economic incentives for Russia to respect the interests of the small countries are low as 'for a regional big power surrounded by small or very small states, the advantages of scale accruing from regionalism are marginal'.⁴ In terms of market expansion, Russian businesses have weak motivations for expansion into the EAEU, as the EAEU market is only marginally larger than their domestic market. For Russian economic actors, the capture of the whole Kyrgyzstani market is equivalent to expansion just into 0.5% of the domestic market without the necessity to deal with foreign regulatory obstacles, cultural adjustment of products, and transportation costs involved to overcome huge distances. Adaptation to the Kazakhstani market is less costly. Its saturation is equivalent to revenue from sales in an additional 14% segment of the Russian market.

Asymmetry of size impedes policy harmonization. Certainly, the opening of the huge Russian market for a country like Armenia is not equivalent to the return service of Armenia in offering the access to its much smaller market to Russian products. However, the smaller countries are unable to take advantage of the new export opportunities, as their competitiveness is low. Concurrently, reciprocal measures of investment liberalization are resulting in all profitable industries of the smaller countries being taken over by the Russian capital. Capital-scarce Armenia and Kyrgyzstan are unable to use this policy to their advantage as they cannot compete with either Russian or third country capital on the Russian market. Clearly, the size of the Russian market makes it easier for Russia to negotiate extra-regional commercial agreements unilaterally than to seek the consensus among its EAEU partners over a common commercial policy.

To become viewed as an advanced successful project the EAEU is sometimes expected to develop supranational structures of governance. However, any attempts to introduce supranational decision-making in the EAEU would lead to a stalemate. Kazakhstan, Belarus, Armenia, and Kyrgyzstan cannot agree on proportionate powers, as this will automatically assume uncontested dictatorship of Russia. Understandably, Russia cannot put up with the degree of discrimination of its size that would be acceptable to its partners.

Disparities of economic and social indicators among the EAEU members do not allow conditions under which policies adequate for Russia were possible or advisable in smaller countries. Because of its size and complex problems, Russia cannot abandon sovereignty over its domestic policies. Its inclinations to preserve autonomy are derived not only from its relative size, but also from historic views of the necessity of autonomous development and consolidation of regional power and also the sentiments of exclusiveness and a missionary function. Such perceptions in Russia are stronger than anywhere else in the EU, especially taking into consideration the historic experiment of building a communist state in opposition to North American and West European capitalism, and, before that, the Great Schism of 1054, which has kept Russians and Europeans as 'heretics' for each other for many centuries, as long as people believe in Christian mythologies and prejudices stemming out from them.

If large countries are generally less interested in regionalism, small countries, on the contrary, are more eager to accept integration and commercial liberalism. Relatively, they lose in integration, as their industries

do not enjoy the advantage of scale in competition with large countries.⁵ However, their costs of non-participation are even higher. They involve greater retardation and sharper divergence in productivity rates relatively large national industries that are exposed to the competition of each other. As the production potentials of small countries are limited, they are less self-sufficient and need to rely on imports more heavily. Integration is necessary to facilitate their exports and enhance production specialization in order to pay for imports. Universally, small countries have higher shares of trade in proportion to GDP, more open economies and governments that are more experienced in foreign trade. In addition, small countries are more committed to formal rules, institution-led methods of law-making, and strict legal order as they have less bargaining power for negotiations and re-negotiations. Because of their natural desire to reduce the discretion of large countries, they tend to be stronger supporters of supranationality. It is easier for them to reconcile with supranational authority as they have less political sovereignty anyway.

The behaviour of the Benelux countries illustrates small countries' greater interest in integration. The Benelux Union became a model of reference and inspiration for the designers of the EEC. Not only did the Benelux countries find themselves in the centre of European integration developments, but they also tried to accelerate this process. The first proposals of a common Western European market in industry repeatedly came from the Dutch government since the early 1950s. The Benelux became a common market in 1960, 26 years before the SEA with analogous provisions was adopted in the EC. In the EAEU, both Armenia and Kyrgyzstan joined the union's Treaty almost without any preceding negotiation process. This was very similar to the way small Eastern European countries rushed into the embrace of the EU. The large number of small countries in the EU and their bigger share in relation to the rest of the union is one of the key reasons for the development of the European process.

In respect to diverging interests between regional hegemony and the smaller countries, the situation in the EAEU is somewhat similar to that of MERCOSUR:

Probably the most important problem of consolidation of MERCOSUR has to deal with heterogeneity of power among its constituent parties and consequently with the disequilibrium that comes from it. Since foundation, MERCOSUR has seen two types of attitudes. From one side, Argentina,

Paraguay and Uruguay tried to condition the process of decision-making in Brasília in relation to MERCOSUR, insisting that the logic ‘one country – one vote’ were observed in the design of the supranational institutions. On the other hand, for understandable reasons Brazil is looking to secure intergovernmentalism, and supranationalism can only be taken seriously if it is proportional to the size of the country. For obvious reasons such supranationalism is not acceptable to the smaller countries.⁶

Judging merely by the factor of size, Russia should be displaying greater resistance to deepening integration and changing the quality of relations among the EAEU member states than does Germany in the EU and Brazil in MERCOSUR. However, circumstances of historical and political character reverse the paradigm of integration attitudes between Russia and the smaller countries. There is a great deal of perception that Russia’s regional partners are an extension of Russia. These countries are very young and they did constitute parts of the Russian Empire and the USSR in recent past. This circumstance has an ambivalent effect on Eurasian integration. Ruling elites and nationalists in the smaller countries certainly want to increase distances from Russia. However, large segments of population continue having expectations that the Russian government has various obligations to them, including, at times, adjudication between them and their national governments. Thus it is not uncommon that citizens of the CIS countries complain about their national authorities to Russian consulates. Russia may be willing to support integration through absorption of the smaller countries, a situation when it does not lose power in favour of the smaller partners, but incorporates them into its legal order. Clearly, this is something completely unacceptable for the nationalist elites of the smaller countries.

In contrast to Brazil in MERCOSUR, the Russian government has indeed promoted the ideas of political supranationality and of the monetary union. Both have met resistance from the smaller countries, and particularly from Kazakhstan. Eurasian integration’s main challenge is firm rejection of any measures of integration outwith economic domains by Kazakhstan and Belarus. Kazakhstani President Nazarbayev insisted that word ‘economic’ be added to the name ‘Eurasian Union’ initially proposed by Russia, to ensure that no political integration be promoted by

the organization. Kazakhstan and Belarus have also opposed Russian proposals of a regional parliament, joined border force, common citizenship, and monetary union.

Chapter 2 explains low interdependence in the EAEU by the large size of its members. On average, an EAEU country is 26 times bigger in territory and nearly twice in population than an EU member. If the EAEU were composed by separate Russian, Kazakhstani, and Belarusian provinces, its regional dynamic would be much stronger because the EAEU would be responsible for facilitating the regional exchange among the provinces which in real life is happening domestically without the involvement of the regional order. Compared to Europe, the share and, correspondingly, the influence of small countries in the EAEU is negligible. The bloc's balance of power has reflected itself in Russian proposals simply being taken by the rest of the bloc. Size imbalances reduce the prospects of integration development in the EAEU, even though the EAEU has a smaller number of negotiators over a common policy relative to the EU.

Literature on the EU often emphasizes the positive significance of cooperative French-German relationship and leadership for the development of European integration. The French-German commitments to mutual cooperation found reflection not only in the dual leadership in European integration, but also in the bilateral *Élysée Treaty* (1963) that institutionalized strong ties between the two countries. The EAEU does not have such a duo. On the one hand Russia and Belarus claim having achieved some special level of integration manifested in the so-called 'Union State of Russia and Belarus'. On the other hand, Kazakhstan is often emphasized as a more important actor due to its size, wealth, and location. As Kazakhstan's population is eight times smaller than that of Russia, the countries cannot have parity relations.

Because of the disparity of sizes, the smaller countries have fears of absorption by Russia. The power structure of the EAEU is similar to the power structures of NAFTA, the SACU, MERCOSUR, and the SAARC with the presence of an undisputed regional hegemonic leader: the USA, South Africa, Brazil, and India. Moreover, the EAEU represents the most extreme example of these groups in terms of the overwhelming power imbalance in favour of just one member state. By comparison, Brazil makes up 72% of the territory, 74% of GRP, and 79% of the population in MERCOSUR-4, and 67% of the territory, 68% of GRP, and 71% of

the population in MERCOSUR-5,⁷ which are all below respective Russia's indicators. The presence of the hegemonic leader reduces attractiveness and credibility of the bloc. It also makes the smaller countries highly dependent on shocks coming from the hegemon's economy, particularly in case of increasing interdependence, which is a natural target of regional integration.

Not only is Russia more hegemonic in its region than Germany and Brazil are in theirs in terms of relative size, it also suffers from sharp inequality in the development of its subnational regions. Russia's acute social problems do not contribute to its favourable image of the leader. An important disadvantage of the EAEU over the EU is that the EAEU is a club of poor countries. A club of the rich is easier to sustain because membership in such a club is more prestigious. No matter what the wrongs and evils of the EU are, many citizens in peripheral countries remain eager to associate themselves with this relatively prosperous entity, whereas a great deal of Belarusians, Kazakhs, Kyrgyzstanis, and Armenians perceive Western Europe and North America more favourably than Russia.

Importantly, wealth allows the EU to allocate greater resources for the promotion of its positive image and supporting peripheral countries and regions through the Regional Cohesion Programme. Even though structural cohesion funds are quantitatively unimportant to stimulate development, they proved sufficient for good publicity and bribes to politicians from the peripheral countries. However, financial transfers are not simply aid to poorer members. They are a compensation mechanism of redistribution of the unequal gains of integration, because integration undermines the periphery to the benefit of more competitive operators from the core areas. Less developed countries need to be supplied with a safety net in order to expand their social capital to ensure against possible disruptions of the whole system.

The EAEU does not administer direct transfers, but its members, except Kazakhstan, receive cheap gas from Russia, a number of other subsidies, and cheap loans. If in the EU the regional cohesion funds are subject to certain conditions and checks, in the EAEU there are no guarantees or requirements that the benefits the small country receive from Russia be channelled towards development purposes. Thus they end being mismanaged or stolen by national bureaucracies. Economically, Russia is predicted to be the main beneficiary of integration, but it is sensitive to the costs of leadership given great discrepancies in its social and regional development. The burdens to sustain the EAEU in elegance and style

may subject Russia to excessive demands, as the choice confronting Russia between sponsoring the EAEU and fighting poverty is not theoretical. The mobilization of resources necessary for the construction of the region is more difficult for the EAEU than for the richer Western European economies.

Because of poverty and underdevelopment, Russia has been significantly constrained by the USA and the EU and has had fewer opportunities to exert unilateral leadership in the EAEU through coercive actions the way the leading European countries did in the EU. Russian leadership in the EAEU has been possible through a more cautious administration of the system and suggestions of measures of general interest to all members. Russia made many concessions to the smaller states.

In addition to subsidized gas, Russia agreed to lengthier adaptation to the common market for a long list of Kazakhstani, Kyrgyzstani and Armenian products. The lists of Kazakhstani and Kyrgyzstani sensitive goods includes some 400 and 300 categories of goods, respectively. Armenia will have transitional tariffs for a list of commodities from one to eight years, while transition period for Kyrgyzstan will last from five to ten years.⁸ 'The Kyrgyz Republic was reportedly promised foreign direct investment and financial support in a number of areas. As part of its EAEU accession negotiations, Russia pledged \$1.2 billion in transition aid, and *Gazprom* indicated that it would spend \$0.5 billion to improve the gas infrastructure of the Kyrgyz Republic. In addition, Russia's state-owned *Inter RAO* pledged to build the Kambarata hydropower plant in exchange for extending Russia's lease on the Kant military base.'⁹ Estimates of Russian subsidies to Belarus in recent years are placed at 11–27% of Belarusian GDP.¹⁰

This is different from the EU where Eastern European governments rushed to accept conditions that heavily discriminated against their workers, products, and capital in a situation when their less competitive economies actually needed privileged regimes for their gradual adaptation to the single market. Such unwise conduct of the new member states was possible only because the EU enjoyed elevated levels of prestige among their populations. Never in history has the EAEU caused similar enthusiasm among the general public of its members and neighbouring countries.

3.3 FOREIGN POLICY DIVERGENCE

Membership in the EAEU and the EU embraces countries different not only in size, wealth, economic ideology, integration performance, and integration history, but also in geography and geopolitics. These varying characteristics account for disunity of political views and policies and different perceptions of what constitutes national interest. The difference in the relative size of the member states alone explains significant divergences in individual commercial and foreign policy agendas and, therefore, the behaviour of the states. The mere figures of intra-regional exports alone (8% for Russia, 11% for Kazakhstan, 26% for Armenia, 31% for Kyrgyzstan, and 46% for Belarus, Table 2.1C) explain national governments' varying incentives to constrain national policy discretion and the variation in interests and approaches towards the EAEU and third countries. The figures clearly indicate the greater commercial importance of the EAEU for the smaller countries.

Acknowledgement of the EAEU members' different expectations from integration is essential for the understanding of the existing difficulties in the bloc. Russia's low level of commercial dependence on the region is a major factor behind Russia's reluctance to make the EAEU a project of national priority. As a big country with complex foreign policy objectives, Russia has exploited the EAEU for strategic non-commercial purposes to consolidate its role of a regional and international power. Expansion of Russia's international influence is the primary theme that preoccupies the minds in the Kremlin. Whereas the size of Russia compels the country to the affirmation of its regional power status, the smaller countries, constrained by size, have to search for multiple suitable alliances to consolidate their international position and the one in relation to Russia. Since 1991, most of the post-Soviet states wanted to maximize their political utility through strategic partnerships with the EU and the USA and approached Russia as a seller of cheap energy sources and a place to dump their unemployed youth. Dependence on the market exceeding one's own by several times and access to cheap gas were their main considerations for integration with Russia.

Geopolitical differences in the EAEU are immense: while Russia is trying to consolidate its regional power, its partners are looking westwards and towards China. Thus both Armenia and Belarus participate in the Eastern Partnership programme of the EU, and Armenia's trade deal with the EU of 2017 undermines the whole idea of the customs union. No EU country can

have special commercial relations with Russia, because the foreign commercial policy is the prerogative of the union. Such approach would be difficult to enforce in the EAEU because of its limited economic and technological capabilities. While policy-makers in the smaller countries tend to think they have been in a world order dominated by the triumph of the Western alliance and global capitalism whose consequences were the disappearance of East-West axes, ideas about globalization aggravating North-South conflict are gaining influence in Russia.

Whereas Russia preferred autonomy in foreign affairs and resisted Washington's attempts to expand US and EU leadership prerogatives in the post-Soviet space, the smaller countries expressed commitments to US and EU regional and international initiatives to the extent of offering national territory for the allocation of US military bases, as Kyrgyzstan did in 2001–2014. At the same time Russia does not want US influence and military presence in the region. For the smaller countries, multi-vector relations with Russia, the EU, and the USA are complementary, while for Russia, post-Soviet countries' contacts with the West undermine Russia and its regional initiatives. In the Russian view, the EU and the USA intend to weaken the EAEU and the post-Soviet region, but the smaller countries feel uneasy with Russia's relative power and believe that a Russia-EU-US triangle may balance power distribution in the region.

Many citizens in post-Soviet countries believed that Russia's active participation on the international arena was useful for them as long as common interests were pursued: Russia could share its expanded power with Eurasia in exchange for Eurasian support. Thus alignment with the USA was a wrong strategic option. Others feared dependence on Russia and considered alignment with the West necessary to counterbalance the expansion of Russia. In both instances, relations with Russia were viewed as an indispensable factor in domestic and external matters. Though differences to foreign policy approaches were less relevant for Russia than for the smaller countries, all had to deal with each other's unilateral agendas. The smaller countries do not yield to Russian aspirations, but inability to control Russia through competition is somehow compensated by the ability to influence Russia in cooperation.

In addition to resistance to political integration, Kazakhstan and Belarus show no interest in sharing or supporting Russia's foreign policy objectives, particularly in Russia's struggle with the West. Neither Belarus nor Kazakhstan have recognized Abkhazia and South Ossetia as sovereign

states following their recognition by Russia. Following Moldova, Georgia, and Ukraine association agreements with the EU, Russia stopped preferential access of these countries' goods within the framework of the CIS trade area, but the rest of the EAEU did not take similar actions. After Russia's reunification with Crimea, Western countries imposed sanctions against Russia, including ban on export of certain goods, which is not spreading on the rest of the EAEU. Russia responded with counter-sanctions against agricultural imports from Western countries. The EAEU states did not join Russia in this undertaking. Thus the EAEU's precious deal regarding the CET is not successfully maintained, and this questions the mere idea of the customs union. Furthermore, both Kazakhstan and Belarus distanced themselves from Russian policies on Ukraine through various statements and actions displaying complete lack of Eurasian solidarity. Neither recognized Crimea as part of Russia. The small countries' erratic search for cooperation with the EU and the USA accentuates the weakness of the strategies for intra-regional cooperation in the EAEU. Observers believe that Kazakhstani and Belarusian membership in the EAEU may be endangered once these countries change their presidents.

Even the two smallest countries, Armenia and Kyrgyzstan, contribute to the union's dissonances by matters going beyond the disproportion of their size. Kyrgyzstan's political instability is an inconvenience. There have been upheavals and revolutions in Bishkek, which ousted presidents in 2005 and 2010 as well as bloody ethnic Kyrgyz-Uzbek conflict in the south-west. Kazakhstan created obstacles to Kyrgyzstan's membership in the EAEU because of the fears of the corrupt customs system that would open doors to Chinese goods to the EAEU market. Armenia, according to some observers, joined the union for purposes the union was not meant for. Armenia tried to diversify its foreign relations, and came very close to an Association Agreement with the EU that would be incompatible with EAEU membership. Armenia ultimately chose the EAEU. However, participation in the regional common market, from which it is separated by Georgia, is not Armenia's main interest. Armenia wants to ensure continued Russian military support in view of the ongoing conflict with Azerbaijan and its bad relations with Turkey.¹¹

The delicate issue for Armenia is that its Nagorny Karabakh region is *de jure* territory of Azerbaijan. Because Kazakhstan is determined to defend the territorial integrity of Azerbaijan, Nagorny Karabakh has not formally become part of the EAEU. This should have brought installation of customs between Armenia and Nagorny Karabakh. However,

nobody bothered to build such customs after 2003 when Armenia joined WTO, also without Nagorny Karabakh, so why bother now with the EAEU. Therefore, the status of Nagorny Karabakh, as well as of Crimea, within the EAEU remains uncertain. The mere accession of Armenia to the EAEU caused agitation in Azerbaijan that contributed to the increase of skirmishes and casualties between the two countries. The year 2019 added to uncertainties within the EAEU after the Armenian leadership fully revealed its pro-American and anti-Russian orientation, even though formally retaining membership in the EAEU and CSTO. In addition, the Russian-Belarusian crisis intensified due to 2018 Russia's decision to gradually stop selling subsidized oil to Belarus. Finally, the Kazakhstani leader since 1989 Nazarbayev semi-retired leaving concerns about Kazakhstan's future geopolitical inclinations.

While in Russia there is a growing perception that the political benefits expected from the EAEU are not materializing (particularly the alignment of the smaller countries behind Russia's international priorities), the rest of the region has the prevailing view that Russia is reluctant to relinquish its unilateralism to provide constructive leadership to the region and give it more money. Since foreign policy considerations played a key role in Russia's engagement in the EAEU, different views with the small countries over foreign policy priorities reduce Russia's perception of gains to be derived from regional integration. With the expected trade-off between the EAEU's greater access to the Russian market, heavy gas subsidies, and their alignment with Russian views on foreign policy failing to materialize, Russia policy-makers should see few reasons to reduce policy discretion or abide by collective disciplines.

EU politics are generally more complicated than those of the EAEU because the EU is a more complex entity. In essence though, similar mechanisms dominate the paradigms of relations between Russia and the smaller countries in the EAEU, and of Germany/France with the rest of the EU. Britain and smaller EU members tend to side with the USA and support Washington's vision of transatlantic relations. Germany and France are trying to enforce their order on the smaller members and to subordinate the union to the needs of their own national economies and foreign policy goals. In contending the more independent Franco-German alliance, the smaller countries are constantly trying to reduce their dependence on France and Germany and to reduce the collective Franco-German influence on the union's politics. This is why they are often subservient to the wishes of the US administration. Even though

their multiple favours to Washington undermine regional cohesion, they are effective means to make the union's core more sensitive towards the interests of the periphery.

In both cases the divergence in foreign policy orientation among the member states is damaging to the intra-union relations. The EU has experienced a persistent dissonance caused by the 'English factor'. Britain has not been party to many important agreements and has often blackmailed the union with threats to withdraw in order to receive concessions. In 2016 it finally took an irreversible decision to leave the union. However, without Britain, the EU may actually end up being better off while the withdrawal of a country like Kazakhstan from the EAEU would question the mere continuation of the EAEU's existence. In time when the EU has a relatively stable core of France and Germany, the EAEU is entirely dependent on the dynamic of relationship between hegemonic Russia and the small states. Even though much has changed since the 1990s, and the countries' views on regional economic development now converge, the small countries are still not sure if a stronger Russia is good for them. That they are not ready to support Russia in the key issue of its foreign policy is not adding stimulus to Russia's further commitments.

3.4 INSTITUTIONAL AND LEGAL ORDER

At first glance, the EAEU and the EU have parallel institutional systems. Their major institutions correspond to each other in their main functions. Thus, the supreme agenda-setting organs, the European Council, the Council of the EU, the Supreme Eurasian Economic Council and the Eurasian Intergovernmental Council, are comprised of heads of states, heads of governments or representatives at the ministerial level. The Councils are responsible for the definition of the overall integration policy insuring the involvement of sufficient political mechanisms necessary for the implementation of the defined general course of integration. The Eurasian Economic Commission is the analogue of the European Commission. Both have executive control over common market affairs and are responsible for the implementation and supervision of union policies. The Commissions observe compliance of the undertaken measures with the concluded agreements and the objectives set by the main treaties of the unions. They set work-programmes, propose measures in the domain of the common market, and suggest proposals on policy coordination that are seen as beneficial for the unions as a whole and for the

advance of integration. The two bodies administer the implementation of the principal agreements and their subsidiary acts, and negotiate with third countries, blocs, and international organizations on behalf of the unions by the authority granted by the respective Councils. The resolutions of the executive bodies are binding for the member states.

The two unions have judicial powers, and the EAEU Court is the analogue of the ECJ. The EAEU and the EU have also instituted consultation bodies that represent interests of business and social groups, the Economic and Social Committee and the Eurasian Business Council. The unions have chosen a somewhat similar pattern for the location of their institutions. Their main headquarters are placed in different capitals than the organs for regional judiciary (Moscow and Minsk, Brussels and Luxembourg). This was done to diminish pressures over the courts and tribunals exercised by the executive branch and lobbyists who settle around the executive powers. In the EU most of the institutions are headquartered in Brussels as a compromise among the bigger states and a symbolic recognition of the importance of the small countries. In contrast to the CIS whose major institutions rest in Minsk, the decision to locate the Eurasian Economic Commission in Moscow represents clear evidence of Russia's intention to keep a closer look on the process.

The EAEU lacks a regional parliament like the European Parliament in the EU, and a regional bank like the European Central Bank, because the EAEU has not consolidated itself as a monetary union. In the EAEU legislative functions are placed mostly with the Eurasian Economic Commission, which also assumes supporting functions as those of the General Secretariat of the EU Council of Ministers in Brussels. The level of Eurasian bureaucratization is much lower: the whole Commission employs about 2000 people, and it has no need to maintain a monstrous EU-like army of translators and interpreters. However, for impractical reasons the EAEU is miming the EU in making translations into Kazakh, Kyrgyz, Armenian, and even such rare language as Belarusian.

Despite the missing regional parliament and the bank, the overall institutional structure of the EAEU is built upon the European model. However, the EAEU does not copy European institutions and procedures, and the institutions between the two blocs are far from being identical. The major difference is the lack of supranational competences among the EAEU's bodies. Western Europe's first regional institutions and the EU's immediate predecessors—the ECSC, EURATOM, and the EEC—were all given supranational authority from the moment of their foundation.

In contrast, the EAEU has not created a supranational executive authority capable of producing binding decisions on the member states.

One of the significant institutional differences has to do with the set-up and the principles of operation of the regional executive branches. The European Commission's key functionaries, the commissioners, are appointed by member states. They represent their states, but are formally independent from their governments. Commissioners are instructed to work in community rather than national interests. Even though they are subject to strong pressures from home, they need to deal with such pressures trying not to jeopardize their status and not to undermine the work of the Commission as a common institution.

The Eurasian Economic Commission is comprised by two major bodies, the Commission Council and the Commission Board. The Council is a purely intergovernmental body comprised by deputy heads of governments who make decisions only by consensus. This is different from the Council of the EU where decisions may be taken by qualified majority. The functions of this body are informal and not defined, it merely replicates the Eurasian Intergovernmental Council, but with a closer watch on the activities of the Eurasian Economic Commission Board. The Board is the Commission's executive body, consisting of two representatives from each member state appointed by the Supreme Eurasian Economic Council (heads of states). The Board is the only body in the union with an exhaustive list of responsibilities as identified by Paragraph 43 of the Commission Regulation. The Board members are obliged to act independently from their governments (Paragraphs 34 and 56 of the Commission Regulation), and their decisions may be adopted by consensus or qualified majority, depending on the nature of the issue (Article 18(2) of the EAEU Treaty). However, under Articles 12 and 16 of the EAEU Treaty, any decision of the Board may be reversed by any of the three intergovernmental Councils above the Board. Therefore, the effects of this limited supranationality may be easily wiped off. This arrangement was done to preserve interests of the individual member states. It clearly restricts the Board's ability to be an autonomous actor in the integration process.

Thus hierarchical relations between the Eurasian Councils and the Board are in place of the dualism of the Council of the EU and the European Commission. The Board is an executive appendix to the Eurasian Councils. The intergovernmental nature of the EAEU restricts the ability of the Eurasian Economic Commission to act as an impartial intermediary among the member states and reduces the Commission's autonomy.

In contrast to the European Commission, the Eurasian Economic Commission does not have supranational prerogatives that place the common interest above interests of the member states.

The dependence of EAEU's executive authority on the respective governments makes it more difficult to pursue common interests vis-à-vis individual state interests. In contrast to the European Commission, the Eurasian Economic Commission Board does not have a right for monopoly in starting initiatives at the community level, does not have the capacity to take non-compliant parties to court for dispute resolution, and is not granted absolute powers of a sole negotiator in international trade in goods. Its employees have a lower level of employment stability. In order to achieve a stronger institutional cohesion, the EAEU would have to grant certain supranational authority to the executive power and to make its functionaries less dependent on the ministries and presidents of the member states. This could help the Eurasian Economic Commission to control the observance of reached agreements and norms derived from them more impartially, though not necessarily more efficiently.

Another factor testifying to the weaker institutional cohesion of the EAEU is the lack of a supranational parliament. It is unlikely that a regional parliament is a necessary undertaking for the EAEU. Toropygin, then the Head of the Department for Interparliamentary Cooperation at the Interparliamentary Assembly of the EAEC, together with his co-author affirm that such parliament is needed only because Chairman of the Duma Sergey Naryshkin, produced a corresponding idea in 2012 during his visit to the Interparliamentary Assembly of the CIS: 'Economic laws need to be created as integration advances. National Parliaments are unable to do this work, nor do they have to. First time in last twenty years the situation is such that the role of the parliamentary element is so important, that it is of paramount significance to discuss further actions with the representatives of Belarus and Kazakhstan to achieve common goals'. The two authors postulate that the interparliamentary assemblies of the CIS, EAEC, GU(U)AM, the so-called Union State of Russia and Belarus, and of the CSTO have all accumulated excellent experience in interparliamentary interaction which will result in the successful operation of an EAEU parliament. However, the authors fail to specify any goals and functions of such a parliament, any specific experience of the mentioned assemblies, and the ways of how these unidentified experiences will be transferred to the hypothetical parliament.

More serious supporters of the parliament idea are under the impression that a regional parliament would secure democratic control and provide civil participation in union affairs. They believe that such a parliament could strengthen political and democratic aspects of integration and provide better coordination between the legislative and executive branches. However, imported from the EU, the debate on the democratic deficit is not pertinent to the EAEU as its decisions are taken by representative authorities of the states. The idea of a parliament in the EAEU is premature given the lack of an independent executive. Decisions in the EAEU are taken by the governments that are accountable to the national parliaments. In the EU, the Commission is not accountable to national parliaments. If there were no European Parliament, the Commission would not be subject to any external control. There are also valid concerns that a Eurasian parliament becomes nothing else but an expensive cruise destination for corrupt politicians. The involvement of general public into the union affairs may be undesirable either, as the union often deals with specialized issues the general public and deputies understand little about. Even experts and pseudo-experts argue about many relevant issues from opposite stances.

There are numerous limitations and deficiencies of the Eurasian legal system¹² in comparison with the European system. The powers of the Eurasian Court are limited if compared to the powers of the ECJ. In the EU, the EU law has direct applicability in member states and supremacy over national laws. All the countries have adjusted their constitutions to the EC law and have eliminated contradictions between their domestic legislation and the community law. The Treaty of Rome on the EEC established the ECJ and spelled out a preliminary ruling procedure according to which any court in the Community could consult Luxembourg about a Community norm or regulation that caused doubt. Under the preliminary ruling procedure, the ECJ makes a final decision on a matter of the EU law made at request from national courts. The national courts enforce the ECJ rulings. The procedure integrates the ECJ and national courts into one system of judicial supervision. Because of direct effect, one of the basic principles of the EC law, the regional law creates not only obligations for member states, but also rights for private parties that they can enforce against the member states.

In the EAEU national legal orders are not fully compatible with the EAEU law, and the two mentioned principles of direct effect and supremacy of the regional law are not always guaranteed. The EAEU

Court lacks exclusive jurisdiction and jurisprudence over the regional law, and both direct applicability of the regional law in the member states and the effect of the regional law on the domestic legal orders have limitations. Thus Russian, Armenian, Kazakhstani, and Kyrgyzstani Constitutions generally recognize supremacy of international law and agreements over domestic laws, normally except national Constitutions. However, in Belarus a situation is possible when a subsequent national law may supersede an older obligation under the EAEU law. In theory, only decisions of the Eurasian Economic Commission are considered directly applicable in the member states, which as an element of the legal order indicating some supranationalization of the system. However, in practical terms, legal acts of the EAEU institutions are even more vulnerable to challenges within the Belarusian and Russian legal systems than the provisions of regional agreements.

The Eurasian system lacks a preliminary ruling procedure, though the EAEU Court has an advising function similar to this procedure. The Court's interpretations of the EAEU Treaty are purely consultative and do not deny the right of the member states to have varying interpretations. Moreover, the EAEU judges are allowed to publish dissenting opinions, which is not the case in the EU. In the EU, the European Commission can sue a non-complying state in the ECJ, while the Eurasian Economic Commission does not have such a right. A great deal of cases in the ECJ are initiated by the Commission against non-complying states. In contrast, the EU states sue each other rarely and prefer political settlements because of fears of retaliation.¹³ In the EAEU, only states and economic agents can bring a party to the EAEU Court, whereas in the EU citizens can do so as well. A common market can hardly become a reality if citizens are not allowed to protect their interests obstructed by conflicting domestic laws. The Treaty of Rome did not envisage claims to the ECJ from individuals and few people could have thought about the role of the Court's decisions on individual cases for the advancement and consolidation of integration before the process in the EC started to deal with such claims. However, because of the derived right of individuals to appeal to the ECJ, the Court has proven efficient in the protection of the rights affected by the operation of the single market. In a situation when enforcement sources were few and weak, complaints from individuals were important. Decisions on such claims accelerated integration. The role of the legal system was particularly important for integration when the EC political process was paralyzed in the 1960s and 1970s. 'Judicial

activism' of the ECJ served as a catalyst to European integration. Without it, the integration efforts would not have been as profound and sustainable.¹⁴

Unlike the ECJ, the EAEU Court has no power to create further responsibilities for regional institutions in addition to those provided by the treaties, and cannot change and invalidate norms of regional and national laws. Further, the Court has no power to determine penalties, and it is up to the states to decide how to execute the Court's decisions. When the Court's decisions are not implemented, the states may appeal to the Supreme Council where the non-complying state may put a veto on the implementation of the Court's decision. In addition, member states may terminate duties of judges, which is a direct infringement of the autonomy of judges. In the EU, only judges and advocates general may remove judges.

In sum, some of the EAEU decisions are binding and some institutions are not fully dependent on the member states. At least some of the EAEU rulings are directly applicable on the territory of the union. The EAEU has some powers to enforce its decisions. However, the binding nature and direct applicability may be challenged by national legal systems. The institutions are largely dependent on cooperation of all member states and supranational decision of the Board may be overturned by decisions of the higher Councils, operating on consensual basis. Therefore, the EAEU is a predominantly intergovernmental union in contrast to the EU, which combines both intergovernmental and supranational elements.

The lax legal system will certainly have consequences for the common market. As norms and laws generated by this system are not interpreted systematically and in a uniform way, there will be dissatisfaction among individuals and enterprises subjected to the EAEU law. Because of the lack of tight norms, the legal system of the EAEU favours flexibility over legal security. This may cause countries negotiate and re-negotiate instead of staying within the strict boundaries of the legal system. This also reduces legal security and gives suspicions that assumed guarantees can be re-negotiated. Businessmen and investors working in the union are unlikely to operate their businesses in a small market if they have doubts about the integrity of the bloc. In a union where rules are imperfect and their enforcement is uncertain, a large market is preferable to a small market. Thus smaller countries have all the more reasons to be discontented.

However, the EAEU countries do not rely on the common market system as heavily as the European countries do because the volumes of

intra-EAEU exchange are much lower and intra-zonal disputes are less frequent. Whereas the ECJ has produced hundreds of rulings every year since its creation, the EAEU rarely resorts to its dispute-settlement mechanism. Between 1 January 2015 and 1 May 2019 there were only eleven cases completed according to the Court Database.¹⁵ At times, EAEU commercial disputes were solved through negotiations between national presidents, a situation impossible to imagine in the context of the EU. Given the lack of great importance of the regional order in the EAEU, the flaws of the EAEU legal system do not appear critical. The needs for a consolidated legal system and a powerful court are not compelling not only because of the low number of cases they would need to handle, but also because of the small number of the EAEU members, which also makes it easier to enforce the implementation of the EAEU law and to monitor its application. With low levels of economic transactions within the EAEU, the EAEU court could hardly play a role comparable to that of the ECJ in European integration.

Obviously, the EU has a more supranational and centralized set-up with stronger central entities such as the Commission, the Parliament, and formally impartial Court whose decisions are binding for private and corporate parties and for the governments. The lack of a supranational executive, of an operational parliament, and of a powerful court is the feature that importantly distinguishes the EAEU institutional system from that of the EU. The institutions of the EAEU are less autonomous, less centralized and less independent from national governments. They are almost entirely intergovernmental in character whereas EU institutions represent a mixture of supranational and intergovernmental elements. EU institutions have legal primacy over national authorities in certain areas, but the EAEU bodies are subordinate to national sovereignty.

Both the EAEU and the EU appear to be concerned predominantly with economic matters, and their most prominent and powerful institutions operate in the economic domain. The discussion of Chapter 2 suggested that scarce intra-bloc economic exchanges and low economic interdependence reduced the motivation for economic integration, and therefore limited the institutionalization of commercial relations. This is reflected in the case of the less developed EAEU executive and judiciary. However, the younger age of the Eurasian process and the much lower levels of interdependence among the EAEU countries are not the only reasons of EAEU's integration difficulties and limited institutionalization

of the region. These limitations clearly relate to the size and interest asymmetry among the member states. These asymmetries significantly reduce the scope of the common policy and make heavy institutions redundant.

The importance of a structural balance as a factor of integration is not just a theoretical observation. It finds empirical backing in the comparison of the EAEU with CAN. As a bloc of equal-sized countries with a much weaker economic interdependence than that of the EAEU, CAN established a supranational parliament and a centralized court at a very early stage of its integration. In Europe as well, the Treaty of Rome provided for the supranational institutions at the birth of the EEC, but these are lacking in the EAEU. The limited competences of the EAEU Court may not be explained exclusively by the younger age of the process and less time available for the development of the regional system. The preceding Court of the EAEC had broader competences than the EAEU Court, which were intentionally reduced by the drafters of the new statutes.¹⁶

3.5 CONCLUSION

The features of the EAEU's institutional system and of regional law suggest that the EAEU lags behind the EU in institutional and legal development. The EAEU's institutions are weak and lack competences in relation to their EU counterparts. The chapter attributes limited institutional development of the EAEU to the inherent structural characteristics of the region such as great size and interest asymmetry among the member states. Primarily because of the size asymmetry, the countries' interests and strategies in relation to integration vary. The asymmetry reduces the scope of the common interest, causes divergence in policy choices, and prevents institutional development. Difficulties of integration are aggravated by a huge variation in development and resource endowment.

Another disadvantage of the EAEU relative to the EU is in being a club of poor countries dependent on financial resources and political conditioning of rich countries. Marginalization of the post-Soviet states continues and perceptions of inferiority remain strong both inside and outside the region. The only structural advantage of the EAEU's integration is in the smaller number of members, which, with everything else being equal, would have made the implementation of common policies easier among the five countries than among 27. Table 3.2 summarizes the chapter's discussion of the two unions' properties that affect the strength of their consolidation in relation to each other.

Table 3.2 Political variables and their effect on regional consolidation

Criteria	The EU	The EAEU
1. The number of participant states	<p>DISADVANTAGEOUS</p> <p>The number of national delegations involved in decision-making is too big. It is difficult to come to a genuinely common decision among representatives of 27 governments</p>	<p>ADVANTAGEOUS</p> <p>It is easier to negotiate among five negotiators than among 27</p>
2. Peculiarities of decision-making	<p>ARGUABLY DISADVANTAGEOUS</p> <p>Majoritarian and consensual</p> <p>Decision-making lacks transparency. Accumulated negative outcomes for specific countries may ultimately frustrate the whole system</p>	<p>ARGUABLY ADVANTAGEOUS</p> <p>Consensual</p> <p>Consensual decision-making allows a better adaptation of the integration policy for each country but is fraught with deadlocks preventing the conclusion of any decisions</p>
3. Size asymmetries among the member states	<p>ADVANTAGEOUS</p> <p>With three large members (Germany, France, Italy) and two somewhat smaller countries (Spain and Poland) size asymmetries in the EU are not as strongly pronounced as in the EAEU</p>	<p>DISADVANTAGEOUS</p> <p>Power asymmetries are very sharp. As Russia alone represents over four fifths of regional population and economy, it is difficult to build a balanced system of inter-state relations in the bloc</p>
4. The quality of the regional institutional system	<p>ARGUABLY FAVOURABLE</p> <p>Supranational and intergovernmental</p> <p>Supranational institutions may be faster and more efficient in introducing integration measures and enforcing compliance with regional regimes. However, they are less sensitive to individual countries' needs. There are risks that they produce undesirable and unsustainable outcomes</p>	<p>ARGUABLY UNFAVOURABLE</p> <p>Intergovernmental</p> <p>Intergovernmental institutions are criticized for guarding sovereignty rather than advancing integration. However, they may safeguard against adoption of unsuitable and undesired policies and obligations by individual countries. Therefore, they may be beneficial for the stability of the regional system</p>
5. Principles of operation of the regional law	<p>FAVOURABLE</p> <p>Superiority over national laws. Direct applicability</p> <p>These principles ensure quick introduction of community norms and their uniform interpretation and application</p>	<p>UNFAVOURABLE</p> <p>Neither of the two principles are guaranteed. The regional and national legal system are not consolidated into a single system. Practices and interpretations of the regional law may vary, which may feed dissatisfaction and conflicts among the concerned parties</p>

Even though the EU process has advantages in most of the above criteria, the EU's deeper unity should not be taken for granted. The EU has a vast potential for corruption, a complicated non-transparent mechanism of decision-making, and dubious policies towards the periphery that have accumulated negative consequences for economic development of disadvantaged territories. The union's expansion through coercive means may be met with increasing resistance and growing nationalism causing not only disruption, but also ungovernability, paralysis, delusion, and disintegration of the whole system. At the same time, Russian, Belarusian, Kazakhstani, Kyrgyzstani, and Armenian elites all share socio-economic concerns and disappointment over their countries' degradation in the post-Soviet period. Their possible future consensus regarding social development priorities could contribute to the functioning of the EAEU despite the deep structural imbalances.

Because of relatively rigid legal and institutional systems, many observers consider the EAEU institutions too weak to successfully perform their functions. They say that the EAEU needs stronger institutions if it wants a stronger integration dynamic; they argue that institutions in the EU played an important role in sustaining integration in difficult times when member governments were unwilling to do so; and they call for institutional reforms copying European procedures. However, it is unlikely that EU-like institutions would be able to perform well in the EAEU. If supranational institutions had been created in the EAEU, they would have soon caused disappointment because of their inability to sustain adequate levels of performance. Given the great asymmetries in the size of the member countries, it was decided from the very beginning that the decision-making in the EAEU would be intergovernmental and based on consensus. The intergovernmental structure provides the best framework that is acceptable to everybody in the process. Consensus implies restriction of Russia's ability to impose unilateral decisions on the bloc through the powers of veto of the other members.

Thus a greater institutional integrity would not necessarily be a virtue for the EAEU. On the contrary, tighter institutional connections among the countries may be responsible for severe systematic crises, as in 2000 when Austria refused to vote on issues requiring unanimity and paralyzed the work of the EU. The specific institutional arrangements in the EAEU and the EU have developed to serve the particular groups of countries in a given historic period and, therefore, are not transferable between the two regions. This does not mean that the EAEU institutions should not

develop and change in dealing with the bloc's problems and conflicts. The change may occur as functions of intergovernmentalism are further explored without the necessity of the supranationalization of the process.

NOTES

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2. Idem.
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8. Khitakhunov, Azimzhan, Mukhamediyev, Bulat and Pomfret, Richard. 2017. Eurasian Economic Union: Present and Future Perspectives. *Economic Change and Restructuring*, 50:59, p. 67.
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11. Vasilyan, Syuzanna. 2017. Swinging on a Pendulum. *Problems of Post-Communism*, 64:1, pp. 32–46.
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13. Craig, Paul and de Búrca, Gráinne. 2011. *EU Law: Texts, Cases, and Materials*. Oxford University Press, Oxford, p. 433.
14. Rozo, Carlos. 1997. Judicial Activism and Regional Integration: Lessons from the European Court of Justice. *Integration and Trade*, 1:2, pp. 27–45.

15. <http://courteurasian.org/database>.
16. The EAEC Court once used a preliminary ruling procedure, even after the claimant withdrew the request for interpretation. In one of the cases the Court allowed a broader interpretation of the Treaty than the textual provisions suggested, annulled a CU Commission's decision, determined the time when the decision became void, and issued a ruling applicable not only to the parties of the dispute, but also *erga omnes*. At least one judge of the Court clearly took the position that the Court was able to create new rules. Also, in the EAEC the Commission had the right to take a non-complying state to the regional court. See Karliuk, Maksim. 2016. The Limits of the Judiciary Within the Eurasian Integration Process. In *The European Union and the Eurasian Economic Union: Moving Toward a Greater Understanding*, edited by Angela di Gregorio and Arianna Angeli, pp. 171–183. Eleven International Publishing, Den Haag.



Overcoming Cultural Barriers?

Most approaches to regional integration share an emphasis on evolving economic and political interests as the driving force of integration. Political scientists and political economists address the structural and developmental character of integration blocs, theorize the internal and external dynamics, the ‘invisible’ hand of integration, and the ‘prerequisites’ and ‘spillovers’ that punctuate the stages of the process. They have also produced a debate on specific outcomes of the transfer of competences and powers from states to regional institutions. The emergence of permanent regional institutions capable of making decisions binding on member states is the focal theme of interest in EU studies: ‘Anything less than this—increasing trade flows, encouraging contacts among elites, making it easier for persons to communicate or meet with each other across national borders, promoting symbols of common identity—may make it more likely that integration will occur, but none of them is “the real thing.”’¹

Therefore, many authors are sceptical about the study of culture in conjunction with regionalism:

Some of the clusters of national states that share the most in terms of language, religion, culture and historical experience have been the least successful in creating and developing organizations for regional integration, e.g. the Middle East and North Africa, West and East Africa, Central and South America. Ironically, it has been Europe with its multiple languages, firmly entrenched national cultures and dreadful experience with armed conflict that has proceeded the furthest [...]. If nothing else, the EU demonstrates that it has been possible ‘to make Europe without Europeans’.²

Europe is divided by language and religion, but united by regionally similar social and economic conditions and institutions: Latin America is united merely by language and religion.³

Several scholars fail to appreciate the nature of the phenomenon [regional integration] by focusing on the adjective, regional, rather than the noun, integration. The former indicates scope, not substance. The conventional usage of the word Europe to refer to the EU tends to misdirect observers from politics toward geography, culture or identity: this is a mistake, especially when applied to 'regions' that are not organizations. For, as Latin America teaches us, 'natural' regions can be dysfunctional for regional integration.⁴

These authors overlook the abiding social character of integration and its preoccupation with the society. Politicians, on the contrary, at least at the rhetorical level, interpret the ultimate goals of integration as humanitarian and perceive regionalism as the project of people and for people:

We are uniting people, not forming coalitions of states. (The EU, Jean Monnet, 1952)⁵

The integration we are looking for is not limited to the elimination of tariffs and customs barriers, and is not about trade only. It is about integrating the spirit, peoples, cultures, opening social and political space for the process of communion among all of us to put forward together what we are, what we have, and what we can do. (MERCOSUR, Fernando Cardoso, 1996)⁶

... the model that helped to save myriads of civilizational and spiritual ties that unite our people. (The CIS, Vladimir Putin, 2011)⁷

Integration is not a purpose in itself. It is an instrument for the achievement of the highest goal that is the growth of wealth and quality of life of our people. (The CES, Alexander Lukashenko, 2011)⁸

This dimension of integration lends itself to a wide-ranging ethnographic analysis linking the study of regional organizations to a wider consideration of regional societies.⁹ A number of reasons make the study of ethno-cultural characteristics of regions an integral part of regionalism studies.

Integration is certainly stronger if it has both vertical and horizontal dimensions: the polity is conceived as a set of relations of citizens with the polity, and of relations among citizens themselves.¹⁰ The participation in a polity is not just a civic project based on an abstraction of citizenship and the involvement with the respective institutions. It can be founded on ethnic elements such as common language, common culture, and particular historical memories shared by citizens.¹¹ The possibility of interactions among citizens assumes the necessity of linguistic homogeneity. Thus linguistic, or some kind of ethnic and cultural homogeneity is the only possible base for a community with horizontal relations.¹² Certainly, cultural affinities favour the positive image of neighbours and partners and generate a significant premium for the public support of integration. Importantly, such support provides legitimacy for redistribution. Economic integration has distributional effects, and it produces winners and losers within and outside regional borders.¹³ In the unions where different groups have a sense of community, the losers are less likely to hinder and sabotage the process and the winners may find themselves more eager to provide compensations.

Some political scientists prioritize culture over economics and believe that people's actions and interests depend on the meanings provided by their identities: 'The behaviour of states in international relations is not exclusively determined by relations of power: ideas and sentiments influence the decisions of international actors'.¹⁴ Decision-makers are receptive to demands and ideas of dominant domestic groups and incorporate their values into the foreign policy that promotes integration. Whenever identities and interests are established as a stable set of rules, an institution is born. The institutionalization of an international process, such as signing a multilateral agreement, is possible only when new visions of oneself and the others are internalized by the collective national being.¹⁵ Concurrently, the relationship between identity and power may be reverse when institutions and powerful groups shape discourse on identities. Regional polities need legitimacy, and greater legitimacy is provided by a consolidated regional society where most members feel that the polity somehow represents their interests. Therefore, greater societal consolidation is attempted through manipulations with mass consciousness and the promotion of elements of a regional identity.¹⁶

In Europe the construction of a multicultural regional identity is based on various national, sub-national, indigenous, and immigrant cultures. Limited progress, if any, is achieved in this enterprise, as EU societies are

extremely heterogeneous historically, culturally, and socially. Social constructivists believe that existing social relations condition and constrain human agents' behaviour. As integration policies target standardization and homogenization, diversity poses resistance to the process. Therefore, multicultural regions integrate with greater difficulty than culturally homogeneous regions, at least in cultural spheres. Thus the central theme of the comparison of the EAEU with the EU in cultural domains is that of cultural homogeneity and heterogeneity, in which the two blocs are fairly different. The comparison of the regions along the criteria of cultural diversity may offer useful projections on intra-union relations, past and currently undertaken policies, and further integration development. Therefore, Section 4.1 identifies the key cultural variable—language—and compares the degree of linguistic homogeneity of the EAEU with that of the EU. The comparison highlights a greater civilizational unity of the EAEU.

Linguistic and even cultural similarities alone cannot sustain integration, particularly in situations where no political meaning is attached to interactions among the groups or where such interactions are missing. This is why Section 4.2 analyzes the dominant discourses on *European-ness* and *Eurasianness* that link regional institutions to imagined regional identities. These discourses identify the particular elements of regional unity emphasized by politicians and intellectuals. Even though they serve little in explaining regional integration, they reveal the political essence of both projects, which is often disguised in cultural rhetoric. Despite greater cultural uniformity, the territory of the EAEU has been continuously experiencing cultural fragmentation after the break-up of the USSR in 1991. This has been conditioned by the political processes and manifested in (1) the decline in the use of Russian (outside Russia and Belarus), (2) emigration and marginalization of the Russian-speaking population (outside Russia and Belarus), (3) emergence of racial conflicts because of migration due to sharpening socio-economic inequalities, and (4) growing religious polarization because of the rise of Islam and Christianity. Section 4.3 describes the linguistic situation in the EAEU member states while Section 4.4 makes allusions to racial polarization. Religion is not receiving a separate coverage as in the EAEU it does not appear as a factor seriously affecting inter-state relations.

4.1 VARIATION IN CULTURAL DIVERSITY

The EAEU represents an attempt to reintegrate rather than integrate the selected post-Soviet economies. Even though the member states emphatically speak against any political and cultural integration, supporters of Eurasian integration often resort to discourses on regional unity that come from a vision and desire of a shared future based on common historical experience and consciousness forged by the Russian language. In contrast to Eurasia, historic discourses on the necessity of political unity in Europe have never centred on a language or common historical heritage. Europeans defined themselves through opposition to enemies rather than through a search of kinship among themselves. The reasons beyond Pan-Europeanism are rooted in one of the three objectives: collective defence against external challengers like Ottomans, Soviet communists, or Islamic terrorists (since *The Treaty of Universal Peace* of 1518); prevention of never-ending intra-regional conflicts (since William Penn, *An Essay Towards the Present and Future Peace of Europe*, 1693); and the consolidation of domination over colonial empires (since Duc de Sully, *Grand Design*, 1638).¹⁷ These projects assumed a certain commonality inherited from Western Christianity and usually excluded the involvement of Turks and Russians. They addressed Western Christianity as the only cultural factor able to mobilize intra-regional cooperation for political purposes. However, as a cohesive force for pan-Europeanism, Western Christianity lost its function after the Reformation's divisions between Catholicism and Protestantism and the subsequent secularization of the region.

In the contemporary period the cultural definition of Europe runs next to its institutional definition. The EU is more easily identified with the places where its treaties were signed or with the number of states before every enlargement.¹⁸ The moral and behavioural norms of contemporary Europeans differ as they are shaped by different Catholic, Protestant, Orthodox, Jewish, and Muslim traditions. Neither do Europeans have a uniform linguistic identity. They use Germanic, Romance, Slavic, Ugric, Finnish, Baltic, Celtic, and other languages. Linguistic divisions expose Europeans to different literary, philosophic, and media discourses. These

divisions cause numerous misunderstandings and problems of communication. Even EU institutions are often unable to provide adequate translations.¹⁹ When they do offer good translations, many communicated concepts are still understood differently, so there is a need for compromises in meanings.

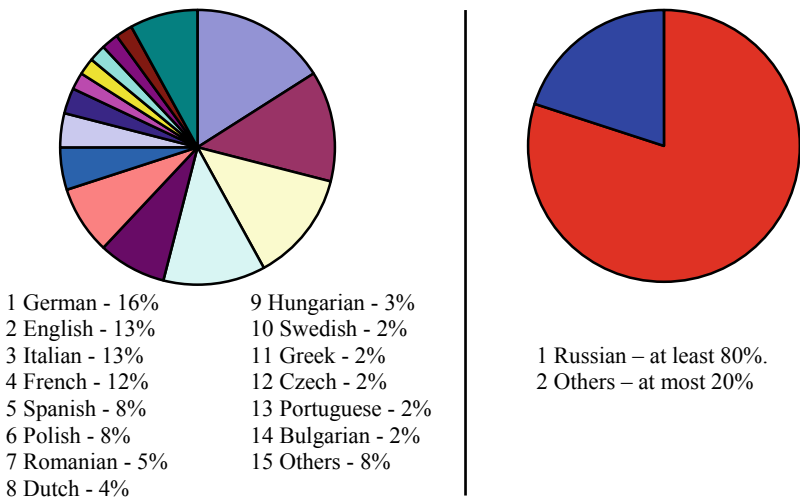
Multiethnicity and the complexity of the governing system cause many problems. Not only does the EU need to reconcile the incompatibilities of its kingdoms, archduchies, presidential, and parliamentary republics; it is divided by the heritage of two different systems of socio-economic organization, capitalism and socialism, which produced different types of societies. East/West divisions are complemented by North/South divisions that set apart semi-peripheral Mediterranean countries from the wealthier core. The incongruity of the 27 different cultural systems is noticed in attitudes regarding the role of money and state regulation, the divide between private and public spheres, and the use of time and space. 27 EU member states cannot simply make one Europe.

The EAEU has important advantages over the European project. The foundations of the EAEU societies are quite similar as they have been largely shaped by imperial Russia and the USSR. These foundations are the Russian language (there are 24 official languages in the EU); the uniform legal tradition based on the Roman law (national legal systems in the EU are based on the English and Roman law); and the socialist past, which generated common thinking. Three major EAEU countries have similar administrative and government systems that are based on the model of a presidential republican state with traits of authoritarianism, non-removability of power and stagnation of power in the current period. The use of Russian in the EAEU facilitates intra-regional tourism; the administration of joint educational and artistic programmes; scientific and research cooperation; maintenance of archive, library, and mass media networks; and the interpenetration of products of cultural industries (radio, television, music, books, press, cinema, and video). The countries of the former USSR are linked together by the Russian-language internet. Even though existing studies do not say much about the effects of cultural affinity on EAEU's political and economic integration, one can see that when regional bureaucrats and politicians meet they seem compatriots and bearers of the same culture rather than foreigners. There is no need for interpreters or the use of a third language in communication among them.

The relative cultural heterogeneity of the EAEU is effectively illustrated by the comparison with the EU along linguistic criteria. In terms of culture and identity as aspects of politics, notions like language, religion, and race have affected separatist and unification claims at all levels: national, sub-national, and supra-national. However, language as the custodian of culture is the most important cultural phenomenon because neither religion nor race restricts interpersonal communication and interaction as much as the need for translations and interpretations. Communication is an important part of the integration process, and language is one of the key instruments of identity formation. Without a doubt, a comparison along the linguistic lines gives a far from exhaustive picture of cultural multiplicity in the two regions. However, it represents the most significant divisions within the two regional communities.

Table 4.1 represents the use of languages as first languages in the EU and the EAEU. In the EAEU no less than four-fifths of the region's population have a preference for Russian as their first language: in Russia about 92% of population are reporting Russian as their native language; in Belarus Russian is the preferred language of about 87–95% of population; 84.8% of Kazakhstani and 48% of Kyrgyzstani population are fluent in

Table 4.1 Preferred languages in the EU-27(CR) and the EAEU



Source EU-27(CR): Special Eurobarometer 386, 2012; EAEU: Author's evaluation

Russian, and 70% of Armenian population report knowledge of Russian. It is not possible to compose a more accurate graph with the numbers of preferences for first languages in the EAEU because no respective surveys have been implemented. People are usually asked about their native language rather than their first language. Respondents of non-Russian ethnic backgrounds may indicate that their native language is the language of their ethnic group in situations when they may be a lot more proficient in Russian and even lack the knowledge of the language of their ethnic group entirely. In the time when nationalism is strong and encouraged to consolidate the new states of the former USSR through enforcing national languages and discouraging Russian, surveys in the smaller EAEU countries are designed to overestimate the importance of national languages and undervalue Russian.

In some instances, it is also possible that people of non-Russian ethnic backgrounds report that they are more fluent in Russian than in their native language when the real situation is opposite. This may happen if respondents perceive that a better knowledge of Russian represents a higher social and educational background while the dominant use of the native language suggests backwardness. In any case, for the union as a whole, Russian as the preferred language of communication should receive the response of no less than 80% of the people. The bigger segment of the remaining 20% of the population would be fluent in Russian too, thus at least linguistically belonging to the geocultural concept of *russskij mir* [Russian world], which denotes the territory of the spread of Russian and Russian-language cultures. Obviously, *russskij mir* is a great asset and advantage in the construction of the regional political and economic project in the EAEU over the language situation in the EU, even though this linguistic situation is not easily transformed into political unity.

4.2 DISCOURSES ON REGIONAL UNITY

Language, ethnicity, and religion are often emphasized as key components of a territorial identity. However, cultural affinities alone are unable to provide a sufficient base for inter-state cooperation without viable socio-economic and political underpinnings. On the contrary, culturally similar societies sometimes break apart (Czechoslovakia, the Koreans, segments of the USSR). In Serbia, Croatia, and Bosnia, which shared the same language, fragmentation was accompanied by bloodshed. The unfolding

civil war in Ukraine is between two population groups that share the language, religion and race, all three major aspects of an ethnic identity.²⁰ Neither do intensifying social interactions consolidate territorial integrity by default. For example, the construction of the Bridge of Friendship between Encarnación (Paraguay) and Posadas (Argentina) led to emergence of conflicts, which resulted in frequent violent fights among local residents.²¹ Thus cultural affinity and growing interdependence do not guarantee stability. Much depends on how they interact with political contexts. In order to identify the role of cultural factors in integration, it is important to look into how cultural diversity has operated on the soil of the two regions historically, as history is one of the most important aspects of people's culture and identity.

4.2.1 *Questioning Europeanness*

As textbooks frequently note, 'since the Middle Ages there has been virtually no period in which statesmen or philosophers did not point to the common European heritage and the necessity for more "political" unity in Europe'.²² Visions of a united Europe have a long legacy and considerable ideological potency. Many attempts have been made throughout history to unify Europe, from Romans and Charlemagne's Holy Roman Empire, to Napoleon and Hitler's Third Reich. Yet far from uniting Europe, the result has been 'not unity but a fragmentation verging on near-total self-destruction'.²³ Europe is home to powerful concepts of the nation-state, nationalism, and sovereignty. The effect of the two opposed ideas of European unity and the nation-state 'has been to set up lasting tension which the two "world" wars only partially dispelled'.²⁴

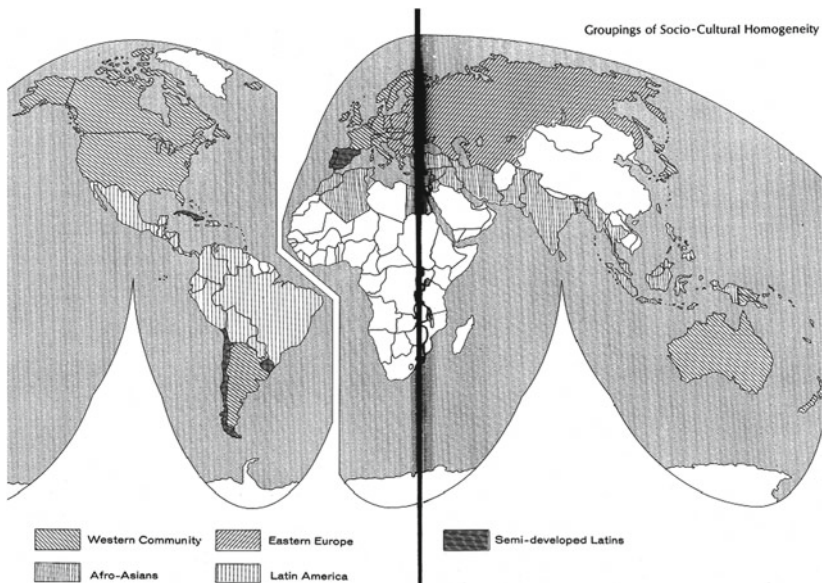
Convention, however, suggests that history of the European civilization starts in about 900 BC in Crete. About 300 BC the Greek civilization primacy was superseded by Rome. Rome gave way to Byzantine around AD 300. Another centre of high culture appears in Muslim Spain in about 900. Three other centres important to European political history, the Carolingian Empire (~800), the Danish Empire (~1000), and Kiev (~1000), are more amorphous entities that do not survive long and do not leave evidence of high culture. In Eastern Europe the Golden Horde flourishes in about 1200. At that time Granada and Byzantine yield their political and cultural supremacy to Italy (~1300). Italy returns them to the Iberian Peninsula and Bosphorus when the Spanish, Portuguese, and Ottoman Empires rise in about 1500. By 1700 the dynamic centres

in Europe shift towards north-western Europe when the Low Countries emerge as the most influential centre. It is superseded by France (~1800), Britain (~1850), Germany (~1900), and the Soviet Union (~1970).²⁵ By no means does conventional European history make a history of a single civilization. It is a sequence of rivalries, conflicts, conquests, rises, and declines of territories with autonomous or semi-autonomous development. There are a number of problems associated with the conventional view of the European history and the concept of *Europeanness* that serve to legitimize the dominance of the EU. Several of them are outlined below.

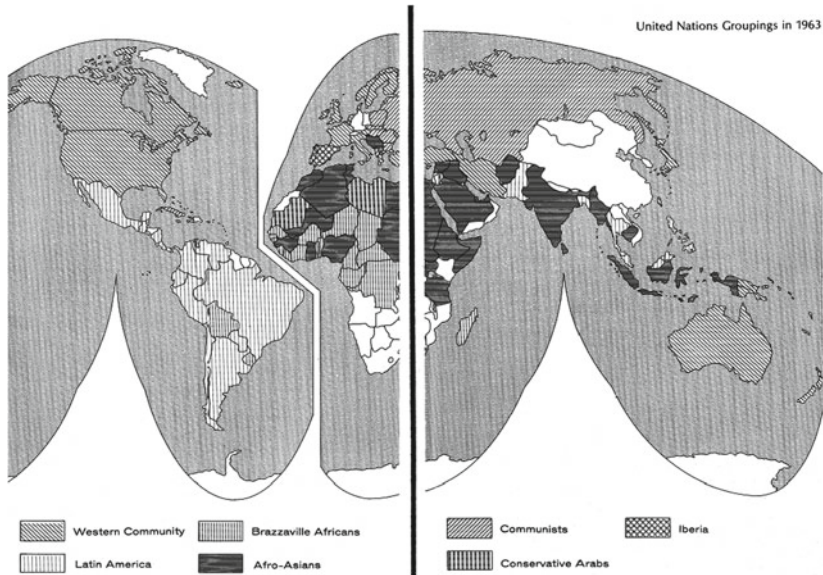
1. It is arbitrary that Greece and not any other preceding or subsequent civilization is chosen as the beginning of Europe. It is true that it was Greek seamen who introduced the word *Europe*, which they used to refer to the territory west of the Aegean Sea counterposing it to *Asia* in the east and *Africa* in the south. These terms received political configurations and were preserved only because Greek autonomy was challenged from the east, west, and south. Apart from this casual factor, there are no reasons to see Ancient Greece as the beginning of the European civilization as Greece had a relation to the preceding Mediterranean and Near Eastern civilizations in no way different from that of Rome and Byzantine to Ancient Greece.
2. Between 900 BC and AD 1600 'European' history is focused exclusively on the Mediterranean region, which today is peripheral to the notion of *Europeanness*. It was not before the seventeenth and eighteenth centuries that Europe became a system linking to the North-West. In this system Poland, Sweden, and Ottoman Turkey were vying for dominance only in the periphery of this order. Russia, a system outsider like Turkey, displaced Sweden and Poland and even transferred its capital to the western coast while pursuing a deliberate policy of 'Westernization'. 'Western Christendom' as the major basis of identification of Europe gave way to the secular concept of 'the civilized world' in 'the West'. German unification further sharpened the concentration of power in the west of Europe after Germany became the central economy essential for the support of European economies in the east, north, and west.

As for the EU Mediterranean region (Spain, Portugal, Greece, and Southern Italy), its truly European character is often disputed.

Paradoxically, it was particularly difficult for the ideologists of the Mediterranean enlargement to persuade themselves in the Western character of Greece, the ‘cradle’ of the European civilization, as it happened to have an Orthodox Christian profile, Ottoman history, ‘authoritarian’ habits, and swarthy population. Spain and Portugal were not identified as part of Western civilization before Spain joined NATO in 1982 (see Maps 4.1, 4.2, and 4.3). Informally, in north-western Europe Spain was considered ‘the beginning of Africa’. North Americans happened to classify Spain and Portugal together with Latin America as ‘regressive’ Iberian civilization different from Western civilization. For example, according to Russett, Argentina, Japan, and Papua New Guinea belong to the ‘Western Community’ while Spain and Portugal do not. In this system, the Western community is opposed to such breath-taking socio-cultural groupings as ‘Brazzaville Africans’, ‘Conservative Arabs’, ‘Afro-Asians’, ‘Semi-developed Latins’, and ‘Communists’ (see Maps 4.1 and 4.2).²⁶

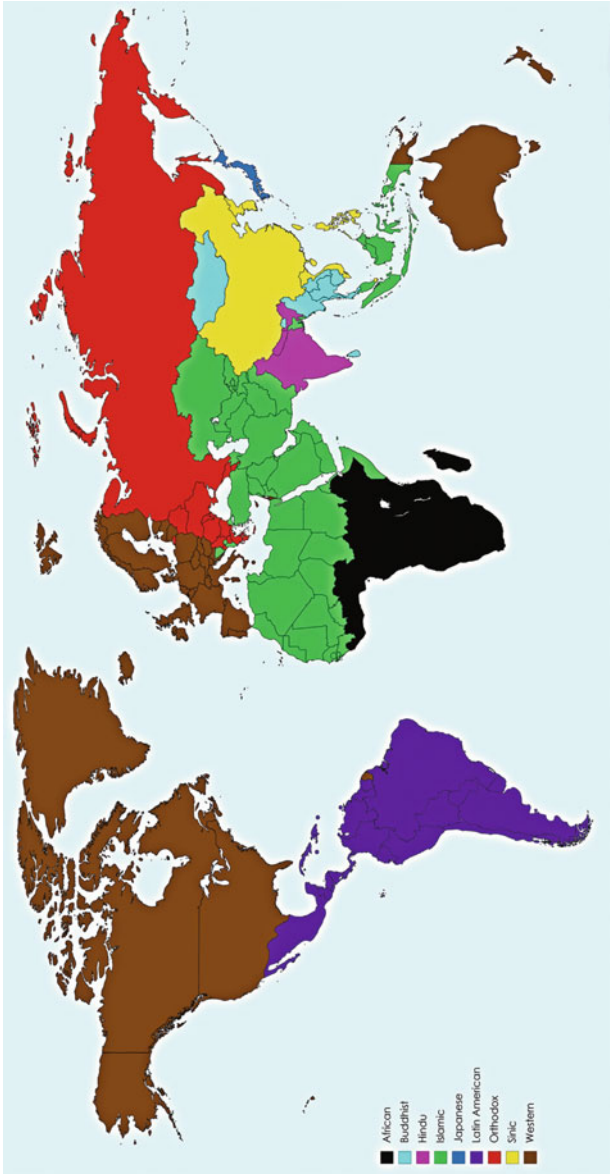


Map 4.1 The world before the Spanish accession to NATO (*Source* Russett, 1975, pp. 26–27)



Map 4.2 The world before the Spanish accession to NATO (*Source* Russett, 1975, pp. 72–73)

3. The concept of *Europeanness* claims to embrace Christianity as historico-cultural legacy. If Protestantism and Catholicism as descendants of Latin Christianity may coexist under a single umbrella with a few tensions, *Europeanness* hardly accommodates Eastern Christendom. Byzantine, Greece, the Balkans, and Russia are considered peripheral to European history even though Greek, Byzantine, and Russian cultural centres in certain periods of history by far exceeded anything existing in Western Europe at the same time. Throughout history, the Orthodox countries have been regularly invaded by Latinists, which compelled their alliances with Muslim neighbours against the aggressors from the West. Russian and Greek elites had a conscious preference to subdue to the Mongol and Ottoman rule rather than to seek the cooperation of Latin Christians against the eastern powers. Muslims and the Orthodox are bearers of civilizations different in many ways from the West. They are shaped by



Map 4.3 The world after the fall of communism (Based on Huntington, 1997, pp. 26–27)

Greco-Roman and ancient Near Eastern elements and share a lot in common despite certain doctrinal differences.

4. Convention fully excludes Islamic history and civilization as part of European heritage. Muslim Spain, Islamic Steppe culture of ancient Ukraine, Golden Horde, and the Ottoman Empire are considered non-European, despite the undeniable fact that they existed for many centuries on the soil that is conventionally defined as Europe. This exclusion reflects a religious prejudice of very long standing, which identified everything admirable with Christianity and abhorred Islam as infidelity and persistently denigrated it. Yet the contribution of Islamic civilizations to the formation of subsequent cultures in Europe is not insignificant. Islam gave a strong impetus to the development of European science. Muslim Spain achieved the highest level of prosperity, civilization, and religious tolerance. Its level of development was rivalled or exceeded only by that of Byzantine, Cairo, Baghdad, and Damascus of that time.

European historiography usually dismisses Mongols as crude barbarians. However, before they appeared in Europe, they borrowed a good deal from their civilized Chinese and Muslim neighbours in their administrative, tax, and military systems. The Ottoman Empire was accepted as a member of the European system only when it was thought useful to contain Austria and Russia. Typically, it was treated as 'the sick man of Europe' to be amputated from its European possessions. A civilizational superiority that allowed Mongols and Ottomans to sustain their huge empires is seldom acknowledged in the West. Only recently did the awareness of EU interests in the Persian Gulf and the desire to have a finger in the Middle East provoke debates about Turkey's 'merits' to join the EU.

5. Central Europe (Poland, Czech Republic, Slovakia, and Hungary) is a predominantly Catholic but non-Germanic region. It has a history of domination by Germans, Austrians, and Russians. Together with ex-Yugoslavia, Bulgaria, and Romania these countries are not fully accepted as European nations because of the Cold War legacy. Respected culturologists in the West seriously discuss such criteria of *non-Europeanness* as the number of years spent under Leninist regimes: the more years spent under the communist rule—the less of a European character the country has.²⁷ Upon accession to the EU, former Soviet bloc countries were 'upgraded' from *Eastern Europe* to *Central Europe*, which shifted the epithet *Eastern* to the

former Soviet Republics of Ukraine, Belarus, and Moldova. There is no doubt that in a few years Central Europeans will refer to themselves as *the West*, passing *Central Europe* to Ukraine and Moldova and leaving the attributive *Eastern* with all its negative connotations exclusively for Russia.²⁸ Some observers have reservations regarding the true ‘European’ character of the new EU entrants, as they believe that the invisible East/West division is rooted in times going far beyond the communist divide:

The imagery of the Cold War was of Europe divided into two halves: ‘their’ Europe and ‘ours’, held in stable tension by the balance between the two alliances. In reality the political, economic, and demographic balance of Europe has been tilted towards a western core region – stretching from south-eastern England through the Low Countries and the Rhine valley, and on through Burgundy and southern Germany into Northern Italy – for the past 1,000 years. 19th- and early 20th-century Eastern and South-Eastern Europe differed sharply from the industrialising states to the west, which were successfully imposing common languages and national identities on their populations. To the east of Berlin and Vienna lay peasant societies speaking a profusion of languages and dialects under imperial rule, with German the prevailing language of towns and commerce. Optimists among the elites of those countries emerging from socialist rule were speaking in 1989–90 of ‘re-joining the West’: implying that their states had been comparable to those of Western Europe in political and economic development before they were subordinated to Soviet rule. Hungary, Poland, the Baltic states had been part of Western Christendom, but they had only experienced the edges of the ‘Great Transformation’ which swept across their Western neighbours before they were overtaken by war and subjugated by Soviet control.²⁹

6. The special character of two ‘Northern’ sub-regions, the British Isles and the Nordic countries, has always been recognized, particularly in the foreign policy area. *Brexit* has demonstrated that European solidarity is not strong enough for Britain to experience some of the inconveniences of EU membership, particularly the arrival and settlement of fellow Europeans from the Continent.

Besides, there are analysts who deny any cultural premises to the EU:

What individual nation-states of Europe hold in common is the existence of symbols, rituals, collective representations and political myths.³⁰

The wealth, the trading power, and the yet untapped potential of the Commission are essentially what make the whole thing work. For all their differences the countries are united in one over-riding ambition: that the rich though they are, there is plenty of opportunity for growing richer still. This is sometimes known as the European ideal.³¹

The contemporary European project has neither historical precedent nor cultural premises. Europe cannot be defined in religious or linguo-cultural terms (Christian, Jewish, Muslim; Romance, Germanic, Slavic). In the list of historical influences that form 'the unique European civilization' one can usually find Greek philosophy, Roman law, Christianity, the Enlightenment, the Scientific Revolution, the triumph of Reason, imperialism, technological progress, tolerance, *savoir-vivre*, individualism, liberal economics, parliamentary democracy, and human rights.³² This conception of history is uncritically selective and chauvinistic.³³ What makes this list exclusively European and applicable to whole of Europe is rarely addressed. It perpetuates the myths of imperial elite formation and turns the history of Europe into 'a genealogy of progress'³⁴ or the 'Plato to NATO'³⁵ conception of the European civilization.

Membership in the EU and NATO has become the decisive criterion for passing a nation as a part of the European civilization. Non-members like Belarus or Serbia are 'definitely' non-European in spirit. Yet this criterion is political, and it characterizes the EU as a power rather than civilizational project. Definitions of *Europeanness* through notions other than the EU and NATO are unable to produce any tangible cultural or historic references that would not be at odds with historical facts or common sense. For example, Laitin asserts that the common cultural base of Europe is based on the fact that most Europeans speak one, two, or three languages (regional, national, and English). He calls this ' 2 ± 1 cultural configuration' or ' 2 ± 1 language configuration'.³⁶ It is not clear what makes this 'configuration' European as it can easily suit any other continent. Besides, people 'develop multilingual abilities' 'more for instrumental purposes rather than a desire to become steeped in other cultures'.³⁷ The only uncontested definition of Europe that is not disappointing to anyone is in terms of physical geography: the Western part of Eurasia separated from Asia by the Ural Mountains, the Ural River, Caspian Sea,

the Caucasus, Black Sea, the Bosphorus, the Sea of Marmara, and the Aegean Sea. However, even this definition is arbitrary. It can function without disappointments only when it is not prescribed any cultural or political meaning. For example, Georgia may take offence if it is classified as an Asian country, which it is.

Nevertheless, the EU often evokes culture 'as a rhetorical blanket, a repository of European distinctions, a colourful decoration, hiding some purist and essentialist assumptions about the nature of European culture and idealistic notions that culture is some sort of an absolute good. And yet, all international turbulences have confirmed culture as a field of tensions and conflict, a realm of rivalry, heterogeneity more than harmony, hegemony more than equality, monopolistic pressures more than diversity.'³⁸ As the definitions of cultural Europe are dominated by the discourses produced with the top-down elitist approach by bureaucrats and marketing professionals in northwestern Europe, they inevitably contradict the experiences of ordinary citizens and the region's periphery. Tensions occur among the implied first-, second-, or third-rate European nations that respond to the propagandistic criteria in different ways. Attitudes in the wealthy core display prejudices against huge populations with a socialist past, with Muslim or Orthodox heritage, or speaking in Slavic languages.

The deep historical and cultural divisions among EU members represent one of the most serious problems of the EU legitimacy. Due to the lack of tangible cultural criteria the EU's cultural management offers pseudo-cultural definition of Europe through excellence and benevolence. As a result, 'European culture' is equated with 'Western Civilization' as opposed to 'African barbarism' or 'Oriental despotism'. This type of identity is largely negative as it is defined against non-European competitors and third-country aliens. Praising an exclusive European character and virtue pays lip service to Europe. The implied superiority of European culture (Christian civilization or 'White Continentalism'³⁹) and the great patrimony of European ideas exacerbate tensions between EU insiders and outsiders. Despite the turbulence in transatlantic political relations and outcries against an intrusive 'Hollywood culture' from Europe, a large part of the Oriental and Black anti-Western rhetoric rejects with resentment and anger the entire Western culture as immoral, making no distinction between the USA and the EU.⁴⁰

The concept of ‘the West’ as well was invented purely for political reasons. The discourse of a ‘Western civilization’ was launched with the purpose to improve the image of post-WW2 Germany, and to justify the Marshall Plan’s spending on West Germany and its integration into the Euro-Atlantic institutional mainstream of NATO.⁴¹ Even though the West is even more difficult to define in cultural terms than Europe, attempts to do so occur from time to time: ‘The various countries lumped together under the rubric of “the West” conventionally celebrate certain features that differentiate them from the rest of the world: democracy, rational government, scientific and technological inventiveness, individualism, and certain ethical and cultural commitments’.⁴²

The concepts of ‘the West’ and of ‘the rest’ are further defined and re-defined depending on changing circumstances. Inspired by the earlier work of Russett, Huntington offers his own map of world civilizations making adjustments for the time factor (Map 4.3).⁴³ Like Russett, he keeps Papua New Guinea in the domain of the ‘Western civilization’, but he extends the West to encompass more recent NATO adherents: ‘semi-developed Latins’ from Spain and Portugal and Eastern European countries. ‘Communists’ with their culture are now defeated and their lands become ‘Orthodox’. Increased attention to Middle Eastern oil causes the emergence of the ‘Islamic civilization’ out from Russett’s broader category ‘Afro-Asians’. Notably, growing concerns about the rise of Chinese power upgrade China to a ‘Sinic civilization’ from nothing in the earlier Russett’s work. All in all, Huntington divides the world into nine geo-cultural areas and attributes international conflicts to cultural misunderstandings rather than to the strivings for domination and the competition for resources.

The ideas of Japanese Ambassador Yoshiji Nogami illustrate the transient and phantasmagorical nature of the ‘Western civilization’ concept better than anything else. In one of his speeches to a British audience Nogami characterized Japan as a ‘truly Western’ society, which shared the values and ideals of the West. Even though Japan was not a formal member of the EU, it belonged to the EU ‘emotionally and spiritually’. In answer to the question why Japan was obstructing Russian participation in Asia-Pacific cooperation fora, Nogami replied that Russia was a Western power, which simply extended itself to Asian soil without a sense of belonging there. In contrast to Japan, ‘Muscovites’ hearts’ were not in Asia, and therefore Asia-Pacific was not their business.⁴⁴ Asia-Pacific remained Japan’s business despite the ‘truly Western character’ of the

Japanese society. Nowadays Britain itself is leaving the EU, but besides *Brexit*, we may also witness weakening Britain's bonds with the rest of the West, the USA. In 2018 leaders of China and the USA visited London. For the duration of the visits, democratically elected Donald Trump kept receiving insults, while his major geoeconomic rival and lifelong dictator Xi Jinping was transported around in Her Majesty's carriage. As happens, values often turn a rhetorical exercise easily forgotten in pursuits of material benefits.

A number of observers believe that not only does cultural diversity in Europe represent a significant obstacle to integration and undermines the political project, but that it makes the EU a meaningless enterprise. According to them the EU has a haphazard historical character and operates through fragmented and partial arrangements. It pursues fairly bad policies as their evaluation is based only on market results, which separate people instead of uniting them:

The European Communities were steps to a federation that might have to operate indefinitely in intermediate zones. It was federal minimalism confined to certain economic areas. The creators of the Community were surprisingly ignorant of, and indifferent to, historical precedent. The system corresponds to no previous constitutional form.⁴⁵

The history of the formation of an 'ever-closer union' has followed a consistent pattern: the real or apparent logic of mutual economic advantage not sufficing to account for the complexity of its formal arrangements, there has been invoked a sort of ontological ethic of political community; projected backward, the latter is then adduced to account for the gains made thus far and to justify further unificatory efforts. It is hard to resist recalling George Santayana's definition of fanaticism: redoubling your efforts when you have forgotten your aims.⁴⁶

Indeed, if the definition of culture is not confined to fine arts and music but spills into issues of economic life, government, and sovereignty, unbalanced standardization targeting only economic aspects is fraught with conflicts not only among economic agents, but also in relationships among economic and non-economic spheres of life. 'Culture' cannot be separated from other areas of integration because it is present in all.⁴⁷ To leave aside the concept of citizenship, it is clear that the lack of 'fellow feeling' among Europeans is undermining even the formation of the single market through the unfavourable conditions for labour mobility and

the formation of consumer market set for Eastern Europe. The rhetoric of 'unity within diversity' can hardly hope to solve the substantive problems involved, and a championing of regional interests over those of nation-states may lead to fragmentation rather than integration.⁴⁸

4.2.2 *Eurasianness as a Non-Factor of Eurasian Integration*

Eurasianness is even less suitable for the analysis of regional integration than *Europeanness*. It first appeared in the works of Nikolaj Trubetskij (1890–1938) and received many supporters who used it in their deliberations about common destiny of the peoples who found themselves first living in the Russian Empire and then in the USSR. The users of the term usually define Eurasia as an internal continental space of the Eurasian Continent, which generally coincides with the territory of the former USSR and its satellite state of Mongolia, and is characterized by a certain degree of landscape, climatic, historic, and cultural coherence. Eurasia is classified as a separate cultural and geographic world, or a socio-cultural type, or a civilization, which is different both from Europe and Asia, implying that the peoples of Eurasia share commonalities setting them apart from Europeans and Asians. *Eurasianness* is often used as an ideology to promote and justify post-Soviet integration of which the EAEU is currently the most notable example.

Opponents of the Eurasianist concept emphasize its internal contradictions, incongruity with reality while defining it as a manifestation of illusionary and mythological conscience.⁴⁹ Kaganskij, one of the strongest critics, characterizes it as 'a late variation of geographic determinism combining enlightenment and romanticism, cult of soil and nature, an intellectual belief in explicable superpower of land and mysticism of the Earth'.⁵⁰ He places the subject outwith of the scientific enquiry.⁵¹ However, he recognizes that *Eurasianness* increasingly functions as a scientific base for Russia's politics even in liberal circles.⁵² The notion surely gets its second wind after 1991 due to the necessity of the management and integration of the post-Soviet space.

Eurasianists believe that there is a great deal of interest in their subject among serious scholars who do recognize the existence of 'culturally relevant issues' beyond the term. In most literature, *Eurasianness* is usually classified as a subject of philosophy of history. Therefore, the evaluation of *Eurasianness* as a spiritual notion combining elements of utopia, myth, mysticism, religion, and romanticism does not contradict to its status.

According to Florovskij, the truth of *Eurasianness* is the ‘truth of questions, not the truth of answers, the truth of problems and not of their solutions’.⁵³ Within such a minimalist approach, *Eurasianness* may have no flaws because philosophy in general is the type of activity, which is more successful in posing questions than finding persuasive answers. The approach satisfies its adherents by suggesting that the ability of raising questions is already a manifestation of a certain mental activity.

Eurasianists contest whether Eurasia is a mixture of European and Asian features in their interaction on the Eurasian soil or whether it is something separate and distinct, which has emerged on this specific territory. Discussions of such character are flawed from the beginning because there are no starting points in defining Europe and Asia. The specificity of Russia is often discussed as *Eurasianness*, which makes the term akin to *Slavophilism* in the context of Russia’s contradictions with the West, the problem of Russia’s cultural orientation to the West or to the East, and the problem of identification of Russia’s origins in Kiev, Golden Horde or anywhere else. Compared to *Slavophilism*, *Eurasianness* triggers Russia more eastwards. According to Karamzin, the *Eurasianness* of Russia is in its belonging neither to Europe nor Asia, but its prominence over the two in the North.⁵⁴ Eurasia itself may be differentiated along North/South lines: somewhat more advanced Slavic and Christian Northern Eurasia and less developed Islamic and predominantly Turkic Eurasia. Therefore, it may be problematic to analyze these two ‘Eurasias’ together as one notion. *Eurasianness* is a Russian invention, but it has been exported to Central Asia, and has received some support among Central Asian intellectuals like Olzhas Suleimenov and Chingiz Aitmatov.⁵⁵

A great deal of Eurasianists’ elaborations are based on emotions, subjective judgments, and insinuations: ‘With all the deep, nearly fundamental differences of the national psychological and physical types, a Japanese of a humble background and a Russian are brotherly more close to each other than to Europeans’.⁵⁶ ‘Two souls live in the Russian soul: the Russian soul, and, since Batu Khan, the Asian soul.’⁵⁷ Gorkij is of a similar opinion about the Russian soul consisting of the soul of a Slav and the soul of a Mongol.⁵⁸ Evaluations of the Russian soul are more often complimentary than critical. As figures of speech, such metaphors and emotions are fine. However, it is disappointing when they become subjects of more serious discussions or serve as starting points for bizarre theoretical constructions or grounds for important foreign policy decisions.

Eurasianists often discuss Russia's unique geographic position, climate, and natural environment. Thus Christian distinguishes between Outer Eurasia and Inner Eurasia, the latter including post-Soviet states, Mongolia and Turkic lands of China. He defines this mega-region primarily in geographical terms identifying the following features affecting its development: (1) broad plains and the lack of geographic obstacles that provided opportunity for military expansions of huge empires, including the Mongol and Russian empires; (2) climatic features that made agricultural production difficult; (3) lower population density due to the harshness of climate and limited agricultural production.⁵⁹ These features of Inner Eurasia had implications for certain economic practices and types of socio-political organization that helped it to resist the domination of better-developed powers in Outer Eurasia. However, they have hardly had any implications for the emergence of a certain Eurasian culture or identity that would be useful in the construction of the EAEU.

Most of Eurasianists' analyzes speak about the role of Russians and Mongols in the formation of the Eurasian world, and they somehow miss Turks who outnumber Mongols 15 times in population. However, even the Slavic-Mongolic-Turkic triad is not inclusive of all the ethnic groups not only of the former USSR, but also of Russia, including its most troubled region of Northern Caucasus. There is another problem in that all major ethno-linguistic groups of Eurasia are separated by the Eurasian borders and find significant or even predominant chunks of themselves outside Eurasia. This is the case with Slavs, Finnish, and Ugric people many of whom are in Europe. The majority of Turks are forming a separate centre of power, Turkey, which has never been considered a part of Eurasia. Mongolia is not forming a part of *russkij mir*, and the majority of Mongols reside in China. There were limits to the expansion of the Mongol, Turkic, and Russian Empires and of the USSR posed by physical geography and resistance of other organized populations and states, but it is certainly a stretch to conclude that the peoples of Eurasia share among themselves more common features than they do with their close relatives across Eurasia's imaginary borders, who have not been ruled by Mongols or Moscow and St Petersburg. Thus Eurasia may not be defined in ethno-cultural terms. Like Europe, it is a political notion appealing to history and culture for the legitimacy of expansionist policies.

Nobody has so far offered a standard nomenclature of values of the Eurasian world. On the basis of a questionable list of values of the 'European civilization' set up by Kottje⁶⁰ some scholars are concluding that

the majority of these European values coincide with the values of Mongols personified by Genghis Khan. They refer to the list of Genghis Khan's values formulated by Trubetskoj—nobody knows how he has been able to achieve it.⁶¹ According to the source, the shared values of Europeans and Eurasians are ethically responsible freedom, solidarity, separation of clerical and civil power, fair laws, spiritual pluralism, symbiosis of cultures, order and system, logic, and critical common sense. The listed differences are the primacy of action in Eurasia instead of the primacy of idea in Europe, the primacy of will instead of the primacy of reason, fatalism instead of mission and hope, personal obligations instead of personal rights. The scholars note that Europe is characterized by change and progress while Asia by stillness and stagnation. The culture of Mongolia, and therefore of Eurasia, in their view, is oriented towards motion.⁶²

The specific features of the peoples of Eurasia are the value of mixture of blood, life in borderlands, brotherhood, and strong will.⁶³ Further, it is asserted that all ethnicities of Eurasia (Slavic, Turkic, Mongolic, Ugro-Finnish, and Paleoasians of the North) share common mythological plots and images, values, cultural archetypes, and social constants. 'The identification of such ideational, value and socio-political invariants is the key task of the scholars who share the Eurasian concept.'⁶⁴ Therefore, these scholars operate with *Eurasianness* as though it is a religion. At first, it has to be accepted as given, later, if any problems arise, they can be made up for. Clearly, ambiguities and openness to various interpretations keep *Eurasianness* afloat in many instances when it should have been abandoned. Trubetskoj himself refuted his studies and conclusions by the end of his life.

4.3 THE RUSSIAN LANGUAGE AND RUSSIAN-LANGUAGE DIASPORAS AFTER 1991

The common contemporary Eurasian or post-Soviet identity, if it exists, has little to do with Genghis Khan, Batu Khan, Mongolia, and the mysterious Russian soul. The contemporary Eurasia has experienced a strong homogenizing effect of the Russian Empire, the USSR, and the Russian language. While the former two are no longer around, the Russian language and Russian-speaking populations remain important factors of regional cohesion in the EAEU. The following paragraphs discuss what has happened to them since the break-up of the USSR.

Belarus

After independence the relative number of Belarusians in Belarus has increased. The decline in the relative share of Russians, Ukrainians, Jews, and Poles is explained not only by possible emigration, but also by assimilation and people's changing their ethnic self-identification (Table 4.2). Belarusians are Russian-speaking, and Belarus is the only country in the world besides Russia where Russian is the official language of state. For 87–95% of Belarus's population, Russian is the preferred language in formal contexts and in everyday life.⁶⁵ Similar figures characterize the preference for Russian among the population of Russia. From the point of view of regional integration, a discussion of linguistic and cultural differences between Russia and Belarus is irrelevant, because cultural differences and variations within Russia outnumber any worthy points of contrast between Russia and Belarus. In the context of the EAEU, the two may be considered as a single pole of the dominating culture. However, despite cultural affinity and despite Belarus being the main benefactor of the EAEU, public opinion polls reveal that the level of support for the EAEU by Belarusians is the lowest among all EAEU nations.⁶⁶

Therefore, Belarusian nationalism is not to be disregarded. In 1990 the Parliament announced Belarusian the only official state language,⁶⁷ and the policy of Belarusification was launched through an official programme targeting the elimination of Russian from official use.⁶⁸ Belarusification soon produced tensions, as by mid-1994 Russian-speakers found themselves having only 5% of Russian schools. 30% of schools used Russian-Belarusian mix, and 65% were exclusively Belarusian.⁶⁹ State organizations struggled with the production of paperwork in Belarusian, and absurd situations arose all the time when schools called for meetings of

Table 4.2 The percentage of the largest ethnic groups of Belarus in relation to total population

	1989 (%)	1999 (%)	2009 (%)
Belarusians	77.86	81.22	83.73
Russians	13.22	11.37	8.26
Poles	4.11	3.94	3.10
Ukrainians	2.87	2.36	1.67
Jews	1.10	0.28	0.14

Source Population censuses

teachers of Belarusian to discuss and proofread their outgoing documents. Other organizations were less fortunate because they did not have such expertise. Therefore, in the 1995 referendum 83.3% of participants voted for the official status of Russian. Since then the trend towards Belarusification was reversed, and by 2007 already 81.5% of all schoolchildren and 90% of tertiary students were taught in Russian.⁷⁰

By 2008–2009 President Lukashenko announced several times that the language question in Belarus had been resolved forever, and that the question of integration with Russia was no longer a subject for debates. However, Belarusification revived along with the announced goals of Belarus's rapprochement with Europe. As in practical terms Belarusian could not challenge Russian in everyday life, the manifestations of Belarusification targeted toponyms, signs, and posters. All names of the Minsk subway system were replaced by Belarusian names written in Latin script with diacritics in a pseudo-Polish manner—not a single person in Belarus had ever been taught how to read them.

A court ruling in 2013 ordered a fine to a director of a housing maintenance company in Minsk for a response to a client in Russian. The claimant was a blogger who abused the law for publicity reasons.⁷¹ Belarusification gained strength after Crimea joined Russia. The manifestations of enthusiasm of the Crimean population in this regard scared the Belarusian leadership who realized that a stronger awareness of Belarussianness was needed to preserve Belarus as a separate state. New old legends about Belarusians being russified Poles or Lithuanians resurrected. In 2016 three pro-Russian writers were jailed for their strong expressions against Belarusification and Lukashenko's alliance with Ukrainian-style nationalists.⁷²

Yet a Russian-speaker will not experience any discomfort in Belarus. On the contrary, Belarusian nationalists complain that Russian is replacing vulnerable Belarusian in education, state bureaucracy, mass media, and publishing. In 2011–2014 only 10% of titles of all books published in Belarus came in Belarusian. The small circulations of these books in the range of 300–1200 copies made them expensive and inaccessible.⁷³ A number of citizens perceive the mere fact of existence of the Belarusian state as an anomaly or irregularity, which may be eliminated by the incorporation of the Belarusian six provinces into the Russian Federation.⁷⁴ In 2018 Lukashenko expressed his concerns about possible incorporation into Russia with the following words: 'We are at war. If we do not survive these years and fail, we'll have to join some other state or they

will use us to wipe their feet. God forbids, they may launch a war as in Ukraine'.⁷⁵ Belarusification will certainly fluctuate depending on the dynamic of Russian-Belarusian relations, but it is unlikely to succeed given its collapse in 1995.

Kazakhstan

Even though Kazakhstan's leader Nursultan Nazarbayev is officially proclaimed the prophet of the EAEU and is one of its three founding fathers,⁷⁶ the country under his rule is not drifting towards Russia spiritually, culturally and linguistically. Since 1991 it is pursuing policies targeting the strengthening of the Kazakh language and the position of Kazakhs in the government and social life. These policies have been responsible for the large emigration of non-Kazakhs. Whereas several million Russian-speakers left the country since independence, over a million Kazakhs from the surrounding countries came.⁷⁷ Kazakhstan is sponsoring official repatriation programmes for ethnic Kazakhs, providing substantial funds for resettlement. These programmes cause concerns among non-Kazakhs in conditions of their continuing emigration. No measures are taken to stabilize this process and improve the situation of the Russian-speaking communities. Table 4.3 illustrates the significant change in the country's ethnic composition since independence.

Kazakhization began with the 1990 *Declaration of State Sovereignty* establishing that Kazakhs were the state-forming nation and constituted

Table 4.3 The percentage of the largest ethnic groups of Kazakhstan in relation to total population

<i>Ethnicity</i>	<i>1989 census (%)</i>	<i>1999 census (%)</i>	<i>2009 census (%)</i>	<i>2016 estimation (%)</i>
Kazakhs	39	53	63	66
Russians	36	30	24	21
Germans	6	2	1	1
Ukrainians	5	4	2	1.5
Uzbeks	2			3
Tartars	2			1
Uyghurs	1			1.5

Source Statistical Agency of the Republic of Kazakhstan

the ethno-cultural nucleus of the Kazakh statehood.⁷⁸ A 1991 Constitutional Law emphasized the right of the Kazakh nation for self-determination,⁷⁹ and the 1993 Constitution described the Kazakh state as a result of self-determination of the Kazakh people.⁸⁰ The following Constitution of 1995 referred to the population of Kazakhstan as *people of Kazakhstan* without making a distinction between Kazakhs and non-Kazakhs.⁸¹ However, it did establish the Kazakh language as the only *state* language, even though its usage was far more limited than that of Russian. Even though the 1997 Law *Languages in the Republic of Kazakhstan* gave Russian the status of *official* language and language of communication among Kazakhstani various ethnicities, it stipulated that 'Every citizen of the Republic of Kazakhstan has a duty to master the state language, which is the most important factor of consolidation of the Kazakhstani nation'.⁸²

Prior to independence Russian was the exclusive language of all written government bureaucracy, of higher education and of specialized secondary education. Even today, the majority of Russian-speakers are not Russians, but Kazakhs who do not speak Kazakh or speak it as a second language, and representatives of other ethnic groups using Russian as their first or second language. Kazakhization is causing discomfort to these people, as Kazakh, despite its low communication value, is increasingly used in state bureaucracy, and the lack of its knowledge closes windows of opportunity for non-Kazakhs. The knowledge of Kazakh is unlikely to rescue non-Kazakhs from instances of discrimination. A simple switch in self-identification from Russian to Kazakh is impossible, as there is a barrier for this posed by race.

The results of the 1989 population census indicated that representation of Kazakhs in the government exceeded their share of general population, and this became more apparent after independence. In 2002 Kazakhs made up to 90% of the administrative elite,⁸³ and there were no non-Kazakh names among directors of Kazakhstani universities in 2008.⁸⁴ These disproportions existed despite the fact that formally there was no requirement to know Kazakh in any occupation. However, an official list of jobs requiring the knowledge of Kazakh arrived soon. It helped to clear Kazakhstani police, army, security service, all courts of law, and all prosecution offices of non-Kazakhs and only Kazakhs remained employed in these crucial areas of state government.⁸⁵ In 1997 Kazakhstan implemented an administrative and territorial reform with evidence of ethnic

gerrymandering. Russian-speaking territories were split and their fragments were incorporated into bigger Kazakh units to eliminate administrative units with ethnic Russian majority.⁸⁶

An open letter of Uralsk Cossacks to Putin in 2000 asked the Russian President to stop *the genocide of Russians* in Kazakhstan and indicated that ‘as a result of aggressive nationalist policies of Kazakh authorities’ Russians were being pushed out from Kazakhstan, and that three million left the country between 1991 and 2000, which constituted a quarter of total Kazakhstan’s population. The letter said that Russian schools were being closed and Russian history was falsified. ‘Nevertheless, we do not wish to leave our homeland and graves of our ancestors.’⁸⁷ The letter received no response from the Kremlin.

Since 1991 Kazakhstani authorities have been massively renaming toponyms without consultation with residents.⁸⁸ The renaming involved major cities, including the capital and the former capital. Kazakh names were given to many places, which had never had Kazakh names before. Some of the places changed their names three or four times over a short period since independence due to errors or various considerations. According to Nazarbayev, ‘The leadership of the country will always prioritize onomastics. There is no need to be shy about it. The names we inherited from the colonial period compromise honour and dignity of our people, do not correspond to the proper historic names, and hurt our ears by dissonance. They will be changed’.⁸⁹ Renaming reached culmination in 2014 when Nazarbayev offered a new name to the country: *Kazak Eli* with the meaning of *Kazakh Nation*. He motivated his proposal by a desire to avoid the negative connotation that the element *-stan* causes in Western Europe and North America. Kazakhstanis rumour that only an informal call from Putin made Nazarbayev abandon this idea, as it was clear that *Kazak Eli* was crossing the lines. In 2016 both chambers of the national parliament unanimously voted to rename capital Astana to *Nursultan* in honour of the First President.⁹⁰

In 2001 an official state programme requiring a gradual transition to the maintenance of all state bureaucracy in Kazakh by 2010 was adopted, but it did not achieve its goals.⁹¹ However, the population often receives communications from the government in Kazakh only. People do not understand the letters and when they go to government offices, they try different doors before they find the right one, as they do not understand job titles written on the doors either. The mentioned programme stipulated that all government employees would be subject to a Kazakh test

except those over 50 years of age. The programme maintained that a large number of Russian-language schools and pre-schools would be closed. In 2008 Karim Maximov, the Prime Minister, stressed that Kazakhstan was not going to recognize Russian as the second language of state: 'Everybody speaks Russian anyway, but by far not everybody speaks Kazakh'.⁹²

In 2007 the government adopted a concept of 'the language triad' proposing the emphasis on Kazakh, Russian, and English. During his visit to Almaty, the Director of the University of Seattle Centre for the Study of Central Asia and Kazakhstan complimented this initiative, but warned that the demand for Kazakh as the state language was low. In 2009 124 Kazakh public figures wrote a collective letter against the triad, saying that it will kill Kazakh and will make Russian and English flourish in full bloom.

In 2011 the Ministry of Culture prepared a draft law according to which all local and central government documentation and all communications between authorities and citizens had to be maintained in Kazakh only. The Slavic Movement *Lad* reacted to this proposal by saying that it came from the anti-Russian lobby, which radicalized the language issue in order to break relations with Russia and exclude the *official* Russian from all official domains converting it to a language of dining-room chats. The Movement stated that this law would advance the goals of building a Kazakh nationalist state with exclusion and discrimination of non-Kazakhs, thus breaking stability and balance of inter-ethnic relations.⁹³

At the same time a group of prominent Kazakh figures demanded elimination of the official status of Russian and placing a ban on its use in official and public spheres, because they saw Russian as a threat to the development of Kazakh.⁹⁴ The government quickly responded that this would not be possible given the opinion of the majority of the electorate, and that measures to support Kazakh had to be softer. As a softer measure, Nazarbayev announced that by 2025 Kazakh would switch from Cyrillic script to Latin to become *a language of contemporary information*. This certainly implied a distancing from Russian. According to Nazarbayev, by 2025 Kazakh will become the leading language in all spheres of the country's life.⁹⁵

In education, enrolments in Kazakh schools and colleges grew relative to enrolments in Russian schools faster than rates of decline of the Russian-speaking population. The number of students in the remaining Russian schools increased, making class sizes bigger. In 1995 average enrolment in Russian schools was 641 students, and 385 students in

Table 4.4 Number of secondary school students taught in Russian and Kazakh in relation to the total number of students

	<i>Russian (%)</i>	<i>Kazakh (%)</i>
2009	36	61
2013/2014	32	68

Source Statistical Agency of the Republic of Kazakhstan

Table 4.5 Number of tertiary education students taught in Russian and Kazakh in relation to the total number of students

	<i>Russian (%)</i>	<i>Kazakh (%)</i>
1990	100	0
2000	68	32
2009	51	48
2015	63	34

Source Statistical Agency of the Republic of Kazakhstan

Kazakh schools.⁹⁶ Russian schools were also receiving less funding per student. Instances of discrimination were common. In 1995 only 14.6% of admitted students to the Kazakh State University were Russians, while 79.5% were Kazakhs.⁹⁷ In 2008 *Bolashak* scholarships covering full study abroad tuition and maintenance began to require advanced knowledge of Kazakh, which made them inaccessible to non-Kazakhs. In 2010 the Minister of Culture informed that the mandatory university course *History of Kazakhstan* would only be taught in Kazakh (Tables 4.4 and 4.5).

The described situation reflects the core problem of Kazakhstan's existence. It is difficult to make it a country for Kazakhs only when many non-Kazakhs still live there. If it is a country for all, then it ends up looking not too different from neighbouring Russian provinces of *Bashkortostan* and *Buryatia*. Despite Eurasian integration, any calls for separatism or reunification with Russia are punished by up to ten-year sentences.⁹⁸ Several Kazakhstanis were jailed for five years for posts in social media expressing solidarity with Ukrainian separatists of Donetsk, Lugansk, and Crimea.

Kyrgyzstan

The situation in Kyrgyzstan is similar to the one in Kazakhstan. While Kyrgyz is the *state* language, Russian is the *official* language. The majority of Russian-speakers in Kyrgyzstan are not Russians, but Kyrgyzes who

do not speak Kyrgyz or speak it as a second language, and representatives of other ethnicities. Kyrgyzstan has also experienced a large emigration of Russian-speaking population since independence, which resulted in the increase in the share of Kyrgyzes in relation to total population. State-building in Kyrgyzstan is implemented on the basis of the Kyrgyz national culture and language. There are proposals to further exclude Russian from official spheres. They usually come from the government, where 91% of offices are held by Kyrgyzes.⁹⁹ These proposals transform into formal restrictions and result in the reduction of formal and informal use of Russian.¹⁰⁰

The difference with Kazakhstan is that Kyrgyz nationalism is less strongly anti-Russian. Kyrgyzstan is a smaller and poorer country that has to rely more on aid from Russia. Russia is helping to resolve the Kyrgyz/Uzbek conflict in favour of Kyrgyzes. Kyrgyzstan has no common border with Russia and, therefore, no fears of territorial disputes. Another difference with Kazakhstan is the sub-division of Kyrgyzstan into two major population areas with very different linguistic situations: North (mainly Chuy Province) and South-West (three provinces of the Fergana Valley). While capital Bishkek and Chuy Province around it are Russian-speaking like most of Kazakhstan is, the Kyrgyzstani Fergana Valley is a different world where Russian is normally neither spoken nor understood. The three South-West provinces have a significant Uzbek minority, peaking at 44% in the city of Osh.¹⁰¹ Significant numbers of the Uzbek rural population speak neither *state* Kyrgyz, nor *official* Russian. The total population of the Fergana Valley provinces makes up half of Kyrgyzstan's population, which roughly corresponds to the number of people who did not report knowledge of Russian nationwide (Table 4.6).¹⁰²

In 1989 Kyrgyzstan began the official policy of elimination of Russian in secondary and higher education, including both the reduction of Russian-language programmes and the reduction of student enrolment in these programmes. The total number of secondary schools grew from 1677 to 1840 between 1989 and 1995, but the number of Russian schools decreased from 266 to 122.¹⁰³ In Bishkek the number of secondary Russian-language schools decreased by 22.5%, in Chuy province by 33%, and in Osh and Zhalalabat provinces by 62%.¹⁰⁴ In 1995 the average number of students in Russian schools was 1750, and in Kyrgyz schools 531.¹⁰⁵ Russian schools are subject to bigger funding cuts than Kyrgyz schools. In Osh, secondary school groups with Russian as language of instruction have up to 50–60 students, and three

Table 4.6 The percentage of selected ethnic groups of Kyrgyzstan in relation to total population

	1959 (%)	1989 (%)	1999 (%)	2009 (%)	2016 (%)
Kyrgyzes	40.52	52.37	64.86	70.95	72.98
Russians	30.20	21.53	12.51	7.82	5.99
Ukrainians	6.64	2.54	1.05	0.41	0.21
Tartars	2.72	1.65	0.94	0.59	0.46
Germans	1.93	2.38	0.45	0.18	0.14
Uzbeks	10.59	12.92	13.79	14.33	14.60

Source Population censuses

students are seated at a desk meant for two.¹⁰⁶ School 4 of Osh was built for 1200 students, but there are 3500 children studying there.¹⁰⁷ Numerous facts of discrimination have been recorded. For example, in 1996 no applications were accepted from Slavic-looking applicants to the Kyrgyz-Arab Faculty of the Architecture and Construction Institute.¹⁰⁸

Nevertheless, Russian remains an important language in the educational system: 65% of attendees of pre-schools, 18% of secondary schools students, and 90% of tertiary students nationwide receive education in Russian.¹⁰⁹ There are estimations that 55% of Kyrgyz teenagers in Bishkek speak no other language than Russian.¹¹⁰ 83.7% of the population were against the elimination of the official status of Russian in 2006.¹¹¹ Any visitor to Bishkek will be surprised to find out that Kyrgyz railways, including their single domestic service, still operate on Moscow time, 28 years after independence, even after Russian railways abandoned Moscow time by switching to local time.

Armenia

Armenia is practically a monoethnic state with Armenians making up over 98% of population. The relative number of non-Armenians in Armenia since 1991 decreased, but this decrease has been relatively insignificant. Armenia is the only country of the EAEU where Russian has no official status, and where there are no educational institutions with Russian being the language of instruction. However, Russian remains a mandatory subject in secondary schools. Some 70% of Armenians know Russian to some extent.¹¹² The level of competence in Russian significantly declined after independence. After 1991 Russian stopped being the major language of

Armenian bureaucracy and research, and instruction in many Russian secondary schools and tertiary institutions quickly switched to Armenian. Independence converted Russian from a second language to a foreign language both *de jure* and *de facto*.

4.4 RELIGIOUS AND RACIAL DIVISIONS

In addition to language, Eurasians are divided by religion and race, both of which are components of ethnicity. Inter-ethnic conflicts arise as anywhere else, but it should not be possible to attribute any of them specifically to religion. In the EAEU Orthodox Christianity and Islam are on the ground, but also Judaism and Buddhism. Due to the atheist tradition of the USSR, religion plays a limited role in the societies. However, Eurasians look differently. Most Russians and Belarusians are lighter Caucasian types, while Central Asians are Mongoloid and residents of North Caucasus and Transcaucasia are darker Caucasian types. Therefore, race may be an accompanying cause of inter-ethnic conflicts.

For example, in 2013 an Armenian truck driver accidentally hit a public bus in the Province of Moscow. As a result, 18 passengers were killed and over 60 wounded.¹¹³ The driver was wounded himself, and his clothes were cut by physicians when he was receiving emergency treatment. After completion of his medical treatment the police interrupted his medication sleep and brought him for proceedings to a court dressed only in an old female gown, most likely from a diseased patient. In the court the driver was caught by cameras and widely broadcast on Russian and Armenian television. His treatment by Russian jurisprudence provoked several days of protests in front of the Russian Embassy in Yerevan with donations of clothes to the Embassy and condemnations from Armenian public figures and politicians. Had the driver been Ukrainian or Belarusian, the police could have been accused of negligence, disrespect or abuse, but no several day mass protests in respective capitals would have followed in absence of a deeper damage to people's sentiments conditioned by their experiences of the racial division.

Inter-ethnic conflicts indeed are capable of affecting the regimes and operation of the regional agreement. More recently, in March 2019 a rape of a Yakut woman by a Kirgiz man provoked anti-migrant riots in Yakutsk. They in turn drove the Governor of Yakutia to produce a ban on employment of migrants in 33 occupations, which was probably in violation of both the federal law and of the EAEU law.¹¹⁴

4.5 CONCLUSION

The exercises to identify elements of the common civilizational base of the EU bring about such notions as Western Christianity, the support of the neoimperialist geopolitical agenda of the USA, and the accompanying rhetoric about the commitment of all truly European nations to liberal democracy, human rights, and market economy. This set of entities is not exclusively European, and it could easily suit places like Australia and New Zealand. In addition, the profile of Western Europe, a sub-region of the EU, is associated with the history of domination over colonial empires, and the image of the area as an avant-garde in philosophy, arts, science, technology, and fashion. Discourses on *the European identity* serve the goal to legitimize the authority of European institutions. However, *the European identity* hardly exists, and notions like institutional loyalty among EU employees or a sentiment of solidarity among some EU citizens are more appropriate to discuss instead. As *Europeanness* clearly has more of a political than cultural meaning, it is defined in pseudo-cultural terms. 'EU culture' does exist, but it is a bureaucratic culture, remote and inaccessible to people outside bureaucratic circles. Economic interaction has been a stronger cohesive force for the EU than any regional culture or identity, and to a large extent EU legitimacy has rested on the union's capacity to generate wealth for its members. If the EU fails to deliver economically, its prospects will not be optimistic, which has already been illustrated by *Brexit*. Achievement of consensus on political interests is currently failing in the implementation of the CFSP for a number of reasons. Many of them can be attributed to matters of cultural diversity.

Eurasianism, which has revived in recent years mainly to serve as a foundation for Russian foreign policy visions and actions, is even less meaningful for the study of regional integration than *Europeanness*, particularly when it appeals to the Eurasian soul and spirit. However, compared to Europe, the EAEU is an area with solid cultural premises manifested by the spread of the Russian language, affinities of administrative and legal systems, and many similar social practices inherited from imperial Russia and the USSR. Disillusions and hardships of the post-Communist period also constitute the basis of regional identity and solidarity in the EAEU, which contest member states' nationalisms and imperial politics of the West targeting fragmentation of the post-Soviet space. The strength and possible future role of pro-integration sentiments may

be heavily underestimated by the elites of the smaller EAEU countries and of the West, because these sentiments are something they do not want to exist in principle due to the mutual desire of maintaining the post-Soviet space broken. Strengthening the cultural community of the EAEU is a realistic goal given the mentioned affinities of the five countries. Russia's economic support of the small states even in conditions when their changing leaderships openly adopt anti-Russian stances show that at least for Russia the logic of neighbourhood solidarity at times supersede pragmatic calculations of the costs and benefits of integration. The EAEU's historico-cultural and linguistic affinities under appropriate conditions may generate popular support to integration and stimulate converging visions on matters of foreign policy.

One of the most important advantages of the EAEU over the EU is that its citizens can freely communicate across national borders without translators, interpreters, or years spent acquiring a foreign language. The Russian language and Russian-language populations are chief unifying factors for the union. Structural differences within the EAEU and the predominance of Russia suggest that cultural integration in the EAEU is likely to proceed as assimilation into a Russian-language regional culture, while future projections of cultural integration in the EU will be influenced by several dominant regional cultures and languages, including English, even after *Brexit*. Clearly, cultural integration of the EAEU may only proceed at the expense of local cultures and will be met with resistance by local nationalisms, which are trying to reinvent and strengthen new national identities. Since 1991 nationalisms have been prevailing over Eurasian solidarity. Following disintegration of the USSR, outside Russia and Belarus, Russian-language diasporas have decreased due to emigration and have been marginalized. The use of Russian has declined because of the outflow of Russian-speakers, and also because non-Russian populations are using it less than before. The effect of these consequences may be somewhat offset for Armenia and Kyrgyzstan—the countries with the least presence of Russian—by huge temporary and permanent migration of their populations to Russia, where migrants learn Russian and receive cultural exposure. However, if their experiences are mostly negative, the attitudes they bring back home will not be conducive to integration.

Another problem on the post-Soviet territory after 1991 is the rise of religion and growing polarization along religious lines. There have also increased manifestations of racism as of the problem of inter- and intra-state migration due to growing socio-economic inequalities. Will

the EAEU be able to reverse the growing cultural fragmentation of the post-Soviet space and contribute to regional cultural unity? The answer is unlikely. The union is not authorized to deal with any policies towards such goals. Neither can the regional organization mend any of Russia's problems. Russia is failing to promote political integration of the EAEU and align its partners beyond its foreign policy objectives. Culture is a more durable and persistent property than geopolitics, and the influence on member states' internal cultural, ethnic and linguistic policies requires more hard and soft power than currently possessed by Russia. The EAEU will not be an attractive integration initiative unless the Russian government combat corruption and prioritize well-being of the population over interests of international and domestic oligarchy, which is an uneasy task for the domestic politics of a weak, corrupt, and vulnerable country. EAEU's limited success illustrates that integration achievement may not be over-reliant on historic and cultural affinity, and is subject to a variety of predictable and unpredictable factors of economics, domestic politics, and geopolitics. These factors do not allow accurate projections of the union's cultural affinities on the future of the process. Notwithstanding, cultural and cognitive aspects of integration should not recede into far backgrounds of EAEU studies.

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of Kyrgyzstan's population are rural in the mountainous regions. So we are rapidly losing Russian.' (Ibragimova, G. D. 2008. Aktual'nyje podkhody k formirovaniyu russ-kojazychnoj sredy v Kirgizii. Nuzhen li russkij jazyk novym nezavisimym gosudarstvam. In *Materialy konferentsii* ... Moskva.) According to Bekeshev, deputy of the national parliament: 'In earlier years the majority of our fellow-countrymen knew Russian quite well. Now, if you go into provinces, many no longer speak Russian. In Bishkek, for example, people are still using Russian, but less than before. People speak Russian in downtown, but not in the outskirts in recently built houses. Unfortunately, as time goes, Russian may lose its significance' (<http://ladno.ru/interview/21933.html>, accessed 1 May 2019).

101. From the data of the 2009 population census.
102. 52% according to the 2009 census. According to other estimations, 27% of Kyrgyzstani population have no knowledge of Russian, but the degree of knowledge of the remaining 73% would vary to a considerable extent (*Russkim jazykom vladejet ...*).
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External Factors and Geostrategic Considerations

Even though the EAEU and the EU differ significantly along many economic, political, cultural, and institutional criteria, the external dimension of their integration allows us to identify a number of similar motivations for their formation and development. The external dimension is indispensable for the study of regionalism as the EAEU and the EU are not autonomous processes exempt from external influences, but integral elements of the international system. They are shaped by this system and, at the same time, they exercise their own influence on the system. Neorealism provides the theoretical grounds for the comparison of this chapter because this approach is primarily concerned with external factors of regionalism.¹ Neorealism explains integration by convergence in foreign policy due to commonalities of interest, and these are not hard to find among weaker countries. Most of them share socio-economic concerns and the need to overcome vulnerability.² Promoted by foreign policy, integration is undertaken to improve their position in the global environment while consolidating regime control and enhancing state capabilities.

Regional blocs operate in conditions in which international politics and economics are characterized by a highly unequal distribution of resources and power in favour of the USA. The USA uses its power and resources to influence internal and external affairs of weaker states. Contemporary regionalism can be analyzed as an attempt to counterbalance US hegemony to achieve a more equitable system of international relations. Thus

regionalism is driven by the search for stability and equilibrium in international relations. Both the EAEU and EU countries have important reasons to embrace integration and bring together available resources in order to strengthen their political and economic standing within the international system and vis-à-vis the hegemonic structures. Many integration developments confirm the views explaining interest in regionalism through the relative decline of US power on the one hand and by growing US unilateralism on the other. Neglect of international agreements and commitments and the increasingly aggressive and unpredictable behaviour of the hegemon meet increasing international resistance.

Despite a continuously changing international environment and the adjustment of concepts of regionalism, the external perspective reveals the underlying logic of integration: through the unions, the states strive for greater influence in international affairs. Weaker countries resort to regionalism to increase their leverage in dealings with the hegemonic structures. Integration is a measure to strengthen their national economies and improve negotiating capacity in order to pursue converging foreign policy objectives more effectively. By increasing political power (through political alignment) and economic power (through economic liberalization and development policy) vis-à-vis the USA, the EU and the EAEU may be praised for their contribution to a more stable international system through facilitation of a more balanced distribution of power at the global level, even though their social effects at the regional level are asymmetrical. However, regionalism does not always challenge the hegemon. Sometimes it is expedient to hegemonic interests; when so, it may receive sympathies and support of the hegemonic structures. Thus regionalism is explained either through the subordination to the interests of a strong hegemon or through the inability of a declining hegemon to resist counterhegemony. This chapter illustrates that both the unions have passed stages of adaptation to a strong hegemony and of resistance against a contracting hegemony.

However, as this chapter argues, regionalism as a response to US hegemony in Europe and Eurasia is not exactly the same. In comparative terms, the pro-hegemonic period of Eurasian integration was much shorter and EAEU counter-hegemonic aspirations are much stronger. Further, the process in the EAEU has been more of a geoeconomic nature, and in the EU, of geopolitical. As relations with the USA constitute a special topic in any international agenda and because the USA

retains the ability to influence EAEU and EU politics, the historic comparison of USA–EU and West–Russia relations lay the foundations of this chapter: Sections 5.1 and 5.2 portray regional integration in the two blocs as the processes deeply influenced by the USA. China is another external actor in Eurasian integration, and Section 5.3 outlines China’s role for the EAEU countries. Section 5.4 discusses differences in the agendas of West–EAEU and USA–EU relations. The different nature of the problems the two blocs have in their relations with the hegemonic structures has determined some of the individual features in the character and outcomes of their processes.

5.1 THE EU AND THE USA: DRIFTING APART

The neorealist argument is particularly valid for the earlier stages of European integration, as during the Cold War era Western European integration was totally dominated by the ideological and security agenda of the USA:

One of the central myths is that of Western Europe as a ‘civilian power’, pursuing economic objectives. The central reality was that Western European integration was rooted in a wider security framework, and constructed in large part around the security dilemmas which faced France, the Low Countries, and divided Germany.³

The image of Western European regional integration in the 1960s and 1970s as a construct entire of itself, providing a model for others to follow, is an illusion. Western Europe was a sub-region within a wider Atlantic region: an Atlantic security community, committed to shared ‘Western’ values, within which the political, economic, and cultural influence of the USA on Western Europe was immense.⁴

Concerns about dynamic postwar Soviet development, socialism expanding to Eastern Europe, Asia and Cuba, and intensifying activities of the domestic left movements consolidated the bonds between the US and European ruling elites. The USA orchestrated European integration to strengthen the anti-communist coalition and financed it through the Marshall Plan. The institution of NATO and the Council for Mutual Economic Assistance in 1949, of the Warsaw Pact Organisation in 1955, and of the EC in 1957 signalled the formation of two rival blocs, ‘Western’

and 'Communist'. Rather than anything else, the EC was a US instrument of the Cold War against the USSR.

Outside the context of the East–West confrontation Western European countries had little common ground for integration. For West Germany, alignment with the USA meant an irrevocable breakup with the German Democratic Republic and territories of German prewar influence. French society was torn between the partnership with Germany against the emerging Anglo–American leadership and the search for allies among the USA and other European countries to resist the strengthening of Germany, which caused France to participate in three wars between 1870 and 1945. Britain had priorities in the English-speaking world. It was losing colonies and experiencing an unwelcoming attitude of Continental Europeans who viewed the kingdom as an outsider promoting the US agenda on the Continent. Fears of communism and active US prompting caused the European actors to admit Britain and consolidate the transatlantic cooperation in the uneasy *Trans-La Manche* union.

As time went by, the EU and the USA became 'natural partners'. Their interests converge when it comes to relations with peripheral countries. With the collapse of communism, the EU and the USA saw a unique opportunity for the enforcement of openness and deregulation of peripheral and socialist economies. The USA locked Mexico into NAFTA, and the EU incorporated Central European countries. The objective was to accelerate the reconstruction of the global economy under the political and military control of developed countries through the political and economic subordination of the poorer countries, their disarmament and vertical proliferation of NATO military technology. Europeans see the USA as their main partner in the maintenance of the world order that they benefit from. The USA encourages the spread of international rules favourable to the rich countries and punishes those countries that break these rules. The USA also provides a security framework within which the EU can rely on energy supplies from the Persian Gulf.⁵ In its turn, Europe offers support to the legitimization of US international initiatives.

However, the weight of the EU and the USA in international politics is not identical in spite of the fact that the EU population and economy exceed those of the USA. Europe is also the largest trading entity and the largest source of official development aid, comprising more than half of the assistance from the Development Assistance Committee in 2012—50.7%—followed by the USA (24.3%) and Japan (8.4%).⁶ However, EU military capability is estimated in the range of 10–30% of the

US armed forces. For a centre of power comparable with the USA, the EU lacks political unity. Without the unity of a single political nation, its foreign policy enterprise is being pulled in different directions. Even the main promoters of the European 'power' project, France and Belgium, have no objectives to build a United States of Europe super-state in the image of the USA, and do not accept the idea of a central government. There remain contradictions among the EU Franco-German core, Atlanticist pro-US countries (like Britain), and Central Europe. The political disunity of Europe accounts for a number of failing policies in the external sphere and inadequate responses to the crises in Yugoslavia, Iraq, Lebanon, Libya, and Syria, the inability to help to solve North-African, Sub-Saharan, and Middle Eastern problems, miniscule influence in Asia, and dubious results of policies in relation to Russia and Latin America.

As the USA has fewer incentives to work with international organizations and is often reluctant to follow its own rules and procedures, Europeans show an interest in subjecting the USA to the norms of international regimes. However, securing legal frameworks is typically a position of weaker parties. European declarations of adherence to multipolarity are other signs of weakness comparable to Russia and France's affirmations of the superpower status that they lost.⁷ Europe will not become a power comparable to the USA soon as it has few means for military development and is not ready for a close political union. The new bipolar system will not emerge out of the predominance of the USA and the EU as the EU remains in a subordinated position and is disintegrating (*Brexit*).

Nevertheless, transatlantic relations are changing and the EU is becoming more articulate in the affirmation of its own preferences. The end of the Cold War diminished the strategic relevance of transatlantic security and revealed contradictions between the EU and the USA. Dynamic implementation of the SEA, the introduction of a common currency, and the adoption of the Treaty of Maastricht stimulated European ambitions to re-establish influence in the region and the world that they lost to the USA and USSR as a result of two big wars in the twentieth century.⁸ To achieve prewar control over the whole continent, Western European countries incorporated Central Europe into their political and economic system. These developments have caused the USA to perceive the EU as a rival.

Re-establishment of Western European control over Central Europe found resistance from the USA, Atlanticist circles, and Eastern Europeans themselves. The latter wanted to secure the presence of the USA in order

to counterbalance the German and Russian dispute over influence on the region. In principle, Washington's and Brussels' positions on Eastern enlargement seemed to coincide: both parties were using rhetoric about enlargement having an ultimate historic and geocultural meaning in being a virtue of 'return to Europe' for the 'victims of communism'. However, their strategic understandings were different. While the European establishment wanted to strengthen their control over the new entrants, Americans hoped to raise influence on Europe through an enlarged NATO and the ability to affect European politics through manipulations with the new members.

Europeans are concerned by the USA's hegemonic tendencies and pressures on Eastern Europe. With the disappearance of the USSR as a restraining factor, the USA became more single-handed in pursuing its pragmatic interests, at times causing damage to Europe. Showing unease with American unipolarity, Europeans say that there is a need to evolve towards a more balanced multipolar world. In practice this rhetoric obscures their desire to achieve a ruling status in the administration of the world system that would be equivalent to that of the USA.⁹ This is why the EU long-term strategy is to organize a political union with armed forces. The EU has already achieved equipollence with the USA in economic terms. The common market and the *euro* allow the EU to manage commercial and investment relations with the USA as an equal. Neither of the parties is imposing grandiose transatlantic free trade projects like the FTAA and *EUROSUR* on each other, as most of their trade is already duty free. A similar level of economic development allows the USA and the EU to avoid irresolvable arguments as those in the WTO, the FTAA, and *EUROSUR* with their third-world negotiators. Even though arguments over bananas, genetically modified organisms, hormone-treated beef, and agricultural subsidies have shaken the transatlantic alliance for years, they remain outside more pressing agendas.

More serious US disappointments came with the *euro*, which undermined the *dollar's* status and made it more difficult for the USA to finance its current account deficits. Large amounts of trade are sensitive to the *dollar-euro* exchange rates and are a potential source of conflict due to temptations of competitive devaluations. An increasing European presence in the WTO (as a single negotiator on trade in goods), the IMF (France and Germany are discussing the possibility of merging their quotas), and the G-7 is making it harder for the USA to get its way. EU-USA cooperation on security has faded. The USA disengaged from Europe, reducing

its military presence by three times over the 1990s.¹⁰ US interventions to Yugoslavia, Afghanistan, and Iraq intensified the work over the CFSP, integrated the WEU (a defence organization) into the EU overall structure, and stimulated the initiative for the creation of a rapid reaction force of 60,000 warriors.

So far Europeans have no intention to bypass NATO, but they are organizing their own military assets. The CFSP also has an eastern dimension as Russia and Iran have opted against their subordinated status. Washington worries that the CFSP can make Europeans less dependent on the USA and that the Policy can be used against US interests. For their part, Europeans are uncomfortable with the US missile interception system. This system is making the USA a safer and more secure country and is weakening American commitments to Europe. Besides, it causes Russia to develop its own system, partially neutralizing the British and French nuclear arsenal. Russian missiles are unlikely to reach the USA anyway, but the fact that Russia has retargeted many of them at NATO destinations in Europe brings uneasiness to the EU. A solution in the form of a joint US-EU system is not feasible. It would be an expensive project dominated by the USA, and it would be fraught with worrying reactions from China, Russia, and Iran. Divergences in extra-continental affairs are apparent as well, especially regarding the Persian Gulf and the Middle East. Intensifying antagonisms between the USA and the Islamic world further divide Europeans and Americans. The USA does not intend to re-evaluate its objectives in the Middle East, while European support of these objectives exposes a more vulnerable Europe to dangers of terrorism and Islamic radicalism.

Even though internal considerations drive the primary goals of the EU, many Europeans believe that through the union they can resist external threats. Integration efforts are largely motivated by the intention to achieve internal cohesion and to increase power on the global scene. This point may be illustrated by the fact that the countries that have benefited from the EU most as political powers are most committed to the integration. Thus Germany and France are international actors. However, without a strong union they could only play secondary roles on the international arena. In contrast to them, the countries that adhered to the EU mainly for economic reasons have remained on the margins of certain phases of integration.¹¹

Thus Britain, Sweden, and Denmark did not adopt the *euro* and resisted further supranationalization of the union. However, resistance to

US unilateralism is increasing among these countries too. Even the British thought that their national interests were better served by a European foreign policy with a common defence component. A traditional ally of the USA, Britain initiated *the European Security and Defence Policy*. In July 2011 German, French, and Polish governments spoke of the need of a European military headquarters because they felt they could no longer rely on NATO. This time, however, Britain objected to what they said was a costly and unnecessary duplication of NATO. In 2018 the French and German leaders spoke of a necessity of a united European army.

The arrival of Donald Trump into the White House in 2017 and his demands for a greater EU's alignment with US interests have not changed the essence of Trans-Atlantic relations, but have catalyzed the development of the already existing problems. Trump has undertaken measures to increase protection of the US market from EU exports, and requested that the EU pay higher bills for the maintenance of NATO and only buy weapons made in the USA. In relation to Russia, Trump's administration pressures EU members to substitute purchases of the Russian gas by purchases of LNG from the USA, and to intensify sanctions against Russia with detrimental consequences for some EU countries, which strengthens the conflict between the EU and the USA.

Today the priorities of European integration lie precisely in the spheres where the EU lags behind the USA: political cohesion (attempts to introduce a European constitution), military power (the development of the CFSP), regional policy, consolidation of political power in financial institutions, and the salvation of the monetary union. Through economic and military development the EU is striving for greater equality in transatlantic relations. Europeans understand that greater internal consolidation of the union increases its external impact. They also encourage regionalism in some other parts of the world (Latin America, Southern Africa) as a means to constrain unstable American hegemony and establish more reliable security relations between the regions. Among other factors, the state of European integration will depend on events in the USA.

5.2 INDUCING AND CONSTRAINING EURASIAN INTEGRATION

The mere size of the Russian economy hardly reaches one-fifth of the US, EU, or Chinese economies. Were the size of the market the main factor of the smaller post-Soviet countries' orientation towards a regional

hegemon, Russia would be the last choice for the Eurasian four. Russia itself is very dependent on the West in terms of export of gas and oil and access to capital and technology. Moreover, while the size of the Russian economy is at best 1/5 of the US economy, Russia's military budget is only 1/10 of the US military budget, and 1/15 of the total military expenditure of the NATO countries. While the expenditure figures do not reflect military capabilities proportionately, they do suggest that Russia may not be a highly capable security provider for smaller states in a large-scale conflict with NATO.

Despite the obvious limitations of the Russian economy and defence capabilities, since 1991 Russia has switched from full submission to Western powers under Yeltsin to open resistance, as demonstrated by Russia's involvement in the Syria war in 2015. In Syria Russia supports Bashar Assad whom the 'civilized' West wants to end like Saddam Hussein of Iraq or Muammar Kaddafi of Libya. The transformation in Russia's conduct is paradoxical, because it has occurred against the background of Russia's economic, social and demographic decline, and economic vulnerability. The explanation of the change is simple. Russia is compelled to act defensively against unprecedented harassment from Western countries in a way that contradicts its power status. The harassment of Russia manifests in the dissemination of 'fake news', or more straightforwardly blatant lies, through the West's monopoly on media for millions of people, exaggeration of Russia's participation in international affairs, and economic and financial sanctions. The Eurasian integration cannot be considered outside Russia's dealings with the West. Not only do Russia-West relations condition the character and outcomes of the Eurasian process, but also its origins.

Attempts of integration of the post-Soviet space after 2000 are attributed to socio-economic concerns, disappointment about the results of the development path the post-Soviet states took in the 1990s, and disillusionment with the neoliberal rules offered by Western 'partners'. The start of the millennium became the period when disintegration of the post-Soviet territory was reversed, at least for some segments of the former USSR, with the institution of such timid organizations as the EAEC in 2000 and the CSTO in 2003. They were not measures to consolidate Russia as a centre of power alternative to the USA and the EU, but were designed as temporary organizations for inclusion into Western hegemonic structures through absorption by NATO and the EU. In 2000 Putin asked for the US Department of State Secretary's assistance in

the acquisition of NATO membership for Russia.¹² On the background of preparations for EU eastern enlargement to take place in 2004, Putin voiced the idea of a *Greater Europe* integrated market including Russia and stretching from Lisbon to Vladivostok. Intentions to join NATO and the EU were logical continuation of Russia's submissive policies of the 1990s in opening its market and in trying to meet all other expectations of the West both in foreign and domestic policy. The *Greater Europe* was a stage towards making the whole world one global FTA according to the great American vision, while the expanded NATO could be used as a prototype of a *World Government* seated in Washington or New York.

In 2003 the commitment to the *Greater Europe* was solemnly expressed in a Russia-EU summit, and multiple confirmations of adherence to this cause were made after that. The rhetoric about the *Greater Europe* survived into 2011 when the leaders of Russia, Belarus, and Kazakhstan addressed the public about the launch of the CES in the EAEC. According to Putin, 'The Eurasian Union will be built on universal integration principles as an inseparable part of a *Greater Europe*, united by shared values of freedom, democracy and market economy... The Eurasian Union will become a party to the dialogue with the EU. Therefore, accession to the Eurasian Union, in addition to straightforward economic benefits, will help each of its members to integrate into Europe faster and on better terms'.¹³ These words were sincere and did not mean to ally Western suspicions about Russia's real intention to rise up off its knees, because in the following year Russia joined WTO. The visions of a subordinate Russia persisted inside the Russian government until the Ukrainian second revolution, as evidenced by a 2014 quote of Foreign Minister Lavrov, 'The Eurasian Union is a serious element of a bridge between Europe and the Asia-Pacific Region'.¹⁴ Russia and its regional group are just *an element of a bridge* and not an alternative centre of power.

Putin defined the union strictly in geoeconomic and not geopolitical terms. He hoped that the development and enlargement of the EAEU would gradually convert it in a pole of economic influence. Its membership was open to new countries, and particularly to the CIS members. Thus Russia had a vision of a bipolar Europe, where the EU constituted one pole, and Russia together with the post-Soviet satellites constituted a smaller submissive pole. The Eurasian pole was supposed to increase Russia and satellites' bargaining power vis-à-vis the EU. The idea was sensible as the countries together as one bloc could have achieved a better

deal from the EU at the time when hopes for the *Greater Europe* were sincere. There is a standard argument that regional arrangements can protect weaker economies from the invasion of goods from industrialized countries and help them to negotiate better terms of trade, compared to when they do so separately.

However, the West did not believe Putin's elegant verbal wrapping of the EAEU. The grandchildren of European imperialism considered the EAEU

with suspicion as an artefact of Russia's never-ending nostalgia for the USSR, a new neo-imperialist project to become part of President Putin's historical legacy.¹⁵

Even if Moscow is not trying to recreate the Soviet Union, schemes like the Eurasian Union are undermined by a post-imperial mind-set that makes it difficult for Russia to contemplate anything like truly voluntary, mutually beneficial integration—or allowing its neighbours to prioritize relations with the US, EU or China. Moscow promotes regional integration to keep its neighbours within Russia's orbit, strengthening Russian influence over their politics and constraining their ability to develop relations with outside powers.¹⁶

The US Secretary of State clearly stated that the USA would oppose the project by active means:

There is a move to re-Sovietize the region. It's not going to be called that. It's going to be called a customs union, it will be called Eurasian Union and all of that, but let's make no mistake about it. We know what the goal is and we are trying to figure out effective ways to slow down or prevent it.¹⁷

It was unnecessary for the West to disbelieve Putin. In 2010 Russian Vice-Premier Dvorkovich proudly announced that he held a year-long Masters' of Economics from a US university. He mentioned that a few years earlier he and Putin spent evenings in the Kremlin reading American college textbooks on economics trying to figure out how to rule the country.¹⁸ The Kremlin and most of Russia's society were expecting guidance from the West. Had the West not chosen Moscow its enemy, Russia

would continue being a regional power like Brazil, sometimes confrontational on regional affairs, but usually quiet on global ones. With post-Soviet integration Russia was acting in conformity with its power status and wanted to achieve exactly what Brazil wanted of MERCOSUR in the 1990s: entry to Washington-proposed FTAA on better terms for itself and its neighbours, the *Greater Europe* being Russia's FTAA.

While Brazil's manoeuvres in South America were reluctantly tolerated, in the Eurasian context, the USA and the EU did not want to see Russia even as a submissive centre of power talking to them on behalf of a handful of small states. To enter Europe, each country had to pass EU's *purgatory* alone to comply with EU demands on EU terms. For this, the EU had a huge volume of requirements called *acquis communautaire*, which was applied discriminately from case to case. The EU wanted a unipolar Europe ringed with circles of 'friends' and 'well-governed' countries. Ideally, Russia had to be like the rest of them: weak, dependent, and conformist. The EU's euphoria after eastern enlargement of 2004 sustained the illusion that the spread of further influence on the smaller post-Soviet states was possible along with their inclusion into the European neo-colonial orbit. A special program, *Eastern Partnership*, was designed in 2008 as an instrument to attract ex-Soviet countries into the EU order, to 'Mexicanize' them like NAFTA did Mexico, and to constrain any possible Russia's aspirations for leadership. The program's official mission was the development of strategic partnership in economics and politics to strengthen the 'western' vector in the national development of the targeted states.

Russia's attempts of re-integration of the post-Soviet space even for 'legitimate' goals of overall global liberalization caused doubts about Russia's desire to inflict a third-world-country subjugation on itself even at the time when the Russian government was willing to do so. Therefore, in contrast to other regionalisms in Asia, Africa, and Latin America, the EU and the US never supported or encouraged post-Soviet integration. 'There would be something hypocritical in opposing regional integration in Eurasia while supporting it elsewhere.'¹⁹

From a Russian perspective, cooperation with the EU was becoming increasingly difficult when the EU and the US tried all means to hinder *Gazprom's* operations. This was explained by a desire to diversify energy suppliers, but in reality the EU tried to cut Russia off from its single largest source of revenue. Western hostility towards *Gazprom* and its product shaped Russia's motivation of entering Syrian wars in 2015

to ensure that Qatar-Turkey pipe-line through Syria proposed by Qatar be never constructed, as its operation could result in EU's full refusal to buy any Russian gas. Disappointments about Russia's reindustrialization as a result of economic liberalization were also growing, and protectionist measures were becoming seen important for the preservation of any remaining domestic industries and agriculture. From an EU perspective Russia stood in favour of a dialogue between the EAEU and the EU to legitimize the EAEU rather than to generate economic liberalization. Therefore, little was done for the advancement of the *Greater Europe*. That Russians are paying only half the price of Schengen visas for their excursions to Europe is the only rudiment of the once alive project. Against the background of this geoeconomic unsucccess, more serious events were developing in geopolitics and regional security.

1999 brought the first unease to the submissive Russia when the USA bombed Serbia and incorporated three Eastern European countries into NATO. After learning about the US decision to bomb Serbia, Russian Prime-Minster Primakov cancelled his state visit while on board of the plane bound to Washington and ordered the pilots to return to Russia when flying over Newfoundland. The US war on Serbia caused shock in Russia for a number of reasons. First of all, because NATO, a defensive bloc, took an openly offensive action against the UN statute. The USA was arbitrary in determining the guilty party, and its action was disproportionate in the devastation inflicted just on one side of the complex Yugoslav conflict. Some saw US military action in Yugoslavia primarily as an attempt to redirect the attention of US media and public from Bill Clinton's impeachment process over issues accompanying his sexual relationship with Monica Lewinsky.²⁰

More advanced statesmen understood that in line with prevalent and primitive Huntingtonian views, the US leadership viewed Serbs as a proxy for Russians because of their kinship with Russians through a Slavic language, Orthodox religion, and their central position in the Yugoslav Federation, even though politically Serbia was not close to the Soviet Union and post-1991 Russia, the two languages Russian and Serbian were not mutually intelligible, religion was marginal to the lives of both countries, and there was not much contact and solidarity between them before the NATO war. Boris Yeltsin was considered an excellent Russia's leader in the West, but following the expression of his disapproval of the US bombings of Serbia, Western media immediately started portraying him as an alcoholic.²¹

As the Second Chechen War (1999–2009) was unfolding, Russia witnessed that not only was the US supporting Chechen separatism rhetorically, but was also providing operational, financial and technical support to terrorists. According to Putin, ‘We had a very confident opinion back then that our American partners in words were talking about support to Russia and the need to cooperate, including fighting terrorism, but in reality they were using those terrorists to destabilize the internal political situation in Russia’.²² The US support of terrorism in Chechnya is in line with Donald Trump’s acknowledgement of President Obama’s administration founding and sponsoring terrorist groups of *the Islamic State* against Syria.²³

Since 2001 Western powers supported the regional organization of GU(U)AM (Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova) with headquarters in Kiev. In the 1990s, three of these countries lost control over territories populated by minorities. The fourth country, Ukraine was to experience losses in 2014. The loss of the territories was a result of Russia’s intervention into ethnic cleansing going on in these countries. Russia protected the minorities: Abkhazes and Ossetians in Georgia, Armenians in Azerbaijan, and Russian-speakers in Moldova and Ukraine. As a result of these interventions, the minorities received control over their territories through unrecognized and partially recognized states: Nagorny Karabakh, Transnistria, Abkhazia, South Ossetia, Donetsk, and Lugansk. The fifth country, Uzbekistan, did not lose any territory, but it long remained disappointed with Russia’s support of the smaller and weaker Kyrgyzstan in the conflict between Kyrgyzes and Uzbeks in the Kyrgyzstani part of the Fergana Valley. Uzbekistan left the organization in 2005.

To ensure that anti-Russia behaviour be sustained in GUAM, and particularly in Ukraine, the West offered numerous material stimuli to ruling bureaucracy, opinion formers, and academics from these countries, including unprecedented development of low-quality reactionary scholarship through a chain of Ukrainian Institutes that falsified history and promoted antagonistic views of Russia. The gifts of the West were accepted with enthusiasm given the fertile soil of anti-Russian nationalisms that felt defeated by their minorities because of Russia’s interference. The memories of the violent conflicts with secessionist territories, which Russia was compelled to support, condition the policies of Ukraine, Georgia, and Moldova. They are guided by pursuit not of national interests, but of personal benefits for the rulers (often these are just excellent dinners and free

flights and hotels for trips to their meetings with US and EU officials) and by the intention to freeze their own ears to upset grandma Russia, if we modify the respective Russian and Ukrainian sayings. As far as GUAM is concerned, in 2014 the organization replaced Russian as its working language with English. The reform promised severe organizational miscommunication and malfunction because of the poor knowledge of English in GUAM. Ironically, the measure was proposed by Ukraine where Russian had been the preferred language of communication for up to 80% of the population. Historically, on most territory of Ukraine Russian has been present as long as Ukrainian, and in some parts longer.

In 2002 the USA withdrew from the ABM Treaty, the major international agreement that set foundations for international nuclear security. The departure from the Treaty allowed the USA to locate missile defence installations in Poland and Romania. Russia perceives these systems as a threat because they are close to Russian borders and their capabilities can be easily converted from defensive to offensive. US withdrawal from the INF Treaty in 2019 allows the USA to install systems launching nuclear missiles from even closer distances to Moscow, starting at 450 kilometres, from the territories of the Baltic States, Ukraine, and Georgia.

The process of NATO enlargement continued in 2004 and 2009, despite the many oral guarantees given to the Soviet and Russian leadership that NATO would not expand geographically with the demolition of the Warsaw Pact beyond the borders of the GDR. Gorbachyov's level of trust to the West was so high that he never requested having these assurances put down in written agreements. The naivety of the Russian leadership remained high as well, and until 2006 US observers were inside the Russian plants that produced nuclear military weaponry. The major Russian grievance with NATO enlargements is that NATO member states lose control over installations of NATO military infrastructure on their territories. These installations are to be used against Russia. Along with NATO, the EU enlarged in 2004 and 2007 with Cyprus, Malta, and eight Eastern European countries. The EU further increased its influence in Eastern Europe and Transcaucasia through the mentioned *Eastern Partnership* (2009) and *the European Neighbourhood Policy* (since 2004). Through colour revolutions under calls for democracy and reforms in Georgia in 2003, Ukraine in 2004 and 2014, Kyrgyzstan in 2005, and Armenia in 2018, Western powers changed governing regimes and inflicted social unrest. The new regimes took emphatically anti-Russian positions in order to receive the ongoing support from the West.

By 2007 it became clear for the Russian leadership that the USA and allies would stop at nothing pursuing their benefit with no limits to the cost and damage this may incur to the post-Soviet countries. In that year Putin addressed Western leaders at the yearly Munich Security Conference clearly stating the problems faced by the international community arising from single-headedness of the USA. Putin also suggested the urgent need of pursuing more equitable international relations. As a result, he received a number of *ad hominem* insults. US Secretary of Defence concluded that Putin's policies and words worked 'against international stability'.²⁴

In the War of South Ossetia to follow next year, 2008, Georgia intervened in South Ossetia to reconquer this breakaway region. Every Western channel showed the video of the Georgian artillery bombardment of residential areas of Tskhinval reporting that these were Russian troops shooting at the Georgian city of Gori. The Georgian invasion occurred on the day when the Russian central military headquarters were relocating due to building renovation. The central communication unit was disassembled despite many warnings from intelligence that the USA was arming and training Georgian troops to prepare a provocation. Unprotected mobile phone networks were used at times to coordinate the Russian military response.²⁵ The international disinformation campaign against Russia was of an unprecedented scale and was never excused as a mistake. It fully upset Russia's unrequited love for the West and provoked first obvious policies of open resistance. These were recognitions of the sovereignty of Abkhazia and South Ossetia against the will of Washington and Brussels.

The imperialist circles began 2014 smearing Russian Winter Olympics in Sochi for a start. Then Western powers supported and legitimized a neo-fascist coup in Ukraine to facilitate empowerment of pro-Western and anti-Russian politicians. The coup flared up a civil war among various kinds of Ukrainians, roughly between Russian-speaking Ukrainians and Ukrainian-speaking Ukrainians, though the language was not the only factor that conditioned the division. The coup also caused secessions of Donetsk, Lugansk and Crimea, and the reunification of Crimea and Russia as a result of popular vote in Crimea. The war imposed a direct threat to Russian national security,²⁶ frustrated Eurasian integration, undermined the EAEU and brought heavy economic sanctions on Russia. Any surviving traces of cooperation between Russia and the West came to an end. Therefore, the European vector of Eurasian integration

was erased entirely. During the wartime, a shooting of a *Malaysia Airlines Boeing 777* over Donetsk Republic in 2014, which killed 298 people, gave birth to another campaign of mobbing Russia. Among the three actors that could have been responsible for the tragedy, Russia was picked up immediately, without investigation, even though the plane was shot down and fell on the *de jure* Ukrainian territory where the Ukrainian army and Ukrainian separatists were fighting, and where the Ukrainian government was supposed to assess and monitor safety for civil aviation. Any alternative versions and facts were bluntly dismissed as Russian fakes.

Had Russia possessed power capabilities comparable to those of the EU and USA, no Western involvement in Ukraine would have been possible in principle. Most Russia's actions around Ukraine reflected Russia's inferior power status and were defensive. Russia opposed the Ukrainian Association Agreement with the EU in order to save then alive Ukrainian industries, which were linked to Russian industries. The incorporation of Crimea, was facilitated for security reasons to prevent the construction of a US naval base on the Peninsula and the prospects of expulsion of the Russian fleet from where it had always been stationed since birth—Sevastopol. Assistance to Ukrainian separatists in Lugansk and Donetsk was a compelled measure after the blood was shed by Ukrainian radicals in Odessa and Mariupol, and after airstrikes of downtown Lugansk by the Ukrainian force.

Because of stubborn reluctance of the West to notice Ukrainian skirmishes of the civilian population of Donbass, Ukrainian army tanks destroying Ukrainian villages, mass murders in Odessa and Mariupol, disappearances, tortures, and killings of opposition figures (particularly in Dnepropetrovsk), activity of neo-Nazi groups and glorification of Nazism in Ukraine and before that in Latvia and Estonia, Western politicians lost respect and credibility in Russia. Western media blame all the chaos and tragedy of Ukraine on Russia, while Western observers are never tired of quoting Brzezinski's idea about Russia ceasing being a great power without an allied Ukraine. Their next favourite quotes are of Putin's thinking that the disintegration of the USSR was the biggest geopolitical catastrophe of the twentieth century, and of Hillary Clinton that the EAEU is an attempt of restoration of *the Evil Empire*. Hillary Clinton is also remembered for the equation of Putin with Hitler. Despite the active role of the West in the destruction of Iraq, Libya and Syria, military assistance to

Ukraine, and full control over the Ukrainian executive, the West continues to maintain that its involvement in the Ukrainian crisis is limited by 'the promotion of democracy and support for civil society'.²⁷

On Russian borders, there have occurred countless incidents between Russian and US military planes and vessels. Each time the USA expressed indignation over the mere fact that Russia displayed no enthusiasm about the presence of US military planes and vessels on its national borders. Together with the Ukrainian civil war this was the context of a joint declaration of NATO and the EU that formally subscribed the EU to the NATO's policy of deterrence of Russia in 2016.²⁸ Earlier that year, the Chairman of the EU Council came to the conclusion that '*Russia's strategy is to weaken the EU*'.²⁹ The EU's Global Strategy of 2016 declared a new approach towards international relations called 'principled pragmatism', which vindicates economic and political interests within the containment paradigm. Finally, this approach implicitly stated the goals of political, economic and military expansion of the EU in post-Soviet territory.³⁰

In 2016 and 2017 circles of the US establishment accused the Russian government in cyber-interventions into US presidential election that allegedly helped the election of Donald Trump as the 45th President. The dubious accusations became possible because one year earlier, in 2015, the USA rejected the proposal of the Russian government to develop binational and international norms of conduct in cyber-security, in the same manner as the USA rejected Russia's proposals of developing USA-Russia-EU anti-missile systems in the past. After 2016 all EU and US initiatives with the post-Soviet states should be viewed exclusively as measures to damage Russia. The most obvious measures are financial and economic sanctions. The sanctions were motivated by Russia's reunification with Crimea in 2014, but also by some murky events like the death of Sergei Magnitsky in custody in 2009. He was a Russian auditor, who allegedly facilitated astronomical tax-evasion for a US company in Russia but was also said to have been investigating astronomical thefts of money from the Russian treasury. Another obscure pretext for sanctions was staged poisoning of former Russian spy Sergei Skripal and his daughter in England in 2018.

As it turned out, allies of the USA are using embassies for the torture, murder, and dismembering of journalists. No sanctions against Saudi Arabia followed Jamal Khashoggi's murder in the Saudi consulate in Istanbul in late 2018 in contrast to the Skripals situation that did inflict sanctions on Russia. At the same time the fact that Robert Mueller dropped charges against Donald Trump did not relieve any sanctions on Russia that were placed because of insinuations about Trump's collusion with Moscow. Saudi Arabia has provoked a major humanitarian catastrophe in Yemen with millions of human deaths due to warfare and starvation, but this ongoing tragedy hardly receives any attention from the international public and media.

In the first quarter of 2019, with the help of his US mentors in pressuring and bribing the Patriarch of Constantinople Bartholomew, President Poroshenko of Ukraine finally achieved the Patriarch's decision on the institution of a Ukrainian Orthodox Church independent from the Patriarchy of Moscow, despite Constantinople having no whatsoever jurisdiction over the territory of Ukraine and the Ukrainian Orthodox Church. Some segments of the Ukrainian and Russian society felt devastated as they saw the separation of the Ukrainian Church from the Russian Church as an event cutting spiritual ties between the two peoples. However, despite violent take-overs of several temples of the Ukrainian Church in Ukraine by armed Ukrainian nationalists for the Patriarchy of Constantinople, the overwhelming majority of the clergy and adherents of the canonical Ukrainian Orthodox Church of Moscow Patriarchy refused to join the newly instituted structure, and neither of the thirteen canonical Orthodox Churches recognized the initiative of Bartholomew, to a significant reputational damage of the Patriarchy of Constantinople, President Poroshenko and the USA in the Orthodox world.

Before the church news calmed down in Ukraine, in Germany threats of the US Ambassador to German companies collaborating with *Gazprom* were widely publicized, and then the Venezuelan crisis intensified. The USA and Britain are facilitating a coup against the legitimate leadership of Venezuela. They have appropriated all Venezuelan property in currencies, gold, and real estate, and are preparing a military invasion further increasing international apprehension about their interventionism. In March a US diplomat was caught in a Moscow airport trying to bring a mortar bomb on board of a commercial carrier. Following this event, the USA recognized incorporation of a significant chunk of Syrian territory into Israel, and Julian Assange was arrested inside the Ecuadorian embassy in

London with the purpose of his extradition to the USA whose State Secretary Clinton intended to kill him with drones without a trial. The USA continues losing integrity along with any moral and legal constraints for its behaviour.

The ongoing Ukrainian crisis has not changed any pre-existing geopolitical divisions within the post-Soviet space. Its ugliness caused post-Soviet population outside Russia to be generally pro-Russian, but a favourable view of Russia among populations is unable to remove obstacles to Eurasian integration.³¹ Governing elites and nationalists do worry. On the one hand, they are afraid that Russia may decide to support separatism in their countries. On the other hand, they are much more afraid of the colour revolutions exported by the West. Not only are such revolutions capable of removing them from power, but also of creating chaos and destroying their statehood as exemplified by Ukraine. In contrast to the West, Russia has not initiated conflicts on the post-Soviet space and has not intervened in the absence of conflicts. Thus Kazakhstan may be worried about the Crimean precedent for chunks of its territories populated by Russians, which became part of Kazakhstan only in Soviet years. However, Russia is unlikely to intervene unless ethnic cleansing begins. Only if a struggle for power inside Kazakhstan flares up among its three sub-ethnoses, which hypothetically causes fragmentation of Kazakhstan and ungovernability, then some of its territories may be lost to Russia.

For the time being, Russia is unable to consolidate the post-Soviet space and create a viable unifying project even with its four EAEU partners. Despite their links to Russia through economics, language, and human interactions, none is willing to side with Russia in geopolitical resistance to the West, because it is a lot safer for them to stay quiet or to oppose Russia than to oppose the West. None of them has recognized the accession of Crimea and sovereignty of Abkhazia and South Ossetia. None has expressed support for the Russian position on Ukraine. In contrast to Russia, they recognized Petro Poroshenko as President of Ukraine without delay. Lukashenko even travelled to his inauguration ceremony and sang along with the new nationalist Ukrainian establishment referring to separatists in the east of Ukraine as *terrorists*. Belarus is supplying kinds of POL to Ukraine that the latter uses in heavy weaponry against Donetsk and Lugansk.

Earlier, Kazakhstan and Belarus refused to join Russia in introducing trade restrictions on behalf of the EAEU on Ukraine, Moldova, and Georgia after these entered association agreements with the EU. The

same happened to Russian counter-sanctions against imports from Western countries after the West introduced sanctions motivated by the accession of Crimea. Kazakhstan and particularly Belarus took advantage of the situation to smuggle Western goods to the Russian market. This produced numerous scandals, particularly after Belarus labelled salmon, parmesan cheese, lemons, bananas, cuttlefish, Moldovan wine, and Georgian mineral waters as goods of its own. Consequently, customs between Russia and Belarus were restored. As a result, the situation for economic operators deteriorated even compared to the time when there was no customs union. Before the EAEU, goods entering Russia through Belarus were only checked once on the Russian border. Nowadays they are checked both in Belarus on the EAEU external border, and on the Russian-Belarusian border when they enter Russia.³² Thus many Polish exporters prefer to avoid the direct route for goods via Belarus, but bring their goods to Russia through Lithuania, Latvia, or Estonia to reduce customs inspections.³³ Further, 2017 Belarusian President's decree to allow visa-free entry to Belarus for citizens of 80 countries brought the necessity to restore border control between Russia and Belarus because Russia did not want travellers to Belarus to have a chance to enter Russia illegally through the open border. Restoration of customs and border controls are clearly disintegration tendencies.

Not only do the EAEU countries disregard Russia's foreign policy objectives, but also firmly resist any political integration of the union. According to Nazarbayev, 'the politicization of the union is unacceptable. Such matters as border control, migration, security and defence, as well as healthcare, education, culture, legal aid to citizens on matters of civil, administrative and criminal law, are not related to economic integration and cannot be brought into the framework of the economic union'.³⁴ Deputy Economy Minister Timur Zhaqsylyqov stated in 2015 that 'Kazakhstan ha[d] a clear and consistent position on excluding the possibility of introducing a single currency within the framework of the Eurasian Economic Union'.³⁵ According to Nazarbayev, Kazakhstan will withdraw from the union without thinking twice if the union 'threatens Kazakhstan's independence'.³⁶ Likewise, Lukashenko threatened Russia with withdrawal from the EAEU on many occasions. He obviously shares no warm brotherhood feeling towards the union: 'Belarus' position on the future of the EAEU will depend on what it can derive; if it is nothing, then what is the point to alliance?'³⁷ Lukashenko is famous for engaging in rough bargaining with Russia over subsidies and gas prices. He is not

afraid of making sharp public stances against the Kremlin and personally against Putin, and mocking the Russian ruling strata. On one occasion he mocked the *United Russia* party meetings saying that Russia had been pushed back to Soviet times ‘when everyone stood up and shouted ‘Glory to the Communist Party of the Soviet Union!’³⁸

Even the poorest EAEU country Kyrgyzstan joined the bloc openly displaying its discontent as a quote from President Atambayev illustrates: ‘Ukraine has a choice, but unfortunately we don’t have much of an alternative’.³⁹ This statement was not true as Kyrgyzstan could have stayed outwith the EAEU as Tajikistan did, or could have looked for privileged relations with its other neighbour, China. Kyrgyzstan posed several conditions for accession to the EAEU, which included financial support for the creation of labour-intensive industries (to compensate the people who lost incomes as a result of reduction of re-export opportunities from China), preservation of privileges in its trade with China, concessions in the field of migration, and exemptions from the CET for the import of equipment and machinery from third countries.⁴⁰ Such bargaining is common, but it is unusual that a small country like Kyrgyzstan put these conditions forward and had them easily satisfied. Atambayev claimed that Kyrgyzstan would only join the EAEU if the union fulfilled his conditions.⁴¹ This makes stark contrast to EU accession practice where they are the accessing states that fulfil conditions of the union, not vice versa. Such behaviour of smaller states and their leaders is indicative of Russia’s weakness. It is impossible to imagine similar conduct of the top leadership of Ukraine, Georgia, and Moldova in relation to their patrons in Washington.

The difference in political culture and power levels between the EU and EAEU is illustrated by the kind of EU’s interference into affairs of the post-Soviet and EAEU countries that the EU would not tolerate in relation to its own members. In 2017 the EU offered *Comprehensive and Enhanced Partnership Agreement* to Armenia, which was received in the EAEU without enthusiasm. However, the EAEU did not resist this agreement because it understood its own limitations and the difficult situation of the Armenian leadership who were desperately looking for any benefits wherever these could come from. Earlier in 2015, similar *Enhanced Partnership and Cooperation Agreement* was done with Kazakhstan. Clearly, such kind of agreements between the EAEU and any individual EU member state would never be tolerated by the EU. Every time Prime-Minister of Hungary engages with Russia on issues lying outwith EU competences,

EU functionaries and media initiate babbles condemning Hungary for the betrayal of the EU and European values.

The geopolitical environment has been calling Russia for Eurasian integration, but it has also constrained this process. Since the time of Putin's address to the public about the relaunch of Eurasian integration in 2011, the EAEU has been unable to admit any other CIS country except Armenia and Kyrgyzstan, both of which are very small and poor to make the union stronger and more influential. No further enlargement seems possible in the future due to the choice of Ukraine, Moldova, and Georgia of partnership with the EU. Considering the current situation in the three countries, it should not be a matter of disappointment to the EAEU, because none of the three new friends of the EU is 'well-governed' and 'stable'. Moreover, they satisfy criteria of failed states, even though the letters of the EU Global Strategy maintain that Georgia and Tunisia's 'success as prosperous, peaceful and stable democracies would reverberate across their respective regions'.⁴² The remaining post-Soviet countries Azerbaijan, Turkmenistan, and Uzbekistan show no interest in Eurasian integration, and the position of Tajikistan is ambiguous. Belarus, Armenia and Azerbaijan belong to 'European circles' who the EU would like to exercise greater influence on. However, Belarus refuses being simply a peripheral 'policy-taker' of the declining EU in detriment of its arrangements within the EAEU.

Thus Russia lacks sufficient power to create a viable unifying project in post-USSR, and has been unable to consolidate the post-Soviet territory under its control. Even though the disunity of the post-USSR and inadequate unity of the EAEU may be attributed to many internal problems, at the international scene this disunity represents success of the strategy of the West to keep the post-Soviet space broken. Disregarding cases of Turkmenistan and Tajikistan, the mere membership of the EAEU was predetermined by the incidence of ethnic conflicts and the politics of the West to ensure cutting the GU(U)AM countries off integration with Russia.

Just south of the EAEU, during 16 years of occupation of Iraq, the USA has been stealing Iraqi national wealth without a minute pause.⁴³ Days and nights huge tankers are being filled with Iraqi oil and transported to the USA with facilitation of the US Army and Navy. The US invasion cost at least a million of direct Iraqi deaths. Hundreds of thousands more have died due to occupation consequences because hospitals were destroyed and never rebuilt and doctors were never trained as

the Iraqi wealth has been leaving the country. Other hundreds of thousands of Iraqis have not been born because of the shocks of the invasion (undertaken on a completely fraudulent pretext) and of the ongoing predatory occupation and insurgence. However, as such, the Iraqi occupation is not a matter of concern to the Russian public. Most Russians do not project a similar situation on their own country, even though the USA did express intentions to take Siberia and the Far East with their resources away from Russia through the mouth of US Secretary of State Albright shortly before the USA bombed Serbia: 'Siberia is too large to be possessed just by one country'.

Even though some US sources insist that Albright never said this,⁴⁴ the USA did take an active part in a similar campaign to internationalize, that is to Americanize, Brazilian Amazonia. According to Al Gore, former US Vice-President: 'Contrary to what Brazilians think, the Amazon is not their property, it belongs to all of us'.⁴⁵ Nevertheless, the unhealthy Russian opposition, which is rising on the criticism of the government for corruption, unchangeability, and economic decline, blames all Russia's domestic and international problems on the Kremlin alone and portrays the USA as a benevolent and sympathizing agent. This is not surprising as the opposition is funded by US NGOs operating on US government money. Domestic corruption on the one hand, and the inadequate understanding of the dangers of Western imperialism on the other, represent serious vulnerability of the Russian society, and frustrate efforts of Eurasian integration.

5.3 CHINA, AN ADDITIONAL VECTOR OF EURASIAN INTEGRATION

The Central Asian subregion of Eurasia is receiving growing influence of China, which sees it primarily as an importing market for its goods and a supply base of energy resources, in case of Kazakhstan and Turkmenistan. China's trade with Central Asia has increased 100 times since the early 1990s,⁴⁶ and the largest share of it has been taken by oil and gas infrastructure. China has become a bigger trading partner of Central Asian countries than Russia. Russia is the second biggest trading partner of Kyrgyzstan and Uzbekistan, but only third of Kazakhstan and fourth of Tajikistan and Turkmenistan.⁴⁷ There will be an increasing economic penetration of China not only into Central Asia, but also into places like Belarus and Ukraine. Unlike Russia, China possesses capital, will, and

the technological capability to engage in modernizing joint ventures and infrastructure projects.⁴⁸

Central Asian countries are heavily indebted to China, and there are fears of Chinese further expansion into Central Asia, up to dissolution of the Central Asian ethne within the Chinese ethnos. Central Asian countries will soon feel the need to affirm their sovereignty not vis-à-vis Russia as other post-Soviet states may feel, but vis-à-vis China. This will make them keener on cooperation with Russia, which in any case is more predictable and understandable to them than China. Fortunately for Central Asia, the role of the EU in the region is minor and decreasing and China is not acting like the EU and the US, so nothing similar to the devastating and bloody Ukrainian scenario has so far been possible, despite keen interests of the US companies to exercise heavy control over Kazakhstani oil and gas industries.

Both China and Russia are interested in Central Asian markets and resources, but their relations over Central Asia are not characterized by conflict. The *Silk Road* project proposed by China involves both Russia and Central Asia, and is not targeting to tear Central Asia off from Russia in the way the West has cut off the Ukraine. Neither did raising tariffs for Chinese exports to Kazakhstan and Kyrgyzstan by the EAEU provoke a kind of intifada from China against Russia, which the West is undertaking in Ukraine. In the supply of energy resources to China, Russia and Kazakhstan are competitors, but any potential conflict between the two is to be resolved through the agreed EAEU energy policy. China is interested in good relations with Russia and is accepting post-Soviet integration as a consequence of historic and cultural bonds between Russia and Central Asia. Russia is aware of its limitations as an investor and is not resisting Chinese interests. Therefore, the EAEU does not disrupt Chinese investments in acquisition of raw materials and building objects of infrastructure to transport these acquisitions, even though this represents a type of undesirable neocolonial behaviour in the style of the USA and the EU.

5.4 CONCLUSION

The historical development of the EU and the EAEU supports the neo-realist assumption of integration being either a process of adjustment to a powerful hegemon or a measure of resistance against a weakening hegemon. The histories of the European and Eurasian processes may be

divided into different phases that reflect the evolution of the international system, changing objectives of integration, and changing attitudes of the declining superpower. These phases confirm the hypothesis about the two blocs' transformation from hegemonic to counter-hegemonic projects. The USA supported the EU and did not obstruct the EAEC when they served the US wider geopolitical and economic agenda or specific objectives. After losing control over the blocs' dynamics, the USA counteracted the two unions and obstructed regional integration by playing on the tendencies of their members to compete among themselves rather than to cooperate with each other. Today many developments in the EU occur contrary to US wishes, and the EAEU operates against the will of the USA. Unsurprisingly both blocs receive a good deal of harassment from Washington.

Table 5.1 illustrates the changes in the goals and strategies of European and Eurasian integration. Initially, France, Germany, and Italy were seeking ways to overcome existing antagonisms in regional relations for the sake of peaceful coexistence. The end of WW2 gave a strong impetus to European integration making postwar settlement the main motivation for integration efforts. Almost immediately, the processes gained economic and geostrategic relevance that made it interesting to the USA: the EC was strengthening US allies in the Cold War against communism.

In the 1990s fragmentation and not integration prevailed on the post-Soviet territory despite operation of the CIS. The fragmentation trend was reversed in 2000 with the institution of the EAEC, and in the following decade integration was marked by motivation to present a new modern and progressive face of the post-Soviet countries to the world in their march towards WTO and the *Greater Europe*. Initially, Eurasian integration was not a process of resistance, but of adaptation to the global economic order promoted by the USA. In principle, the EAEC could have been supported by the USA and its hegemonic structures as other regionalisms were, if they had not had a post-traumatic syndrome of the Cold War.

'The US nourished united Europe since infancy and promoted the region to the condition when it became second to the USA in terms of power.'⁴⁹ The EAEU did not have such a luxury. It started to integrate not because of the fears of the past, but because of the fears of the future and the necessity to survive in the turbulence of globalization. In the beginning Eurasian integration was considered a project of consolidation of diplomatic and commercial relations among former Soviet Republics

Table 5.1 The evolution of geostrategic perceptions of the EU and the EAEU

<i>Period</i>	<i>Common regional problems</i>	<i>Strategic goals of integration</i>	<i>Measures undertaken</i>	<i>Reaction of the USA</i>
The EU				
1. Post-WW2	Destruction of WW2	Handling WW2 consequences, overcoming antagonisms between France and Germany	Sectoral integration in militarily strategic sectors	Indifference
2. Cold War	Fears of communism among the elites	Contention of the Eastern Bloc	Economic integration	Energetic support
3. Post-Cold War	Difficulties in exploiting the Gulf's oil, unpredictability of the US unilateralism, terrorism threats, Trump	Consolidation of Western Europe's role in international arena	CFSP, <i>euro</i> , extra-territorial commercial agreements, enlargements	Resistance
The EAEU				
1. The early CIS (1992–2000)	Economic shock and political conflicts due to the destruction of the USSR	Management of relations among entities of the broken federation, facilitation of a 'civilized divorce'	Discussion fora within the CIS, arrangement of flexible and voluntary system of inter-state agreements	Indifference because fragmentation prevailed over integration
2. The EAEC (2000–2014)	Economic degradation as a result of the collapse of the USSR, liberal economic reforms of the 1990s	Economic development, 'insertion' into the global economy	Extra- and intra-regional liberalization, joining WTO (Kyr 1998, Arm 2003, Rus 2012, Kaz 2015)	Indifference
3. Post-2014	Arrival into the 'third world' from the 'second world', external vulnerability, dependency	Achievement of autonomy in domestic and foreign affairs	Extra-regional cooperation with Vietnam, China, Iran, Cuba, and Serbia	Energetic resistance

for a better insertion into the globalizing economy. Later Russia started to display aspirations for leadership in the post-Soviet space and reluctance of sharing its influence on the segment of this region with the USA and the EU. The end of the 'adaptation' period was marked by a wrap-up of cooperation with the EU and a corresponding turn over from *the axis of awesome* towards the *axis of evil*: Vietnam, (2015, agreement), China (2018, agreement), Iran (2018, temporary agreement), Cuba and Serbia (agreements under negotiation). The USA has been the major external player in European integration both as a promoter of integration and as a factor against which European countries were compelled to integrate. The role of the USA in the EAEU process has been much more negative as the USA perceived Russia as the major dissident in the global arena, much worse than France and Brazil in the corresponding transatlantic and hemispheric contexts.

At present, the nature of the unions' relations with the USA is characterized by increasing competition, even though both remain dependent on the USA: the EU in foreign policy and security, and the EAEU in financial terms. Accordingly, the nature of external forces in the development of the two unions has been different. It has been more geoeconomic in the EAEU and more geopolitical in Europe. Consequently, these forces have affected the undertaken measures of integration and its quality. The EAEU is primarily concerned with the set-up of a common market, while the EU has extended its competences towards security and foreign policy spheres by incorporating the WEU (a defence organization) into its structure and by the set-up of the CFSP mechanisms.

Thus the role of the USA in European and Eurasian integration has been twofold. Earlier, it encouraged the two regionalisms, even though passively in case of the EAEU, and later it compelled the two regions to integrate against it. The current geopolitical environment is bringing uncertainty to both regions. The EU countries are divided between the options of cooperating with the USA and cooperating against the USA. In case of the EAEU, any aspirations of cooperation with the USA and Western Europe are dead, but limitations of Russia's weak economy bring defiance of its EAEU partners and other post-Soviet states and uncovered harassment from the USA and the EU. The two have successfully played on conflicts between Russia and other ex-USSR states to prevent the consolidation of the region under the Russian leadership. Therefore, even though there may be many good ideas and wishes for Eurasian integration, its prospects, implementation, and maintenance are well behind

satisfactory in the current international context. Geopolitical objectives in regard to the EAEU failed in the past, and no adaptation through the union towards *a Greater Europe* or *a World Government* has occurred. Attempts to consolidate Russian power through the EAEU are failing now, both due to the poverty and insignificance of the partner countries and their disloyal conduct.

At the same time, political and military confrontation between Russia and the USA is reaching critical levels. The USA is determined to prevent consolidation of Russia's power by all possible means, including instigation of civil wars as in Ukraine. The EAEU countries, including Russia, fear similar interventions and colour revolutions. Despite that, the EAEU's institutions have no whatsoever jurisdiction over security and defence areas. In contrast to the EU, this aspect of integration in the EAEU is lacking, and attempts are being made to promote such cooperation through a different forum: the CSTO. Given difficulties and limitations of Eurasian integration and insufficient Eurasian solidarity, it is more practical and beneficial to pursue cooperation in defence through a different organization, which allows the involvement of countries not wanting to commit to the regional economic regime.

Without a doubt, the European single market is one of the key achievements of European integration. However, during its consolidation stage, it was not a goal on its own but a means to increase collective power of the NATO countries in relation to the Soviet bloc. Only later did European integration gain incentives to ascertain the capability of building economic power able to rival the USA.⁵⁰ The achievement of equipollence with the USA in commercial terms through the common market and the *euro* proved that unity was strength and a way to preserve autonomy, while separation meant unimportance. Acknowledging this should help the acceptance of sacrifices needed for integration in other spheres. Recent integration initiatives of the EU cover precisely the areas where the EU is weaker than the USA: political cohesion and armed forces.

Strategic goals of integration in the EAEU and the EU have been different. While the EU is seeking equipollence with the USA, the EAEU countries hope to reduce dependence on the 'great powers' and achieve greater autonomy in decision-making on internal and external affairs. These varying perceptions are conditioned by the difference in the blocs' absolute power and their different weights on the regional and international scales. The EAEU is a regional actor whose narrower interests, dependence, and underdevelopment do not allow a comparison with the

EU's role of a global player. As the EU and the USA retain common interests in relation to developing countries, Eurasians have more compelling reasons for integration as a measure to protect sovereignty and capability of their states.

Correspondingly, the EU and the EAEU have different strengths of preoccupation with the US power. Europeans are less perplexed by the international leadership of the USA because the EU has more converging interests and more power leverage. In the former Soviet Union, aspirations for a more equitable international order are much stronger because the region is poor, vulnerable, and dependent. Its countries in particular have compelling reasons for integration as a measure to protect their states. As consequence, their counter-hegemonic tendencies are stronger and their relations with the USA are more antagonistic. In 2013, for example, the plane of Bolivian President Evo Morales was grounded in Vienna after Spain, France, Portugal, and Italy abruptly blocked their airspace following orders from the USA that hoped to find Edward Snowden on board. This incident made it clear that cozier European countries would not protect such 'enemies' of the USA as Julian Assange and Edward Snowden, one of whom received asylum in Russia.

While Eurasian motivations are stronger, so is the negative effect of the counteractions from the West, which contribute to a very limited membership of the EAEU compared to the USSR. Not only do externalities favour integration (US support of the EC, and the fear of communism among European elites during the Cold War). More often they obstruct regionalism (conditionality of GUAM, Britain, and Eastern Europe on the USA). In some instances, externalities may have an ambivalent influence on integration (*a Greater Europe* as affirmation of the EAEU's identity and a measure with asymmetric effects on the EAEU members). Weaknesses certainly reduce chances of success, while dependence and external vulnerability have been making Eurasian integration a more difficult process.

The fluidity of the geopolitical scene compared to more persistent trends of geography, history, and culture does not allow realistic quantification of the effect of external forces, associated notions and ideas on integration progress. Also, the external perspective alone cannot explain why different states respond to identical international dilemmas and opportunities in different ways, for example, why Kyrgyzstan joined the EAEU and Tajikistan stays out. Different responses of some similar countries are outcomes of unique political interpretations and varying perceptions of

political and economic gains. In cases when integrating countries have different ideologies and a conflicting history, they adopt different strategies for managing their international relations. Sooner or later the divergences narrow the scope and possibilities of integration. Therefore, sustainable integration projects need converging ideologies, similar visions of the world, and similar interpretations of international roles. External circumstances and threats, such as imperialism, globalization, and terrorism, are unable to cause neighbouring countries to integrate unless these countries are similar enough culturally, ideologically, and economically to have converging interests and understandings of the problems they face.

This does not mean that perceptions of geostrategic interests among integrating countries must be identical. On the contrary, there have occurred a number of persistent disagreements within the unions (like those among France, Germany and Eastern Europe, and between Russia and Kazakhstan on the degree of alignment of their interests with the USA). However, no matter how strong these disagreements were, interest in expanded cooperation together with cultural affinities or political solidarity compelled the necessity to preserve the unions and come up with compromising solutions. If so, the external dimension of the EAEU and EU integration may run secondary to internal factors. Externalities do matter as catalysts or inhibitors of integration, but the determinants of the process are more likely to be rooted within than outside the regions.

NOTES

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Conclusion

Even though the EAEU is helping cooperation among three fairly important ex-USSR countries Russia, Kazakhstan, and Belarus, its significance is minimal. There were hopes that Eurasian integration would restore production structures of the former USSR. However, by the time the CU was launched in 2010, all of those had already been destroyed to such extent that there was nothing to restore. The second Ukrainian colour revolution of 2014 wiped off residuals of the Ukrainian economy leaving no hopes of ever uniting the significant industrial and intellectual potential Ukraine used to have with the potential of Russia and the rest of the EAEU. The global crisis has detrimental influence on exchange among developing countries, and EAEU intra-regional trade is declining both in absolute and relative terms, despite the continuing intra-regional liberalization. EAEU's intra-regional exports excluding oil and gas are low at the level of 2% of GRP. As such, EAEU's distribution effects are small, and they deprive the union of macroeconomic significance. The regional organization is just one of the minor features of the contemporary economic conjuncture that contributes to the decline of the post-Soviet societies. However, as time goes by, EAEU's accumulative effects may become drastic.

This is so because the EAEU smaller countries have signed up for potentially dangerous commitments capable of deindustrializing them further, in favour of Russian businesses, as small countries are invariably disadvantaged in regional arrangements built on principles of liberal

economics. They will experience more production cutbacks and bigger costs of adjustment because of their undersized firms. Growing inequalities within the bloc will be fraught with negative consequences for all members, including Russia. These consequences are a more unbalanced migration, bigger unemployment, and falling incomes of both Russia's and smaller countries' populations, and, therefore, decreasing consumption and deteriorating social environment. The EAEU will only favour the financial and industrial oligarchy, who are doing well anyway. Contribution to inequalities is the problem of all contemporary regions. Given weaknesses of the post-Soviet countries and extremely unhealthy geopolitical environment around Russia, serious investments in the EAEU are risky because of the likelihood of *Brexit* situations in the future.

Geopolitical objectives in regard to the EAEU have failed. Adaptation through the union towards hegemonic orders of *a Greater Europe* and *a World Government* is fortunately no longer on the agenda. Attempts to consolidate Russian power through association with small, weak, and corrupt countries are hopeless. To maintain the EAEU friends who are not really friends but parasites, Russia is compelled to offer a whole range of incentives: subsidized gas prices, loans, payment of compensation claims linked to WTO, and access to its labour market in conditions of high domestic unemployment and underemployment. As all post-Soviet countries are weak, they will continue demanding financial support from Russia. As the Russian economy is sliding down, and Russia lacks adequate resources even for its own development, it will be increasingly difficult to meet expectations of the EAEU partners. The perception of Russia's population is that integration projects with the former Soviet Republics compel Russia to 'feed' post-Soviet populations both on Russia's own soil and in their homelands at the expense of the Russia's hungry and poor. Most citizens of the smaller countries are convinced that Russia must help them, but is not doing anything. EAEU intergovernmental forums are places where the smaller countries collaborate to constrain Russia.

From a security point of view, it is very important for Russia to preserve control over Belarus because of its physical proximity to Moscow. However, it is possible to do so without the EAEU through bilateral relations and a security organization. Belarus has been the major beneficiary of wealth transfers from Russia since the early 1990s, long before the EAEC and EAEU came to existence. Trade, investment, and humanitarian relations between Belarus and Kazakhstan are close to zero. Kazakhstan is

the only resource-endowed country in the union besides Russia, and is the only country that has not been subsidized by Russia. Kazakhstani bureaucracy and population firmly believe that Kazakhstan has only been losing as a result of the EAEU. Even the smallest countries Armenia and Kyrgyzstan may not need the EAEU as such, because they are capable of managing their relations with Russia on a bilateral basis.

Russia's EAEU efforts produce no results. No matter what Russia does for these countries, they do not even pretend to align behind Russia's political agendas. In the context of the ongoing mobbing of Russia by the West, the post-Soviet states have signalled distances from Russia, and extracted as many concessions from Moscow as possible, raising Russian costs of integration to the limit. Fruitless support of the EAEU will sooner or later bring limitations to the Russian commitment to this organization as Russia's own regional development is seriously compromised. On the public relations front, Russia with its corruption scandals does not appeal as an inspiring leader in the fight against a corrupt West for a fairer world.¹ The smaller countries are eager to sell themselves cheaply to the West, and many of the Russian elites have been doing the same.

Except for mere symbolism, the EAEU is not bringing any dividends to Russia. Neither is it contributing to the formation of a regional society, as the post-Soviet space continues to be torn apart by nationalisms. They mock Russia's difficulties with the West and discriminate against their own Russian-speaking citizens. Eurasian integration is in clash with sovereignty and nationalism more so than European integration, because the mere survival of the smaller states in Eurasia is seen to depend on eradication of any memories of the Soviet past and of any ties with Russia after 1991 when the process of construction of the new states began.

Many contemporary trends come to Russia with a delay. In the 1990s when regionalism was booming in most parts of the world, disintegration prevailed in the post-Soviet space. When there emerged universal disappointment about the increasingly unequal social and economic consequences of regionalism managed on neoliberal principles, Russia began to pursue its regional project with triple efforts, if we believe the Eurasian voices asserting that their countries were forced into the EAEU by Russia. All Russia has achieved out of the EAEU so far is a shop for cheap gas and an import base for unskilled labour. One does not need high levels of intelligence to sell gas below market price and to keep borders open for unskilled labourers. For the smaller countries, the EAEU is primarily a means to access subsidized Russian gas and cheaper loans. Most often the smaller countries are unable to take advantage of access to the Russian

market, as such access is only free in public discourse, but in practice is controlled by mafias.

Who then needs the EAEU? Travellers, migrant workers, trans-border businesses, and members of the public with nostalgia for the USSR do not count as they all somehow operated within the CIS. The EAEU has come to offer additional travel and party opportunities for politicians. Nepotic regional bureaucracy, the growing Eurasian Economic Commission, staffed with over two thousand employees, enjoy generous salary packages while doing the same amount of work as about fifty personnel of the MERCOSUR Administrative Secretariat in Montevideo. The Eurasian Commission and the MERCOSUR Secretariat serve nearly identical arrangements among comparable countries in comparable regions. The Commission is closely linked to the respective national governments and provides excellent opportunities for national bureaucrats to come work to Moscow for a change. The EAEU offers occasions for academics and journalists to write something about, like this book. This concludes the short list of beneficiaries.

It is unlikely that the Russian government and the regional bureaucracy see no dismal results of the EAEU. However, they will not admit this to the population that feels nostalgic about the Soviet Union and sees the EAEU as a tool of resistance to escalating aggression of the Western countries. Russia may still be affected by regionalism as a fashionable idea coming from Western Europe, despite the EU falling apart. Pro-integration thinking may also be affected by the remembrance of the days of the USSR when Russia was strong, and there is probably a mistaken perception that the return of satellites can bring power back to the country. However, times have changed for such a hypothesis to work. Many Russian resources are now sustaining oligarchy and high-level corruption practices. Russia would need to decide if it wants to maintain the EAEU in elegance and style as it did the USSR in the past, or to preserve super-incomes of the oligarchy and top bureaucrats. It cannot do both, and it appears a lot more likely that it will prioritize the needs of the oligarchs and bureaucracy over those of general population. Few Russians would be glad to see more Russian money sent to maintain the EAEU countries in conditions of increasing poverty in their own country.

In addition to this evaluation of the EAEU, the book has various implications for the theory. The complex explanation of differences between

the EAEU and EU processes and the elaboration of a framework and criteria for comparisons of contemporary regions constitutes the main contribution of this book to the field of integration studies. The monograph calls attention to the necessity to incorporate economic geography and the evaluation of states' asymmetries of size, interest, and economic performance into the study of regions. The book redefines integration as *intentional policy harmonization* and indicates that the implementation of integration should be limited to the solution of similar problems confronted by the countries involved. Therefore, social constructivism and intergovernmentalism—as approaches emphasizing differences and similarities among the integrating states—should prevail in the study, advocacy, and criticism of regionalism. There are ten implications of the comparison of the EAEU with the EU. Below they are discussed at a greater length.

1. Integration outcomes are highly contingent on specific endogenous regional features.
2. Integration in the EAEU and the EU develops unevenly across various policy dimensions. The EU is more strongly consolidated politically and economically while the EAEU is culturally, or at least linguistically.
3. However, the EAEU fails to make use of its advantage of cultural cohesion through the Russian language and experiences of the common Soviet past.
4. Regional integration clearly has limits, and no excessive expectations should be placed on it.
5. The EAEU lags behind the EU in economic consolidation due to region-specific conditions of economic and political geography resulting in low levels of economic interdependence and sharp interest divergences due to size and power asymmetries among the EAEU members. If an integrated theory of regionalism is ever developed, it should incorporate the discussion of issues of regional economic geography and member states' size and power asymmetries. Smaller states have a higher propensity for regionalism than bigger states.
6. Given the huge asymmetry of size among the five members of the EAEU, absorption into the Russian Federation would be a much

- more logical method of integration than the currently practiced incremental integration without clear goals.
7. The EAEU and the EU are different as regions and institutions. If judged by history and outcomes of integration, the two are clearly distinct processes as well. Therefore, the EU cannot serve as a model of integration for the EAEU, and the EAEU should not replicate EU institutions and procedures without adjusting them to its own needs.
 8. There is a huge gap between the EAEU's intentions of a functional common market and the EAEU's working provisions. A possible explanation of this gap is the excessive exogenous influence of the EU model on the EAEU and the EAEU's inability to assimilate this external model, which has served an entirely different region and is currently in need of a profound re-evaluation.
 9. The studies of regional blocs like the EAEU and the EU provide a fuller picture of integration if they incorporate perspectives of multiple integration and cooperation theories. An analytical framework for the comparison of various regional blocs should be based on the criteria for comparison derived from several theories. The theories that have been used to explain European integration are useful in explaining the differences in integration results between the EAEU and the EU.
 10. Social constructivism and intergovernmentalism should prevail in the synthesis of integration theories, if integration is understood as intentional policy harmonization among the countries.
- 1.** The EAEU with its various initiatives appears as an integration project significantly different from the EU. The EU is an older group dominated by richer countries; the EAEU is a younger process among developing countries that used to be parts of a highly centralized federation before 1991. The EAEU countries have a lower level of industrialization, technological development, and capital accumulation. Consequently, the EAEU and the EU occupy different positions in the hierarchy of international relations. External semi-dependent status, weaker national economies, and poorer social conditions make the development of the EAEU a difficult task. In addition, the two unions have a completely different structural composition in terms of the number of member states, the

absolute and relative size of the members and the intra-regional balance of power among them.

What became the EU was originally set up as an economic project complementing NATO in geostrategic confrontation with the Communist Bloc. The USA continues using Brussels as a channel of communication with European states. The development of the EAEU has been motivated by the necessity to address challenges of global mercantilist rivalry. The EAEU is surviving the turbulence of internal crises and external pressures without strong economic interdependence (as in the EU) but with historico-cultural affinities (which the EU as a whole lacks) and stronger geostrategic incentives (which the EU is losing). Geostrategic imperatives of the EAEU seem superior to its economic potential. International and particularly intra-regional trade of the EAEU makes up a much smaller fraction of total production than in Europe; and in comparative terms the EAEU's market results are negligible. Cultural heterogeneity of Europe makes cultural integration in the EU invisible if not impossible. In contrast to the EU, the EAEU is retaining a certain geocultural identity, at least in linguistic terms. However, no measures of cultural or linguistic integration are implemented in the EAEU even compared to symbolic measures of this character in the EU, thus the EAEU lags behind European integration in all dimensions of inter-state relations, even in those areas where it ought to find integration easier.

2. Dependent on the region's unique individual features, integration in the EAEU progresses unevenly across specific policy domains and dimensions of social life in comparison with the EU. The variation across regional properties and integration incentives between the two blocs explains the different character and results of integration: individual inputs of regional economy, geography, and history, and different views on policy-making have produced different types of inter-state relations. Some of the responsible factors are constant (geography), others are less stable and change in the course of history (ideology). Not only do the differences among the regional properties condition the differences in the outcomes of integration, but they also make predictable success and failures of policy harmonization in every particular policy domain in each bloc:

In the Economic Domain

As the social demand for economic integration is relatively low, measures of intra-regional liberalization within the EAEU are limited. Because of economic weaknesses of the bloc, already implemented arrangements,

such as the customs union, may be broken by events like third parties' sanctions on Russia and Russia's counter-sanctions (both exclude involvement of the other members) or searches of escape from the EAEU like Armenia's *Comprehensive and Enhanced Partnership* with the EU. Higher economic concentration and interdependence in Western Europe explain the formation of the single European market and more advanced economic integration in the EU. The size of the EU market makes it much easier to cement individual countries into the EU and avoid pendulum politics such as in case of Armenia.

In Cultural Integration

Relative cultural homogeneity of the EAEU should be conducive to policies of cultural, economic, and political integration. However, despite the spread of Russian and the high level of labour migration within the EAEU and the CIS, the common cultural base of the union is dissolving. Neither has this cultural base been able to help avoid conflict and polarization with the GUAM countries. In the EU, cultural diversity does not allow any measures of institutionalized cultural integration in principle. With the exception of cultural industries and production, cultural policies remain the prerogative of the member states in both the EU and EAEU.

In Political Dimension

Member states' size and power asymmetries and associated asymmetries of national interests are the factors that significantly constrain economic and political integration in the EAEU. The EU lacks imbalances of such scale, which is favourable to European integration in all policy domains.

In Foreign Policy

Geoeconomic reasoning is no longer a driving force of European integration as the set-up of the regional market has already been achieved. On the contrary, asymmetric results of the common market play against the union, but this is a common problem of all even partially integrated regional schemes. Parity with the USA in economic power (large market, single currency, relatively high incomes) and weakness in political and military spheres (due to political disunity and limited military capability) stimulate EU measures to catch up with the USA in political terms and add to the geopolitical identity of European integration. However, the EU remains in a subordinate position to the USA, and many of the EU's and USA's interests in relation to the rest of the world coincide. The character of the transatlantic relationship is characterized by conflict and cooperation at the same time, depending on an issue, and

this has an ambiguous effect on European integration in political, security, and military spheres. Socio-economic concerns at the domestic level and economic underdevelopment relative to the global centres of power give Eurasian integration a geoeconomic flavour. Eurasian integration is implemented as a measure to facilitate economic growth to decrease the development gap with industrialized countries. Ultimately, the goal is to increase the international role of the region, particularly vis-à-vis the USA and the EU. However, the position of Russia remains weak and vulnerable in relation to the USA, the EU, and China both in economic and political terms. The military and security aspects of the EAEU members' cooperation are excluded from the union's competencies and are dealt with in a different organization, the CSTO. Other post-Soviet countries have either subjugated their foreign policies to the EU and the USA (GUAM), or have chosen a lonely runner strategy (Turkmenistan and Uzbekistan).

Favourable conditions for integration in each specific dimension cause more tangible outcomes in this particular dimension. Table 6.1 represents the relative importance of the discussed social dimensions for the two regional processes. It also reflects the relative progress of integration achieved in the corresponding dimensions. Pluses mark relatively important integration dimensions with higher levels of integration achieved in them in the respective blocs; minuses denote the lack of significant motivation for policy harmonization in the given dimension and consequently limited progress of integration achieved. In most instances the EU has better conditions for political and economic integration, which has resulted in more advanced integration policies in scope and in depth.

3. Traditional explanations of regionalism that focus exclusively on commercial transactions overlook the role of cultural affinities and impoverish our understanding of integration. Apart from trade, there are other ways to integrate peoples, for example, through linguistic, cultural, and educational policies. This monograph concludes that ongoing cultural fragmentation of the EAEU is in evidence, and this trend is at odds with the intention to integrate the union economically through a common regional market. Neither the EU nor the EAEU would seriously confirm two somewhat popular claims that (1) cultural affinity is favourable for economic integration, and that (2) regional institutions forge regional identities. However, similar studies of MERCOSUR illustrate that cultural affinities can be conducive to cultural integration (namely, linguistic and educational policies), even though this type of integration was not

Table 6.1 Relative significance of selected dimensions for integration and relative progress of integration achieved in these dimensions

	<i>Economics (regional market)</i>	<i>Politics (size, power and interest asymmetries)</i>	<i>Culture (cultural homogeneity)</i>	<i>Geoeconomic strategy</i>	<i>Geopolitical strategy</i>
<i>The EAEU</i>	–	–	+/– ambiguous, as historic and linguistic affinities present are not serving regional integration	+/– ambiguous due to weaknesses of Russia and ambivalent position of the smaller countries	+/– ambiguous due to weaknesses of Russia and ambivalent position of the smaller countries
<i>The EU</i>	+	+	–	+	+/– ambiguous due to simultaneous pressures towards cooperation and conflict with the USA

anticipated or desired at the moment of creation of the regional organization.² Nevertheless, at least for the time being, the EAEU institutions are not administering any integration in the cultural domain. Despite their facilitation of labour migration into Russia, many migrants’ exposure to Russia does not reverse the trend of decline of Russian outside Russia and Belarus.

4. The comparison exposes limits of regionalism. Three chapters of the book are about EAEU’s limitations in relation to the EU (in economics, structure, and geostrategy), and one about the EU’s limitations in relation to the EAEU (in culture). For each bloc, the limits vary across different social dimensions, policy domains, and specific issues. One of the aspects of regional integration is the production of single rules of the game for players with very different interests. Such rules will not work. They must change in order not to frustrate the system. Therefore, greater scrutiny is required in assessing how much integration is needed in each particular

issue area, if it is needed at all, and if any current measures are to be subdued.

5. Economic integration in Europe is a product of neofunctionalist expansions and spill-overs due to region-specific conditions of economic geography providing for high economic interdependence (small countries, small distances, and high population density resulting in high economic concentration and better developed cross-border infrastructure). Wealth and structural conditions (participation of many small states and relatively balanced distribution of power among the key actors) are also favourable for European integration. These conditions are lacking in the EAEU. The latter appears a less self-sufficient and less autonomous process characterized by a lower level of involvement of socio-economic sectors. The effects of the EAEU common market are relatively unimportant. No matter what policies it implements, its inherent conditions of structure and geography will never be overcome to produce economic results of the EU scale. The effects of complete intra-regional liberalization would differ substantially in the two regions, and any expectations that the EAEU will eventually perform like the EU are unrealistic.

Accordingly, the two regional market regimes are also different: the EAEU market is incomplete and deficient (Section 2.1). From the neofunctionalist view, high interdependence is important for the emergence of strong regional institutions to manage this interdependence. As the EAEU's interdependence is low, its institutions are less developed. An increase in interdependence will create demand for further institutionalization, especially on the part of the smaller countries. However, this increase will not be significant due to the region's structural and geographic limitations. In relation to the EU, Eurasian integration is constrained not only by low and asymmetric levels of interdependence, but also by macroeconomic fragility, vulnerability to external shocks and divergent national preferences. In the future these structural factors will continue to shape the context in which EAEU institutions evolve. Progress towards more 'dense' institutions will be gradual and slow.

The implications of this study suggest that integration theory incorporate the analyzes of regional economic geography and intra-bloc size asymmetries. The explanations of the EAEU's inability to create EU-like stronger supranational institutions are linked primarily to the size of Russia and the bloc's relatively low propensity for intra-regional economic exchange. Variations in economic geography, levels of economic activity,

and bloc size, power, and interest structures can be found across any integration group. In relation to the asymmetry of size, there are blocs similar to the EAEU that are led by dominant powers (USA's NAFTA, Brazil's MERCOSUR, India's SAARC, and South Africa's SACU), and there are blocs comprised of less unequal countries like the CACM, CAN, and the EU (at least among the bigger countries Germany, France, Italy, Spain, and Poland).

6. Clearly, restoration of the USSR on neofunctionalist principles is unlikely, as these are failing even in Europe. Among the respective five member states, Russia in the EAEU is relatively bigger than Brazil is in MERCOSUR-5. The extreme asymmetry of size provides a much more efficient and logical method for Eurasian integration than the neofunctionalist vehicle currently in use. This more appropriate method is *absorption* of the smaller states into the legal order of the Russian Federation. Such mode, however, does not respond to the goals of the union and intentions of any of its member states. The reality of contemporary life is such that most governments do not mind extending their control over new territories and resources but are less interested in the care of additional populations, as their own populations are a bother. This is the major reason why Hillary Clinton's worry about the recreation of the Soviet federation is not fully justified, and why the US government would very much like to get rid of the bankrupt Puerto Rico. Besides, the desire of Eurasian populations and governments to join Russia is not a clear-cut matter.

Thus between the two former Georgian autonomous territories, South Ossetia and Abkhazia, the former wishes to join Russia but the latter does not. In case of South Ossetia even its government is willing to surrender formal sovereignty. The only other government aspiring for incorporation into Russia is that of Transnistria. Both Transnistria and South Ossetia are very small states, and they are still a long distance away from hypothetical incorporation into Russia due to various circumstances of political, historical, and physical nature. Such hypothetical prospect does not even seem to exist for a place like Kazakhstan where nationalism is very strong. As far as Ukraine is concerned, in 1991 its three provinces Crimea, Donetsk, and Lugansk overwhelmingly voted for the preservation of the USSR in March, but for Ukrainian independence from the USSR in December. In 2014 they voted for cession from Ukraine with a view of joining Russia, the reason why their compatriots from Kiev and Western Ukraine started a war against them. Any substantial territorial incorporation into Russia would be fraught with destructive

counter-intervention from the West, as demonstrated by the Crimean precedent, and is only realistic as a consequence of a major international shock comparable to the two world wars of the twentieth century.

Such shock may be coming, and Russia, despite its corruption and unattractiveness, may be expanded further (after incorporation of Crimea), given even worse inefficiencies and failures of the smaller states of the post-Soviet area. The next accession candidate into Russia after Crimea is Belarus. If Lukashenko first deeply scared about Russia's intention to drop Belarusian economy and then offered a deal like the job of prime-minister under Putin (rumoured Putin's conflict with Medvedev may exist, and Putin may succeed in getting rid of Medvedev), the Belarusian propaganda machine will solemnly announce that the utmost goal of historical destiny of Belarusians is the union with the Russian brothers, and those in disagreement will be dealt with silencing and repression.

Despite Lukashenko's unfriendly passages on Russia, he is viewed as a very efficient ruler in Russia, much more so than in Belarus itself where many people are exhausted by his omnipresence. Lukashenko's popularity may be a good asset for Putin whose standing among Russians is in sharp decline. By the time Belarus joins Russia, the Ukrainian state will dissolve and huge chunks of this country will meet Russian administrators with flowers. Following the incorporation of parts of Ukraine, Russia may be joined by small states Transnistria, South Ossetia, and also by Kazakhstan, if the latter falls into instability due to internal circumstances on the background of China-fears. At the very maximum, the process may end up encompassing Kyrgyzstan, Tajikistan and Abkhazia. Such project is most likely to succeed if implemented within 10–20 years, as it will be more difficult to realize it after the generation change. Resource-endowed Azerbaijan and Turkmenistan are unlikely to become part of it to avoid sharing their wealth, the Baltic states due to their deep incorporation into the political and economic system of the West, and Georgia and parts of Ukraine due to severe animosities towards Russia generated in post-Soviet years.

7. As appears, the EAEU and the EU are results of particular inimitable circumstances. They were started in different times in history, had different objectives, and incorporated countries that are not alike. Each bloc represents a unique social reality different in every possible geographic,

demographic, economic, historic, cultural, and political aspect from each other and any other integrating region. Therefore, their backgrounds, settings, designs, and dynamics are individual and cannot be replicated. The EAEU is often expected to follow the stages of European integration at an accelerated pace because of the smaller number of members and greater practical and theoretical experience of regionalism available today than in the years of the EC formation. Such expectations are unrealistic given the significant differences between the EAEU and Western Europe. Identical policies do not produce identical results in different environments.

As an original phenomenon, the EAEU has its own way to go, and no ready-made models may be prescribed for it. There is no archetype or preferred standard of integration. This does not mean that experiences of other regional groups should not be learnt, and that elements of external models should not be evaluated and attempted in the EAEU. The question is not about imitation, but intellectual paternity. Originality is not based on not copying things, but on giving them a new vision and making a new version. Everything in social relations is a historic product, and the whole culture is based on producing new ideas and new objects on the basis of ancestors' knowledge and experience. Thus the imitation has to be original, and no elements of the European model may be transferred to the EAEU blindly. Each policy has to be adapted to the EAEU's needs after careful consideration. The EAEU can also be a reference for other integration efforts and a model to learn from.

That suggestions to reform the EAEU in the image of European institutions and procedures are of little use is by no means bad news for the EAEU, as the EU-like deeper integration does not necessarily mean better or more efficient. The quality of integration depends on the nature of implemented policies and their appropriateness or inappropriateness for the specific countries. The EAEU is not needed for the sake of the EAEU, but for the improvement of the political, social, and economic environments in the countries that make it. Integration is not a goal on its own, but a means to stimulate development and improve the quality of life in the region.

8. EAEU's institutional development, to some extent, has occurred contrary to the neofunctionalist logic. The neofunctionalist forecast would predict greater spill-overs and expansion of EAEU economies' cooperation with industrialized countries because extra-regional exchange exceeds

intra-regional trade by 7–8 times (for exports in years 2015–2018). Moreover, as consequence of recession, regional interdependence is declining while institutional development is continuing. The formation of the EAEU market is running contrary to some political and geostrategic reasoning as well: political circumstances dealing with intra-bloc size asymmetry suggest that Russia should have no strong interest in the regional market, while external considerations emphasize the necessity of a sound protectionist policy against imports from the developed countries rather than the necessity of intra-regional liberalization. These protectionist measures can be taken by the EAEU countries individually, particularly by a big country like Russia, and do not need the union. On the other hand, there is a big mismatch between far-reaching commitments of the EAEU treaties and the inability of its institutions to discipline member states' policies.

The development of the EAEU against the neofunctionalist theory and the gap between the desired EAEU and the EAEU at work is explained by the influence of two exogenous factors: the historic precedence of the EU and the US neoliberal thinking prioritizing and emphasizing market integration. The EAEU came out in 2015 largely out of imitation of the external EU model that was at the peak of popularity in the early 1990s, with some twenty-year delay after deficiencies of regionalism pursued on principals of liberal economics have become apparent. Many economic initiatives adopted by the EAEU were inspired by the EU and were not the best policies for the Eurasian bloc. No matter how hard they are pursued, they will not convert the bloc into a version of the EU.

Failures of the EAEU integration initiatives are rooted in insurmountable difficulties posed by the specificity of regional economic geography, demographic settlement patterns, and member states' relative and absolute sizes. In Mattli's terms, the EAEU's supply for integration (interest on the part of national and regional bureaucracies) by far exceeds the social demand of interest groups and concerned citizens. As returns of the proposed common market in the EAEU are low, it should not come as surprise that the bloc has little effective legislation regulating the regional market in the cross-border supply of services, right of establishment, and movement of capital, though it does a better job in trade in goods and movement of workers. Likewise, insufficient attention is paid to implementation of matters critical to the construction of the external dimension of the customs area.

9. As far as theoretical debates are concerned, contemporary regional groups require complex explanations based on several integration and cooperation theories. This book illustrates the idea that for the understanding of varying outcomes of integration in different regions like the EAEU and the EU, we need to consider a range of factors emphasized by multiple theories. Even though these theories were not developed on the basis of the EAEU, there appears to be no contradiction between the EAEU's outcomes and expectations of its performance that would be based on predictions of the discussed theories (neofunctionalism, inter-governmentalism, social constructivism, and neorealism), at least in comparison with the results of the EU. On the contrary, the varying levels of integration development between the two blocs across the specified integration dimensions have been consistent with the expectations based on these theories, at least in comparative terms.

The comparison of the two blocs points to the necessity for the development of an integrated theory of regionalism that incorporates certain themes of the four theories. The proposed analytical framework for the comparison of the EAEU and the EU along a number of identified criteria may be applied to the analysis of integration in other regions. The extension of application of this system to other regions will certainly cause modifications to it and will bring about new issues, themes, regional features, and criteria that affect other instances of contemporary regionalism. Comparisons of other blocs will increase and refine the pool of relevant variables, and subsequent studies will result in an improved framework explaining and predicting regionalism.

At the same time, a perfect framework and a universal theory of integration may be an unattainable goal. Attempts to create such a mega-theory will point to varying natures and degrees of intensity of cooperation within different regions and in different historic periods. As the essence of inter-state cooperation changes all the time, it is unlikely that this mega-theory will ever become complete to explain every particular spatial and temporal example of regionalism. In addition, the development of a counter-theory of disintegration is highly warranted. One lesson that history teaches us is that integration and fragmentation processes go hand in hand, and are contingent on varying situational circumstances.

Many important criteria for the comparison of the two blocs proposed by this book, including member state size asymmetries and peculiarities of economic geography, lack direct references in European integration theories, because the analysts who wrote these theories wanted to explain the

EU and were not preoccupied with the comparison of Western Europe with other regions. Therefore, they accepted Europe's properties as given without identifying specific regional features and qualities that served as determinants of integration. As consequence, the notions discussed in the theories did not receive the shape of measurable integration criteria that could be applied across various regions. In this book the themes and notions from the theories received the form of more or less measurable criteria, and the EAEU and the EU have been compared in terms of how they respond to these criteria in order to evaluate their utility relative to each other.

10. Another conclusion in relation to the whole book is about the importance of social constructivism for integration studies and the necessity to extend the use of constructivist explanations beyond cultural integration to discussions of regionalism in all integration dimensions. In constructivism integration appears naturally due to convergence of norms, values, and interests. If the essence of integration is in intentional standardization and unification of social practices, then this phenomenon should be expected only in the matters of perceived common interest and in situations where there is agreement on the effects of the proposed measures. Therefore, the similarities of interests, problems, and situations are essential for integration; and social constructivism emphasizing these similarities should be placed to the fore of integration studies. Intergovernmentalism is the reverse side of this approach because it discusses differences between the countries and how these differences are overcome in the adoption of integration policies.

In this book constructivism is explicit in the analysis of cultural heterogeneity and its possible effects on cultural integration (in Chapter 4). However, it is implicitly present elsewhere, because it is not just homogeneity of culture that is important for integration, but homogeneity of interest. A common policy is most successful when it responds to the common interest of all the parties and addresses similar and not dissimilar problems. Therefore, integration of economically and socially co-oriented states that are similar in terms of economic development is preferable to integration schemes involving industrialized and third-world countries with sharp divergences in economic indicators.

Ideally, interdependence, which is key to the analysis of Chapter 2, should also be balanced, and it should not be of a colonial pattern when poor countries sell commodities and buy finished products. Trade deals

with external partners are also easier to negotiate within the region whose members have similar production structures and are affected by the consequences of external liberalization in a similar way. It has been discussed that economic, and specifically monetary integration, needs convergence in macroeconomic performance (Sections 2.3 and 2.4). Thus constructivism comes into conflict with liberal economics, which prescribes identical rules of behaviour for everybody regardless of the varying competition abilities.

Constructivism is implicitly present in the chapter on intra-bloc size asymmetries. It is not just similar market and production structures but also similar size and power potential among the countries that are warranted for the development of integration. Thus divergences in foreign policy approaches and expectations from the EAEU between Russia and the small countries are directly linked to the different sizes of the countries, and also to their different geographic locations (Chapter 3). Constructivists would agree that the similarity of government regimes, ideologies, perceptions of national interests, and external threats; the similar ability of the states to respond and adapt to integration; and the equity of distribution of integration benefits are all requirements of a deep and sustainable process. Overall, constructivism with its emphasis on similarities indicates that the EAEU's economic, political, and institutional integration is more difficult to achieve than that in the EU precisely because these are the domains where the differences among the EAEU countries are bigger. As social reality does not allow occurrence of identical states whose integration would be unproblematic, flexibility and equity will remain important principles of integration policies in any regional bloc.

Social constructivism can serve as a baseline theory in the synthesis of other integration approaches. A broader application of constructivism and its application to Eurasian integration is not yet a common approach, because it alludes to the common historic experience and affinities of language and culture that hegemonic power structures of the West teach us to forget. In narrow terms, constructivism is confined to the domain of culture and identity politics. While every scholar is aware of the common historical and linguistic foundations of the former USSR, it is problematic to relate advances and failures of economic and political integration to these cultural phenomena. Thus scholars of Eurasia usually look into issues of power and trade, and, as consequence, neorealistish and inter-governmentalistish analyzes dominate the study of Eurasian integration.

Enlargements of regional blocs alienate them from the expectations of a successful constructivist model by increasing differences in culture, political interests, economic ideologies, and distribution of wealth among member states. Weakening cultural bases and continued pursuit of the liberal model, which increases distributional costs of integration, present an aggravating problem for both the EAEU and the EU. In order to remain sustainable, the unions should cultivate stronger solidarity feelings among their citizens. This is only possible if fairer models of redistribution of integration gains are implemented. Transfer mechanisms should direct funds not only from rich to poor countries, but also within the countries. At the moment the poor are becoming poorer and the rich are becoming richer and more unwilling to share. This represents a difficult political problem. Growing polarization in integrating societies reduces the support for integration and may signify that the best days of regionalism are not in an observable future.

NOTES

1. The perceptions of Russian corruption vary. Belarusians, for example, fear that the Russian administration may rip them off more than their own. In Azerbaijan people think that no way it could be worse under Russia compared to what they are currently experiencing in independent Azerbaijan.
 2. Mukhametdinov, Mikhail. 2019. *Mercosur and the European Union: variation and limits of regional integration*. Palgrave Macmillan, New York.
- Mukhametdinov, Mikhail. 2016. Vlijanije Jevrosojuza i Merkosura na jazykovye predpochtenija v stranakh-chlenakh. *Vestnik Samarskoj gumanitarnoj akademii. Filosofija i Filologija*, 2, pp. 138–144.

INDEX

A

Armenia, [40](#), [41](#), [44](#), [46](#), [47](#), [49](#), [51](#),
[57](#), [59](#), [65](#), [66](#), [71](#), [78](#), [79](#), [83](#),
[84](#), [88](#), [89](#), [91](#), [92](#), [104](#), [138](#),
[141](#), [165](#), [172](#), [173](#), [177](#), [189](#),
[194](#)
Azerbaijan, [78](#), [79](#), [91](#), [92](#), [164](#), [173](#),
[199](#), [205](#)

B

Belarus, [17](#), [39](#), [40](#), [44](#), [46](#), [47](#), [49](#),
[53–55](#), [57–59](#), [66](#), [71](#), [79](#), [82](#),
[83](#), [85](#), [86](#), [88–92](#), [96](#), [98](#), [104](#),
[110](#), [113](#), [121](#), [122](#), [130](#), [131](#),
[141](#), [146](#), [147](#), [160](#), [170](#), [171](#),
[173](#), [174](#), [183](#), [187](#), [188](#), [196](#),
[199](#), [205](#)
Benelux, [84](#)

C

CAN, [101](#), [198](#)
CES, [47](#), [108](#), [160](#)

CIS, [40](#), [59](#), [78](#), [79](#), [85](#), [91](#), [94](#), [96](#),
[108](#), [147](#), [160](#), [173](#), [176](#), [177](#),
[190](#), [194](#)
Clinton, Hillary, [167](#), [170](#), [198](#)
Common external tariff, [39–41](#),
[51–53](#), [58](#), [68](#), [91](#), [172](#)
Constructivism, social, [5–7](#), [9](#), [13](#), [14](#),
[16](#), [18](#), [25](#), [31](#), [33](#), [191](#), [192](#),
[202–204](#)
Cooperation, definition, [2](#)
Coordination, definition, [2](#)
Culture, [11](#), [13](#), [21–26](#), [75](#), [76](#), [107–](#)
[109](#), [112–115](#), [120](#), [122–125](#),
[128–130](#), [137](#), [140–142](#), [171](#),
[172](#), [180](#), [196](#), [200](#), [203–205](#)
Customs union, [3](#), [20](#), [37](#), [38](#), [40](#), [41](#),
[53](#), [60](#), [89](#), [91](#), [161](#), [194](#)

E

EAEC, [3](#), [50](#), [51](#), [96](#), [101](#), [105](#), [159](#),
[160](#), [176](#), [177](#), [188](#)
Eclecticism, analytic, [21](#)

Eurasianism, 140
 European culture, 123
 Europeanness/European identity, 8,
 13, 25, 28, 78, 110, 116, 118,
 122, 126, 140

F

FTAA, 156, 162

G

Geoeconomic, definition, 28
 Geopolitical, definition, 28
 Georgia, 40, 91, 123, 164–166, 170,
 172, 173, 183, 199
 GU(U)AM, 15, 96, 164, 173

H

Hegemony, definition, 14, 123

I

Infrastructure, 27, 29, 48, 52, 69, 88,
 165, 174, 175, 197
 Integration, definition, 1, 2, 6, 8, 11,
 18, 19, 75, 178, 180
 Intergovernmentalism (explanatory
 approach, organization of regional
 governance), 5, 7, 11, 12, 16,
 17, 22–30, 76, 80, 85, 104, 191,
 192, 202, 203

K

Kazakhstan, 39–41, 44, 46–48, 51,
 53–55, 57–59, 65, 66, 71,
 79, 82, 83, 85–87, 89–93, 96,
 104, 132–137, 147, 148, 160,
 170–172, 174, 175, 177, 181,
 183, 187–189, 198, 199
 Kyrgyzstan, 40, 44, 46–48, 51, 53,
 54, 56, 57, 59, 65, 66, 78, 79,

83, 84, 88–91, 136, 137, 141,
 164, 165, 172–175, 177, 180,
 189, 199

L

Lukashenko, Alexander, 54, 55, 108,
 131, 143, 170, 171, 199

M

MERCOSUR, 2, 15, 42, 44, 49, 51,
 52, 58, 84–86, 108, 162, 190,
 195, 198
 Moldova, 40, 59, 78, 91, 121, 164,
 170, 172, 173

N

NAFTA, 15, 49, 86, 154, 162, 198
 NATO, 117, 118, 122, 124, 153,
 154, 156–160, 163, 165, 168,
 179, 182, 193
 Nazarbayev, Nursultan, 85, 92, 132,
 134, 135, 147, 148, 171
 Neofunctionalism, 5–7, 9–11, 16–19,
 22–26, 28, 29, 33, 37, 202
 Neorealism, 5–7, 9, 15–18, 23–26,
 28, 31, 151, 202

P

Politics, definition, 25, 26, 75
 PTAs, effects, 58
 Putin, Vladimir, 51, 54, 108, 134,
 142, 147, 159–161, 164, 166,
 167, 172, 173, 182, 183, 199

R

Race, 27, 113, 115, 133, 139
 Religion, 18, 27, 107, 108, 110,
 113–115, 126, 129, 139, 141,
 163

Russia, 4, 5, 8, 15, 26, 39, 40, 44–49,
 51–59, 62, 64–66, 69, 79, 80,
 82, 83, 85–94, 96, 102–103,
 110, 112, 113, 116, 118,
 120, 121, 124, 126–128, 130,
 131, 132, 135–137, 140–142,
 147, 155, 157–175, 178–183,
 187–190, 194–199, 201, 204
 Russian language, 22, 111, 112, 129,
 135, 137, 140, 141, 191

S

Supranationalism, 85

T

Translations, 94, 112, 113
 Turkmenistan, 17, 173, 174, 195, 199

U

Ukraine, 40, 91, 115, 120, 121, 132,
 144, 164–170, 172–175, 179,
 183, 187, 198, 199
 Unification, definition, 3
 Uzbekistan, 59, 78, 164, 173, 174,
 195