

## ARTICLE

# The Big Eurasian Partnership as a Model of a New World Order: from the American to the Asian World Economic Paradigm

Glaziev Sergey Yu.\*

Academician of the Russian Academy of Sciences, Leninsky prospect, 32a, Moscow, 119991, Russia

Head of Economy Policy Department of State University of Management, Ryazan Avenue, 99, Moscow, 109542, Russia

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### ABSTRACT

The paper applies the conception of world economic and technological modes' changing in order to justify the emergence of a new model of global economic order. The research is focused on the justification of the Big Eurasian Partnership (BEP) as such kind of pattern. We've started to form the basis and create a Road Map for the BEP building. First of all, we determine the conditions for the BEP construction taking into account the logic of switching from the American (Imperial) to the Asian (Integral) world economic paradigm. The paper also includes clear author's definition of the BEP and the formulations of the goals for its creation. The author puts forward the principles of the Big Eurasian Partnership, reveals the active zones of conjugation processes in the space of the Big Eurasia and highlights the positive effect from the interconnection of the countries within the BEP construction. It is also showed in the paper how different international initiatives uniting the countries (like "Belt and Road" initiative of China, Eurasian Economic Union, etc.) can co-exist within the common BEP concept. The paper contains the results of scientific diplomacy worked out by the author according to the general idea of Russian President.

## 1. Introduction

Currently we witness a restructuring of the world economy connected with its transition to a new technological paradigm based on a complex of nanotechnology, bioengineering, information and communication technologies. Soon, advanced countries will reach a long wave of its economic growth. The slide in oil prices is a characteristic sign of completion of the phase of the new technological paradigm's birth and its reaching the exponential part of the growth trajectory due to the rapid spread of new technologies that drastically improve

resource efficiency and reduce the energy intensity of production.

It is during such periods of global technological shifts that the lagging countries have the opportunity for an economic dash towards the level of advanced countries, while the latter are faced with an over-accumulation of capital in obsolete production and technological complexes.

The potential success in these processes can be reached by the states of the Big Eurasia. This dash is already being made today by China and other countries of Southeast Asia. Over the past three decades, China has made impressive advances. From the deep periphery of the world

\*Corresponding Author:

Glaziev Sergey Yu.,

Academician of the Russian Academy of Sciences, Leninsky prospect, 32a, Moscow, 119991, Russia;

Email: [bondarenko@inecon.ru](mailto:bondarenko@inecon.ru)

economy, it leapfrogged into the group of leaders, reaching in 2014 to the first place in the world in terms of physical GDP and exports of high-tech products.

The purpose of this research is to provide a scientific basis for the emergence of conditions for a new world economic order model creation and lay the foundations for the early implementation of the Big Eurasian Partnership (hereinafter – BEP) project. The paper has the following structure: Section 2 contains the brief literature review, the conception of world economic and technological modes' substitution, the common determination of the world economic modes and orders, comparative analysis of the American (Imperial) and the Asian (Integral) paradigms and the identification of the period of world order's changing; Section 3 presents the author's view of the BEP as a new world economic order with exact basic definitions, goals and conditions, areas of building deep interconnections between the participating countries, etc.; Section 4 consists of conclusions.

## **2. Methodology and Research Basis**

To prove the existence of conditions for a new world order creation (given the BEP as a model of which), we use the conceptual methodological approach. It includes the development of the world economic and technological modes' substitution concept based on the author's scientific discovery<sup>[1]</sup>. This concept was created and developed on the ground of scientific works made by such kind of researchers as N. Kondratiev, G. Arrighi, C. Perez<sup>[2-4]</sup>, etc.

### **2.1. Contours and Foundations of a New World Order in the Context of World Economic Paradigm Changes**

First of all, the emergence of a new economic leader allows us to guess about the change of technological and world economic modes. Today China is becoming the global engineering and technology center. The share of Chinese engineering and scientific staff in their global number reached 20% in 2007, having doubled in comparison with 2000 (1,420 and 690 thousand, respectively). By 2030, according to forecasts of Chinese scientists, there will be 15 million engineering and scientific employees in the world, of which 4.5 million (30%) will be scientists, engineers and technicians from China<sup>[5-6]</sup>. Over three decades, Chinese GDP has grown 30-fold (from \$300 bln to \$9 trln at the current yuan-dollar exchange rate), industrial production – 40-50-fold, foreign exchange reserves – by several hundred times (from several tens of billions to \$4 trln). According to the level of economic development measured by GDP per capita, China ascended from the

position at the end of the list of the poorest countries to the group of top thirty countries (with average income)<sup>[6]</sup>. By 2030, China will gain the global lead in terms of expenditure on scientific and technical development, and its share in the global costs will be 25%<sup>[6]</sup>.

China stands out not only by the dynamism of its development and the enormous size, but also by the history of reforms that created the conditions for its economic miracle. The Chinese approach to building a market economy is fundamentally different from the post-Soviet one in its pragmatism and creative attitude to reforms. They are based not on dogmatic clichés issuing from abstract ideological ideas about socio-economic processes, but on actual management of the economy. Like engineers constructing a new machine, Chinese leaders are consistently perfecting new production relations through solving specific problems, conducting experiments, selecting the best solutions. Patiently, step by step, they build their market socialism, constantly improving the system of public administration by selecting only those institutions that actually work to develop the economy and increase public welfare. Keeping the "gains officialism," the Chinese Communists build into the system of state administration the regulators of market relations, supplement state forms of ownership with private and collective ones in such a way as to achieve higher efficiency of the economy in the public interest.

The rise of China entails reformation of the global economic system and international relations. The revival of planning of socio-economic development and state regulation of the basic parameters of capital reproduction, an active industrial policy, control over cross-border capital flows and currency restrictions – all this can turn from the bill of fare prohibited by Washington financial institutions into the generally accepted tools of international economic relations<sup>[1,7]</sup>. In opposition to Washington, a number of scientists have started talking about the Beijing Consensus, which is much more attractive for the developing countries inhabited by the majority of humankind. It is based on the principles of non-discrimination, mutual respect for the sovereignty and national interests of the cooperating states, targeting them at upgrade of the public well-being rather than servicing international capital. In so doing, a new regime for protection of intellectual property rights and transfer of technology may arise, and new standards for international trade in energy and resources, new rules for international migration, new agreements on limiting harmful emissions, etc. can be adopted. The Chinese approach to international politics (refraining from interference in internal affairs, from military intervention, from trade embargoes) provides the developing countries

with a real alternative of building equal and mutually beneficial relations with other states<sup>[8]</sup>. China fundamentally rejects the use of force, as well as employment of sanctions in foreign policy. Even in its relations with Taiwan, China always emphasizes the expansion of economic and cultural cooperation, while the Taiwan authorities resist this<sup>[9]</sup>.

Apologists of American hegemony try to take no notice of the key elements of the Chinese approach to reformation. Instead of adopting the Chinese experience, they come up with "objective explanations" for the rapid growth of the Chinese economy now by foreign investments, then by imitation of Western technologies, then by the flow of cheap labor resources from backward agriculture to urban industry. Chinese reforms are sometimes compared to the Soviet New Economic Policy, which also featured a combination of socialist and capitalistic elements, along with high growth rates.

All the "objective" explanations for the high growth rates of the Chinese economy by its original backwardness are partly true. Partly, because they ignore the main thing – the creative approach of the Chinese leadership to building a new system of production relations which, as the Chinese economy advances to the leading position in the world, becomes more self-sufficient and more attractive. Before our eyes, a new social and economic system is being formed that is more effective than the previous ones, the center of world development is moving to Southeast Asia, which allows a number of researchers to talk about the beginning of a new (the Asian) centennial cycle of capital accumulation<sup>[3,10]</sup>.

We have already referred above to the theory of systemic cycles of accumulation, the essence of which is that each historical period, about a century long, forms its own system of capital accumulation, the center or leader of which is the most developed country. A core of sorts is formed around the leader out of other developed countries, while the rest of the countries form the periphery of this accumulation cycle. The leader creates the appropriate institutions with which he coordinates the activities of the entire system and, most importantly, through which the appropriation of surplus value is carried out through the market or through a non-equivalent exchange between the core and the periphery. Naturally, the leader gets the lion's share of the appropriated surplus product<sup>[11]</sup>.

The system of national and international institutions that ensure expanded reproduction of the national and world economies in each centennial cycle of accumulation has been defined above as a world economic paradigm (or it can be named "mode"). Each of these paradigms has its limits of growth determined by the accumulation of

internal contradictions within the framework of reproduction of its constituent institutions. The unfolding of these contradictions occurs until the moment of destabilization of the system of international economic and political relations, which have been resolved so far by world wars. In turn the world economic order is determined by the change in world economic and technological modes.

Thus, the two world wars of the last century mediated the transition from the world economic paradigm of colonial empires to the paradigm of liberal globalization due to the contradiction between the rapid expansion of production on the American and European periphery by Britain that dominated the system of global economic relations, and the latter's ability to retain global control. The British decision to introduce protectionist measures to defend the economic interests of their empire in the 1930s indicated the achievement of the threshold of conflict-free unfolding of this contradiction. Britain was facing a choice, either to stop growth of the periphery segments that it did not control, or give in its leadership. Having arranged the First World War, the British retained leadership by destroying their main competitors in Eurasia – Germany, Russia, Austria-Hungary and Turkey. But at the same time, their U.S. periphery became stronger. As a result of the second round of this struggle, global leadership passed to the U.S. and the USSR. Their confrontation continued for more than half a century, till the modern world economic paradigm became finally established on the principles of liberal globalization, which was optimal for the institutions of the American cycle of accumulation.

Today, only a quarter of a century after the establishment of the U.S. global dominance, the world market no longer ensures an expanded reproduction of the institutions of the American cycle of accumulation. The financial pyramids that formed its foundation went far beyond the limits of stability. At the same time, a new center of rapidly expanding reproduction appeared on the periphery of this world economic structure, which surpassed the U.S. in the production of goods. China's decision to stop increasing its dollar reserves marked the limit of conflict-free resolution of the contradiction between expanded reproduction of the U.S. debt obligations and global investment opportunities. To resolve this contradiction, the U.S. has a choice, either to attempt establishing a forcible control over the periphery segments that have gone out of hand, or to give way to the new leader. So far, the U.S. ruling elite prefers the first option, not realizing the limitations of its capabilities. These limitations are determined by the greater effectiveness of the new world economic structure institutions, the basis for the formation of which is China and other countries of South-East Asia<sup>[1,7]</sup>.

In accordance with the theory of change of centennial cycles of capital accumulation, the emerging Asian cycle must rely on a new system of capital reproduction institutions that retain the old material and technical achievements and create new opportunities for the development of the productive forces of society. To make predictions of the further development of events, it is necessary to understand the structure of the institutions of the new world economic paradigm.

The Chinese themselves call their formation a socialist one, developing at the same time private entrepreneurship and growing capitalist corporations. At the same time, the Communist leadership of China continues to build socialism, avoiding ideological clichés. They prefer to formulate tasks in terms of national welfare, setting objectives to overcome poverty and create a society of average prosperity, and in the future, to achieve the world's foremost standards of living. At the same time, they try to avoid excessive social inequality, preserving the labor base for the distribution of national income and directing the institutions of economic regulation towards productive activities and long-term investments in the development of productive forces. This is a common feature of the countries forming the core of the new world economic paradigm<sup>[1,7]</sup>.

Regardless of the dominant form of ownership, be it state, as in China or in Vietnam, or private, as in Japan or Korea, a new world economic paradigm of accumulation is characterized by a combination of institutions of state planning with market self-organization, state control over the main parameters of the economy reproduction with free entrepreneurship, the ideology of the common good with private initiative. Given that, the forms of political organization can fundamentally differ from the world's largest Indian democracy to the world's largest Communist Party of China. The invariable constant is priority of national interests over private ones, which is expressed in strict mechanisms of personal responsibility of citizens for conscientious behavior, proper fulfillment of their duties, compliance with laws, and serving nationwide goals. In this context, the forms of public control can also fundamentally differ, from seppuku committed by top managers of bankrupt banks in Japan to death penalty applied to officials in China who were caught stealing. The social and economic development management system is built on mechanisms of personal responsibility for enhancing the national welfare<sup>[1,7]</sup>.

The primacy of public interests over private ones is expressed in the institutional structure of economic regulation typical for the new world economic paradigm. First and foremost, in the state control over the basic parameters of capital reproduction through mechanisms of plan-

ning, credit, subsidizing, pricing, and regulation of basic entrepreneurial conditions. In so doing, the government not so much gives orders, as performs a moderator's role forming mechanisms of social partnership and interaction between the basic social groups. Officials do not try to manage entrepreneurs, instead they organize joint work of business, scientific, engineering communities to form common development goals and elaborate methods for their achievement. The mechanisms for public regulation of the economy are also tuned up to this end<sup>[1,7]</sup>.

The state ensures long-term and cheap credit, and businessmen guarantee its targeted use in specific investment projects for production development. The state provides access to infrastructure and services of natural monopolies at low prices, and enterprises assume responsibility for the production of competitive products. In order to improve their quality, the state organizes and finances the necessary R&D, education and training, and entrepreneurs implement innovations and invest in new technologies. The private-public partnership is subordinated to the public interests of economic development, improvement of the national well-being and the quality of life. Accordingly, the ideology of international cooperation is also changing, that is, the paradigm of liberal globalization in the interests of private capital of the leading countries of the world is replaced by the paradigm of sustainable development for the benefit of all mankind<sup>[1,7]</sup>.

The Chinese leaders modestly continue to call their country developing. This is true judging by the rate of growth. But in terms of its economic potential, China has already achieved the level of the leading countries of the world. And in terms of the production relations structure, China is becoming a model for many developing countries that are eager to replicate the Chinese economic miracle and are approaching the core of the new world economic paradigm. One should regard the industrial and socio-political relations that formed in China not as transitional, but as characteristic of the most advanced social and economic system of this century.

Along with China, the countries involved in shaping of the new world economic paradigm core are Japan, Singapore and South Korea. Despite significant differences from China in terms of political structure and economy regulation mechanisms, many stable cooperative ties are being formed between them, and mutual trade and investments are growing rapidly.

Both the neighboring countries, such as Russia, India, Vietnam, Malaysia, Indonesia, and the countries of Latin America, including Brazil, Venezuela, Cuba and others, are pulling themselves to the emerging core of the new world economic order. The attraction of the African coun-

tries to it is also increasing. Taken together, the economic power of these countries is already comparable to the core countries of the American cycle of accumulation. They also have Japan with a powerful banking system as their common element that can act as a tunnel of sorts for moving capital from one cycle to another.

BRICS, the informal union of Brazil, Russia, India, China and South Africa, has become a popular image of the new global economic order. After the appearance of the abbreviation "BRIC" in 2001, the GDP volume increased more than threefold, and they accounted for a third of the increase in world output. "The five" (with the accession of the Republic of South Africa), occupying 29% of the terrestrial land (excluding Antarctica), have almost 43% of the world's population. According to the share in the total world gross product by PPP, the proportion of BRICS is almost 27%, but by contribution to the growth of the world product in 2012, the share of the "five" exceeded 47%<sup>[12]</sup>.

The authors of the fundamental report<sup>[6]</sup> prepared for the meeting of the BRICS leaders in Russia this year, determine BRICS as "a transcontinental coalition that has emerged over a wide range of geo economic and geopolitical motives connected with the change of weight categories in the world hierarchy and global regulation mechanisms..." which "...will eventually come to an institutionally established structure".

Unlike the core countries of the existing world economic paradigm that has imposed on the world the universal system of financial and economic relations as the basis of liberal globalization, the emerging core of the new world economic paradigm is very diverse. This difference is also evident in the common values of BRICS: freedom to choose the ways of development, denial of hegemony, sovereignty of historical and cultural traditions. In other words, the association of the "five" is a qualitatively new model of cooperation, paying tribute to diversity as opposed to the uniformity of liberal globalization, which is equally acceptable for countries that are at different stages of economic and social development.

The main factors for the convergence of the BRICS countries are:

(1) the common desire of the BRICS partners to reform the outdated international financial and economic architecture that does not take into account the increased economic weight of emerging-market and developing countries (the directions of such a reform could cover the formation of a joint payment system of the BRICS countries, taking into account the plans for the creation of a national payment system; establishment of a joint multilateral agency for investment assurance; development of

international standards for activities of rating agencies and determination of ratings; creation of an own global system of international payments; harmonization of rules of procedure of national monetary authorities);

(2) strong support by the association participants of generally recognized principles and standards of international law, rejection of the policy of forceful pressure and infringement of the sovereignty of other states;

(3) similar challenges and problems of the BRICS participants related to the needs of a large-scale modernization of the economy and social life;

(4) complementarity of many sectors of the economy of participating states<sup>[13]</sup>.

The historical mission of BRICS as a new community of countries and civilizations is to propose a new paradigm that meets the needs of sustainable development, taking into account the environmental, demographic and social limits of development, the need to prevent economic conflicts<sup>[6]</sup>.

The paradigm of a new world economic structure proposed by BRICS is fundamentally different from the previous centennial cycles formed by Western European civilization. S. Huntington acknowledged that "The West won the world not by the superiority of its ideas or values or religion (to which few members of other civilizations were converted) but rather by its superiority in applying organized violence"<sup>[14]</sup>. Currently, the Western powers, using the same patterns of behavior described by Huntington, forget with surprising ease the old humane traditional values and are now trying to retain power and hegemony by force.

Simultaneously with the rapid growth of the core of the Asian cycle of accumulation, the core of the American cycle is relatively decreasing. This process is sustainable and will continue in the future. Table 1 shows the strengthening of the dominant positions occupied by new core countries and the loss of leadership of other states on the basis of only one unified indicator - GDP.

China, the new leader of the Asian cycle of capital accumulation, has already become the "world factory." Within the framework of the SCO, APEC and BRICS, it began to form a new world economic paradigm with its system of economic regulation, which has already been called the "Beijing Consensus." It is no coincidence that at the last BRICS summit in Brazil, the financial basis of the new world economic structure was created in the form of two banks responsible for the stable development of the new world financial architecture. This is a direct threat to the domination of the U.S. and the receding American cycle of capital accumulation. The main contradiction of the current historical moment is that the accumulation of

**Table 1.** Comparison of the GDP of the core of the American and Asian cycles of capital accumulation

	1820	1870	1913	1950	1973	2000	2010	2020	2030
<b>The core countries of the new world economic and technological mode</b>	70.3	53.1	42.1	39.5	39.9	43.0	52.4	60.5	66.9
<b>Developing Asian countries</b>	56.5	36.1	22.2	15.3	15.8	29.2	40.9	49.1	58.2
<b>China</b>	33.0	17.1	8.8	4.6	4.6	11.8	20.7	28.9	33.4
<b>India</b>	16.1	12.2	7.5	4.2	3.1	5.2	8.0	12.2	18.6
<b>Russia</b>	5.4	7.5	8.5	9.6	9.4	2.1	2.4	2.7	3.0
<b>Brazil</b>	0.4	0.6	0.7	1.7	2.5	2.7	2.6	3.6	5.1
<b>The core countries of the old world economic and technological mode</b>	29.7	46.9	57.9	60.5	60.1	57.0	47.6	39.5	33.1
<b>The U.S.</b>	1.8	8.9	18.9	27.3	22.1	21.9	18.4	16.7	15.1
<b>The EU</b>	23.3	32.0	35.8	27.1	27.1	21.5	18.1	15.7	13.1
<b>Japan</b>	3.0	2.3	2.6	3.0	7.8	7.2	5.4	4.4	3.2

*Notice:* GDP figures are based on purchasing power parity (PPP) indicators; calculations for the years 1820-2000 were performed by A. Maddison; calculations for 2010-2030 were performed by Chinese scientists on the basis of A. Maddison's calculations. Source: <sup>[6]</sup>.

capital takes place at the center of the American system, in the developed countries, while the consumption potential is concentrated in the Asian and other developing countries. Therefore, financial bubbles are inflated in developed countries, while the developing countries do not have enough finance to develop and satisfy the growing consumption <sup>[10]</sup>.

These arguments are confirmed by the data of the analytical service of the U.S. bank Goldman Sachs, which predicts that by 2020 the total world "middle class" will reach 3.85 billion people, of which the share of G-7 countries will be reduced to 21%, while the share of the BRICS countries will grow to 44%. By 2030, the "middle class" of the world will reach 5.2 billion people, of which more than half (52%) will reside in the BRICS countries, while the share of the G-7 countries will drop to 15%. At the same time, consumption growth will increase by \$10 trillion, and by 2020 this figure in developing countries will reach 13 trillion, giving 43% of the world's total. Growth in consumption will take place in the BRICS countries exponentially: their share will increase from 23% in 2000 to 62% by 2020 <sup>[15]</sup>. The center of gravity in international trade and production has shifted from the North to the East and South: In the next ten years, South-South trade will continue to develop, with the BRICS countries taking the lead in it. At the same time, the role of developing countries will increase substantially in the market of direct and portfolio investments in the coming years, and this will include investments of developing countries into each other. This will greatly weaken the monopoly and dominance of Western transnational corporations in the sphere of international investment and production <sup>[16]</sup>.

As noted by A. Ayvazov and the authors of the book "Prospects and Strategic Priorities for the Rise of the BRICS," the American cycle of capital accumulation has entered the "autumn" period of its development, or the "financial expansion" stage. In 1980, financial departments gave 15% of the total profits of U.S. industrial corporations, while now they yield more than half of the profits of TNCs. With the collapse of the Warsaw Pact and the USSR, the core of the U.S. world system obtained huge sales markets for its goods and application spheres for its surplus capitals. However, it did not seem to be enough for the global financial oligarchy that started arranging financial crises everywhere, which the Anglo-American geographer D. Harvey, one of the founders of the so-called "radical geography", called "accumulation by dispossession" <sup>[17]</sup>, along with the theory of "accumulation by dispossession," D. Harvey also developed the interconnected theory of capitalist geographic expansion, the so-called "spatial fix" theory. The latter proceeds from the premise that capitalism must create a geographical landscape commensurate with the conditions of accumulation in each particular era of growth. One of these conditions is investment in real estate, social infrastructure, industrial development, etc., and another lies in certain institutional mechanisms characteristic for the given period. When capital in its dynamics exhausts the possibilities of the epoch and reaches new investment areas, new production forms, new labor relations, etc., it explodes the old shell and creates a new landscape in accordance with new requirements] when hundreds of billions of dollars were withdrawn from the periphery and transferred to the U.S. and other countries of the global capitalist system core.

The capitals withdrawn from peripheral countries were applied not so much for the development of new industries, but rather for stock market speculations. As a result of this specific redistribution, in 2000-2001 NASDAQ, the stock exchange of the "new economy," crashed (the crash of stocks of Internet companies was called the "Dot-com bubble" crash), and in 2007, there happened a financial collapse caused by the mortgage crisis in the U.S. The U.S. economy is under pressure of the huge public debt that is approaching \$18 trillion. Based on the objective data, forecasts are made that the U.S. economy will plunge into the deepest depression in the next few years, which will mark the end of the American centennial cycle of capital accumulation and the transition to the Asian cycle<sup>[6]</sup>.

In order to neutralize the impact of the ever-increasing burden of its debt obligations and to take turn to its own account the opportunities arising from the expansion of overseas markets, the U.S. is making efforts to organize the Trans-Pacific Partnership (TTP) and the U.S.-EU Transatlantic Trade and Investment Partnership (TTIP). In the future, there is a probability of integration of these major transcontinental free trade zones, the core of which will be the U.S. The regions where the countries taking part in the negotiations for establishing the transcontinental superblocks are located account for the vast majority of world imports (about 85%). North America absorbs about 18% of world exports, Europe—almost 36%, Asia—32%. Russian exports are also largely oriented toward these regions. The EU absorbs 53% of national exports, and the APEC countries, more than 17%<sup>[7]</sup>.

The U.S. desire to exclude from the new stage of liberal globalization China, India, Russia and Brazil that have veered out of its control testifies to the achievement of the limit of conflict-free resolution of the contradictions between the opportunities and the needs for ensuring an expanded reproduction of the existing world economic paradigm. Further liberalization of world trade initiated by the U.S. is unlikely to give it any additional competitive advantages. It resembles the unsuccessful attempts of Britain to fence off the American competitors with protectionist measures in order to defend the domestic market of its empire a century ago. Just as then it became a signal to the ruling elite of the U.S. about the need to break the colonial world economic system, so today these initiatives of the U.S. are perceived by the countries of the core of the emerging new world economic paradigm as the reason for demolishing the old one. If the U.S. seeks to improve its competitive position at their expense, then they have no reason to keep maintaining the American financial pyramid. It would not

mean for them anything but new attempts of the U.S. oligarchy to perform "accumulation by dispossession". Following China, the accumulation of U.S. debt obligations is stopped by Russia. This process will inevitably start snowballing in a short time, which will entail destruction of the U.S. financial system and the entire current world economic paradigm based on it<sup>[1,7]</sup>.

Undoubtedly, the oligarchy ruling the U.S. will try to slow down the process of growth of the new center for global economic development. But the options to do this in a non-conflict way, as was done in 1985 with regard to Japan, the rising "first robin" of the Asian accumulation cycle, by artificially reducing the competitiveness of its economy by imposing the "Plaza Accord," are hardly available today. At the meeting of finance ministers and heads of central banks of the group of the most advanced countries (the U.S., Britain, Germany, France and Japan) in 1985, the U.S. persuaded other participants to take a number of concerted measures to regulate foreign exchange markets. Their goal was to reduce the dollar rate and increase the rates of other currencies. Each country consented to change its economic policy and intervene in the work of foreign exchange markets to the extent necessary to devalue the dollar. Japan agreed to raise interest rates and do everything necessary to ensure that the yen rate "fully reflected the positive dynamics of the Japanese economy." As a result, because of the sharp increase in the yen rate, the Japanese economy suffered severely, as Japanese exporting companies became less competitive in foreign markets. (It is believed that in the end it led to a 10-year economic recession in the country.) On the contrary, after signing the agreement the U.S. experienced a significant economic growth and a low level of inflation.

China feels strong enough to disagree with discrimination. India has traditionally been very sensitive to attempts at compulsion by the Anglo-Saxons. The independent policy of V.V. Putin excludes the possibilities of manipulating Russia, as the U.S. did in the 1990s.

Despite liberal globalization, the opportunities for mutual understanding between the leaders of the old and new world economic paradigms are not so great as in the previous transitional crises. Whereas the Dutch, British and American cycles of accumulation were based on their common Anglo-German civilizational foundation and Protestant ethics which rested on individualism and competition, China, Japan, Korea, Russia and India belong to other civilizations based on collectivism and solidarity.

As far back as in 1964 P. Sorokin, a remarkable Russian thinker living in the United States, foresaw this historic transition and defined the key difference between the

new era and the previous one: "the dominant type of the emerging society and culture is likely to be neither capitalist nor communist but a type sui generis which we can designate as integral type. This type will be intermediary between the capitalist and communist orders and ways of life. It is going to incorporate most of the positive values and to be free from the serious defects of each type. Moreover, the emerging integral system probably will not be in its development a simple eclectic mixture of specific features of both types, but the integrated system of integral cultural values, social institutions and integral type of personality substantially different from the capitalist and communist models" [18].

Using this definition of P. Sorokin, let's designate the new world economic paradigm forming in the course of establishment of the Asian cycle of accumulation as an integral one. The paradigm corresponding to the current American accumulation cycle will be designated as imperialistic, and the preceding one as colonial. These short names symbolize the essence of the worldview of the ruling elite that belongs to the core of the relevant world economic paradigm. Fig. 1 shows the scheme of successive world economic and technological paradigms and their corresponding long cycles of economic and political dynamics, compiled on the basis of A. Ayvazov's model with the author's changes.

Perhaps the West still has the opportunity to give the emerging new world economic paradigm the form of a "new imperialism." Like the traditional one, it could be based on private property and competition, while having built-in social and environmental restraints preventing financial institutions from steamrolling over the real sector of the economy and ignoring the interests of the majority of the population. This concept could overcome the current contradictions of the historically established model, ensure a fair distribution of material wealth between classes and territories based on the parameters of sustainable development. That is, take into account the environmental and demographic limits, the priority of solving social problems, the need to prevent conflicts on economic grounds [19].

This opportunity was not used in the period of Perestroika that destroyed the USSR. Through the efforts of Western institutions and advisers to Soviet, and later to post-Soviet political leaders, a false mythology of "universal human values" was imposed, under the guise of which the barbaric colonization of the post-Soviet economical space by American-European capital went off. Presently, U.S. political engineers are trying to repeat this experience, resorting to direct aggression against peripheral countries in order to establish their control. By so doing,

they exclude the possibility of a conflict-free transition to the new world economic paradigm.

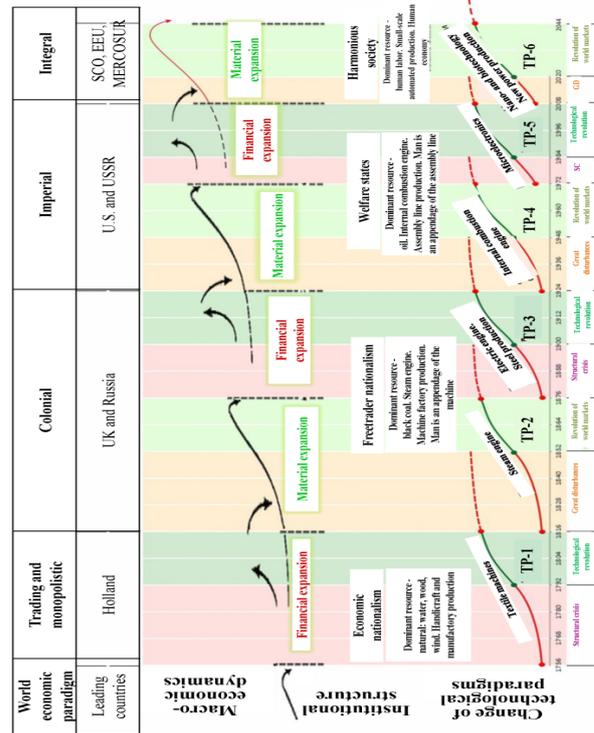


Figure 1. Periodic change of the world economic modes

Source: [20]

Throughout the entire capitalism development epoch, the global center of capital accumulation was situated within the framework of Western European civilization which, after the collapse of the USSR, transformed the rest of the world into its periphery. The previous centennial cycles of capital accumulation were formed by Western European civilization with its characteristic ideology of profit and coercion, based on the Golden Calf religion, that is, faith in the universal power of money and reduction of the value of an individual to the amount of his or her capital. Although this faith mimicked Christian ethics, Weber has shown that its meaning in Protestant heresy was reduced to monetary wealth as a criterion of grace and a sign that the person belongs to God's chosen.

The formation of an integrated world economic paradigm takes place on a different civilizational basis. Despite its complex composition, the common values in the spiritual traditions of the core countries of the Asian cycle include renunciation of violence as the main form of spelling things out, seeking harmony between man, nature and society, condemnation of money-grubbing, aspiration for mutual cooperation and balance of interests. In international relations, these values are manifested in the mutual respect for national sovereignties, the desire for cooperation while preserving the diversity of countries, and in elaboration of common development strategies. In the economic sphere, they are manifested in the criticism of the current world economic order as unfair and ensuring the enrichment of the "golden billion" countries by exploiting the rest of humanity through an unequal foreign

economic exchange.

We also pay attention to the estimation of positive effect from the new world economic order creation. The previous author's papers contain the results of statistical analysis and forecast with the help of multiplier effect identification and calculations on inter-industry balance data for the Russian Federation. The calculations based on BIS, IMF and national Goskomstat databases over the period 1991-2017 showed that through both the internal factors and economic structure development and the financial conjugation under the BEP between China and Russia the Russian economy can expand the credit lines and reach a level of 7% growth of GDP and 15% growth of investment<sup>[21-22]</sup>. The example illustrates that the excessive financial resources of one country can be directed to other partner country and find effective application there under the BEP mutually beneficial conditions.

### 3. Results and Discussion on the Big Eurasian Partnership

As we showed it is a switch from American (Imperial) to the Asian (Integral) world economic mode when there is a place for creation new economic order based on the character of the new world paradigm. The model for building a just world order, no matter how utopian it may sound, can be the formula proposed by the President of Russia for creating the Big Eurasian Partnership.

*«...I believe that the composition of capabilities being available for such integration structures as the EEU, "Belt and Road", the Shanghai Cooperation Organization, the Association of South East Asian Nations can form the basis for the Big Eurasian Partnership creation.*

*What we do mean is to create a system of bilateral and multilateral agreements in order to simplify the process of regulation in such areas as customs, sanitary and phytosanitary control, sectoral cooperation and investment, intellectual property rights protection.*

*Certainly, to build such kind of a partnership is rather long and painstaking job to be done. The process assumes the combination of different levels of depth, speed and integration depending on a particular member-state willingness to participate.*

*Ultimately, this activity will allow us to create a common economic space from the Atlantic to the Pacific Ocean...»<sup>[23]</sup>.*

In order to complete the task of the BEP as a new economic order building we need to draw a Road Map based on common exact definition, goals, principles and areas of conjugation to be determined.

From our point of view, the Big Eurasian Partnership is

a community of the countries linked by common interests in sustainable development and prosperity, production and technical cooperation, understanding of joint responsibility for the future of humanity, the centuries-old historical ties of collaboration in Eurasia who striving to create a common space for harmonious socio-economic and cultural development, creative interaction and friendship of their peoples. According with a narrow interpretation BEP is a combination of integration processes in Eurasia to improve the economic cooperation conditions and eliminate barriers between countries in order to form a common space for economic development.

#### 3.1. The BEP: Goals and Conditions

The BEP goal is to transform Eurasia into a zone of peace, cooperation and prosperity. Its achievement provides for tackling the problems of preferential regimes for trade and economic cooperation formation, development of mainland transport, information and energy infrastructure, composition of national development plans and harmonization of international production and technological cooperation, the transition to a fair monetary system as well as the stoppage of existing and prevention of new military conflicts.

When determining the means for dealing with the problems, it is necessary to take into account the features of the socio-economic and political structure distinguishing for the Eurasian states. The BEP doesn't assume its unification. The BEP is stick to the principles of unconditional respect for the national sovereignty of the states involved in the integration, non-interference in their internal affairs, preservation of the economic and political diversity as a necessary condition for the fair competition of national jurisdictions and joint development on the basis of competitive advantages combination to be reached.

The BEP should be formed on the ground of a flexible legal norms system, joint projects and institutions taking into account the diversity of interests and the pure voluntary nature of cooperation. The integration into the Partnership can only be of different-speed and multi-level character which is necessary for giving each participant the freedom to choose a package of obligations.

The wide Eurasian integration is a natural and objective process. It is hardly to find a single state in Eurasia which isn't involved in a particular regional union. The Eurasian integration is based on the historical experience of cooperation and joint creative activity of the Eurasian peoples for long centuries. The leading formula is referred to as "the peoples of one historical human destiny" proposed by China confirms the truth of idea determined the Eurasian integration on the ground of the common historical expe-

rience of the Eurasian peoples and stated a century ago by the Russian philosophers.

Even in 1927 thinking about the fate of the Motherland prospects during the post-Soviet period, the famous Russian philosopher Trubetsky wrote about the basis for the new peoples union to be formed upon the understanding of common interests occurred on the ground of long history and vast experience of living together within a single state. At the same time he highlighted the necessity of equality within a new union for all reuniting peoples and pointed out the threats of nationalism. To neutralize the latter requires considerable efforts in forming the correct understanding of history and positive interpretation of the united historical experience as the ground for creating an optimistic image of the common future and its joint realization.

Current scientific achievements regarding to mathematical processing of historical data and DNA-genealogy confirm the historical consanguinity of the Eurasian peoples who got used to live within the boundaries of large state formations-empires and the common economic space most of the time and have common genetic, linguistic, cultural and spiritual roots. It also proves the key importance of Eurasia in the development of human being and dominance of the Eurasian empires in the course of civilizational construction until recently. The BEP can be built on the ground of this historical foundation and its contractual and legal institutions and principles of cooperation will create the basis for the formation of a new world economic mode.

### **3.2. Prerequisites for the BEP Formation**

Nowadays there are about fifteen regional economic associations in Eurasia with a variety of integration depth degrees and levels of expansion by areas of regulation covered. However only the EU and the EEU have supranational regulatory bodies while institutions of the others integration groups function as interstate ones. The majority of regional associations are aimed at the elimination of trade barriers, creation of free trade areas, harmonization of technical norms, customs, tariff and non-tariff regulation. Since almost all Eurasian states are members of the WTO, the rules of this organization serve as a natural basis for the regional economic integration.

In addition to the standard regional associations (customs unions and free trade zones) established to form common markets of goods, services, labor and capital, there are a number of regional initiatives served a purpose of stimulating investment activity and implementing joint investment projects, including large-scale transport and energy infrastructure development programs. The interna-

tional banks and development institutions operating both within the framework of the relevant regional associations as well as the entire Eurasian continent play an important role in supporting such regional integration initiatives.

A model for the BEP creation can be built on the interconnection between on the one hand the EEU acting as a classical regional union focusing on the formation of a full-fledged common market of its member states and the "Belt and Road" initiative (BRI) working on promotion of joint investments in large infrastructure projects – on the other hand. This model will work on the principles of free trade and competitive advantages to be combined through joint investment in order to achieve synergy and mutual benefit for all the participants of integration.

Nowadays the common economic space combining activity of all member countries covers the EU and the EEU states with the common market volumes respectively evaluated as 17 and 1.8 trln \$ and population sizes respectively estimated of 512 and 182 mln people. The member states of the CIS, ASEAN, ECO, SAARC, CCASG, EFTA [ECO – the Economic Cooperation Organization (Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkey, Turkmenistan, Uzbekistan); SAARC – South Asian Association for Regional Cooperation (Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan, India, Sri Lanka); CCASG – Cooperation Council for the Arab States of the Gulf (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UAE); EFTA – the European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland)] are operating under conditions of the free trade. Such countries as China, Japan, Vietnam, India, the Republic of Korea, Singapore and Israel have free trade agreements with many Eurasian countries. The EU creates associations with neighboring countries providing for free trade relations and has a common economic space with the EFTA which, in turn, has an extensive network of free trade relations with many states and their economic integration groups – both in Eurasia and the other continents. The EEU develops free trade relations with Vietnam and is negotiating on this issue with Egypt, India, Iran, Singapore, Syria, Serbia and Montenegro. More than 40 states and international organizations have already expressed their desire to create a free trade zone with the EEU.

The sub-continental free trade zones are in the gradual process of formation. ASEAN which combines ten South East Asian countries (Indonesia, Malaysia, Singapore, Thailand, Philippines, Brunei, Vietnam, Laos, Myanmar, Cambodia) with a total GDP of 2.6 trln \$ and foreign trade turnover of 2.5 trln \$ is negotiating to create a free trade zone with China, Japan and South Korea. After the successful conclusion of these negotiations South East Asia

will have a mega-zone of preferential trade and economic cooperation with 30% of the world population, 24% of the global GDP, 25% of the world trade and 47% of the global exports of high-tech products. In the case of creation a Regional comprehensive economic partnership under the “ASEAN+6” formula with the accession of India, Australia and New Zealand, this free trade mega-zone will cover a half of the world population and about 30% of world trade and GDP.

The transoceanic free trade zones are adjacent to sub-continental ones. The EU has a Comprehensive trade and economic agreement with Canada (CETA) and is negotiating to create a free trade zone with South American MERCOSUR. The UK and France have preferential trade and economic relations with the former colonies in the other parts of the world. The 12 Pacific states [The members of the partnership are Brunei, Chile, New Zealand, Singapore, Australia, Peru, Vietnam, Malaysia, Mexico, Canada and Japan. The USA which initiated the creation of the TPP and signed the agreement on its creation along with the other member states in 2016 (February 4) withdrew from the agreement in 2017 (January 23)] have concluded the Trans-Pacific Partnership (TPP) agreement. The creation of the largest world free trade zone in APEC is still under discussion. The discussion on the prospects and principles for the formation of a regional free trade mega-zone in APEC began in 1994 with the adoption of the Bogor Declaration and continues until now. The countries of the Asia-Pacific region account for about 40% of the world population, 57% of the global GDP and 48% of the world trade. The trade tariffs in the region have fallen by almost 70% over the past 25 years.

Along with the traditional regional integration process with preferential trade regime there are many agreements on dozens of positions for international economic cooperation including trade of goods and services, elimination of non-tariff barriers, liberalization of access to financial markets, convergence of various norms and standards, intellectual property rights, development of international transport infrastructure (road and rail corridors), mutual access to public procurement, creation of a common electricity market, harmonization of competition rules, mutual recognition of diplomas on professional education, development of joint initiatives and mechanisms to neutralize regional and global conflicts.

The Chinese BRI became the prospective form of regional integration and is aimed at the implementation of large-scale joint investment projects including the modernization of existing and the creation of new transport corridors which will unite the economic space of the Eurasian countries and facilitate trade and economic cooper-

ation between them. Any way 100 states and international organizations have already supported this initiative.

While Europe and Central Asia have already formed the integrated regional associations with supranational bodies in Brussels and Moscow, regional integration processes in the rest of the Asian part are far from to be completed. The regional superpowers are creating their centers of Eurasian integration.

Today several integration circuits are being simultaneously formed in Eurasia. «*The one flexibly complement each other, allow us to implement projects on the principles of mutual benefit. «We could rely on a whole network of bilateral and multilateral trade agreements with different levels of depth, speed, interaction and market openness depending on the readiness of a particular national economy for such joint work laying on agreements upon the joint projects in the field of science, education, high technology. All these agreements should be aimed at the future, create a basis for joint harmonious development on the ground of effective and equal cooperation»*<sup>[24]</sup>.

«*...We believe that this integration network, the system of multilateral and bilateral agreements, including on free trade zones, can become the basis for the formation of a Big Eurasian Partnership...»*<sup>[25]</sup>.

The combination of existing preferential trade regimes, international development institutions, joint investment projects, transnational corporations and consortiums forms the BEP frame to be harmonized, robust and attractive.

### 3.3 The BEP principals

The BEP principles include voluntariness, mutual benefits, equality, transparency, adherence to the international law and commitments.

**Voluntariness** implies non-interference in the internal affairs of national states. It was the counterexample of this principle illustrated by the EU and the USA actions in the Ukraine where they organized a coup d'état to force the creation of an unequal association between the Ukraine and the EU. Each state should independently determine whether to participate in certain associations and to undertake obligations complying with their decisions on the basis of national interests and procedures established by national legislation or not. Forcing integration by organizing coups d'état, revolutions, external sponsorship of engaged political forces in order to bring into being suitable political regimes must be considered as a crime against humanity, and the obligations imposed on the country must be concerned as illegitimate and unacceptable for the BEP participants.

«*...We are convinced that effective integration can be*

*built only on the basis of equality for all participants, respect and consideration of mutual interests without any political or economic dictatorship and imposition of unilateral decisions. On our mind the integration is predictable and long-term rules, openness to cooperation with the other countries and associations both in the East and in the West...»* <sup>[25]</sup>.

**Mutual benefits** mean that all participants of the integration process should receive tangible economic benefits from it, which consist of additional opportunities for social and economic development, including the growth of social production, consumption and living standards, employment rate and the level of national economic competitiveness. In the case of the asymmetrical distribution of the integration effect (for example, as it happens in the EU where some countries use the advantages of the common market at the expense of other members) the measures for adjustment of the integration arrangements and establishment of mechanisms for alignment of integration conditions should be taken.

**Equality** of participants means the right of everyone involved in the integration to choose the format of decision-making that is in full compliance with national interests. At the same time on the critical list of issues related to the delegation of sovereign functions to the supranational body decisions can be taken by consensus, as provided by the EEU legal framework. The principle of equality applies not only to decision-making procedures, but also to economic exchange between integration members which shouldn't be of an unequal nature. The integration mechanisms should dampen the processes of unequal income distribution (including the distribution of intellectual, monopoly and administrative rent or seigniorage from issuing the international reserve currency) which are typical for trade between countries with different level of development.

**Transparency** concerns all regulatory functions to be transferred to the supranational level as well as having effect upon the conditions of income distribution and the efficiency of economic activities: customs control; currency, banking, technical, anti-monopoly and tax regulation; the distribution of customs duties within the customs union. The countries to be involved in integration should see and understand how the general functions of regulation and control are implemented by the national authorities of other states. The procedures of interstate coordination and supranational governance must be fully transparent. To ensure this principle we will have to introduce the work of a single information system of integrated regulatory processes including national subsystems and integration segments.

The respect for international law and the commitments which each state undertakes in the process of integration is an obvious condition determined its effectiveness and successful implementation of all integration principles mentioned above. Despite all the evidence of this idea, the principle is only partially observed by the international organization within their actual activity. Referring to the primacy of the national legislation over the international commitments a number of countries consider that sometimes it is possible not to comply with both their obligations and the general rules of international treaties. For example, the USA and the EU allow themselves not to comply with the WTO rules arbitrarily imposing economic sanctions against the other countries.

*«...I believe that the composition of capabilities being available for such integration structures as the EEU, “Belt and Road”, the Shanghai Cooperation Organization, the Association of South East Asian Nations can form the basis for the Big Eurasian Partnership creation.*

*What we do mean is to create a system of bilateral and multilateral agreements in order to simplify the process of regulation in such areas as customs, sanitary and phytosanitary control, sectoral cooperation and investment, intellectual property rights protection.*

*Certainly, to build such kind of a partnership is rather long and painstaking job to be done. The process assumes the combination of different levels of depth, speed and integration depending on a particular member-state willingness to participate.*

*Ultimately, this activity will allow us to create a common economic space from the Atlantic to the Pacific Ocean...»* <sup>[23]</sup>.

Previously according to the Imperial world economic paradigm the Washington Consensus was a reflection of the old (US) world order. The Washington Consensus created the special conditions for the US and European banks and transnational corporations to enter the opening markets of developing countries and realize the strategy “the winner takes it all”. The New economic order of the BEP is orientated on the “win-win” strategy and will create benefits for all participants.

### 3.4. Areas of the BEP Integration

Almost all Eurasian countries are members of the WTO and WCO, ISO, UNCTAD and the other sectoral and regional UN organizations which rules, procedures and recommendations are a natural part of the Eurasian integration. Many Eurasian countries are participants of the international agreements on transoceanic partnerships and free trade zones' formation and thus connect the BEP with different parts of the world. Each of the states and

regional associations in Eurasia has its own network of treaties with the other countries and regional associations including those ones located on the other continents. Thus the BEP do can be a multilevel and complex integration of the countries where each of them has its own specific relations with the other states and the international obligations so as limitations of its national sovereignty according to the commitments made.

The BEP covers issues of economic cooperation including its trade, industry, investment, innovation, scientific and technical components. It doesn't deal with the military, religious and ethnic aspects of integration. Each of these areas has its own regional associations and international organizations, the specific of which shouldn't interfere with the BEP creation.

The BEP creation can «*make the movement of goods the fastest, the easiest and the most convenient within the Eurasian space*»<sup>[23]</sup> and bring additional integration effect into the priority activities such as: «*customs, sanitary and phytosanitary control, sectoral cooperation and investment, protection of intellectual property rights*»<sup>[26]</sup>. «...It would be possible to start with simplification and unification of regulation in the field of sectoral cooperation and investment as well as non-tariff measures of technical, phytosanitary regulation, customs administration, protection of intellectual property rights. In the future we can gradually move firstly to reduction and then to full abolishing of tariff restrictions...»<sup>[24]</sup>.

In the sphere of **customs regulation** we can propose the harmonization of rules on customs registration and control on the basis of the program named the “Automated System for Customs Data” (ASYCUDA) which implementation has already helped more than 90 UNCTAD member countries to simplify the process of customs clearance. This system would allow honest participants of foreign economic activity within the Eurasian space to carry out the most part of their cargo turnover in the “green corridor” mode.

The **norms of sanitary, veterinary and phytosanitary control** are unified in the EEU on a modern scientific basis and can be proposed as a ground for harmonization to all states and regional associations in Eurasia.

**Sectoral economic cooperation** has many components among which transport, telecommunications, fuel and energy, agro-industrial complexes are of the greatest integration effect. «...*Comprehensive development of infrastructure including transport, telecommunications and energy is to become the basis of effective integration...*»<sup>[27]</sup>.

**The transport and the development of transport infrastructure** traditionally occupy a leading position within

the projects of Eurasian integration including the interconnection of the EEU and the BRI. We undertake the work on modernization and further development the main Eurasian transport corridors (auto and railway). Creating of interstate consortiums with participation of both public and private corporations, banks and the other development institutions, national, regional and local authorities is a prospective form of large-scale joint investment projects' implementation. By combining capital, technology, land and production facilities and on a concession basis such kind of consortiums with supranational governance structures could create development corridors linking the production and technological capabilities of the Eurasian countries.

This approach will open new opportunities for the development of regions, allow increasing its investment attractiveness, enhancing interregional cooperation and accelerating the growth of economic sectors. At the same time we need to solve the problem of optimization for the organizational schemes of income distribution to be received from the integrated use of transport and logistics infrastructure of the BEP member states according to their national interests.

It is rational to start this activity within the framework of the interconnection process between the EEU and the BRI. The creation of common market for electricity and transcontinental fiber-optic communication lines can be the part of this work. It should include harmonization of technical and economic regulations, safety standards and guarantees for the protection of capital investment.

**The cooperation in the sphere of telecommunications** could include issues of cyber security. Modern information technologies not only unite countries and continents by forming a single information space, but also are used for illegal purposes by both criminal communities and some states. To counter this, an international treaty on cyber security should be signed. Such a treaty provides for the commitments of the parties not to use the information technologies for illegal purposes (including the use of computer viruses embedded in programs and electronic devices; hidden means of monitoring, listening to data transmission and impact on electronic systems) as well as to combat these offenses in accordance with national legislation. The treaty could include the creation of filters to protect the information systems of the member countries from external cyber attacks and to cut off the segments of global information networks which will become a threat source or channel. It should also provide for the possibility to impose collective sanctions against states which will refuse to join the agreement and abuse their advantages in operating systems, social networks and market of telecom-

munication services by conducting electronic espionage, hacker attacks and sabotage in the territory of the countries participating the agreement. These sanctions could include embargoes on electronic equipment, telecommunications services, use of information systems (including social networks) as well as the creation of advantages domestic producers to develop and use of their own internal information technologies.

The legal regulation of the Eurasian Internet segment and the other global information systems' functioning, the removal of its administration issues from national jurisdiction into the international legal field and the establishment of rules which will exclude any discrimination against consumers on a national basis should be the important elements of this agreement. It is also of utmost importance to provide for the introduction of a common certification and equipment testing system.

The other issues of the Eurasian cyberspace regulation can also be resolved within the framework of the BEP. In particular, we can solve the issues of the Eurasian information and communication networks users' identification, illegal export of capital and tax evasion control as well as illegal business activities within the Internet including e-Commerce and financial services.

**Fuel and energy** complex is traditionally a sphere of Russian competitive advantages. We have proposed the consistently creation of the Eurasian energy market including gas, oil and electricity components to be included into the framework of the single economic space within the EEU soon. The EEU principles worked out in this area can be the basis for the creation of a common energy market in Eurasia. The development of the Eurasian pipeline network should be an important part of this work, and it is possible to create interstate consortiums for its modernization and development.

As for **the agricultural and the agro-industrial complex** the main task is to harmonize national and regional markets with due regard to the optimal combination of the Eurasian member countries' competitive advantages. It is necessary to strive for the elimination of tariff and non-tariff barriers, harmonization of national food standards and the creation of food exchanges in countries which have competitive advantages in production of relevant products. The development of the Eurasian food security system which will guarantee a sustainable supply of food products and the provision of food aid to all member countries of the BEP in case of necessity is the attractive areas to work with.

**The implementation of large-scale investment projects.** Drawing up a pool of top priority investment projects can be a key direction for the BEP development. Russia is ready to come up with the initiatives in this area including

the construction of an «energy “super-ring” uniting Russia, China, Japan and the Republic of Korea or a transport transition between Sakhalin and Hokkaido...»<sup>[27]</sup>.

The other investment projects proposed by Russia include the following:

(1) construction of transcontinental high-speed railways and highways on the territory of the EEU which could become the basis for real interconnection between the EEU and the BRI;

(2) creation of the Eurasian aircraft consortium to produce aircraft of all types and sizes (with the ability to use the potential of engineering schools including “Ilyushin”, “Tupolev”, “Antonov”);

(3) construction of pipelines network forming the frame of the Eurasian hydrocarbon market.

The implementation of the program for the creation of the “Development” Trans-Eurasian belt proposed by the Club of Long-Term Investors can be a key component of a pool of top priority investment projects. The program should combine the plans for the creation of a new-era integrated infrastructure, territorial and production planning scheme, tools for financing long-term direct investment in order to establish a viable transport and communication framework for the Eurasian integration. To realize the program, it is proposed to form an international consortium including corporations, investment institutions and regional administrations. The creation of the consortium involves the allocation of land and the rights to use natural resources by national governments and regional administrations as well as the issuance of bonds and the formation of trust mutual funds with the national and international Eurasian development institutions, regional administrations, public and private corporations of the Eurasian countries to be participated in. The approval of the program and the creation of the international consortium will require the adoption of an appropriate international agreement.

The pool of top priority investment projects should be formed through the mechanisms of public-private partnership with the use of special investment contracts, its network will form the frame of the BEP indicative planning. The most significant investment projects in terms of integration effect should be financed jointly with international development institutions such as Asian Infrastructure Investment Bank, the BRICS Development Bank, Eurasian Development Bank, IIB, etc. The most ambitious projects should include the establishment of inter-state bodies and have an extraterritorial status that requires the conclusion of relevant international treaties.

The field of **currency regulation and the creation of a common monetary system** still aren't covered by the regional integration processes, but it can become a major

area of the BEP regulation because almost all the potential members are interested in it.

Eurasia has no its own international currency, that is why the US dollar, the euro and the yen play the role of such a currency. The consequence of this “currency substitution” is the non-equal economic exchange due to the unilateral seignior age assignment by the issuers of the world reserve currencies. The volume of their seignior age is equal to the usage volume of reserve currencies by the other countries. The threat of international economic relations’ destabilization due to the political arbitrariness of the states issuing the world reserve currencies is another problem become more acute within recent memory. The application of the US, the EU and Japanese economic sanctions against Iran, Russia, the DPRK and the other Eurasian states is outside the norms of international law and nowadays causes significant damage to the Eurasian integration and the countries forced to use the dominant currencies (namely the dollar, euro and yen) as reserve and settlement ones. The issuers of the currencies mentioned above abuse their dominant position in the field of international monetary relations by irresponsibly using of financial embargo, accounts and assets arrests which paralyze the settlements of target countries, their leaders and businesses.

The growing global instability and the high risk of the dominant currencies’ usage for the illegal purposes of its issuers due to the absence of any rules for world currency circulation require from the BEP states undertaking consolidated measures to stop the international economic stability threats. To do this, it is necessary to create an autonomous digital currency environment which would become the convenient area for users and the zone of beneficial payment and settlement conduction, investment and currency exchange operations necessary for servicing mutual trade and international economic cooperation for the BEP member countries.

The infrastructure of the BEP digital currency environment should include the following:

(1) the BEP digital supranational settlement and reserve currency to be tied to the basket of the BEP members’ currencies with the weights according to the proportional size of its turnover in the mutual trade;

(2) issuing and clearing center working on basis of the international treaty between the member states of the BEP digital currency environment providing rules for the supranational currency issue to be secured by the relevant contributions of the member states in national currencies as well as their commitments to maintain stable exchange rates of their currencies in relation to the supranational currency;

(3) the currency exchange to work with the BEP currency and measures of regulation to ensure its exchange

rate stability by blocking its use for speculative operations which aren’t connected with the maintenance of trade operations and direct investments.

The international agreement defining the issue and circulation procedures for the BEP supranational currency should also provide the mechanism of credit distribution in this currency by means of the international and authorized national development institutions funding to be recognized by the BEP. The currency of each potential member country will be included in the Pool of foreign exchange reserves and participate in the basket of the BEP supranational currency, and the interests of such country will be taken into account while distributing of credit resources to be issued in this currency in accordance with the special algorithm. The tools such as IBEC [The International Bank for Economic Co-Operation (IBEC) was established in 1963 (as an international organization registered by the UN) by former socialist countries in order to organize mutual settlements using the international currency of The Council for Mutual Economic Assistance (CMEA) named the “transferable ruble”. The IBEC has immune to the threats of economic sanctions and its assets and liabilities are protected by international law. The Bank has a correspondent account with the Bank of Russia, tax-free status, a special regime of banking regulation. It is based on the public authorities’ support of the member countries including Bulgaria, Vietnam, Cuba, Mongolia, Slovakia, Slovenia, the Czech Republic, Poland and Romania. The unique capabilities of the IBEC should be used to overcome the restrictions imposed by sanctions on Russian access to global financial markets] and CIS Interstate Bank previously developed can be used to create the emission center.

The implementation of international settlements in a single currency will dramatically reduce the currency risks of exporters and importers, decrease the scale of currency speculations and limit exchange rate fluctuations.

The issue and circulation of the BEP supranational currency can be conducted by using of block chain technology which includes a register of the full transactions history with each unit of the currency. Such technology allows controlling currency circulation easily as well as exchanging bank information, making transfers without SWIFT which is vulnerable to political pressure and providing the highest level of reliability. It is also important to counteract corruption, the legalization of income criminally obtained, the financing of terrorism as well as to prevent the speculative attacks and the manipulation of financial markets.

The possibility of simultaneous work in the new and existing monetary system is the advantage of the approach proposed. The new financial platform as a more technological, legitimate, transparent and secure form of settlements

will gradually replace the existing non-transparent and unfair dollar-centric system. The improvement of the latter within the BEP framework is hardly possible, as it implies serious international commitments for issuers.

As a part of the work on the common monetary system formation, it is necessary to switch to settlements in national currencies in mutual trade and joint investments between the BEP countries almost now. Within the international payment and settlement relations it is necessary to stimulate in every possible way the work on the toxic currencies' replacement (namely the dollar, euro and pound) by the national currencies of the Eurasian countries which will agree to adopt the following international commitments.

A country which is an issuer of the world reserve currency must guarantee its stability by complying with certain restrictions on the size of the public debt and the current account deficit. In addition such a country must comply with the appropriate requirements to provide the transparency of the mechanisms for ensuring of the currency issuance, to allow its free exchange for all assets traded in the territory including new technologies as well as to provide a national refinancing regime to foreign non-state banks which comply with criteria of reliability and transparency established.

The compliance with the rules of fair competition and non-discriminatory access to domestic financial markets should be an important requirement for the issuers of the world reserve currencies.

To ensure the macroeconomic stabilization, it is necessary to develop the Eurasian system of financial regulation standards including currency markets to control systemic risks. In particular, to reduce the systemic distortion of the risk assessment for assets listed in the market in favor of a country, it is necessary to develop the Eurasian rating standards and activities of rating agencies as well as to ensure uniform regulation of rating agencies in the BEP countries.

The development and implementation of complex measures to create a fair and effective international financial and economic relations' system providing the necessary conditions for sustainable economic growth, employment and human well-being should be an important task of the BEP. And the solution of this task can't be postponed until the long-awaited reform of the world monetary system. Within the BEP framework the system of measures can be implemented to create a regional monetary system and international financial institutions to ensure stable, fair and mutually beneficial conditions for the money movement while simultaneously working out and using mechanisms for long-term lending to develop the production of a new technological structure, investment and innovation activity stimulation.

## 4. Conclusion

The changes taking place in the world economy due to the technological and world economic modes' substitution are accompanied by a sharp deterioration in international relations. In order to maintain global domination, the ruling elite of the USA is trying to destabilize the situation in the countries beyond its control, stop the economic growth of China and subordinate the post-Soviet space to its interests. To do this, Washington started the trade war against Beijing, imposed the financial embargo against Moscow, organized a coup in Kiev and provoked wars in the Middle East. These aggressive actions won't reverse the irreversible processes of a new world order's formation with the shift of the world economy center from the USA and Europe to South-East Asia, the restoration of the national sovereignty and international law importance. But such kind of actions pose a threat of world war, to prevent which requires collective action by countries who aren't interested in it in order to quickly create a fundamentally new, harmonious and fair system of international financial, trade and economic relations.

The prototype of a new world economic system architecture can be the Big Eurasian Partnership proposed by the Russian President Vladimir Putin and conceived as "integration of integrations", the core of which can be the Shanghai Cooperation Organization and the ground of formation – the conjugation of the Eurasian Economic Union and the Chinese "Belt and Road" initiative. It is based on the principles of voluntariness, mutual benefits, respect for national sovereignty and fulfillment of international obligations. It should be aimed at creating conditions for the advanced economic development on the ground of a combination between competitive advantages of the countries-participants of the integration process and raising the welfare of the Eurasian peoples through full support for joint investment, expansion of mutual trade and the formation of a common economic space.

The BEP institutions should correspond to the structure of production relations of the new (Integral) world economic paradigm formed in China and other countries of the South-East Asia. It combines centralized strategic planning and market self-organization of economic entities, government control over infrastructure sectors with private ownership of the competitive economic sector, the state banking system with extensive lending to businesses, promotion of investment in the real sector of the economy with the restriction of cross-border capital movement. The purpose of the economic regulation system is to increase investment and innovation activity for advanced socio-economic development.

The BEP assumes preservation of national economic

regulation systems, including currency, tax and administrative ones. At the same time, it provides for the elimination of customs, technical and other barriers to the goods, services, capital and labor free movement. Due to this, there was an explosive effect from the mutual trade growth after the creation of the Customs Union integrating Russia, Belarus and Kazakhstan. Also it assumes the creation of a common market of the Eurasian countries.

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