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TERRITORIAL PERSPECTIVES OF DEVELOPMENT IN THE 2004-2014 DECADE AND NEW GEOPOLITICAL COLLOCATION (REPLACEMENT) OF RUSSIA

Methodological Premises – The present research “photographs” the Russian position in the summer 2014, at the end of a very meaningful expansive period in terms of geopolitical influence, characterized by the coincidence of two important factors, a strong economic growth and a gradual growing importance in the international political processes.

The end of the first semester 2014 represents a delicate moment of transition, since it comes at the end of a long process of economic growth of which benefited large section of Russian population, the beginning of the isolation against USA and EU (even if with a smaller impact to the last one), the consequent deterioration of macro economic conditions, and the beginning of inner tensions very difficult to foresee just even a few years before.

It is not easy to understand today which will be the incidence of the sanctions imposed after the Ukrainian crisis, and how they will engrave in the future, which will be the actions taken by the Russian government as countermeasures and what Moscow will do to face the rouble’s devaluation: anyhow, it is reasonable affirm that the period analyzed by the present paper, represents the apex of a long growing phase, both internal and external.

In order to include this same period within a correct historical perspective, with a particular attention to the territorial dynamics, it is useful to consider how the current system of international relations still lives today a complex phase of reorganization of its same balance, as a consequence of some major epochal events, such as in particular; a) 1989: fall of the Berlin Wall; b) 2011: consolidation of several area of instability in Africa, Near and Middle East, concurrently with the affirmation in some areas of proto-state created by armed militias initially devoted to the international terrorism.

The daily chronicle continuously remember us that we are currently living immerse in a transitional period that closed up the twenty years phase of the so called unipolar balance , mainly based on the responsibility of USA in their role of single global power, and opens with the one of an

authentic multipolar balance (Monteiro, 2014; Laidi, 2014; Gordon, 2014), inside of which are going to affirm single states that plays a growing role of leadership at the regional scale.

The end of the period taken in consideration, illustrates a new scenario that sees the recurrence of the Russian Federation that, after having solved many of the problems arise as a consequence of the huge economic crisis caused by the fall of the Soviet Union, recovered its traditional trans-regional influence. Reinvigorated by the recovery of its role in economy at the international level and made stronger by its success in foreign policy, Russia takes the opportunity to develop its Asian vocation, while in the same time tries to create stronger premises to develop its influence in Europe. Simultaneously, Russia lives a phase of deep social and economic reorganization, severely influenced however by different types of crisis: the most recent ones such as the Ukrainian one, those still ongoing such as the Ingushetia ones still not solved, and those that seems “sleeping” but are far to be closed, as the Chechnya ones.

Both social and economic considerations allows us to evaluate the geopolitical ambition of the Russian foreign policy all along this decade, as aimed to put back Moscow at the centre of the political processes at international level.

Moscow at the centre of the Great Game – To suitably comprehend the dynamics object of the present contribution, it is useful to go back with the memory to the distinction operate by Gret Haller in her brilliant publication *The Two Westerns*, in which she invited to clearly distinguish the two different vision of the world of USA and Europe, cyclically united by the presence of the same enemy (the USSR), united by the same defensive strategy (the NATO’s umbrella), and beneficiary of the same economic model (capitalism, even if with specific differences) (Haller, 2004).

Starting from this distinction, it clearly appears how Russia still tries to pursue an even suffered and some time contradictory projection toward Europe, both in terms of inclusion within the continental processes, particularly in the field of energy development, and more generally economical, as well as in terms of social affinity. Within this frame, mainly under the international point of view, it consolidates until 2014 a progressive political synergy with the others states of the so called BRICS’s Club, with the aim to represents their “European side” (Wilson and Purushothaman, 2003).

Russia then tried to accredit this sort of cooperative council almost as a sort of geopolitical synergic pole (despite the evident diversities), picturing for herself a sort of leading role, with the aim to play as a competitor against the traditional western interests: in this sense should be interpreted the South America’s “rally” of President Putin in the summer of 2014 (contextually to the Ukrainian crisis) and the invitation to the President of Argentina Cristina Kirchner to participate at the VI *Summit* of

BRICS Countries in Fortaleza, offering Russian support in the long standing dispute with UK, over the control of the Malvinas/Falkland Archipelago (Keukeleire and Hooijmaaijers, 2013).

After the deep crisis that follow the USSR fall, the Russian economy gradually starts to grow again from 1999, and from 2004 it starts to perceive itself as an empire again (Laurelle, 2004), thanks also to the substantial inner progresses both in the control of the public order and in the organization of economy, that allow the creation and successive consolidation of a brand new middle class (today alarmed by the ruinous inflation that risks to vanish the social progresses and conquests of the last years), with the consequent, forced elimination of the controversial figures of Oligarchs, emerged and reinforced under the Eltsin's rule.

The growing political stability ensured by the couple Putin-Medvedev (even if it must be considered in its authoritarian specific context, that does not allow to fully consider Russia as a full democracy, at least with reference to the European standards), and a stable economic growth mainly based over the exploitation of the immense wealth represented by the vast offer from the country's natural resources, especially Oil & Gas, allow Russia to consolidate its geopolitical role at the global scale, both towards Europe, where Moscow is today the "special" partner for energy (mainly in this period of dangerous instability in the Near and Middle East as well as in many African countries), and simultaneously represents a very important market for European export; and towards Asia, where the synergies with the so called *Stan Republics*¹ allows to continue with other means (mainly the economic ones) and with different profiles, almost the same policy of cooperation that the single Republics used to play at the time when they all belonged to the USSR.

The recent birth of the EEU (Euro Asiatic Economic Union) should be precisely seen in this regard, as a tool useful to strengthen the competition of the Russian giant specifically against USA, accused of excessive interference in the area of the former sovietic bloc (not only in Europe) and of an anti-russian conspiracy. The Ukrainian crisis then made the rest, heavily contributing to the progressive degeneration of the relations with Washington, even if in presence of a different position of the EU, and of many of its more authoritative member states, much more cautious and since the beginning imprinted to the recomposition of the conflict and not to the mere decomposition of Ukraine under the territorial and juridical profile.

The Euro Asiatic Economic Union initially it includes for the time being Moscow, Minsk and Astana (where it have been held the ceremony of signature of the Agreement) (Dreyer and Popescu, 2014), but in the future it should extend its influence up to the Caucasian area, to the Central Asia up to

¹ The Stan Republics are the post-Soviet states, whose names contains the Persian suffix *-stan*: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan.

the border of China, with which the scientific cooperation and the economic exchanges starts to rise up, after so many years of undisguised mutual distrust (Quested, 2014).

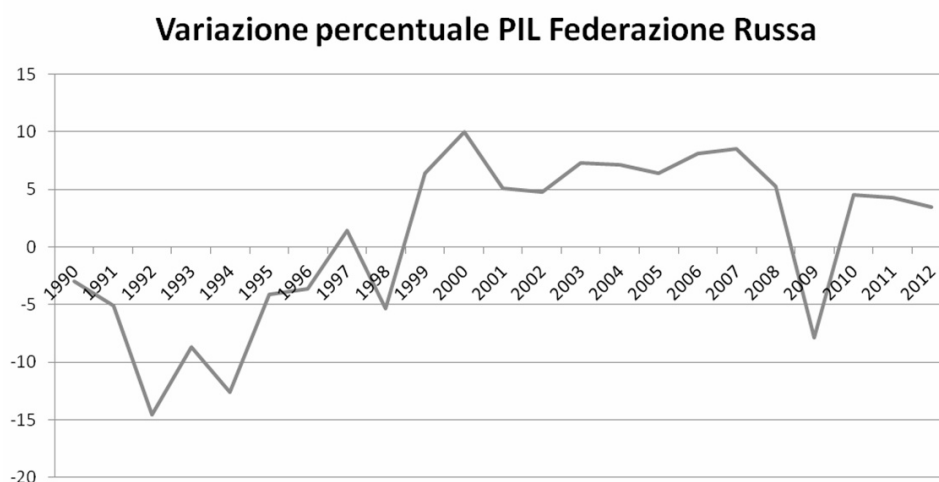
Moscow moves today its checkers on that same checkerboard that Rudyard Kipling he should have called by analogy, the *Great Game* (Kipling, 1901), trying to play again the same role it used to play in the past especially in Asia, the continent that has the higher future economic growth and with the most interesting possibilities to coagulate a growing consensus around the most important geopolitical global issues.

In Moscow's intentions, this policy of progressive attention towards Asia it has been up today coupled by an always more important attention towards EU, with the specific, evident will to substantiate the role of "zip state" between an always more Asian looking Europe, and Asia in which for many of its states it is always more important to consolidate their relations with Europe. But the current season of Economic Sanctions slowed this process, at least for the time being.

On the inner front, the Kremlin consolidate a decennial strategy able to gradually modernize those geographic areas and those economic sectors that still where in a huge development's delay, a strategy that solely and uniquely should allow the reinforcement of the Russian society in the medium long term. And the results matured after the period 2004-2014 confirmed how this strategy was grounded. With relevant results on the front of the internal stability, the Russian government reached an adequate level of security for the common citizen, sufficient at least to destine additional resources to satisfy new strategic objectives.

Geographical Perspectives and the Development of Eastern Regions – Even if in presence of the most vast territorial extension of the world, the Russian Federation still has not an homogeneous human distribution over its lands: on 143 million inhabitants in fact, the 80% is distributed over the European Federal Districts, that occupy the 22% of the exterminated Russian territory only.

The Federation still have today the world primacy in terms of territorial extension, but it holds the ninth position by population in terms of quantity, with an average cover of only nine inhabitants per Km/sq. More, this relevant un-homogeneities, put in evidence a demographic differential among the different federal districts that compose the Federation: 68% of its territory is occupied by the three districts that rely in Asia, and holds 18% of the population only.

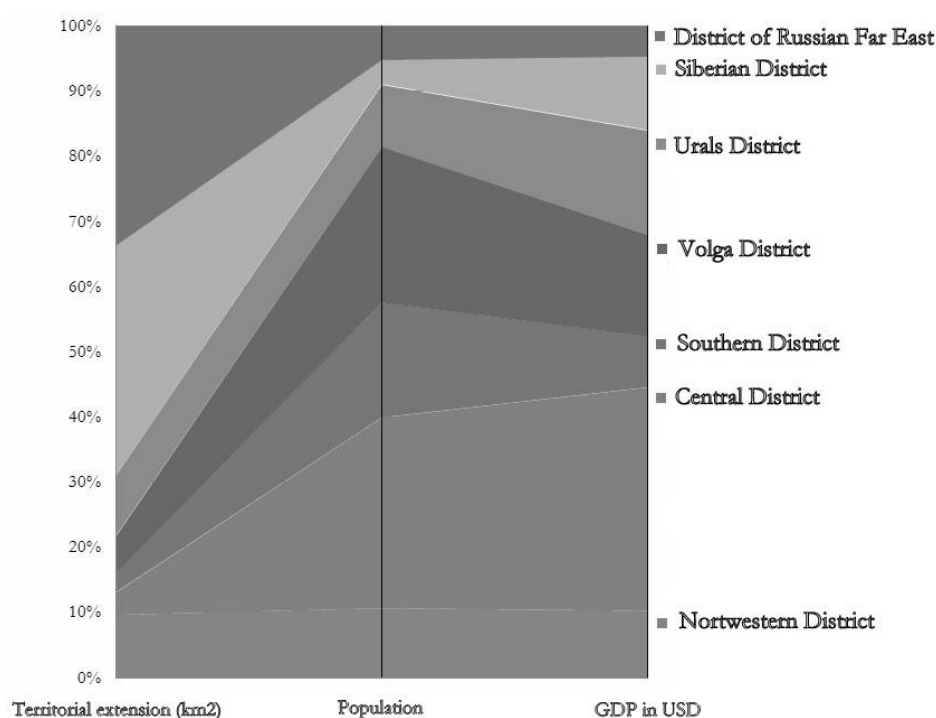


Pic. 1 - *GDP Russian Federation, percent change*

Source: World Bank Group data (author's processing)

The GDP of the Russian Federation marked for the decennial period object of the present research, a substantial growth comprise between 4% and 10%, with a huge loss in 2009 only (almost 8%) with a subsequent recovery basically slower as a consequence of the global crisis, that anyhow did not inhibited the reach of a significant positive growth up to 4,5% in 2010, 4,29% in 2011 and 3,44 in 2012.

The GDP composition by economic sectors tell us of a country still bound to agriculture and industry, in which the third sector (services) represents a quote of the national economy lower than the average of the western states. Under the specific territorial point of view, there are strong differences between western and eastern territories: the federal districts in Asia, Urals, Siberia and the Extreme Russian East, even if they holds a population lower than a fifth of the total (20% ca), they produce almost a third of the GDP of the entire country, and record a GDP per capita considerably higher respect to the western Districts on which are still in delay when compare in terms of development (in particular the regions devoted to agriculture in the south, that are interested also by destabilizing social and political tensions).



Pic. 2 - Russian Federal Districts: comparison in territorial extension, population and GDP.

In 2010 the 8th district was established (Federal District of Northern Caucasus). Data are here related to the 2004 situation. *Source:* <http://www.informest.it> (author's processing).

The Energy Issue – In the frame of an economic situation basically positive, Russia worked to strengthen its economic production system, trying to make it competitive with the western one, against whom it boasts one of the most significant economic growth among G8 member states, an active trade balance for 210 billion dollars ca, an export annual growth of 30% ca and 33,4% ca in import², favored also by the liberalization of markets followed after the entrance in the WTO (World Trade Organization) in 2012 (Tochitskaya, 2012), indeed. But on the Russian economic growth still heavily loud the instable energy sector, that contributes for almost 25% of GDP, that is influenced by the high volatility of Oil&Gas quotations on international markets, and this represents an element of huge influence on the whole Russian economy. In fact, in presence of the recent drastic reduction of Oil&Gas quotations, the entire system runs a serious risk. Moreover, the increase of internal consumption of energy justified by the economic and infrastructural development, starts to generate a shrinkage in the export of hydrocarbons.

In Russia the internal debate on the contribution and development of renewable energies did not arise yet, and so this theme is not felt yet as it should be: still in 2011, the total contribution given to the country's production of power by energy from renewable sources was approximately 0,05% (in Italy

² Chamber of commerce Italian-Russian data.

for instance the percentage is definitely higher)³: this limit can represent a gap for the state's future industrial growth, since its inner consumption of fossil fuels, should significantly reduce in the next coming years the amount of export of raw materials that represents a very important value, both for economic and geopolitical reasons. The energy consumption within the borders of the domestic market, which rise up constantly since 1998, played an important role in the influence and consequent reduction in the export of Oil&Gas: in 2013 have been extracted 21.685 billion cubic meter of Natural Gas, of which 15.436 absorbed by the domestic market. And almost one third of Oil production still remain destined to the domestic market for internal use, too (Overland and Kjaernet, 2009). For this reason the Russian government recently starts to favor a progressive reinforcement of the production of power by renewable energies, by means of massive public and private investments especially in the photovoltaic field, mainly in the eastern regions: the insulation map of the Russian federation, clearly put in evidence how the far eastern regions (particularly the immense territory of Yakuzia), holds the higher sunlight irradiation (4-4,5 kWt/m²) and for this reason holds the highest development potential. This new policy's approach allow in the next coming future, the Russia's Asiatic regions to become an essential strategic hub for energy supply by the vast euro-asiatic territories, moreover extraordinary demanding for energy in this period of their history.



Pic. 3 - *Russian insolation map*

Data in kWh/m² per day. *Source*: Frost & Sullivan, 2014.

³ World Bank Group data.

Coming back to the fossil fuels, the energy state's multinational Gazprom, recently began to invest a huge amount of money in the development of projects destined to the extraction of natural Gas in the far eastern and north arctic regions, with the aim to adequately supply Asian markets, and China in particular which, with its own domestic demand should absorb directly by herself (in theory), the entire energy production destined to export (Haider, 2005). The Pipeline Project named *Power of Siberia*, foresee in the near future to link the Russian far eastern territories (especially the gas pipeline from Sahalin to Vladivostok), with the rich net of gas pipeline of the European territories; to this network it will be added three Siberian extraction centers, through which the entire production of the area will increase significantly, both toward the export as well as to the domestic demand. In the same time, the substantial increase of natural Gas and Oil extraction in the remote north region of Yamal, should insure an additional growth in the export toward Europe, through Byelorussia, as well as thorough the Baltic republics and finally by means of the *North Stream*. The region of Yamal, in the Federal District of Ural, starts to invest in a project for the liquefaction of natural gas, with the relative shipping by sea, a solution that will allow to overcome the so called logistic “bottle necks”, with the possibility to supply just in few days USA and EU markets (Kiryukhina and others, 2011), if sanction will not impede this solution, of course.



Pic. 4 – Russian Federation, District territorial setup

Map referred to the situation of early 2014, before institution of Crimea District. *Source:* d-maps.com

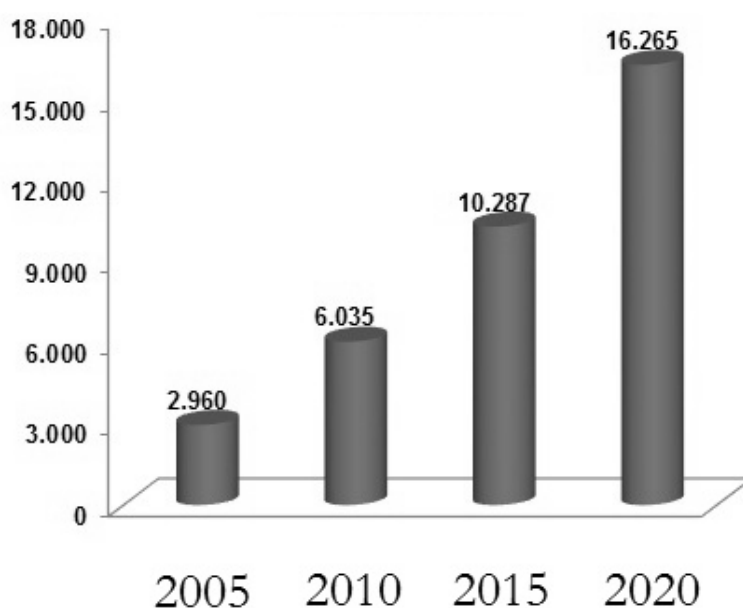
New Environmental Politics, demographic perspectives and “social challenges” – The growing attention the Russian government is dedicating to the production of energy from renewable resources, produced

a huge interest back in favor of the theme of environmental protection: the Russian government itself began to move initial steps in this direction, investing always more funds in the protection of specific areas, in the progressive development of a “green economy” especially in the industrial field (still quiet limited, indeed) and in different programs of protection of biodiversity and prevention from pollution. All these projects are still in an embryonic phase, but it is possible to record an inversion respect to the traditional approach typical of the past, and the witness of an initial awareness of the decennial mortification of the nature of which many of the economies of the last century have been protagonist, (above all the soviet one, since the beginning of the NPE – New Political Economy).

It is still too early anyway to consider all these as an authentic conversion to the principles of Sustainable Development and even more to the ones of Sustainable and Responsible Development (Leto, 2005), that forcedly must pass through a long process of environmental formation and education of citizenship, but it is possible anyhow affirm that “alea iacta est” (the die is cast), and the protection of environment entered into the phase of transition from being a generic theme to be preached, to become a specific value to practice and defend.

The analysis of the incidence of population on socio-political dynamics, put in evidence how Russia only partially endure the serious demographic shrinkage lived by the vast majority of western countries, and almost all demographic index seems to be substantially positives: Russia can count on a young population (13% only of elderly people”), still on the rise and with an average income per capita that in the period taken in consideration by the present research, increased of almost the double every 5 years, and characterized also by a growing domestic demand of immaterial goods (World Bank Group data, 2014).

The Russian Ministry of Health, launch a campaign in order to reinforce itself becoming more competitive and modern, in order to sustain a better and more qualified demographic growth: to reach the goal of 145 million inhabitants in 2020, against the United Nations forecast of 131 million inhabitants in 2025. The evolution of the Health System, which represents a brand new social challenge for the Russian government, it is perceived also as an instrument of demographic improvement, and also in economic terms a stimulation for the domestic pharmaceutical industry with the aim to reduce the import of pharmaceutical drugs of any type from abroad, from the actual 78%, to 50%.



Pic. 5 - *Russian Federation, annual disposable income per capita (current prices), USD*

Source: Frost and Sullivan, 2013.

More, Russian Federation is moving forward in the increase of the average life expectancy, still far from the current western standards. It recently reached 70 years old, while child mortality it is lowered for the first time in 2012 below 9 per mille (in Italy for instance, this result has been achieved in 1989). The Human Development Index (HDI), reveal a substantial increase in country's modernization that reinforce the process of middle class's consolidation, becoming a sort of virtuous circle since it support at the same time the domestic demand.

Final Considerations – The imagine of Russia on June 2014, is then the imagine of a country that lived a strong period of growth, convinced to exploit at its best its geographical and territorial potentialities, and to recapture its traditional role in the shade of international politics, both at the regional and international scale. And in order to better achieve this goal, it skilfully point in the direction of its domestic development, recovering positions in many of the fields in which it was traditionally more weak compare to the European standards, for instance, and better exploiting the important potentialities offered by its immense territories. The ambitious strategic plan of infrastructural development, in the central and eastern target regions, foresee that in 2020 almost one

third of Russian population will live in those same territories, that in the while will become object of great development projects (Volostnov, 2014).

In particular: a) the district of Far East will be the destination of a massive empowerment of energy production from renewable resources, and will see the reinforcement of the infrastructural links between its major cities: in particular Valdivostok and Hbarovsk they will become growth points for the entire district; b) contextually, Siberia will become an energy hub for Oil & Gas, not only thanks to the construction of specific pipelines, but also thanks to the creation of logistic centres for the extraction and production of natural Gas (liquefied too); c) the District of Ural, advances the application to become the strategic point for logistic, industrial production and trade toward centre Asia, the very heart of the Euro Asian Economic Union (Minakir, 2013).

In order to reach such important goals, Moscow's government is well aware that it must overcome the serious infrastructural gap that still separates all this regions, from the most advanced ones: with this well bear in mind, decided then for a massive financial plan of intervention of 3,55 billion dollars in the empowerment of air transport and related investments, of 56 billion dollars in the construction of new paved roads and highways and , last but not least, of 13,5 billion dollars in the empowerment of the trans regional railway system (Kibalov and Kin, 2014).

In particular, among the priorities, it should be notice: the construction of more then 20.000 km of roads and highways within 2015; the modernization of the Trans Siberian Railway and the related creation of a specific multi modal hub; the motorway link between Moscow and Ekaterinenburg which holds 1.350.136 inhabitants (the fourth biggest Russian city), in the Asian district of Ural.

Finally, the Russian government will invest in the development of its Capital with great ambitions: Moscow, that count today 10.615.208 inhabitants (more then the entire Hungary) and which include the half of scientists of the country, is well on the way to increase its potential of *Mega City* following the model of the most relevant Asian conurbations (United Nations, 2012). Within 2025 it is foreseen that this same city will be able to produce the equivalent of 25-30% of the entire Russian GDP, and its population reach almost the 20% of national population (actually counts on 7,4% of the total), with a spatial extension that will be approximately 2,5 larger then today. The Moscow's one, should become an authentic model of urban development, able to generate value also thanks to the special industrial parks destined to the highest level of technology and with specific special economic zones.

The strategy of influence played up to June 2014 by Russia, was mainly headed to accredit this geographical giant, as the pivotal link hub between Asia and Europe. And empowered this same strategy both by means of the distribution of all those raw material needed by Europe, and by means of a more rational exploiting of its territorial potential. Moreover being more present in the evolution

dynamics of European societies, developing the opening of new markets, and proposing itself as a pole of attraction alternative to the USA, in political, economical and trading terms.

But the consolidation of this strategy is actually jeopardized by the outcomes of the Ukrainian crisis, and by the consequences generated by sanctions that start to impact the country's development under the political and economical point of view. In this specific context, relations between the actors involved begin to be always more deteriorated, with an evident damage against Russian society in its complex, but with a contextual obvious damage for the European economy too, and of its member's states, that sees weakened an important market for their export. Coming years will be the turning point in which we will assist to the gradual composition of this crisis and the consequent recovery of Russia in the normal context of international relations with western countries (with a contextual mutual interest from EU and USA in order to recuperate an important partner useful to the solution of the many crisis in the Near and Middle East), or in the worst case to the definitive consolidation of Russian interests in favour of Asia.

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