

GLOBALIZATION PROBLEMS OF RUSSIA

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Globalization and Informatization will have great impact on cultural and social consequences of society. Over the years, globalization and informatization have redefined industries, politics, cultures, and perhaps the underlying rules of social order. Although they explain different phenomena, their social, political, economic, and cultural functions remarkably overlaps. Globalization ultimately refers to the integration of economic institutions and much of this integration occurs through the channels of technology. Globalization and Informatization will have great impact on cultural and social consequences of society.

The future of Russia as a modern nation directly depends on its involvement in the globalization process. The greatest difficulty for Russia is in the information and communication aspect of globalization as its large territory makes the process of effective dissemination of information, including official orders from the center to the regions, a serious challenge. Consequently, most information loses its actuality or even become simply outdated by the time it reaches its addressees. Today, a country's competitiveness depends on its capability to provide its citizens, especially the intellectual and political classes, with comprehensive local and international information.

“One of the greatest advantages of globalization is that it eliminates barriers hindering the free movement of capital, technologies, qualified labor forces and intellectual properties across national borders.”

Russia occupies a very specific place in the global economy, participates along with the most advanced nations in an outer space exploration.

Russian culture continues to make a valuable contribution to the development of civilization; the huge potential and capability of its sciences are powerful forces of economic development. But at the same time, Russia is lopsidedly dependent on its natural resources and raw-commodity exports, lacks competitiveness in its domestic production, and has low living standards that exacerbate the country's already catastrophic demographic trends in general and the quality of such parameter as human capital in particular.

Meanwhile, many EU member states and institutions have so far rather rewarded Russia's unreliable behaviour: The 2006 and 2009 gas supply cuts contributed greatly to the acceptance of the Nord Stream pipeline as a bypass. The 2009 crisis was also instrumental in the German decision to grant Nord Stream's connecting pipeline, the OPAL, exemptions from third-party access. So instead of rewarding Russia, the EU and its gas industry have to focus on diversifying suppliers which is an essential element of completing an internal gas market. Otherwise, the outlook for gas as the “fuel of choice” for the transition to a renewable power generation looks rather bleak”

Russia faces a series of extremely difficult dilemmas. Russia, by historical traditions and geography, but mainly because of its powerful nuclear potential, belongs to the class of superpower nations. The external attributes of this status is its membership of the UN Security Council, G8, G20, the Russia-EU summits, etc. However, in terms of economic potential, Russia is at the bottom part of the so-called ‘Second World,’ despite its possession of a number of unique technologies and still being the best in terms of education in this group.

However, in terms of participation in the information revolution and internalization of production processes and capital, Russia lags far behind the leaders of the ‘Second World.’ Strategically, Russia has historically always aspired to be among the advanced Western world. It

is obvious that in order to maintain its core national interests in the increasingly globalized world, Russia needs to significantly boost its presence on the global arena that will enable it to play a much more crucial role in the definition of its prestige and influence than before. In this connection, the government should create and execute an information strategy to improve the country's international image abroad.

There are both positive and negative points of view on globalization processes in Russia. For instance, the 'Agreement on Partnership and Cooperation' signed between Russia and several countries envisages long-term cooperation in various spheres of activities and familiarization of Russia with general rules of international trade, and this, in turn, has opened up new opportunities and perspectives for the signatories to this pact. These include help from the EU in carrying out social and economic programs, creation of a unified legal space and joint bodies for solving common problems, etc.

It is necessary to adopt more steps for boosting globalization of processes. This is because globalization of international trade, especially if a country's goods and services are very competitive, is, certainly, a positive trend. On the contrary, if such country does not produce competitive goods, then globalization of foreign trade activities becomes a threat not only to its economy, but also to its sovereignty as a whole. This problem is an actual one for today's Russia, especially in connection with its admission into the WTO.

According to the U.S. Trade Representative's National Trade Estimate, Russia continues to maintain a number of barriers with respect to imports. Discussions continue within the context of Russia's WTO accession to eliminate these measures or modify them to be consistent with internationally accepted trade policy practices. Non-tariff barriers are frequently used to restrict foreign access to the market and are also a significant topic in Russia's WTO negotiations.

Some Russian experts also highlight the negative sides of globalization. Russia will not be at the center of the world economic system, but at the periphery, and this means its liquidation as a country, unique culture and most likely, also the physical destruction of the majority of its population. Forecasts of acute demographic declines in Russia continue to be negatively persistent, a fact confirmed by the negative dynamics of all the key empirical parameters in the last ten years.

Full integration into the system of global market economy, even as an outsider, is possible only in the event that a country's economy satisfies certain conditions. First of all, it should be able to produce an amount of additional products that exceeds a certain minimum level. For regions that are unable to reach this level, the concept of 'a majority that does not need to be maintained' will come into play. In Russia, the cost of additional product and capitalist rent has always been low due to geographical and climatic conditions. Under such circumstances, experts fear that Russia's participation in globalization could be reduced basically to the exportation of its abundant raw materials.

Globalization was initiated and put into practice by some transnational business circles in Northern America, Europe and Japan and it, first and foremost, specifically meets the economic needs of these countries.

In terms of economic globalization, Russia is, first and foremost, seen in the West as a buyer and/or consumer of finished western-made products/services, whose aggregated revenue depends on two-three main commodity groups that are highly sensitive to price fluctuations and other negative trends on the world markets. From here, the main strategic goal for Russia's foreign policies is to seek for ways for increasing the share of manufactured industrial goods in its export portfolios by using high technologies and innovative solutions.

This will not be a simple task, Russia has irretrievably lost most of its Soviet-era industrial research potential and expertise. Indeed, according to estimations, only about just 6% of Russia's gross industrial output in the manufacturing segments of its economy can fully compete on an equal footing on the world markets. Another of Russia's problems is its weak institutions and corruption, which, together with instability, seriously worsens its competitive situation on the global market.

In this context, Russia's foreign economic strategy should not be reduced to simply making exportation of raw-materials its main source of economic growth. This is why it is crucial for a country with a large population, territory and industrial potential like Russia to focus its attention on the development of its domestic market and constant growth in supply and demand of quality goods and services. It is only via the development of its domestic market and competitiveness that Russia can occupy worthy positions in global trade.

The success of such reforms will be determined by how the newly created economic mechanisms are capable of stimulating innovative activities, people's creative energies to promote science, education, strengthening of health as well as opening accesses to information and culture. All this will help catalyze sustainable economic growth and significant improvement in people's living standards.

According to economists, the opportunity for Russia to make up for the lost time can last only for 5-7 more years, which is a very much limited timespan, after which this chance will be lost forever. Therefore, Russia's choice has never been whether or not to 'to become a part of' or 'stay outside' globalization. The choice was, and still essentially remains, how to join it consciously, with the full understanding of the interests and purposes, strengths and weaknesses of modern Russia in globalization. It is very important for Russia not to build illusions about the world and its international partners, and also for it to fully comprehend the timeframe for it to actively eliminate the existing systemic weaknesses in the country and its economy.

The general conclusion that can be made from the analysis of the contemporary situations in Russia is that objectively the country can participate in globalization, but subjectively, it is not yet ready to do so. Such position will not allow it to occupy a worthy place among today's world leading nations.