

MOSCOW APPROACHES THE CENTRE

Valery Fadeev



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is a Russian journalist and a public figure. He has been editor-in-chief of 'Expert' magazine since 1998, the director of the Institute of Public Engineering, a member of the Public Chamber, the head of the Guild of Business Journalism, and the president of 'MediaSouz,' the All-Russian organisation of mass media employees

RJ Dear Valery Alexandrovich, a year ago Gordon Brown claimed that the 'Washington Consensus' was over. How justified is this point of view? Does it mean that there is currently a dismantling of the US-centered world order in progress?

The 'Washington Consensus' is a rather conventional notion. Though the term itself came about during the late eighties-early nineties, the principles of this consensus were partially formed in the preceding decades. The 'Washington Consensus' envisages a rather specific range of economic measures for all countries that focuses on: transparency, budget control, a very strict control of inflation, and a very strict control of the financial sphere in general. Apparently, the latter is a first-priority task, and may even be a

detriment to social issues. These factors should have created the most favourable conditions for the penetration of external capital.

Why is there a need for stability? It is needed for the convenient operation of capital and future predictability. In some ways, this method has positive aspects, mostly due to the fact that, in essence, globalization has been possible partially as a result of this very approach towards global economy and to the financial policies of various countries.

Though truth be told, the 'Washington Consensus' is not a new concept. It is, after all, a rather certain continuation of a policy, which, for instance, was called free trade in the 19th century.

In the 19th, 20th, and in the 21st century, this policy was advantageous to stronger nations. Contrary to Ricardo's famous concept, which states that free trade yields positive results to all parties involved, this is clearly not the case. Free trade always yields positive results to the strong, while only occasionally benefiting the weak. Moreover, even with its occasional benefits, weaker nations often begin to feel that their political position worsens, rather than improves after the benefits reaped from free trade come to an end. For example, often times they are plagued with strikes, rebellions, and protests against free trade, liberalism, or in the modern case scenario, the 'Washington Consensus.' Today we are at a stage when the potential for a functioning system based on the aforementioned principles has been exhausted. The system has simply stopped functioning because the mode of its operation is changing. Currently, strong countries are trying to prolong this mode of operation for as long as possible for their own benefits, while weaker nations are simultaneously trying to put an end to it.

For the US, with their relatively low productivity rates, it is vital to

have open borders and free capital markets. It is, therefore, unsurprising that the US has been the chief beneficiary of what is called the 'Washington Consensus.'

However, it would be misleading to generalise that the 'Washington Consensus' and the 'US-centered world' are synonymous concepts. Yes, America has passed the height of its leadership, but it still remains a leader; it has only stopped being a hegemon.

RJ In your opinion, is there international consensus at the present moment regarding acceptable and unacceptable standards for state policies?

There is no such consensus and there is currently a search for new standards. In particular, the Yaroslavl Global Forum is specifically devoted to the development of such standards, and defining the role of the state and the standards of democracy, and while this search has just begun, it will continue for a rather long time. There are only two things that seem to be quite clear at the present. Firstly, we should not get our hopes up that openness, regulation of the financial sphere, strict monetary policies, and other such reforms are capable of ensuring the well-being of everyone. Secondly, we should not believe that by decreasing the role of the state, we will obtain greater general well-being. In reality, we will most likely observe that the results during the coming years and decades will indicate a strengthening of the role of the state. Nevertheless, we should not lose sight of capitalism's creative potential or destroy the free market system, because, if it is correctly integrated into the structure of a nation's social system, it yields visible positive results.

RJ Is there actually a need for a precise formulation and registration of a new political consensus?

Of course it is necessary, but this registration happens automatically. When there is a common, albeit opaque, understanding of what issues are most pressing, the correct method of proceeding globally, and the location of the movement, then the consensus will appear automatically. Undoubtedly, some egghead, will continue to reiterate this later in yet another article, as is what happened with the 'Washington Consensus.' Nonetheless, the consensus was, in essence, formed long before it received a physical name and the same will happen again now. The range of ideas that will form after its shaping will serve as a springboard for development not only for the world's leading countries, but also to dozens of countries that are trying to maintain their sovereignty and develop independently.

Recently some 'non-Western' intellectuals have started mentioning the 'Moscow Consensus' in their backroom discussions. These intellectuals are not the ones who were present at Davos and only a few of them were invited to participate in the forum. It may seem strange, but Russia is reaching an important stage where it has the ability to become a nation that is capable of uniting today's major global trends. Therefore, we can also talk about the possibility of the 'Moscow Consensus,' although at the present moment, nobody mentions it publicly yet.

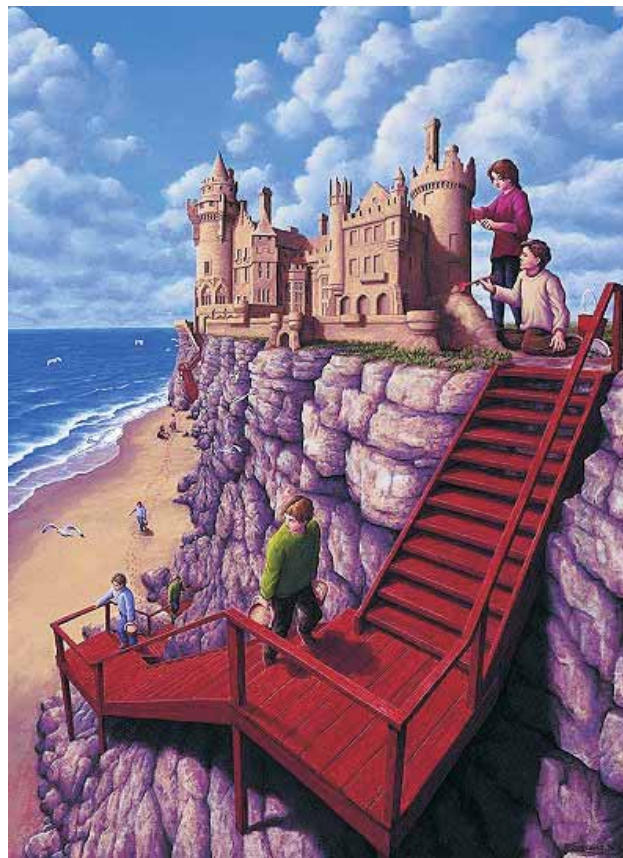
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The strengthening of non-European countries is inevitable, and it is a force to be reckoned with. Apparently, one of the elements of the future consensus will be the acknowledgement of the fact that the training models provided by the Western states for democracy building are the only true ones. I want to emphasise the word 'training' here, since all Western countries differ from one another quite dramatically, in some cases right down to their principles of operation.

Meanwhile, the West still feels itself as the leader of the world, and I would like to note that it remains as such. The West's capacity to acknowledge a non-Western country as a leader will depend on how powerful that nation's economy will be and its ability to fulfil this role. **Can we actually consider China as a global leader?**

Yes, it is a global leader in the production of cement, in the extraction of iron ore, and in the construction of roads. However, China remains a rather archaic country when it comes to innovations and to setting the framework for development. An ability to replicate cars, even the most modern ones, does not exactly make one a leader in the automotive industry. China is also lacking in the area of military technology and has a hard time organising the production of **modern** planes or tanks. Shortly put, if a country is not an economic leader, even though its rates of toy and cement

production as well as road construction capacities are rather high, it cannot serve as an example. The reality is that it all depends on the countries of the second echelon and on how they manifest themselves. For example, economic development in such Latin American countries as Brazil has engendered the development of intellectual forces in the region. Nevertheless, this is a very long process, which, in all reality, will take several decades to take shape.



RJ What countries could be interested in a formal vocalisation of political consensus?

All nations are interested in this — 'all people of good will' — as the popular phrase used to run. This includes the United States. Increasingly, Americans realise that their loss of hegemony is inevitable and that there is a need for new principles. They are facing increasing pressure to give away their power, which is evidently difficult. It is so difficult, that it may ultimately lead to a relative decrease in the standard of life in the US. However, a new balance still needs to be found and it is in everyone's interest to achieve global balance. After all, we either have a balanced, even precariously balanced world order, or a global system submerged in global chaos.

RJ So, are you suggesting that if a new international political consensus is reached, it will no longer be US-centred?

Not anymore. It is out of the question. ■

Interview was conducted by Liubov Ulianova