

THE CUSTOMS POLICY OF RUSSIA

THE MUMBAI CONSENSUS AS A DOMINANT OF THE DEVELOPMENT OF THE RUSSIAN CUSTOMS SERVICE

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Abstract. *In the article, we have examined the development of the Russian economy through the lens of its compliance with prevailing rules of economic policy. The postulates of the Washington Consensus, based on abstract models of market equilibrium, were critically considered; its deficiencies and weakness of using in the Russian economy were shown. It is demonstrated that despite the significant advances of the People's Republic of China (PRC) in economic policy (the Beijing Consensus), the rules of the Mumbai Consensus are the most appropriate for Russia.*

Keywords. *Economic policy, the Washington Consensus, the Beijing Consensus, the Mumbai Consensus, customs.*

Russia's economic policy currently continues to exercise the adopted and implemented rules of economic policy, based on the postulates of the Washington Consensus. The problem of overcoming the lag of socio-economic development of Russia can be solved with the principal necessity of changing a developing paradigm of the country.

The key areas of *The Washington Consensus* include ten simplified principles [1].

1. Setting a minimum budget deficit in order to support fiscal discipline.
2. Prioritization of public spending to primary healthcare, primary education and infrastructure.
3. Lowering marginal tax rates.

4. Liberalization of financial markets to maintain interest rates at a low but a positive level.
5. Establishing of competitive exchange rates.
6. Liberalization of foreign trade policies by lowering import customs tariffs.
7. The privatization of former public property.
8. Refusal of state regulation of the economy.
9. Maximum reduction of barriers to the movement of investments, labor and capital.
10. Development of property rights.

The process of following the principles of the Washington Consensus was fully linked to Russia's constant and persistent efforts to join the World Trade Organization (WTO). Since in the foreign economic area norms, regulations, laws determined by international trade and financial law have dominated, this dominance was quite naturally reflected in national legal institutions. For example, if there was a conflict of norms of international financial law and national law, then it was resolved in favor of the relevant provisions of international law. Thus, we find the dominance of international financial and trade institutions over national institutions, including customs institutions.

Russia's accession to the WTO has required the Government of the Russian Federation to change customs rules, particularly removing barriers, customs duties, etc. The decision to join the WTO is a reaction of the economic, political environment to changes in financial, economic, and political markets. As a result, the institute of customs gained an impetus to adapt to new rules that would be consistent with international standards and requirements. However, the question of economic, social, financial, environmental and other consequences has still not received a clear and unequivocal answer.

It can be argued, based on sound, independent evidence, that world financial institutions led by the United States of America blackmailed the Russian Federation with economic sanctions for non-payment of the USSR's external debt. The then, not quite competent administration of the country were forced to accept the weak

policy of the Washington Consensus.

The core of this policy is the rule of binding the rate of the Russian ruble to the dollar and thereby creating a mechanism to support the dollar, which by definition is a currency with significant emission problems. Through the dollar, the Russian ruble was also tied to other major currencies - the euro and the pound sterling [2].

Without objection, Russia has assumed an obligation to use sets of rules that contains many questionable provisions. Therefore, the main problem for Russian economic policy is not so much in the results and their adjustment or improvement, but in the replacement of the rules established earlier and currently being implemented.

Then one may say that the policy evolution based on Washington Consensus principles finds itself in a stalemate. The United States, dominating the global financial and credit markets, thereby retained control over the implementation of monetary, foreign exchange and customs policies in the Russian Federation. By forcing the dollar as a global means of payment, and, consequently, as a reserve currency, the United States got the opportunity to increase global demand for its currency and cover this growing demand by monetary emission uncontrolled by global economic community. Thus, in the foreign exchange market, it was the USA, within the framework of the Washington Consensus rules imposed on the world, which formed the global financial pyramid, which put the whole of human civilization on the edge of financial and economic collapse.

However, the country's leaders, who were realizing economic, and, in particular, customs policies, continued to follow the externally imposed rules of the Washington Consensus under pressure from IMF' representatives. Particularly detrimental consequences were following the rule of linking the national currency to the dollar at the expense of the creation of national financial and credit institutions and an entire financial system, relatively independent from the IMF. This system of connection the national currency to the dollar is called the currency board. Money emission in Russia was carried out in accordance with the rule - the volume of

emissions was linked to export foreign exchange earnings, which created a mechanism of constant increase of demand for US dollars. The foreign exchange earnings were used to form a foreign exchange reserves through using the United States Treasury securities. In fact, a system of lending to the US economy by Russia was created.

Therefore, in the early 80s of the last century, world leading financial and credit institutions under the authority of the United States, has seen the Customs Institute of Russia as an obstacle. This obstacle did not allow the United States to continue a process of pumping resources from the country with even greater intensity under the auspices of globalization, in full compliance with the principles of Washington Consensus. Customs and customs procedures became a national barrier to building up a harmful liberalization policy in Russia.

Nevertheless, Customs services of Russian Federation could not create high barriers to ensure the economic security of the country. Even the latest changes, which modified some basic rules, did not allow reanimating or improving the concept of the Washington consensus. These innovations include provisions such as improving corporate governance, creating flexible labor markets, combating corruption, adjusting clauses of agreements with the WTO, establishing a mechanism for forming the exchange rate of currencies, excluding intermediaries, creating financial codes and standards, creating independent central banks, decreasing inflation, etc. A certain understanding of the situation can be found in the fact that the very concept of the Washington Consensus is based on abstract models of market equilibrium, which later became a theoretical justification for the ideology of free market fundamentalism.

The interests of the state declare the need to protect the national interests (at least de-jure), private business declares the protection of its own commercial interests. At the same time, it is possible that the state, de facto, implements an economic policy in defense of the interests of large capital, which is able to lobby its private interests in political markets. As a result, in the format of the Washington Consensus, the system is uncertain and is subject to fluctuations depending on the

political market. The latter is an unstable system, which, as a rule, is always in a state of dynamic instability and uncertainty.

It becomes more and more evident if we include exogenous factors, impulses that come from the sphere of the foreign policy market in the analysis. Influential players representing the interests of transnational corporations are represented in this market. Firstly, they consider the Russian market as a sphere of generating income through the redistribution of global gross income, and secondly, they are trying to realize their strategic interests, which have nothing to do with the truly national interests of Russia, through mechanisms of the global political market.

The present state of the world market where there is a distribution and redistribution of world gross income is characterized by a permanent unstable equilibrium. Its particularities cannot be adequately described by any of the macroeconomic models known in economic theory. Therefore, the national market of any country that was embroiled into the process of global integration is constantly under the influence of unpredictable external and internal factors, moreover, it is impossible to take sufficiently effective actions that would ensure an adequate level of a national market protection.

One of the most effective determinants of influence on the national market is instability, uncertainty and unpredictability of the global political market. The economic market has acquired signs of extreme volatility, which cannot be repaid based on mechanisms in the concept of rules. Therefore, it is impossible to propose effective measures in the field of economics that would ensure the implementation of economic policy and appropriate customs, migration, monetary and other types of policies.

The whole concept of economic self-regulation based on the rules of the Washington Consensus was not able to resolve the contradictions between urgent needs of the Russian economy to increase the country's innovative potential and the current system of private capitalist business orientated to profit maximization.

Therefore, we see the solution to the problem no longer in improving regulators built on the principles of the Washington Consensus, but in abandoning

this concept fundamentally and shifting to a new paradigm of state economic and customs regulation, for example, on the basis of the rules called the Beijing Consensus.

This paradigm of state regulation is associated with China, where it was possible to achieve impressive results in socio-economic development. The market transformations carried out in developing countries in accordance with the rules of the Washington Consensus showed a negative result, and this ideology itself was called into question due to the success of China's policy and achievements.

Positive economic development of the PRC is closely connected with macroeconomic stability and an increase in the business activity of the population. An institutional policy had taken precedence over exchange rate and monetary policies. The intention of stability and growth to a greater extent was ensured not by the mechanism of market self-regulation, but by the redistribution of GDP through fiscal policy, maintaining a significant share of state property in key industries, transport, communications, and protecting state borders and interests. The rules of the Beijing Consensus are based on balancing between the global economic warfare and benefits of the international division of labor, capital and resources because of globalization. All of the above required the strengthening of state institutions in China, in particular, customs services.

While not denying the benefits of international integration and gaining profits from international distribution of labor, resources, capital, the Beijing Consensus simultaneously sought to maintain independence from world capital.

An analysis of the practice of implementation the economic policies of developing countries put forward the rules of the so-called Mumbai Consensus. If the Chinese economy from the very beginning developed as an export-oriented one, the Indian economy was targeted towards domestic consumption. Many researchers believe that the principles of the Mumbai Consensus may be more demanded during implementation of economic policies in developing countries, as well as in Russia during periods of global risks and applying sanctions as a policy tool.

The analysis of possible models for the implementation of the economic

policy, and, consequently, customs policy in Russia showed that it is important not only to realize a simple routine choice of a particular model, but to form an own development model [3].

The whole range of necessary and possible rules that take into account all market factors, as well as the specifics of moral and ethical values of Russians, their cultural level and the state of spiritual points, should be used. Given the above-mentioned constraints, the solution to the problem is more complicated; but as long as there is a more complete system oriented to values, it is possible to create a model that will be more adequate to both the state and the possibilities of economic development, including the formation of the Russian model of service customs.

We believe that for Russia it is advisable to maximize the use of the principles of the Mumbai Consensus.

Reference list

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