

## **INTERRELATIONS OF THE NORTH AMERICAN COUNTRIES AND RUSSIA: PROBLEMS AND PROSPECTS OF INTERRELATION**

Mikhail Nikolayevich Dudin<sup>1</sup>, Natalia Andreevna Voykova<sup>2</sup>,  
Ekaterina Vladimirovna Krasulia (Shikalova)<sup>3</sup> Julia Alexandrovna  
Artemieva<sup>4</sup>, Aleksandr Mikhaylovich Solntsev<sup>5</sup>

***Abstract:** This article states and researches the basic aspects and specificity of North American countries and Russia in the historical retrospective and with their extrapolation in the future. The theme of the article is actual because of the gradual change in the role and place of the USA (the leader country of the North America) in the world economy, and as a result the impact of this process on the place and the role of Russia itself in the world economy. The conducted research allowed to form the following basic conclusions:*

- *Social and economic interrelations of Russia and North American countries are equally important both for Russia and the whole world, in general. This statement is based on the fact of the leadership of the USA and Russia in a number of highly technological areas of industry and science that creates a specific balance in the world economy,*
- *Practical application of the results of this work allows to re-consider the essence of the crisis of social and economic interrelations of Russia and North American countries (first of all, the USA), as well as to define measures and areas that ensure the decrease in the tension of these relations, and*
- *Based on the three-tier model of the social and economic development, the interrelation of the global, regional, and national component in the economic development of North American countries (first of all, the USA) was revealed.*

***Keywords:** the USA, Canada, Mexico, three-tier model of social and economic development, West, Russia, world economy.*

### **1. INTRODUCTION**

Social and economic interrelations of Russia and North American countries, especially the USA, have always been one of the key topics of analysis of the external economic

---

<sup>1</sup> Russian Presidential Academy of National Economy and Public Administration (RANEPA) 82, Vernadsky Av., Moscow, 119571, Russian Federation

<sup>2-3</sup> Far Eastern Federal University, 8, Suhanov Str., Vladivostok, 690950, Russian Federation

<sup>4-5</sup> Peoples Friendship University of Russia (RUDN University) 6, Miklouho-Maclay Str., Moscow, 117198, Russian Federation

development of Russia (Stent, 2014). After the 2008 economic crisis, the perception of the USA as a leader of the present economic structure of the world wavered. It unambiguously influenced the estimation of the bilateral interrelations of Russia and the USA in the social and economic area, as well as the interrelations of Russia in the social and economic area with the closest neighboring countries of the USA – Canada and Mexico (Aliaev, Zitiadinova 2015, Zevin 2015). The revealed difficulties in social and economic interrelations of Russia and North American countries (first of all, the USA) create opportunities for the mutually advantageous development of the cooperation, as well as point at the prospective areas of the cooperation development (Zhadan 2016; Khlopov 2015; Kalinov 2015; Johnson, Beaulieu 1997). It is possible to single out the following mentioned opportunities:

- Global level – transformation of the advanced economy of the West and establishing relations with the updated economy of the leader of the Western world and the North America on the essentially new basis,
- Regional level – further development of mutually advantageous relations of Russia and the USA, Canada, and Mexico both within the North American geo-economical space where the USA have a considerable impact, based on the numerous interrelations, and
- National level – improvement and optimization of social and economic standards of the life of citizens of the USA, Canada, and Mexico, as well as the creation of additional opportunities for the development of mutually advantageous cooperation with the countries of the world, particularly with Russia.

## **2. METHODOLOGY**

The methodological basis of this research work is an analytical and historical review of economic and social and political processes that take place on the level of separately taken countries of the North America, as well as in the world economy as a whole. On the basis of analytical comparison and correlation, basic difficulties, challenges, and opportunities of the development of economic relations of the USA, Canada, and Mexico and Russia for the medium-term perspective are defined.

## **3. RESULTS**

548 meters is the difference between the highest peak in Russia (the mountain of Elbrus – 5,642 m.) and Denali (McKinley/Great Mountain – 6,190 m.). In 1867 the Russian flag was hauled down, and the American flag was hoisted in Alaska. To a great extent this event pre-determined the relations of two countries for the nearest century and a half – constant competition and comparison according to many parameters – firstly in the geopolitical, military and economic areas (volumes of GDP, the state debt, and the military budget). It is rather difficult to consider the interrelations of Russia with two closest countries to the USA – Mexico and Canada – during the period of

globalization guided by the USA without taking into account the impact of Uncle Sam. A similar analogue can be made in the interrelations of the USA and the post-Soviet countries where no Russian factor will be taken into account, and the economic indicators will be only associated but not fundamental ones (Webber, Smith 2014).

It is especially interesting to make even superficial analysis of trading and economic interrelations of the USA, Canada, and Mexico. Thus, in the structure of export of the USA Canada makes up 18.6%, and Mexico – 15.7%. In the structure of import the USA makes up 13.2% both for Canada and Mexico. The PRC leads with 21.5%. In the structure of export of Canada, the USA makes up 76.7%, and in the structure of import of Canada the USA makes up 53.1%, and Mexico - 5.8%. At the same time in the export of Mexico, the USA makes up 81.1%, and in the structure of import this is 47.3% (CIA 2015 abc). Besides, it is necessary to take into account that along the American and Mexican border zone from the Mexican side there are enterprises with the American capital – maquiladoras. It unites the economy of the countries even more, as well as enterprises of PRC with American investments that export to Mexico and Canada. And although “the golden century” of maquiladoras came to the 2000s when this cooperation gave up to 25% of the Mexican GDP, its present fall can be temporary on the background of the growth of the average salary in China (Lederman et al 2005), and worsening of the ecology in China. It will naturally lead to stiffening (worsening) of initial conditions of the work of American firms in the PRC and cause possible transfer of enterprises to Mexico. Besides, it is necessary to take into account the prospective impact of the shale revolution on the local industry of the USA, as well as on the industry of Canada and Mexico. The situation with the Keystone petrol pipe only proves the tendency in this issue (Kalinov 2015).

For a long period of time Russia and the USA were perceived as antipodes and represented the competing approaches to the formation of national identity, society, economy, and the general view on the world.

At the present time, although there is a definite confrontation of the USA and Russia in the world, but that level of the “Caribbean crisis” confrontation has been over. The USA and Russia rather steadily cooperate on the world arena. Besides, there is an opinion that the North America is not perceived so univocally, and is the backyard of the USA. Thus, for example, according to the “level of militarism” (the correlation of the military budget with the GDP of the country), Canada is almost twice inferior to its former metropole – Great Britain – 1.24% against 2.49%, respectively. The Canadian “pacifism” becomes more vivid if we compare it with the indicators of the USA – 4.35%. This state of affairs is rather often criticized by representatives of the White House. Mexico does not enter the NATO military block at all, and its entrance is not planned (CIA 2015).

Besides, we cannot but mention the similarity of the physical and geographic positions of the Russian Federation, the USA and Canada. All three countries are the largest in the world (PRC is the third largest country in the world excluding the area of

the internal waters). All countries are located in the northern hemisphere. These are the only three countries that have access to three oceans in the world – the Arctic Ocean, the Pacific Ocean, and the Atlantic Ocean. In addition, they are considerably similar according to the climate zones (taking into account the comprehensive consideration of the Canadian and American border zone). If we consider all four countries including Mexico, and taking into account the economic and geographical characteristics, in all countries under analysis, the form of state structure is federation. All these seemingly generally known but rarely mentioned facts point both at the similarity and availability of common conceptual basis for social and economic cooperation. Besides, it sets the tone for our analysis in this research work.

Thus, the interrelations of Russia and North American countries are first of all based on the historical experience and geopolitical (geo-economic) perception. In its turn, it has an impact on trading relations: possible refusal of the consumers to buy goods produced in America in spite of their all possible advantages due to the fact that they were made in the USA. This tendency is characteristic not only of Russia but also of a number of countries of the world including European states. However, along with this, almost all of us interrelate with the economy of the USA, probably even indirectly: we use the Chrome browser, download Google Play application, keep our savings in USD, etc. It points at the considerable involvement of the economy of the USA in the world economic space. However, herewith, this is a mark of the absolute dominance of the USA in the world economy (McNeill, Mauldin 2014; Manicom 2013).

#### **4. DISCUSSION**

At the present time (taking into account the consequences of the Ukrainian crisis) numerous Ukrainian Diaspora, as well as the position of the American establishment have a great impact on the interrelations between Russia and Canada. It caused the exchange of sanctions between the countries and negatively influenced the development of economic relations (McGee 2014). Revealing of real negative impact of sanctions is complicated by reason of the fall of the world prices for oil as soon as the “sanction” stage of the relations between the countries started (Dudin et al 2015).

As it was mentioned above, the key country in the North America is the USA both in terms of economic interrelations with Russia, and general economic characteristic of the region. As for Canada, it is associated as an analogue of the national Siberia – the country region with the extended unpopulated territories but rich natural resources. As for Mexico, it is associated and characterized by cheap labor force (as compared to the USA). It gives an opportunity to use it as a platform for producing joint time-consuming products with the perspective of the access to the American sales market. Of course, there is an opinion about the void Russian and Mexican border (Johnson, Beaulieu 1997). To our mind, it points more at the missed opportunities for the development of the Russian and North American interrelations on the basis of the Russian and Mexican contacts but not exclusively on Russian and American contacts that become the hostages of the geo-politics.

However, the North America is not only the USA, Canada, and Mexico. It also includes the island of Greenland, Saint-Pierre, and Miquelon. These territories are not entirely sovereign. However, the sovereignty of Canada is also under question taking into account that Elizabeth II has the status of the Canadian head. The first territory is self-governed in relation to Denmark, and the second is an oversea community of France. Thus, one of the variants of the Russian expansion in the North American economy can be the entrance by using the back door instead of the front door (McNeill, Mauldin 2014). Saint-Pierre and Miquelon can become a sort of an analogue of the Faeroes but with the opposite effect. We mean the 7 times increase in the export of salmon from the Faeroes to Russia in 2015.

Besides, geographers refer the Bermuda and a number (or all in general) of countries of the Caribbean to the North American countries (Lederman et al 2005). These variants of regionalization are not principal for our research, and the above autonomous territories were mentioned as an example for the possible variant of the development of social and economic relations of Russia and basic countries of the North America. If much desired, it can be copied for other micro-states, naturally taking into account their specificity.

It is also necessary to take into account the unique position of Mexico that simultaneously is a part of the North America not only by entering the NAFTA but also on the basis of the physical and geographical location on the continent of the North America, and the current miraculous process of “mexicanization” of the USA. At the same time the second component of the unique position of Mexico is based on its referring to the historical and geographical region of the Latin America. Thus, the development of Russian and Mexican mutually advantageous relations (above all, economic) will allow to create the required basis of the future transformation of the USA based on the “factor related to the Spanish language”.

For quite a long period of time the interrelations of Russia and the USA have been based on both the geopolitical and energetic factors. While before the energetic factor was interpreted as the interrelation of American technologies and national companies that had reserves of gas and oil, now pre-requisites are formed so that in the near future national energy products will compete with American ones on the world market, and first of all on the European market of energy. Russia and the USA can qualitatively cooperate in the space. At the present time Russia as well as the USA possess the technologies of the piloted cosmonautics (there is also PRC but the Chinese piloted space program was developed on the basis of the Soviet technologies). In the area of space tourism Russia has considerable progress.

Besides, due to the outlined establishment of the basic economic center of the global geo-economics structure on the basis of the economic capacities of China (in the world logistics it is expressed by Beijing in the form of the offer of the “One belt, one road” concept), in the definite future Russia can create the tunnel through the Bering Strait. It will give a high quality push for the development of the Far East of the country and

the transfer of the trading and economic relations of the Russian Federation and the USA, as well as other countries of the North America on the new level. On the official level Russia announced the project on connecting the Eurasia and the North America by railway via the Bering Strait in 2007 in the "Strategy of the Development of the Railway Transportation for the Period Up to 2030" adopted by the Russian Government. This project is not specifically described but the strategy points at the fact that it is planned to implement it during the period after 2030.

Herewith, in addition to the land transportation project, the initiative of the PRC "One belt, one road" also includes the development of the sea transportation route. With the Russian participation it will allow to load and develop Far Eastern sea ports, including during trading cooperation with the USA, Canada, and Mexico. It is important to understand that broad involvement of the USA in the world economy, as well as natural parallel phase of the global economy globalization create conditions for the comprehensive analysis of American and Russian social and economic interrelations accurately through the prism of the global context (Parro, Caliendo 2014; Hansen 2014; Bernheim 2009, Dudin et al 2016).

One of the main topics of the global/Western community lies in the fight with the terrorism and solving the global problem of refugees. Bilateral consultations of Russia and the USA in relation to defining the format of fighting terrorism have been taking place for a long period of time through the example of the consultation on the situation in Syria and Iraq. At the present time the problem on refugees is most of all related to the alliance partners of the USA in Europe and at the same time trading partners like France, Germany, Italy, Hungary, Britain, etc. However, taking into account the critical situation with the social and economic position in Venezuela, soon the refugees problem may be fully related to the USA. Taking into account political (geopolitical) and economic impact of Russia in Venezuela (and in general in the Latin America), Syria, Iraq (and in general in the Middle East), it is possible to solve the problems of terrorism and the problem on refugees associated with them (at least this statement is related to the closest partners of the USA in the Western Europe) only by the comprehensive use of military, ideological, and social and economic methods. It is possible to naturally most optimally solve the above problem by cooperating of the USA as the Western leader and Russia, as well as by active involvement of local elites.

Thus, the full and comprehensive analysis of social and economic interrelations of Russia and North American countries is possible when using the three-tier model – global, regional, and national levels (Fig. 1).

Herewith, taking into account the involvement of the USA in the global economy, and inherently the identification of the USA with the globalization, the analysis of social and economic interrelations are not limited only by vertical but also horizontal interrelations. Thus, on the national level in addition to properly social and economic interrelations of Russia and the USA, Canada and Mexico, it is possible to single out maquiladoras (in the broad sense American and Mexican border zone) and American

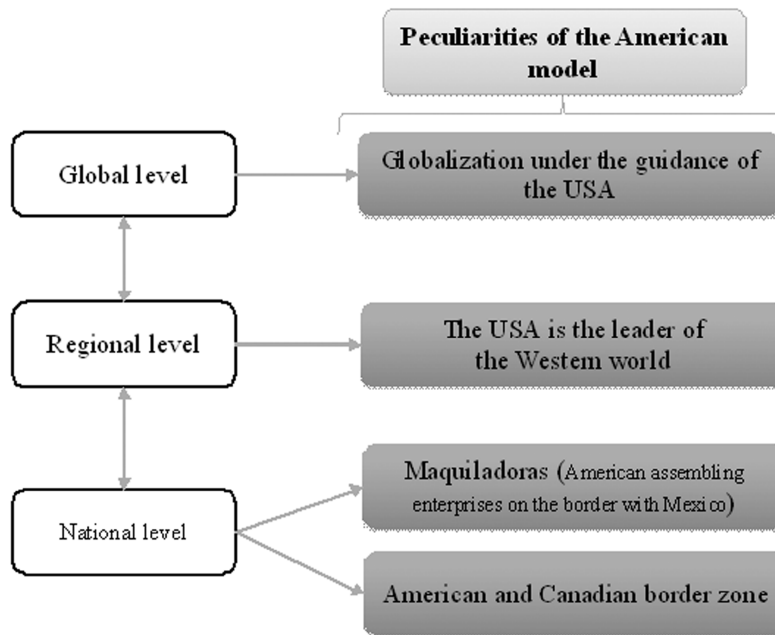


Figure 1: Three-tier Model of the Analysis of Social and Economic Interrelations of Russia and the North America through the Examples of the USA [compiled by the author]

and Canadian border zone. Besides, on the regional level, in addition to the unified trading block of these North American states – NAFTA, it is necessary to single out the inter-dependence of the USA with the West (first of all, with the countries of the Western Europe/EU). It can be also an area for social and economic interrelation of the USA and Russia taking into account the fact that it is impossible to solve problems related to terrorism and influx of refugees to the developed countries exclusively by military and defensive ways.

## 5. CONCLUSIONS

Summarizing this article, it is necessary to conclude that historically the USA, Canada and Mexico have had social and political, economic and technological relationship of long standing. At the same time it is important to note that the USA as an undoubted leader of the Western world tries to distribute the model of its development in other states and countries. It is stipulated by the fact that the USA is really advanced and the most developed country in social and economic context, as well as it is relatively open for the dialogue with other countries. In spite of concerns of politicians and ecologists, social and economic cooperation between the USA, Canada, and Mexico can be considered sufficiently successful.

Russia and the USA, and well as Russia and other NAFTA countries can transfer to a more successful bilateral and multilateral cooperation by changing the vector of

relations from the counteraction to interrelation and assistance to one another in solving the most difficult and the most important problems that can become not only the national but also the world threat.

The epoch of the global dominance of the USA is about to finish, and now a multi-polar world is being actively formed. That is why the largest economically developed states (the USA, Canada, some countries of the European Union) as well as states whose economy is thought to be transitional (Russia, China) must activate not only political but also economic diplomacy. They must do it in order not to threaten the future of the civilization because of the global dissociation, subdivision, and contradictions set in national strategies and the idea that is common for the whole world community and related to maintaining the stable social and ecologically responsible development, balanced and saving economic growth based on the rational exploitation of the natural capital, and intensive increase in the human and produced capital.

This article has not touched upon such methodological aspects of the cooperation of North American countries and Russia as the estimation of the economic potential of the external trading, risks and threats of the interrelation, and possible positive and negative social effects. These issues will be researched in further articles and works on this topic.

### *References*

- Stent, A., 2014. Pochemu Amerika i Rossiya ne slyshat drug druga? Vzgliad Vashingtona na noveyshuu istoriyu rossiysko-amerikanskih otnosheniy [Why do America and Russia do not Hear Each Other? View of Washington on the Newest History of the Russian-American Relations]. Moscow: Mann, Ferber, Ivanov, pp: 464.
- Aliaev, V. and V. Ziyatdinova, 2015. Novaya ideologiya mezhdunarodnogo sotrudnichestba [New Ideology of International Cooperation]. Higher Education in Russia, 5: 81-86
- Zevin, L.Z., 2015. O nekotoryh problemah ekonomicheskogo prostranstva Evrasii XXI veka: Nauchny doklad [On Some Problems of Economic Space of Eurasia of the XXI Century: Scientific Report]. Moscow: Institute of Economy of the Russian Academy of Sciences, pp: 40.
- Zhadan, V., 2016. O sotrudnichestve Rossii s mezhdunarodnymi organizatsiyami na Evropeyskom prostranstve [On Cooperation of Russia with International Organizations in the European Space]. Tavrisheskiy Scientific Review, 4 (1): 10.
- Khlopov, O.A., 2015. Prichiny i posledstviya snizheniya tseny nan eft: interesy SSHA i Saudovskoy Aravii [Reasons and Consequences of Decreasing of the Price for Oil: Interests of the USA and South Arabia]. Power, 3: 156-161.
- Kalinov, V.V., 2015. "Slantsevaya revolutsiya" kak destabiliziruushchiy factor mirovoy i otechestvennoy ekonomiki ["Shaly Revolution" as a Destabilizing Factor of the World and National Economy]. Symbol of Science, 1-2: 18-22.
- Johnson, P.M. and A. Beaulieu, 1997. The environment and NAFTA: Understanding and Implementing the New Continental Law. Canadian Journal of Political Science, 30(1): 159-160.



- Webber M. and M. Smith, 2014. *Foreign Policy in a Transformed World*. Routledge, pp: 392.
- The USA. Book of Factors of the CIA, 2015. Views Data 19.08.2016 [www.cia.gov/library/publications/the-world-factbook/geos/us.html](http://www.cia.gov/library/publications/the-world-factbook/geos/us.html).
- Canada. Book of Factors of the CIA, 2015. Views Data 19.08.2016 [www.cia.gov/library/publications/the-world-factbook/geos/ca.html](http://www.cia.gov/library/publications/the-world-factbook/geos/ca.html).
- Mexico. Book of Factors of the CIA, 2015. Views Data 19.08.2016 [www.cia.gov/library/publications/the-world-factbook/geos/mx.html](http://www.cia.gov/library/publications/the-world-factbook/geos/mx.html).
- Lederman, D., W.F. Maloney, W. F. Maloney and L. Serven, 2005. *Lessons from NAFTA for Latin America and the Caribbean*. Stanford University Press, pp: 407.
- List of World Countries as the Military Budget Compared to the GDP of the Country. Book of Factors of the CIA, 2015. Views Data 19.08.2016 [www.cia.gov/library/publications/the-world-factbook/rankorder/2034rank.html#ca](http://www.cia.gov/library/publications/the-world-factbook/rankorder/2034rank.html#ca).
- McNeill, J.R. and E. S. Mauldin, 2014. *A Companion to Global Environmental History*. John Wiley & Sons, pp: 560.
- McGee, R. W., (2014). Should We Impose Sanctions on Russia Because of the Crimea? Date Views 16.03.2016 [ssrn.com/abstract=2409997](http://ssrn.com/abstract=2409997).
- Dudin, M.N. and E.E. Frolova, 2015. The Balanced Scorecard as a Basis for Strategic Company Management in the Context of the World Economy Transformation. *Asian Social Science*, 3: 282-288.
- Manicom, J., 2013. Identity Politics and the Russia-Canada Continental Shelf Dispute: An Impediment to Cooperation? *Geopolitics*, 18 (1): 60-76.
- Parro, F. and L. Caliendo, 2014. Estimates of the Trade and Welfare Effects of NAFTA. *Review of Economic Studies*, 14: 1-9.
- Hansen, L.P., 2014. Nobel Lecture: Uncertainty Outside and Inside Economic Models. *Journal of Political Economy*, 122 (5): 945-98.
- Bernheim, B.D. and A. Rangel, 2009. Beyond Revealed Preference: Choice-theoretic Foundations for Behavioral Welfare Economics. *Quarterly Journal of Economics*, 124 (1): 51-104.
- Dudin, M.N., E.E. Frolova, P.A. Kucherenko, V.A. Vernikov and N.A. Voykova, 2016. China in Innovative Development of Alternative Energy Advanced Industrial Technologies. *International Journal of Energy Economics and Policy*, 6 (3): 537-541.