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Globalization from the Standpoint of Economic Security of a Country and Its Regions: Some Aspects of Threat Systematization

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Abstract. The article deals with current issues related to the theory and practice of ensuring Russia's economic security at the federal and regional levels from the point of view of risk assessment caused by globalization. The work aims to systematize threats to the country's economic security from the perspective of the nature of relations between business entities and government authorities in the context of globalization processes. The author's approach to characterizing the risks caused by both excessive and insufficient administrative impact on the activities of transnational and other large companies is presented, the negative consequences of both processes for the country as a whole and for its individual regions are considered. Special attention is paid to the anti-corruption component of ensuring economic security as a prerequisite for effective interaction between government departments and business groups.

1. Introduction

Globalization is an obvious trend in global economic development, and by its very nature, globalization creates both risks and opportunities for economic actors at both the macro and micro levels. The free flow of capital, single market and the development of digital technologies covering all areas of life enable an economic entity (a company, regional economy or the national economy of a state) considered as a single system, to scale its activities, quickly cover vacant market niches and achieve other results in all corners of the globe. At the same time, globalization contributes to the emergence of certain threats to both the company and the country's economic system [1-4].

The question of whether globalization contributes to the creation of equal opportunities and social justice in the world or whether, conversely, it increasingly aggravates the division between leaders and outsiders, the rich and the poor. On the one hand, the global market allows its participants to act through national barriers, which seem to broaden opportunities for market actors, but on the other hand, there is growing social stratification in the global economy, which many scientists believe is difficult to overcome by observing the theoretical principles of market economics [5, 6]. There is a need to study the impact of globalization on the economies of different countries, including the formalization of the range of risks posed by globalization.



The *purpose* of the research conducted in this article is to study in depth the systematization of threats to the economic security of Russia and its regions caused by the globalization process in terms of the interaction between government authorities and the business community.

The question is equally pressing as to whether globalization contributes to the development of a country's economy or, conversely, can create a disruptive effect if a country's economic system plays a secondary role in global value added chains. A similar situation is observed at the regional level when considering the economy of the Russian Federation - the increasing integration of regional economic complexes into the Russian economic system is capable of both creating new opportunities for regional development and slowing down this development, and even lead to a regression of the economic complex of a subject of the Russian Federation [7].

One of the risks posed by globalization at the national and regional level is the risk of "unnecessary territories" - cities and rural settlements, regions, and entire countries that "do not fit into the market" by losing out in production and consumption chains. Known demographic and social disparities lead to a situation where people from different territories have different access to quality education, professional development, and social security despite formal equality between people, which increases as globalization processes expand [8-10].

2. Materials and methods

There is a debate in scientific circles about the role of globalization in the distribution of benefits. For example, many scientists believe that the difference between poor and rich people reached unprecedented proportions in the tenths of the 21st century. According to a study by Oxfam (an international association of organizations working to tackle poverty), eight rich people on the planet, who have grown rich as the single economic space has been shaped, own funds equal to those of 3.6 billion people worldwide [11]. In its report issued in January 2017, the organization noted that the gap between the rich and the poor had widened compared to last year. Experts from this organization predict that the first dollar trillionaire may appear on the planet in 25 years.

Considering the impact of globalization on social equality, K.V. Astakhov notes that "from a technological point of view, globalization is the transition from transport technology to modular products with the extensive use of international outsourcing to optimize management and material costs [12]. One of the real consequences of the current technological revolution is the emergence of a labor surplus in underdeveloped countries in the global ballast economy".

The term "ballast economy" proposed by K.V. Astakhov is extremely interesting. Whereas in the earlier periods preceding the current level of globalization, industrial and service companies were at least partly linked to both the domestic labor market of a particular country and the domestic market for goods, this situation is increasingly becoming a thing of the past at the beginning of the 21st century. In today's environment, markets can be as far away from the areas where production is concentrated as possible, which not only increases unemployment in lagging countries but also makes these countries "economically impractical" and they do not have a role in the global economy [13, 14]. Taking into account the demographic characteristics of lagging countries, where traditional societies with high fertility rates are largely preserved (but the level of medicine already allows minimizing infant and child mortality), an alarming conclusion is drawn about the formation of a wide belt of regions with "ballast economies" in the world, which is the most significant threat and problem for the development of many African and Asian countries.

A similar situation may occur at the regional level, where individual regions of the country are "not needed" for the country's economic system as a whole. Certain territories may not be attractive for business due to their remoteness from markets, complicated logistics, low consumer demand dictated by both low income levels and low concentration of population [15]. The uneven development of Russia due to a wide range of economic, historical, and social factors threatens the transformation of some Russian regions into regions characterized by a "ballast economy".

In the context of globalization, it is in many cases more appropriate for the business community or the population of many Russian regions to interact with neighboring countries than with regions of

their own country that are lagging behind in comparison with these strange developments. For example, the tourism business in St. Petersburg is much more focused on cooperation with Finland than with the Pskov or Novgorod Regions of Russia, which are not among the leading Russian regions in terms of living standards and economic development.

In order to level out or reduce the risks of globalization to Russia's national economy and the economic systems of its regions, theorists and practitioners turn to economic security tools, which in turn are an integral part of national security [16, 17].

A.V. Androsova and E.A. Denisova notes that "threats to economic security as a result of globalization are related to the lack of transparency, instability, unfairness of global markets, the openness of the world economy and manipulation of global economic processes and global corporations" [18].

The problem of transparency is another challenge of globalization for economic security. In today's globalized world, the role of corporations is increasingly important and their ability to influence the global economy often exceeds the capabilities of individual nations. Globalization is partly about "corporate power" and it is important to understand the legal differences between corporate and government policies [19]. While the modern state is a system, at least formally, where there are three independent branches of government (legislative, executive, and judicial), elected bodies of government, and thus accountability to the public, modern multinationals do not have proper mechanisms for reporting to consumers or taking their opinions into account. In other words, if the country's citizens have the opportunity to choose the state's power, they cannot choose the governing bodies of a multinational corporation, it is the prerogative of shareholders whose influence is proportional to their shares in the company.

It cannot be said that the growing role of transnational business is being ignored by international organizations regulating social and economic relations. In international practice, for example, corporate social responsibility mechanisms are in place, and international social reporting standards have been developed, to which multinational companies adhere, but they do not provide full transparency of international business activities.

3. Results and discussion

The contradictions described above are not fully resolved under international law. On the one hand, the modern global economy is based on the principles of free movement of capital, inviolability of private property, and reduction of barriers to business development, but on the other hand, there is no system of legal mechanisms that would block the negative impact of business activities. Moreover, the debate within international organizations on both the need to develop such mechanisms and the breadth of negative impacts is far from reaching concrete solutions.

The economic security of Russia and its regions is carried out under the conditions described above when global business is not adequately controlled by national governments (and even there are no generally accepted decisions as to how this control should be exercised or whether it is necessary at all), and the range of possible negative impacts that transnational companies may have on the Russian economy has not been sufficiently studied.

The problem described above requires broad and comprehensive consideration by the expert community that deals with economic security issues. The problem studied by Russian scientists is not the influence of transnational economic entities (corporations) on the national economy, but the influence of political decision-making centers.

This problem can be considered in two ways. Two aspects of economic policy-making should be highlighted:

- The independence of the authorities of the country in question from decisions taken by authorities of other countries or international organizations.

- The independence of the public authorities of the country in question from national political risks, where both resident entities (pressure groups, voters) and non-resident entities - transnational companies, international non-governmental organizations, etc. can act.

This systemization seems fair because political decision-makers can indeed demonstrate their activities that create economic security in two ways, both as independent actors and as dependent entities forced to obey the decisions of external forces.

Thus, it is possible to identify both the threats posed by globalization from economic actors who make decisions without social control and, vice versa, the threats to free enterprise in international relations posed by political circles in various countries. There is a situation where a negative impact can occur as a minimally regulated market economy, where transnational corporations are able to pursue policies that have not been agreed with stakeholders. Conversely, excessive regulation of business activities and strong control by the authorities and political circles may lead to a situation where companies become instruments for implementing the foreign policy of governments, including aggressive, unfriendly policies.

The systematization of threats to economic security from globalization is shown in Figure 1, which shows the specificity of interaction between business structures of different countries in terms of economic security, and this specificity is not just dual - there is a mutual negation, which can be considered through the first law of dialectics – unity and clash of opposing views.

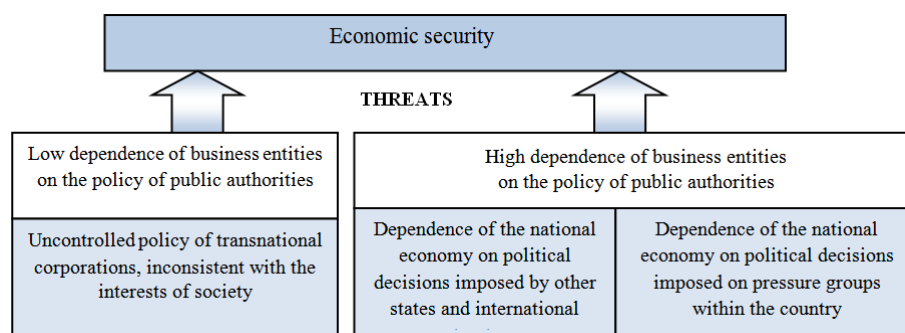


Figure 1. Systematization of threats to the economic security of the country from globalization, taking into account the nature of the relationship of business entities with public authorities.

It should be noted that the systematization of threats presented in the figure is not exhaustive. It covers only the interaction between companies in the course of international economic relations from the perspective of achieving economic security. In reality, the processes of globalization have a wider impact on national economies, which are not discussed in the figure.

As we look at the impact of globalization on economic security, we must also emphasize the consistent pattern that internal factors affecting economic security also indirectly affect external ones.

Corruption contributes to the development of the shadow economy and the loss of transparency in the activities of economic entities to the extent provided for by Russian law. In turn, the shadow economy hinders the innovative development of a country, as it is usually linked to the export of capital and its "tax evasion", rather than investing in its own industry. These processes, in turn, contribute to the deindustrialization of Russia, and thus to its disadvantageous position in the international division of labor.

According to the Russian Academy of Sciences' National Security in Expert Assessments study, corruption is a key threat that, by its very nature, can make any managerial impact aimed at protecting against both internal and external threats ineffective [20]. Despite the importance of combating corruption, the difficulty of assessing the real level of corruption due to the lack of reliable quantitative indicators is a serious problem in leveling off corruption risks.

4. Conclusions

Globalization means weakening the power of national states and increasing the influence of corporations whose operations are increasingly transnational in nature. Accordingly, one of the key

issues in the global economy is the formation of federal and regional government policies towards the largest companies. The risks to the economic security of the country and the region can be both high and low dependence of large businesses on the actions of state authorities.

On the one hand, political management can have strong control over the business community. In such a situation, lobbying groups within the government may try to impose their policies on businesses based on nomenclature interests that in some cases conflict with the development goals of the country and the region. Economic security in this case is achieved by creating a system in which business and politics are remote from each other, allowing businesses to be guided by the economic community, maximizing its profits.

On the other hand, government regulation of business activities may cause the risk of unfriendly influence from lobbyists acting in the interests of other countries or international structures bypassing their own country's interests. In this case, the state control over business activities may lead to a situation where the economic interests of the country and the region are more the concern of the business community than the state mechanism.

Thirdly, the lack of regulation of business activities by the political leadership may also pose a threat to economic security at the national and regional level. In such a situation, business may create a conflict between the interests of the global economy and the territory in which it is located. For example, a company may not create jobs for its nationals relying solely on the labor of migrants or may withdraw capital to offshore areas.

On the fourth hand, the interaction between government agencies and large businesses is characterized by a certain level of corruption. High levels of corruption lead to a situation where the administrative impact on business is lobbying, which reduces the effectiveness of state regulation of the economy and often leads to negative effects. On the contrary, administrative influence on business, which has no corruption component, can create conditions for investment inflow and business activity expansion.

In general, globalization poses tangible threats to the development of the country's national economy and its regional sub-systems, but it would be wrong to view it solely as an initiator of destructive processes. On the contrary, the achievements of globalization can be used to intensify economic development, but within the framework of economic security, globalization is primarily examined as a source of external risks, which in turn, if not directly determined by internal risks, are at least significantly dependent on them.

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