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# Economic Globalization: Challenges and Threats of the Russian National Security

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### ABSTRACT

The article considers tendencies and consequences of economic globalization performed mainly in the interests of Western countries. The realities of the contemporary world are hardly optimistic. At the beginning of the third millennium economic globalization leads the global community to a new state defined by a number of constructive and destructive processes. According to the authors, economic globalization not so much integrates the world as strengthens deep economic inequality of regions and countries. "New third world" is represented by the countries and territories where economic and sociocultural structures are fundamentally disrupted. Peculiarities of the development of this "new world" characterize almost all countries of the post-Soviet space. Sharp aggravation of the global competitiveness for the resources, markets, strategic transport communications actualize the problem related to ensuring the economic security of Russia. The article analyzes the two-fold impact of economic globalization on national states with the domination of negative consequences for their economies that is a threat for the national security of these societies. The analysis of consequences of the world globalization for the developing countries allows to fix a new form of extremism - economic extremism. The article determines that basic threats of the economic security of Russia may include considerable dependence on the import of technologies and many kinds of consumer goods, turning the country into exclusively the exporter of natural resources, weakening of its positions on the markets of the Commonwealth of Independent States countries.

**Keywords:** Economic Globalization, Economic Security, Multinational Corporations, Economic Inequality, Economic Sanctions

**JEL Classifications:** F52, F63

## 1. INTRODUCTION

In the XXI century the humankind acquired breakthrough social organization of the world stipulated by the unconvertible globalization processes that have rather contradictory and unambiguous nature. On the one hand, the globalization aims at creating the unified global community where all micro and macro social elements are aligned, including individuals, ethnos, nations and states. On the other hand, the intensification of integration processes comes with the growth of the disintegration and chaos in the world. It leads to the localization - strive for shielding

and protecting one's space from the impact of large-scale social transformations.

One of the key tendencies of the global development is economic globalization. This is a combination of two processes: Globalization of markets (capital, labor resources, goods and services), and globalization of organizational structures of economy, i.e., the establishment of global super-corporations. Such radical transformation of the economic life contributes to the formation of the idea that in some time national economies that have been separated earlier are combined into the unified economic

system, and the humankind will become the unified economic subject. The forming model of the organization of the global economic space bears the necessity to comprehensively research its impact on the economy of national states. The problematics of this research assumes the analysis of a large number of problems that reflect the specificity of economic globalization and its impact on the economic security of national states.

At the end of the XX century the distinguished foreign and national researchers stated the fact of becoming of a new global space governed by global economic and technological powers that contributed to the formation of the global market, development of the global financial system, functioning of trans-national corporations (TNCs), and growth of their impact on national economies.

The problem related to the specificity of economic globalization and risks and threats created by it for the national security of contemporary states were widely discussed in works of both foreign and national thinkers.

The current global economic system leads to the exasperation of the global competitiveness for resources, markets, strategic transportation communications that undoubtedly actualizes the problem of the Russian economic security.

## 2. METHODOLOGY

Theoretical and methodological basis of this research is the transformational approach, with “crisis paradigm” and “social trauma paradigm” being the most conceptual elements. “The crisis paradigm” is reflected in the theory of “social anomie” of Durkheim, Merton. According to them, anomie is a situation of devaluation of the system of values in the society under conditions of social changes accompanied by the crisis of its institutes (Durkheim, 1982; Merton, 1996). The article uses the methodological principle of “social trauma” developed in works of Alexander and Sztompka. According to the authors, contemporary social transformations are often related to such negative and dysfunctional consequences for the society as social and economic and political instability (Alexander and Sztompka, 1990). As a result, the society centers around the state of crisis.

## 3. RESULTS

At the present time the growing integration of national economies in the unified global economic system really to a great extent defines the image of the contemporary world. A lot of people have seen in it a chance to bring to life their lifelong dream about the unified humankind that makes up its life on the reasonable basis, and the global state that will create the unified universal culture.

However, the realities of the contemporary world relinquish few reasons for such optimism. At the beginning of the third millennium economic globalization leads the global community to a new state that is defined by the following processes:

- Intensive growth of the economy in the North America, Western Europe, and Eastern Asia. As a result, the developed countries that are members of the Organization for Economic Co-operation and Development bend a lot of the world population to their power
- Polarization of the planet population into poor suffering majority and materially prosper minority
- Diminishing of natural resources that will inevitably lead to fierce competition for the access to them
- Strengthening of the impact of multinational corporations (MNC) on the background of the weakening role of national states, and
- Immigration - displacement of colossal number of population to the zones of economic prosperity in spite of the fact that such zones are strange to immigrants in terms of civilizational canons.

The analysis of the economic situation witnesses that at the beginning of the third millennium the global structure of the world acquired the hierarchal, triadic nature. At the present moment it consists of “the first,” “the second,” and “the new third world.” “The first world” includes the countries that dominate in the global economy and policy. “The second world” includes the states that traditionally worship Islam as well as India and Far-eastern countries that aim at self-esteem and opposition to globalization. “The new third world” is represented by the countries and territories where fundamentally economic and sociocultural structures have been broken. The peculiarities of this “new world” development characterize almost all countries of the post-Soviet space.

In the process of global transformations these three worlds interpenetrate and inevitably come in contact with one another. Such configuration of the contemporary world is acknowledged by many researchers. It is characterized by “asynchrony” (Hosle), and simultaneous existence of the global and local (Fedotova) “vesicular-enclave structure” (Grechko). The latter is an example when “palaces quietly sit alongside huts without any hesitations related to their ugliness and misery and displaying full indifference to their fate” (Globalization ... 2005). In other words, new global order does not represent a unified economic system, but it is an eclectic combination of different establishments (“worlds”). In its turn it can but not have an impact on their interrelations. It causes deep structural instability in the world that simultaneously is organized and enters into chaos, globalized and localized, combined and separated. In its turn it allows to state its deep asymmetry. Asymmetry of the contemporary world causes new collisions, induces national states to look for answers for the time challenges (Lubsky, Lurje, Popov, Serikova Zagutin et al., 2015).

Globalization causes new mechanisms to manage the global economy. As a consequence, states and peoples are more and more subordinated to new global and regional powers. The implementation of the principle of free trade under control of the USA is a latent “tool” of the global economic power. Initially it was assumed that the introduction of the “free trade” principle would strengthen integration processes in national economies, and it would allow them to smoothly enter the global economic system.

Fringe regions were about to get only profits from it. However, the beginning of liberal and market reforms in the developing countries irrevocably means de-regulation and de-centralization of the national economy. The latent goal of this process lies in the intention to supersede the states that have a strong integration power from the global economy.

Applying common standards of the global economy liberalization under full ignoring of specific social and economic efforts of separate states contributes to the occurrence and development of crisis phenomena in the world. For example, in the 90s of the XX century Russia started implementing a purely European model of the market relations. It led the country to both social and economic, and the deepest spiritual crisis that has partially been still getting on (Bandurin et al., 2015).

The contemporary international experience of the forced implementation of the Western sample of the market economy showed that in the majority of cases it led to the suppression of the national economy of the developing countries. The “free market” principles are implemented by the developed Western countries through the forced implementation of the neo-liberal model of the development. Its peculiarity is the priority of the financial activity over the production and social allotment. Herewith, financial flows are controlled by International Financial Centers, and production (in fringe countries) is controlled by MNC (TNC).

The focal moment of the policy of economic weakening of the developing countries is the idea about fabulous “efficiency” of small- and medium-sized business insistently implemented in the consciousness, although in fact it is not competitive in comparison with Western mega companies (Gubanov, 2008). Such policy focuses on the developing countries in voluntary transformation of their national economies in a sort of “broth” made of “economic plankton” that acts as an ideal fueler for the quickly growing “whales” of the global economy - MNC and transnational banks (TNB) (Bainev and Vinnik, 2009).

MNC and TNBs often represent themselves as some cosmopolite, international subjects of the global economy that globally perform and control economic development. However, their individual essence should not be exaggerated, because in fact “the transnationality” of large companies declared so pompously contradicts to the reality. Irrespective of the cosmopolitanism of a TNC, it is possible to say with certainty about almost each of them where its real headquarters are situated, where it pays taxes and what government it regards to be “its own.” National belonging of the majority of the largest corporations of the world can be defined according to such parameters as location of research centers, principle enterprises, nationality of owners, and majority shareholders, etc., Even the technological level of the corporation entirely shows the country it belongs to.

Strengthening of the global trade and financial control by MNC in relation to economies of national states leads to the fact that the state that develops according to the neo-liberal model is imposed “strict monetary requirements to balance the budget and provide stability of the monetary circulation. In spite of

concepts of the import replacing industrialization, ideas of export-focused development mainly with the participation of MNC are propagandized... Only “enterprises that are competitive according to international standards” that are first of all located in developed countries” have the rights to exist (Kollontay, 1999). Thereby, the developing countries are imposed unequal conditions of “free market.” Conditions for the expansion of MNC on their territory are created, and the foundation of the long-term strategy of re-allocating natural resources in favor of the developed countries is laid. It brings the developing countries to the financial and economic servitude associated with neo-colonization, and contributes to weakening of national states and their sovereignty.

Moreover, researchers note that “under conditions of the model imposed on the world and related to neo-liberal globalization, the national sovereignty, national economy, national interests become the principle irritants for the globalization leaders” (Gorodetskiy, 2014).

The analysis of consequences of the economic globalization for the developing countries allowed the researchers to speak about the occurrence of a new form of extremism - economic extremism. Economic extremism occurs mainly “... as sanctions applied by one party that makes another party agree to invariable unprofitable conditions of economic cooperation or its termination” (Guboglo, 2003).

Under conditions of economic globalization, the application of economic sanctions in relation to the state leads to the disruption of its economic fundamentals and as a consequence the sovereignty and the integrity of the country (Dolbilov, 2015). The researchers note that “the main goal of economic sanctions includes political relations. However, the tool of impact includes measures that directly limit international economic relations in order to destabilize economy of the country as a whole and its separate sectors” (Dmitrieva, 2015).

The introduction of economic sanctions against Russia with renewed vigor actualized the problem related to the dependence of the country on import, the ability to protect its national interests and economic sovereignty. The construction of the liberal economic model in Russia as well as methods and mechanisms of building it in global economic processes led to the appearance of the whole sectors of the national economy that have the critical level of dependence on the global economy. Herewith, to a greater degree these are system-forming and vitally important sectors and areas of the national economy of Russia (Bazhenova and Deiker, 2015).

In this situation the problem related to the economic security of the country is urgent. In the research literature there are various interpretations of the notion “economic security.” A number of national authors consider economic security as a combination of conditions that protect the economy of the country from various threats and provide stable crisis-free development of the economy (Abalkin, 1994); Glaziev, 1997). Other researchers understand economic security as an economic benefit that is provided to various economic entities on the paid and non-paid basis, starting

from personal security and finishing by the security of the state as a whole (Rakhimov, 2011).

The researchers agree that the economic security is closely related to the national security of the state because it is smoothly included in the system of state security along with such components as the provision of the reliable defensive capacity of the country, maintenance of social peace in the society, and protection from ecological disasters (Rusetskaya, 2006).

In its turn, the State Strategy of Economic Security of the Russian Federation states that economic security of the country assumes revealing and neutralizing of internal and external threats in the area of economy; provision of social and political stability, stable and dynamic development of economy; and creation of efficient and competitive construction of the economic system of the state (State Strategy...).

Today basic threats to the Russian economic security include a considerable dependence on the import of technologies and many types of consumer goods, turning the country only into the exporter of natural resources, and weakening of its positions of the Commonwealth of Independent States markets.

It is necessary to note that under conditions of economic globalization global competence between the countries acquires only monopole and uncompromising nature.

Occurrence of the latest technologies contributes to exceptionally traditional idea about the competition in the economic activity. The countries that own these technologies make up the global order in accordance with new market realities: "... The center ... sends innovational technologies that are an intellectual product to the periphery, and in return it gets from the periphery the products made on the basis of disposable natural resources" (Fedotova et al., 2008).

Thus, these are the global economic hierarchy and striking inequality and not the declared system of the universal equality of the access to information, technologies, and efficiency that exist and become stable in the world.

#### 4. DISCUSSION

Researching challenges and threats to the Russian National Security stipulated by processes of economic globalization, we mainly focus on the theories of "social anomie" and "social trauma." They allow to reveal negative consequences of global transformations of the global economic space.

It is necessary to mention foreign researchers who study the problem of economic globalization in the context of national security of states (Luard, 1990; Albrow, 1996; Ohmae, 1995; Gray, 1998; Strange, 1996). According to these authors, contemporary globalization is a new era, with its peculiarity being the dependence of states on orders dominating on the global market. Thus, economic globalization causes a new form of social organization where institutes of global management seek to have a greater

power in the global community and gradually reduce the role of national states as individual economic and political subjects.

The systematic analysis of the economic globalization and its impact on the status of national state in the contemporary world has been made by British researchers (Held et al., 2004). They are convinced that economic globalization has considerably changed the idea about independence and caused changes in state policy of many states of the world. Moreover, globalization of markets (finances, goods, and labor resources) and the establishment of MNC lead to considerable re-consideration of the Westphalian definition of the state sovereignty.

National authors also devoted their works to researching economic globalization in the context of challenges and threats of the Russian National Security (Inozemtsev, 2001; Kara-Murza, 2007; Mamedov, 2010; Neclessa, 2013; Utkin, 2006). The researchers state that the today's model of globalization complies with exclusively interests of the Western countries that use it to accelerate their control over the global economy.

The problems of economic security of Russia under the conditions of global challenges and threats are also deeply studied in works of national researchers (Abalkin, 1994; Bazhenova and Daiker, 2015; Gorodetskiy, 2014; Dmitrieva, 2015, et al.). The authors state that attempts to construct a liberal economic model of Russia as well as methods and mechanisms to build it in global economic processes led to the occurrence of separate sectors of economic activity that have a critical level of dependence on the global economy.

In the context of researching constructive and destructive factors of the national security, it is necessary to mention the works that take up the questions about the region (Guskov et al., 2015), peculiarities and methodology of managing territorial communities (Popov et al., 2015), and the role of engineering in this process (Zayats et al., 2015; Posukhova and Zayats, 2014).

The researchers note that today the world has turned into a global, internally interrelated system with intensive forms of exchange but also with a fierce hierarchy of economic inequality. In the Western Europe and the USA a new, post-industrial economic mode is developed while the rest of the world represents various forms of the industrial economy. Under these conditions no efforts of the countries that remained in the global periphery can provide real breakthrough in the post-industrial era.

Under all obvious integrity of the world, its economic fragmentation is still maintained. Sometimes it is even strengthened because of including in the unified global context of the countries that are both at the industrial and post-industrial phases of their development. According to the figurative expression of Giddens, today's global transformations "comprehensively comb" the world. However, the directionality of this "combing" often becomes traumatic for a number of regions (Giddens, 2002).

According to contemporary researchers, economic globalization creates a new type of both winners and losers in the global economy (Grey Gray, 2003). Actually, the scales of economic globalization

has really narrowed national opportunities of the impact of many countries on the global economy and created the club of champion countries. As globalization implies economic subordination of the majority to the minority, it leads to unavoidable conflicts that virtually look like a conflict of civilizations, according to Huntington.

It is considered that today's model of globalization entirely complies with the interests of only one country - The USA that uses globalization to strengthen its control over the global economy (Utkin, 2006). Actually, processes of globalization according to the most important parameters more and more acquire rather specific Western forms. In order to meet the interests of large multinational companies and the strongest Western states, first of all the USA, various forms of violence both indirect and direct - military - are applied (Shevchenko, 2013).

According to Kara-Murza, globalization governed by the USA is based on the ideas of "... the transfer of the control over artificial and natural resources of the Earth to the financial elite of the world (access to these resources will be defined by 'the global market')" (Kara-Murza, 2007). The contemporary strategy of solving the problem related to raw materials by the global center (countries of the "golden billion") that due to the bad habit of the high level of consumption has quickly wasted its own mineral resources is related to capturing resource of fringe countries by their purposeful weakening up to subordination or complete destruction.

The researchers note that economic globalization uncovers the depth of inequality that takes place between the countries that have achieved the post-industrial phase of the social development and the rest of the world. Consequences of new social polarization are observed globally: "Today technological novelties that make up the basis of the national wealth of post-industrial states can be ... neither produced nor copied, and in some cases even used within industrial and more than that agrarian societies. Meanwhile, the need in them is vulgarly ... extremely high because gradual development ... is possible today only on such basis. This is the most important reason of the expansion of the gap between the developed Western countries and other states of the world that has appeared over recent years" (Inozemtsev, 2001).

## 5. CONCLUSION

Thus, the processes of economic globalization not so much integrate as strengthen deep economic inequality of regions and countries. Of course, the reason of contemporary inequality does not include economic globalization. It essentially cannot become a considerable factor to overcome it, either. However, the contemporary economic globalization stands for the strategy of highly-developed states of the world, MNC and TNBs whose function is to provide the development of "the third world" according to the course that complies with their interests. The current world order witnesses about the deep social asymmetry in the global economic system that bears a strict status hierarchy of national states, strengthens inequality of economic and political opportunities, and deepens inter-state and inter-regional stratification.

As a whole, it is necessary to note that economic globalization rather specifically integrates the world: Some integration efforts lead to the required result, some display implacable inconsistencies. According to the majority of experts, the differentiation of the global community will not only be maintained, but it will acquire new dimensions - more likely, with the elements of intolerance and exasperation.

The market aggravation of the global competition for resources, markets, and strategic transportation communications actualizes the problem related to ensuring the Russian economic security. Under the conditions of the stiffening multi-level global competition, the most important resource of the country development is its national sovereignty that acts as the political basis for the development of the national economy based on the unconditional primacy of national interests of the Russian state.

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