

International globalization: challenges and solutions

Andrei Aliyevich Mamedov
*Administrative and financial law
Department*

Peoples' Friendship University of Russia
Moscow, Russia
profit33@mail.ru

Vera Nikolaevna Batova
*Economics and management Department,
Penza State Technological University*

Penza, Russia
batova.v.n@yandex.ru

Alexander Yurevich Pavlov
*Economics and management Department
Penza State Technological University*

Russian Federation, Penza
crsk@mail.ru

Sergey Aleksandrovich Belousov
*Department of Theory of State and Law
Saratov State Law Academy*

Saratov, Russia
sbelousov64@yandex.ru

Svetlana Vyacheslavovna Voroshilova
*Economics and Finance Department
Department of History of state and law*

Saratov State Law Academy
Saratov, Russia
voroshilova-s-y@mail

Abstract—The article deals with the problems of integration processes in the process of international economic cooperation. The positive and negative aspects of the process of globalization of the economy are revealed. Special attention is paid to the international norms/principles regulated in international legal documents, especially to the complexity of norms that make up *Lex mercatoria* and ensure the regulation of international trade operations.

Keywords—*globalization, international economic integration, international norms, Lex mercatoria.*

I. INTRODUCTION

Recently, in order to improve the competitiveness and sustainable growth of national economies, the concepts of international cooperation have become increasingly important [1]

Integration processes repeatedly increase the possibilities of material production, creative work in an open society, the use of the international division of creative activity and the free exchange of achievements at the field of spiritual and material culture of the peoples of the world [2]. They not only significantly increase rates of social progress, but also create real prerequisites for the elimination of interstate, socio-economic and political, racial, national and religious antagonisms, and create the way for strengthening the international security [3].

The development of globalization leads to economic phenomena such as the permeability of interstate borders for the free movement of financial flows, the movement of goods, services, technology, labor, that is, to the extension of the most-favored legal regimes in these areas [4]. States with a market economy converge on the level of prices for goods, profitability of enterprises and salaries, the trend towards international outsourcing is growing [5], the number and size of mergers of companies within states and at the international level is growing, accompanied by restructuring and a decrease in the number of employed labor [6]. As a result, universalization of market relations, through the establishment of unified economic principles, customs and legal norms for subjects of international economic relations, and as a result - the strengthening of the interconnection and interdependence of national markets of states.

II. MATERIALS AND METHODS

During the study, we collected information about the problems and the advantages of international cooperation.

A search for information was carried out among the scientific literature, which identified 15 sources. They provided information on the development and functioning of international cooperation.

In addition to scientific literature, for a deeper study of the problem, the authors analyzed international normative documents. The following research methods were used: analysis, synthesis, induction.

III. DISCUSSION OF RESULTS

The proponents of globalization note a number of advantages that have taken place due to globalization. In their view, globalization weakens the prerequisites of conflicts, contributes to world peace, the establishment and strengthening of democracy, the development of a global civil society, accountability of the authorities and the supremacy of law. World trade promotes the 'discovery' of national borders, the development of production, the spread of western standards of consumption, way of life, attitude towards other states. Thanks to globalization, there has been an increase in productivity in agriculture, healthcare has improved due to technical progress, many new materials have been developed, which reduced the need for raw materials, reduced material consumption in those industries where natural raw materials could not be replaced with synthesized raw materials. At the same time, there is a rapid growth in the production of the explored reserves of minerals.

Let us also point out the negative aspects of the process of economic globalization. The well-known financier J. Soros warns that the economic function of modern capitalism not only begins to dominate over other spheres of social life, but also makes the main and almost absolute value the motive of profit receiving [7]. At economic relations, the speculative-usurious principle of profit is increasingly dominating instead of competitive-productive. Globalization in the economy leads to uneven development of developed and developing countries, which leads to the concentration of power 'in the hands of the rich North', to the exploitation of

labor by capital and the stratification of society: enriching the rich and impoverishing the poor. Informatization and automation of production lead to the approval of an economy that does not need workers. In industrial sectors, the production policy is determined by a rather narrow circle of highly professional specialists and intellectuals, which gives rise to 'elitism' as the organizing principle of the economic life, and, consequently, the education system.

Employers are in greater need of the most productive staff in the context of globalization, which is directly related to education [8]. To achieve high labor productivity in any state, TNCs are interested in attracting qualified personnel and retaining the best workers.

TNCs are forced to offer a better pay system than national companies, to reach agreements with trade unions. In return, this forces local companies to raise standards of work with personnel.

In the conditions of the information-technological revolution, only states whose citizens have a sufficiently high level of education can claim a worthy place. The increasing material stratification of society in both developed and developing countries is largely affected by the unequal access of citizens to education.

Only highly qualified citizens can maintain their social status or win in the process of globalization, while a significant number of workers are at risk of being among the unemployed [9]. It would be wrong to shield itself from globalization simply because it is based on western principles of building a business through 'network structures', management, production and distribution [10], which proved their economic efficiency. It is also not productive to create a model imitating the model of western civilization, which will objectively lead to an economic backwardness. Today, globalization already exists and states need to actively participate in it and influence its international processes for a successful existence.

The modern era - is the era of globalization, which includes the highly dynamic development of integration processes in various areas of the state.

With the globalization of national economies, it's inevitable to integrate into a united planetary space with a universal system of economic institutions and interaction of markets. In our view, globalization is a process of erasing the boundaries, not only the economic ones between states, but also the national jurisdictional boundaries.

The international norms/principles regulated in the documents are universal, thus, their application isn't influenced by features of the national law of the participants in contractual relations, and that is why they are used in international arbitration to resolve foreign trade disputes [11]. This law-making process is being developed, there is a constant revision of norms/principles because of the need to respond to the constant changes in the structure of international commercial transactions, and as a result, create more and more rational norms that correspond to the current, constantly changing conditions of international trade turnover.

The modern legal regulation of international trade has overcome the 'legal order' of many national legal systems that slowed the development of Lex mercatoria.

The processes of globalization had exerted a positive impact on the formation of modern legal regulation of international trade, as a result of which it acquired:

- a universal character;
- flexibility and the possibility of dynamic growth;
- non-formalization and rapid development;
- reliance on trade custom and practice.

The complex set of norms that make up the Lex mercatoria and ensure the regulation of international trade is quite extensive and includes, in our opinion, the following general principles extracted from the law documents of international organizations, broadly defined customs and usages of international trade, arbitration awards, international conventions, model laws of the international legal character, etc.

In the Lex mercatoria, the current trends were reflected on the development of the laws that regulate international economic (predominantly trade) relations, with the constantly growing dynamics of world economic relations there is a certain lag in the development of national legislation that ensures this regulation.

In the conditions of globalization, the creation of a united economic space, exactly Lex mercatoria, provides necessary regulation of international trade transactions, removing from them certain contradictions of an international nature, and ensure their regulation by national law, and allows to exclude the transaction expenses, associated with the application of national law to transnational trade relations, which may hinder the development of the global market.

Major sectors of the world economy, following the rapid development of world trade, especially e-commerce, have become global [12].

As this trend affects the trade balance of countries, and therefore the standards of living and welfare of the populations of these countries, the need for an integrated legal regulation, as an important component of the state's foreign economic activity in the global market, has increased dramatically.

In these conditions, the growing role of international standardization in the development of the national economy has gotten a planetary character due to the constantly growing competition of national economies as a result of economic globalization, which requires taking into account the provisions of international standards in the promotion of national products to the world market [13].

The last decade of the 20th century was influenced by the revolutionary development of the world's economic relations, establishing new international norms/principles of legal regulation, which unified legal regulators for the standardization of products. The direct effect was prohibiting the establishment of standards unilaterally, and as result the restriction of world trade, especially with the formation of free trade zones [14].

Based on that, offering national products in accordance to international quality standards at a competitive price has now become the purpose of the national economy.

The practical implementation of a unified legislation in the field of international standardization, is the international norms/principles, fixed in the Agreement on Technical Barriers to Trade [15]:

- guarantee of transparency of the procedure of standards' creation;
- requirements of established standards should not create obstacles to the circulation of products in international trade.

Practical implementation of the unification of legal norms in the sphere of international standardization is determined by the requirements of the Agreement on Technical Barriers of Trade (Article 4 'Preparation, Adoption and Application of Standards', item 4.1) , in accordance to this article, Members shall ensure that the standardizing bodies of their central government, accept and comply with the Code of Good Practice for the preparation, adoption and application of standards, given in Annex 3 to this Agreement (referred to in this Agreement as the 'Code of Good Practice').

They undertake such reasonable measures available to them to provide acceptance and observance. The Code of Good Practice is adopted and followed by local governmental and non-governmental standardization bodies within their territories, and by the regional standardization governing bodies. In addition, members should not take measures that directly or indirectly require or encourage such governing bodies to act in a manner incompatible with the Code of Good Practice.

Members are obliged to respect and comply to the standardizing governing bodies and their provisions on the Code of Good Practice whether or not a standardizing body has accepted the Code of Good Practice.⁵¹ Thus:

- national authorities of standardization provide technical regulations that weren't developed, accepted or applied to create or lead to the creation of excessive obstacles in international trade. For this purpose technical regulations do not make more limiting impact on trade, than it is necessary to achieve a lawful purposes, taking into account risks which would arise when such objectives aren't achieved. Such lawful purposes are, among others : requirements of national security; prevention of deceptive practice; protection of health or safety of people, life or health of animals or plants, or environmental protection. National authorities of standardization provide evaluations of similar risks based on the available scientific and technical information, appropriate technology and the intended final use of goods;
- when relevant international standards exist, or when their completion is imminent, the bodies of national standards use them, or use the relevant parts of them, as a basis for their technical regulations, except when such international standards are ineffective or inappropriate to achieve the set of lawful objects, for instance when it comes to fundamental climatic or

geographical factors or to some fundamental technical problems;

- when the corresponding international standard is absent, or the maintenance of the developed technical regulations doesn't correspond to the maintenance of the corresponding international standards, and if the technical regulations can make essential impact on trade of other members, members:
 - publish a notice in the press of concrete technical regulations at a corresponding early stage, to give the chance to interested parties in other national authorities of standardization to get acquainted with it;
 - through the Secretariat, notify other national authorities of standardization on the goods covered by the developed technical regulations, accompanying the notice with a short indication of the purpose and a justification of the developed technical regulations. Such notices are published at the corresponding early stage when amendments and comments can be still made and taken into account;
 - on demand, to provide other national authorities of standardization with detailed descriptions or texts of the developed technical regulations and, whenever possible, to specify sections that significantly differ from the corresponding international standards;
 - without discrimination, to provide other national authorities of standardization with a reasonable period of time to prepare written remarks, to discuss theme, and also results of these discussions.

IV. CONCLUSION

Thus, globalization of world economy promotes, in one hand, creation of a common economic space, and in the other hand - the formation of corresponding international-legal integration superstructure. In particular, the situation connected with the cross-border concentration of identical resources, demands from the states a coordination of actions in international legal antimonopoly regulation of the commodity markets, as well as maintenance of fair competitive conditions for joint ventures of the different countries.

The authors identify the positive and negative aspects of the process of globalization of the economy. In one side, the integration processes greatly increase the possibilities of material production, creative work and the use of the international division of creative activity and the free exchange of achievements in the sphere of spiritual and material culture of the peoples of the world, as well as the creation of real prerequisites for the elimination of interstate, socio-economic and political, racial, national and religious antagonisms, and create the base for strengthening international security. On the other side, international rules/principles are universal, so that their application is not

affected by the peculiarities of the national laws of the parties of contractual relations, which is why they are used in international arbitration to resolve foreign trade disputes.

The authors pay special attention to the complex set of norms that make up *Lex mercatoria* and ensure the regulation of international trade operations, analyze their impact on the development of the legislations that regulate international economic relations, taking into account the growing dynamics of world economic relations and the delays in the development of national legislation providing their regulation.

REFERENCES

- [1] V. N. Ryabykh and E. B. Ryabykh (2012). Integrative approach to international cooperation as one of the ways of accelerated innovative development, *Journal of creative economy*, Vol. 5, Issue 65, pp. 55-58.
- [2] Naomi Aoki, (2019) After all these years, what has happened to the international prevalence of NPM-inspired managerial practices?, *International Journal of Public Sector Management*, <https://doi.org/10.1108/IJPSM-10-2018-0215>
- [3] I. I. Lukashuk, (2002) World order of the XXI century. *International public and private law*, 1, pp. 4-10
- [4] Saeed Samiee, (2019) Reflections on global brands, global consumer culture and globalization, *International Marketing Review*, <https://doi.org/10.1108/IMR-11-2018-0342>
- [5] N. Ramondo, V. Rappoport, and K.J. Ruhl (2016) Intrafirm trade and vertical fragmentation in U.S. multinational corporations, *Journal of International Economics* Vol. 98, pp. 51-59.
- [6] S. A. Egorov, (2014) *International law*. Moscow: Statute, 1087 p.
- [7] Dzh. Soros (1999) *Crisis of world capitalism. Open society is in danger*. Moscow: INFRA-M, 262 p.
- [8] Thomas L. Powers and Jeffrey J. Loyka (2007) "Market, industry, and company influences on global product standardization", *International Marketing Review*, Vol. 24 Issue. 6, pp.678-694, <https://doi.org/10.1108/02651330710832658>.
- [9] A. A. Moiseev, (2006) *International financial organizations. Legal aspects of activity*, Moscow: OMEGA – L, 296 p.
- [10] A. A. Moiseev, (2015) the Phenomenon of globalization and the international community. *Age of globalization*, Vol. 2, Issue 16, pp. 59-72.
- [11] V. M. Shumilov, (2003) *WTO Law and international law*, Moscow journal of international law, 2. pp. 16.
- [12] Julia A.M. Reif, Katharina G. Kugler and Felix C. Brodbeck (2018) "The regulatory power of standardized business processes", *Business Process Management Journal*, <https://doi.org/10.1108/BPMJ-12-2017-0353>
- [13] Frederic Marimon Viadiu, Martí Casadesús Fa and Iñaki Heras Saizarbitoria (2006) "ISO 9000 and ISO 14000 standards: an international diffusion model", *International Journal of Operations & Production Management*, Vol. 26 Issue. 2, pp.141-165, <https://doi.org/10.1108/01443570610641648>.
- [14] Steven H. Appelbaum, Michel Roy and Terry Gilliland (2011) "Globalization of performance appraisals: theory and applications", *Management Decision*, Vol. 49 Issue. 4, pp.570-585, <https://doi.org/10.1108/00251741111126495>
- [15] Code of good practice. http://www.wto.org/english/docs_e/legal_e/17-tbt.pdf.