

New Dimensions of the Contemporary International Business and Economic Relations in the World Politics

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Abstract

The paper explores the main aspects of the influence of international business and economy on world politics, main processes which are going on related to globalization, international trade, functioning of leading international economic and finance institutions, transnational corporations, etc. which effect contemporary world political order. Furthermore, points of views of leading political analysts and economists are analyzed the in the field of political economy, political science and international relations.

Keywords: globalization, international business, political economy, trade, trans national corporations

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Introduction

The emergence of world politics as a scientific discipline is largely connected with the magazine "International Organization" which appeared in the late 1940s (Lebedeva, 2007). It gathered around its actors involved in traditional issues such as the activities of transnational corporations, finance, trade in the world, etc. The development of these studies led to the need to study the international system as a whole the interrelationship of economic and political processes with the interaction of domestic politics with the international economic environment.

All these studies took place during the years of the Cold War when most Western experts in international relations paid little attention to the study of the political aspects of economic processes. Seeing in communism the main

threat, they focused on the study of security issues or the so-called high politics.

Meanwhile, the economic factor has become increasingly important. There was a revival of the economics in a number of European countries and also Japan, which were destroyed during the Second World War. The problem of the growing economic gap between developed and developing countries, etc., has become acute. One of the most tangible signs of the growth of the economic component for determining the state in the world was the energy crisis of 1973-1974 (Little, 2009). Then the Organization of the oil-producing countries limited its extraction. The huge military-political potential of the United States proved powerless to do anything. There was needed the negotiations with the OPEC

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countries to resolve the problem through mutual concessions.

At the same time, in the 1970s, a number of researchers who studied international relations drew attention to the growing role of the economic factor in the world. In the following years in this area, researches are actively carried out, the scientific field known as the "international political economy" (IPE) is developing. An analysis of all these phenomena provided the basis for the formation of the scientific field known as the "international political economy" – IPE (Cohen, 2008).

Another important area, as noted by American researchers P. Katzenstein, R. Keohane and St. Krasner, in the article devoted to the 50th anniversary of the journal "International Organization", was the studies conducted by political scientists to identify the relationship between domestic politics of different countries and international political economy (Lebedeva, 2007). The issues that were studied were focused on determining the determinants of the foreign economic policies of states and the strategies of various corporations. Most of the works were empirically oriented.

They analyzed specific cases that occurred in Latin America and other regions. These studies showed that the internal political organization of the state had a significant impact on economic behavior at the national and supranational levels. The study of the interaction between external and internal factors played a very important role in shaping world politics as a scientific discipline.

Economic and Business Component of the World Politics

Economics, business and politics have always been closely related. This relationship reflects scientific discipline-international political economy, which deals with such major areas as international trade and the international financial system. Some authors, in particular J. Goldstein, singled out the activities of transnational

Methodological base of the research.

Theories related to the international economic system played an important role in the construction of research methodology. First of all, the theory of mercantilism or state-centered approach and economic liberalism – commercial/economic liberalism having been worked out in the framework of the subsystems and models of the international economic system

Research question: Based on the interconnections between politics, business and economy and in order to analyze the role of business and economy in the world politics, one has to ask the following question: How such elements of the International business and economy as International trade, foreign investments, transnational corporations and other business structures are functioning at the international arena and what are the main problems of international political economy in the beginning of the XXI century?

The results of the presented work are connected with the following issues:

Complex review of the influence of mercantilism and liberalism policy of the different states on the international business and world economy;

Determination the position of Trans National Corporations and other subjects of business at the International arena and their impact on the contemporary world politics;

Deep analysis of the function the leading international finance and economic institutions on the example of IMF and WTO.

corporations as a separate field of International Political Economy (IPE) (Goldstein, 2011).

Special attention was paid to the economic and business factor in the world politics in the second half of the 20th century. One of the incentives here was the energy crisis of the 1970s, after which it was discovered that the so-called high-

level policy, determined by military might, proved to be largely powerless before the economy, or a low-level policy. Its role was also played by the defeat of the United States in the Vietnam War or USSR in the Afghan war, and final disintegration of the Soviet Empire in the Cold War. Those factors clearly demonstrated that military power is far from always able to solve all problems. But there were also internal factors. In democracies, the dependence between the economic successes of the country and the popularity of the government was increasingly evident. In turn, the economy and business became increasingly conditioned by international factors due to the increasing interdependence of the world.

The first works showing the continuity of politics, business and economy in the new conditions of an interdependent and globalizing world appeared at the very beginning of the 1970ies. Those are researches of S. Strange, R. Keohane, J. Nye a number of other authors. A large role in the development of the IPE was played by the books of R. Gilpin, in particular "The political Economy of International Relations, which was published, however, somewhat later, in 1987. As a whole, from the 1970s years international political economy begins its intensive development.

Like any other, there are theoretical schools and approaches in this area. Among the main classical approaches, two most common are usually distinguished: mercantilism, or state-centered approach, and commercial or economic liberalism.

The term "mercantilism" was borrowed by the representatives of the International Political Economy (IPE) of economic history and the history of economic thought, where the term is often used to designate the doctrine, widespread in the sixteenth and eighteenth centuries, aimed at subordinating the economic sphere to the political interests of the state. The great geographical discoveries and the subsequent seizure of new territories by European states stimulated its development; the accumulation of wealth in the form of precious metals becomes a symbol of state power (Britannica, 2018).

Mercantilism, which was due to the successes of the one who took over the armament of Great Britain. Representatives of mercantilism share the views of political realists about the fact that State must protect its interests, misrepresented including economic. According to the views of the adherents of this school, economic policy should be guided by the development of the state. Moreover, the state receives from the economic activity income allows you to spend more finance resources on military needs. Authors adhering to this direction are in favor of state regulation of economic and business life, including active intervention in market processes.

In modern conditions, ideas take the new form of mercantilism - *neomercantilism*, where the central role is played by the paramount role of the state in the political economy, but the accumulation of gold reserves is not so significant as it was earlier, because today the economic and other might of the country is not connected with gold. The term "mercantilism," itself - writes D. Caldwell, owes its origin to two authors, D. Blake and R. Walters (Lebedeva, 2007).

During the noting the role of the economy as the most powerful factor in state building, proponents of neo-mercantilism refer to a successful example of the post-war development of Germany and Japan. Both states, as they emphasize, were able to take the leading place in the modern world precisely because of the active role of the state in stimulating economic development.

Neo-mercantilism emphasizes differences in the interests that exist between the states in the distribution of resources and obtained product among of them. At the same time, they are emphasizing the role of competition. The neo-mercantilists are guided by the development and maintenance of national production, the promotion of national goods to the world market. Due to it, they gained the name of economic nationalists. It is interesting at the same time, that the supporters of the ideology of the "Economic Nationalism" are not only economists or political scientists but also citizens themselves, who prefer to buy goods having

been produced in their native countries. However, in analyzing such behavior, one should not disregard the role of advertising companies.

For the development of national production, neo-mercantilists propose to focus on the policy of trade protectionism, which provides the creation of special conditions for one or several national industries and protecting them from the influence of the market element. The reasons, why the state uses the policy of trade protectionism are different. This may be the result of lobbying the relevant financial and industrial groups of companies or other branches of the business and economy, the desire to develop their own new emerging industry, which is not yet competitive in the world market. The policy of protectionism involves the application of various economic methods. They are conditionally divided into two groups - *tariff*, which are based on the use of the Customs Tariff and *non-tariff methods*, implying the introduction of quotas, subsidies etc.

One of the simplest ways to protect the domestic market is the introduction duties on imported goods. Usually they are set as a percentage of the value added tax on the imported products. As a result, the price of imported goods in the domestic market is increasing. Those barriers not only limit imports, but they can also be a noticeable item of the state's income. Customs tariffs of national states usually provide for a complex structure of duties on different categories and types of goods and services. However, recently, as the economists G. Kostyunin and N. Liventsev have noted, "customs regulations lose their weight as a method of discriminatory barrier. In general, their size reduced from 45 to 3-4% for 1947-1998 (Lebedeva, 2007).

As other instruments that promote the protection of national markets, quotas are applied. Import quotas provide for how many types of Goods in physical or value terms will be delivered to the country. In its extreme expression, the protection of the national market can be carried out by prohibiting the import of certain goods. An example of the use of import quotas is the introduction in the US of quotas on the import of

automobiles from Japan in 1980s. At that time, US automobile industry under the influence of imports from Japan was experiencing great difficulties. As noted by J. Goldstein the negative point in the given case was that the quotas were limited the number of imported cars, but not by their cost. As a result, Japan quickly reoriented to the supply of expensive cars, which enabled their producers to keep the market in the US in almost full volume (J. Goldstein, 2011).

Import of products can be regulated by the state through various procedures related to the certification of goods. Especially it refers to food, pharmaceutical and other industries, on which depends the health and safety of consumers. Another method of protecting the domestic market is subsidizing certain industries, for example, agricultural products. There are also other methods of protecting the domestic market. In general, protectionism policy has positive and negative consequences for the economy. In particular, several experts analyze the arguments of supporters and opponents of the policy of trade protection. It supporters mention that to support the domestic producer's promotes the preserving of jobs in domestic industries, and decreasing of import is stimulated by the growth in production of aggregate demand for employment. But, there are opposite arguments. For example, the protection of domestic producers is necessary precisely because of the lack of effectiveness of national production. As a result, trade protectionism leads to a restriction of competition and, correspondingly, to the further inefficiency of domestic production.

The other most common argument of the trade protectionism is the temporary protection of young industries. As they develop, protectionist measures are gradually abolished. And here, there are counterarguments. Firstly, it is rather difficult to determine which sector is really promising from the point of view of forming new comparative advantages of the country. Secondly, protectionism with respect to young branches significantly reduces incentives to increase their efficiency, for which the period of development can drag on indefinitely. Finally, thirdly, in case of young industries, the provision

of subsidies or others is more likely to be a more effective means of support than foreign trade protectionism.

As for the revenues received by the state, there are also disadvantages here, pointed out by different economists, the budget income depended on imports. This argument correlates with another problem of economic security. Thus, supporters of protectionism oppose the expansion of imports and, in this connection there are against the need to introduce high tariffs, which is explained by the fact that otherwise the economy and the country's defense capacity will depend on external factors.

However, in modern conditions development, which is solely based on own resources turns out to be extremely complex and inefficient. In fact, such a policy leads to the creation of autarky. In such a way, for example, went Albania during the cold war period. Since the 1960s, it has been politically oriented to China, and then, after breaking off the relations with this country, Albania began to develop exclusively by matching itself and in the early 1990s proved to be one of the most poorest countries in Europe (Vickers, 1999).

When targeting only on own resources, the costs of manufactured goods are too high. As a result, the country is deprived of *comparative advantages* and which it has when is included to the world economy. And they are formed due to the fact that the state can always determine such goods, which, taking into account all costs, including the costs of entering into and executing contracts, or so-called transaction costs, will be produced under better conditions from the time and financial point of view. Specialization is more profitable during the producing those concrete goods and services and gives to the country maximal level of profit (Maneschi, 1998).

The use of non-tariff methods also has its limitations. For example, representatives of individual sectors of the national economy may rely on subsidies and do not rush to modernization. As a result, these industries lag behind the International level.

Finally, trade protectionism, as a rule, causes a response from the other states. They also try to protect their market and apply similar methods to countries that restrict the import of their goods. This affects industries that are export-oriented, using protectionist methods.

In general, as with any economic policy tool, the effectiveness of protectionist methods depends on how adequately they are applied. A policy of protectionism can really promote the development of national industries, or, on the contrary, lead to their non-competitiveness and de facto deterioration the economic and business environment.

Representatives of mercantilism pay the special attention to the trade balance, which refers to the ratio of the value of total exports and imports. In the case of the first, the first prevails over the second, the trade balance will be positive, and vice versa. Many economists and specialist in business administration consider, that according to the tradition that goes back to the era of mercantilism, the active trade balance ... is often determined unambiguously as a positive macroeconomic indicator, but in fact, it does not always reflect the concrete situation in the field of business and economy as a whole. The trade balance is not the only indicator on which the state of the national economy depends. Within the several years the state can have negative trade balance, but maintaining such a position for a long time can be dangerous.

In many ways, the opposite of mercantilism is economic liberalism. Its origins go back to the views of Adam Smith, John Steward Mill, and David Ricardo. It was to A. Smith, who published his works at the end of the 18th century, is of the idea that the states differ in geographic location, climatic conditions, natural resources, and this gives absolute advantages (Smith, 2007). Subsequently, D. Ricardo developed a *theory of comparative advantages*, according to which, even without absolute advantages, a country can gain a profit in the framework of foreign trade, specializing in the export of those goods whose production lags behind other countries is the least (Ukwandu, 2018).

Modern liberalism regards private sector companies as the main participants in the economic and business sphere and sees the most effective role of the state so that it does not interfere too much in their economic activity. Representatives of this approach underline the need to remove economic barriers conditioned by the state's policy, as they discourage free trade.

The supporters of liberalism, in contrast to the secessionists of mercantilism, emphasize not the competition of states, but, on the contrary, their common interests, the need for cooperation in the economic sphere, the possibility of obtaining mutual benefits. In other words, liberals see the economic interaction in the world arena as a game with a non-zero sum. Mutually beneficial interaction is due to the comparative advantages that each country has. So J. Goldstein gives an example of Denmark, which does not have energy and natural resources, with a population of 5million people, while specializing in the production of butter of goo cubes "Lego". This allows it to survive and pay enough for the import of necessary goods (Goldstein, 2011). Interestingly, the proponents of economic liberalism explain the same example of the success of Japan and Germany after World War II, interpreted by mercantilist representatives through the prism of successful state policy, by the active involvement of these

countries in the world economy and cooperation with other countries. Supporters of the liberal approach proceed also from the fact that it is possible to benefit from economic cooperation of the state through international institutions and organizations. Because of this, liberalism concentrates on the study of international institutions and regimes that enable states to achieve their goals.

A number of authors, considering the international political economy, are singled out as the third school-Marxism, which is based on the primacy of the economy. In relation to politics, the political and economic sphere, forms, in cooperation of non-states. At present, there is a struggle between the riches and poor. This direction develops mainly in the framework of e-Marxism deals mainly with the problems of the North-South relationship.

Finally, some researchers, in particular Raymond Duncan, Barbara Junker-Webster, Bob Switky pay special attention to such a direction of international political economy as the theory of *public choice* (Lebedva, 2007).The essence of the approach is that it proceeds from the pre-neoclassical economic theory of human behavior and emphasizes the role of internal political factors in the economic behavior of states on the world arena.

The Main Problems of International Political Economy of the Second Half of the 20-th and the Beginning of 21-st Century

The economic life of Europe twice in the XX century was shown in a problematic situation after the world wars. Twice the US was clearly in a better position. However, if after the First World War official Washington generally rejected the idea of helping Europe and interacting with it, then, as noted by Alan C. Lamborn and Joseph Lepgold with the consent of the Europeans themselves, after the Second World War everything was different (Lamborn & Lepgold, 2005).

By the mid-1940s, it became apparent that the only economic leader in the world was the US. In the first post-war years, they produced more than half of all goods and services of Western countries. As the most economically strong state, the US developed and proposed a project to help restore the economies of Europe and Japan, which was officially named the Marshall Plan. In accordance with it, Western Europe and Japan have allocated about 15 billion dollars (Britannica, 2018). The meaning of such financial investments was primarily to counter the spread of communism in the world. In the

postwar period, the US supported the creation of the European Economic Community, which later became their main economic competitor.

In July 1944, a conference of representatives of 44 states was held in Bretton Woods (USA) in order to establish new world rules in the field of international trade and financial system. At that time, when there were only 60 states in the world, such a large number of participants was very representative. However, it should be borne in mind that a large number of the existing countries at that time remained colonies and were not among those who worked out the new rules for the political and economic interaction of the Agreement, signed at that conference, became the basis of the so-called Bretton Woods System, BWS (Wang, 2015). Participants of the meeting proceeded from the need to stabilize exchange rates of currencies to intensify the international assist countries whose economies to a large degree affected by the Second World War.

Despite the fact that the conference was attended by 44 states, the main agreements were developed by representatives of the United States, as well as in many ways, the UK. In general, the Western states, namely, they were its main participants, built a new political and economic system of the world, as B. Hughes notes, based on the principles of liberalism (Lebedeva, 2007). Secondly, the British business was headed by John Maynard Keynes, a well-known economist and politician. He insisted on the need for stronger involvement of states in dealing with international economic problems.

In order to stabilize exchange rates and help the states whose economies suffered as a result of the Second World War, a decision was taken to establish the IMF: International Monetary Fund, and the draft regulation on the International Bank for Reconstruction and Development, IBRD, which is better known as the World Bank. This laid the foundations of the post-war financial system.

In general, as noted by J. Goldstein, the IMF and the World Bank have, since the moment of their creation, solved three groups of Tasks. Initially,

they were engaged in stabilizing the financial system and trade in the post-war period in Western Europe and Japan. They successfully coped with this. Then in the 1970s and 1980s, the focus was on developing countries, and in the 1990s, the states of Eastern and central Europe, including Russia. The solution of the last two tasks turned out to be more problematic (Goldstein, 2011).

In the framework of the Bretton Woods system, an attempt was made to politicize the economic sphere by creating international institutions-the IMF and the World Bank, which are specialized agencies of the United Nations, but at the same time rather self-sustaining. The idea was to reduce the importance of the political component in economic organizations. However, it remained, more likely, on the level of wishes than reality. The very institutions that have been created have focused mainly on regulating global economic processes. Their main orientation, as K. Brown points out, consisted in the search for the solution of technical problems by technical means (Lebedeva, 2007). So, the IMF was not planned as a global banking institution designed to accumulate money, but as an international organization, in tasks that included monitoring how and how much the participants respected the rules of the game.

The Bretton Woods system was taking into consideration the development of free trade. Initially, hopes were focused on the International Trade Organization (ITO). But this institute was never founded. In this regard, the signing by 23 states in 1947 in Geneva the General Agreement on Tariffs and Trade – GATT had great importance (GATT, 1994). It was directed on the development of free trade by the reducing the trade tariffs and other barriers, as well as the implementation of arbitration functions in the field of trade. GATT was from an initial more forum for negotiations and coordination of interests rather than an administrative institute. It is interesting, that the creating the idea of the foundation such kind of organization was not realizing by easy way. Thus, it was feared that this would entail too much regulation of control in the field of trade.

In 1995, GATT was transformed into the World Trade Organization, WTO, which was the result

of the Uruguay Round of GATT, which lasted from 1986 to 1994 (Karumidze, 2004). The functions of organizing the scope of activities expanded, and as a result, the WTO began to cover new fields – agriculture, trade at the service sector and with objects of intellectual property. All this affected the administrative structure, as well as the expansion of the management staff.

At the same time, the WTO has in many ways become a symbol of the economic globalization of the world, which in its turn has provoked resistance in various parts of the globe and expressed itself in actions against this organization. Its activities are viewed by a number of movements and associations as a threat to national business and social priorities. In particular, environmental movements, for example, accused the WTO that as a result of its activities, national environmental laws are violated in favor of economic benefits and this causes irreparable damage to nature.

Some consumer unions acted against the WTO. They are dissatisfied with the fact that with the reduction of trade barriers on the shops are getting goods that can be harmful to health. For example, in European countries more strictly than in the US, refer to foods obtained by genetic engineering. And activity within the framework of the WTO assumes unified standards, far from always strictly protecting the health of citizens (Cline, 2004).

At present, the WTO is the leading international organization in the field of trade. More than 130 states have become its members, and the number of WTO is constantly increasing. An important point was the accession to China in 1999 of the WTO. However, it took 13 years of difficult negotiations (WTO, 2018).

Among the main principles of this organization, firstly, that the reduction of duties and other trade barriers is provided for all members of the organization; second, it is done on the basis of reciprocity and finally and thirdly, that discrimination is not allowed. The imported goods have the same status as those produced inside the country.

For the period from 1970 to 1998, the world trade indicator was annually increasing for 4.8%, and the annual increase from 1999 till 2010 prevailed 6% (Kegley, Blanton, 2011). In general, today the international trade has become one of those areas that is regulated by the international strategy which requires certain norms, principles, rules of procedure, and decision-making procedures. They can be explicit and implicit in nature, they can be fixed in separate documents or represent some kind of implicit of behavior.

Following the results of the Bretton Woods meeting, decisions were also made on the revival of the golden standard. For the first time the golden standard was introduced by the United Kingdom in 1821, it fixed the national currency to gold. Therefore, until 1914, when from the beginning of the First World War, the golden standard was abolished, the financial system of Europe was quite simple. A Frenchman who arrived in London, or an Englishman traveling in France, could not worry about currency exchange. Gold was a certain single yardstick. The French golden franc exactly corresponded to the English gold from the faith. In other words, the parity of currencies in gold was fixed. However, despite the simplicity of such a financial system, the potential for free movement of gold through the border remained a problem. Although at that time its movement from one country to another was insignificant. London was a financial center, and the English currency dominated in the world (Polanyi, 1957).

In the interwar period, the Gold standard had quite complex history. So, in the mid-1920s, Great Britain tried to return to the gold standard, believing that it was a kind of symbol of the Greatness of the British Empire. However, the economic and financial upheavals of 1929-1933 made the system extremely unstable; in 1931 the United Kingdom refused to exchange its currency for gold. As a result, the world was divided into trading zones, where "the dollar, pound and franc had dominating positions (Scroggs, 1934).

And here in Bretton Woods the gold standard was again restored. But within this time there was a new "key currency", which became the US

dollar. The cost of one ounce of gold was fixed at \$ 35. At the same time, the US government guaranteed the exchange of dollars for gold (Lebedeva, 2007). As a result (although, of course, not only for this reason, they became the most active participant in the world political system). In this respect, it was after the Second World War that there was a departure from the dominance of Europe in the political and legal sphere. Exchange rates of the currencies of the different states were determined by their relations with dollar. The IMF task was to coordinate exchange rates.

The economic system created by the results of negotiations in Bretton-Woods, stimulated the economic growth and business activity of the western European countries and also Japan during about twenty years period. At the same time, the USA was also developing by a quite dynamic way. In general, the world within the 1950s and beginning of 60-th was experiencing an economic boom. However, all this was ore for as long as the confidence in the American economy was maintained.

By 1971, according to official data, the presence of US currency outside the US prevailed the American gold reserves more than by 300%. It became clear that the US would be able to fulfill its obligations to convert the dollar into gold. At the same time, the United States began to experience a trade deficit, imports dominated over the volume of export. The cost of the war in Vietnam also had its consequences. As a result, in 1971 President Nixon announces the US refusal to maintain the dollar's parity to gold. US devalued the dollar by 9%, by the determining the price of an ounce of gold at \$ 38. In December of the same year, an international conference was held with an attempt to save the system based on the gold standard. Nevertheless, in 1973 this system collapsed. Most countries have introduced a floating exchange rate of their currencies (Encyclopedia, 2018).

The US withdrawal from the Bretton Woods system is considered to be the moment of the ending of its existence. This had a positive impact on the American economy and at the same time negative for the economy of

European countries, as well as Japan. All this coincided with the energy crisis of the 1970s and the aggravation of economic problems in a number of European countries.

In 1969, the IMF decided on the introduction of the system of SDR (Special Drawing Right, SDR). The innovation gained the name banknotes (paper money). Emission of SDR was carried out in 1970-1972 and 1979-1981. And since 1981 it was embodied in the monetary unit, which was formed on the basis of the five leading currencies (US Dollar – 42%, German Mark – 19%, French Franc, Japanese Yens and British Pound 13% each of them) - forming an international reserve asset, which was used as a counting and accounting unit by IMF member countries, and also for exchanges with IMF (IMF, 2018).

In the framework of special rights of borrowing was not going on the purchasing of any goods – but exclusively currencies. Another important point was that the purchase of currencies did not involve participation of individuals or corporations. At this process were involved only the central banks of the states.

In the early 1990s, during the discussion about the transformation of GATT to the WTO, the significant changes were held in the European Union, where in December 1991 the Maastricht Treaty was signed. In 1999, the EU introduced a single European currency - the euro and since 2002 the first banknotes of Euro have been introduced to the circulation (Bartram & Karolyi, 2006). Its introduction took place in European countries with stormy discussions. The UK, for example, decided not to hurry with the transition to a single European currency. Nevertheless, the euro became an important phenomenon in the global financial system.

Shortly after the Maastricht Treaty, the United States, Canada and Mexico signed an agreement on the creation of the North American Free Trade Area, NAFTA, which provides for the creation of a single trading space. Since 1994, the NAFTA began a gradual abolition of national tariffs, which is calculated for 15 years period (NAFTA, 2018).

With the US decision to withdraw from the financial system, which was formed after the Second World War and the actual disintegration of the Bretton Woods system, a number of the structures generated by it continued to exist. First of all, these are the economic institutions created within the system, the International Monetary Fund and the World Bank. They continue to function; they play an important role in the world system, although in completely different political, economic and business conditions. Secondly, the mechanisms of free trade not only survived but were reaged in modern world. The WTO has expanded its scope of activities both in terms of the number of participants and in the range of problems. The IMF turned out to be the leading international institution that solved the problem of the external debt crisis of the 1980s and the international financial crisis of 1997-1998 and 2008-2009. Thus, despite the fact that the Bretton Woods system formally ceased to exist, the underlying ideas and a number of institutions continued the development.

Speaking about the trends of political and economic development, today as the most important can be distinguished two aspects:

- Economic integration of the developed countries and creation of a truly global market. In this respect, the role of the WTO is especially important;
- Determination inside of the economically developed countries three competitive blocks – regions: the European, the North American and Asian. The markets of the each block are "open" to the member of each block (minimum trade and other barriers) and partly closed for the other countries. In other words, the blocks demonstrate a kind of liberalism within themselves and mercantilism outside.

Despite the fact that the both tendencies act simultaneously, thanks to the development of telecommunications and transport services, the integration tendencies has dominated position.

In the modern times, an important trend is the strengthening of the influence to the world

processes the activities of transnational corporations and the economic globalization of the world, which is directly related to TNC's activities. Although the activities of TNCs raise a lot of controversy, by a number of points the opinions of various researchers and analysts coincide with each other. Among of them:

- The number of firms, activities of which go beyond national borders is increasing (in fact, any large company today somehow operates outside the national borders);
- The volume of activities of TNCs are becoming increasingly important, their scope is expanding, covering not only the sale of goods, but also trade of services;
- The activities of many transnational corporations are associated with new communication or information technologies;
- The activity of most TNCs is geographically concentrated in the developed or new industrial states and less on the territories of the developing countries;
- If initially the majority of TNCs were based in the US, Today, the situation has been changed: as it is noted by Ch. Brown, a gross stock capital, which is belonged to the foreign citizens in the United States, prevails the capital, belonging to Americans beyond their borders;
- It is becoming less obvious that the transnational corporations are linked to their home countries.

At the same time, some authors believe that TNCs are the conductors of national business outside their own country. Such ideas, reflecting to a great extent the ideas of mercantilism, are now less and less relevant to the reality due to the globalization. TNCs are interested in making a profit. Therefore, in most cases, they primarily come from these considerations, and not from the need to maintain the national power of a nation state.

These features of TNCs largely determine the current economic and business situation in the world, and hence its political development. Thus, the same United States are not able to control the activities of Transnational corporations. From the world politics point of view, this is one of the example of the fact, that using the terms

Conclusion

Discussion about new dimensions of World Politics and International relations requires some explanations. It is clear, that economic and business factors, together for example with the factor of education and international law were playing huge role during the whole development of the history of humanity.

According to the American scientist Joshua Goldstein, the main task of the discipline – International relations is the research of the relations among the national governments of the different countries (Goldstein, 2011). However, it is no sense to study those relations in separation from the functioning of international organizations, transnational corporations,

of S. Strange, the role of the state has been changed by cardinal way. All those factors force the state to find the new methods of the influence on the global business and economic processes, including the development of diplomacy, which offers some combination of state and business.

economic, business, public, cultural and other events. Thus, if till the 70-th of the last century in the researches concerning the International Relations to study the topics on security and military aspects, later the interests toward the International business and world economic relations has been significantly increased.

As a result, at the end of XX and beginning of XXI Century – in connection with changes, business and economic aspects are standing at the first line and in many cases determine the world political development. Due to this fact, in most of the literature related to the world politics, the discussion about the problems of economy and business have already become traditional.

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