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# ECONOMIC GLOBALIZATION AND GEOECONOMIC RELATIONS

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**Abstract:** *Until the beginning of the nineties of the last century globalization as a term has never or very rarely figured in literature, media and everyday life. The very name of globalization, according to E. Gidens, “came from nowhere” and today it is a key topic in the deliberations of contemporary economic, political and other events. Globalization has become a part of the lives of all of us, on the whole planet, just as the name itself says. It is no longer a phenomenon that happens somewhere outside, separate from us, or to someone else. It is very important to see that this is a process, and this process is taking place right here (everywhere) and right now, and it strongly influences the intimate and personal aspect of each of our lives. This paper aims to highlight the particular economic globalization and geo-economic relations that prevail in the world and show the tendency that such processes will continue in the future.*

**Keywords:** *economic globalization, geoeconomic relations, globalization*

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## 1. THE CONCEPT, ASPECTS AND PROCESSES OF GLOBALIZATION

Gidens determines globalization in the following way: Globalization can be defined as an intensification of social relations on a global scale that connects distant sites in such a way that local events shape events that have taken place miles away and vice versa [Gidens, 1998]. According to him, globalization is not only a new phenomenon but it is by its very essence of revolutionary character, because it completely changes the structure of our way of life.

What are the characteristics of the process of globalization essential for the life of each of us:

- the assumption that there are things on the planet about which we are all, more or less, well informed,
- that these are the facts that directly concern the lives of each of us
- that each of us can consciously influence them.

For the first time, there is now a whole series of questions to which we did not pay attention so far, or these issues did not even exist, which means that they are a direct product of globalization. As one of the most important among these issues, is the question of whether globalization actually leads to an increase in inequality of states throughout the world or, on the contrary, it contributes to reducing inequalities among countries in their economic development. While on the one hand there are advocates of globalization, those who consider this process desirable and useful to boost competition, create the preconditions for creating a healthier market and possible reduction of the gap between rich and poor countries, on the other hand, there is a very large number of those who believe that globalization deepens inequalities and leads to the permanent marginalization of the poorer parts of the planet.

In addition to the issues regarding the economic inequality of countries, globalization also brings other challenges and dilemmas, of which here we list only some:

- The necessity of the need to create conditions for faster economic development
- The need to preserve ecological potentials and the environment
- The need to preserve social stability in turbulent conditions
- effective international peace keeping
- Reducing the technological and social gap between the rich and the the poor
- The role and influence of states in relation to the role and impact of multinational companies in the modern world
- Reaching and stabilizing higher health standards
- A uniform understanding of human rights
- Preservation of cultural identity in a deeply divided world.

Opinions on the above issues often lead to diametrically opposite views, and the significance of this process leads to a sharp polarization of supporters and critics of globalization, without giving much space to those that would perceive both sides, as objectively as possible. The advocates believe that globalization is a completely new process (which is by no means controversial), a process that can be identified with the breakthrough of the Internet; advocates argue that this is the only ideology to be preached and that it represents a triumph of the market as “the invisible hand” that, by itself, equates everything.

Critics, however, are very loud about all the bad things that they attribute to globalization. They believe that globalization is not a completely new process, that it has existed forever, constantly progressing with a period of great regression. They consider that every country, and not just the United States, in practice views the market as an asset rather than an ideology, an asset that is adapted to the local system of distribution of profits and moral values determined by local social norms.

Globalization as a phenomenon extends its activities to the economic, financial, trade sphere, as well as the integration of information and communication technologies. Globalization generally involves the opening up of local, domestic, national potentials to a wider picture of connected and mutually conditioned global tendencies. This is mainly about the

free flow of capital, goods and services and, most of all, about the lack of influence of national borders. However, at the moment globalization does not yet include an implicit and completely free flow of labor force.

Globalization certainly has many positive sides, but we should be aware that it can significantly jeopardize small states, actually small economies. Why? Often, the example of categories in the sport is given: you can not let a boxer of feather category fight with the super heavy-weight boxer. Also, you cannot allow a two-year-old child to compete with a professional. These are, roughly, the metaphors that are used to emphasize that small, undeveloped economies simply do not have absolutely no chance in dealing with those who, as is often argued, have actually started globalization so that the whole world can become their market, without any restrictions .

One needs to make a difference and know that globalization is not synonymous with the global economy. It is only its upgrade and is wider than the economic relationship. Globalization certainly extends to politics, culture, even to social relations. The flow of people, goods, capital, as well as the flow of information is realized by interaction at the total - world level. All this is followed by the process of disintegration of existing structures in order to create only one, unique - global structure.

Globalization, in addition, is accompanied by decentralization and the transfer of power from sovereign states to supranational bodies [Krmopot, 2016]. These are, first of all, multinational companies that perceive the whole world as their market (Google may be one of the best examples). The process of globalization makes these trends gain acceleration; it creates new demands and new conditions to which all those who wish not only to succeed but also to survive must submit themselves.

The conventional definition of globalization implies the process of opening up and liberalizing national financial markets as well as their integration into the global capital market. But more often today, this term implies international integration of goods, technologies, labor and capital, so globalization can be discussed in a wider sense. The notion of globalization is derived from the word *global* which means world, and globalism is a way of looking at events as a whole. Globalization would thus involve a social process that seeks to comprehensively comprehend the universality and uniqueness of the world.

“When it comes to globalism, there is also an expanded theory that interprets globalism with the arguments of the modern microelectronic revolution. Thanks to globalization, relations between people and countries are becoming more and more intense, and people begin to think globally and understand the world as a whole “ [Rodin, 1999].

Globalization, of course, poses certain requirements - continuous investment in knowledge, technology, research and development. Whoever begins to lag behind in the process of globalization or does not get involved in modern processes in time, is significantly behind. A reference to the world as a “global village” is already well-known. Globalization as an idea involves “reducing” the world, as well as raising awareness about the world as a whole.

We often say that globalization is a consequence of the development of science, modern technologies, market economy and the process of spreading democratic relations. Globalization has enabled the free movement of capital, goods, information and people through the spread and elimination of borders.

The first hints of globalization should be sought in the situation after the Second World War, especially in Europe. European countries, many of them fully dismantled in war but

financially supported by the United States, started the process of interconnection. One of the goals of this connection was to avoid future possible mutual hostilities and conflicts, or to create a Europe of mutual cooperation in which all countries will help each other and develop mutually. From Europe this kind of policy has triggered similar processes elsewhere in the world. This eventually led to the creation of the world as it is today.

Transnationalization is another term that is often used today. The growing economic importance of transnational corporations and transnational flow of goods, capital, information and knowledge in the global market and global economic space is the main feature of transnationalization. It is increasingly being considered from the point of view of a nation state that renounces part of its sovereignty to transnationalization, for the purpose of joining supranational alliances such as NATO or the EU. The process in which states are no longer dominant is particularly difficult for the transition countries of southeast, eastern and central Europe (and so in Serbia). Citizens of most of these countries sometimes have a skeptical attitude toward European integrations.

The term globalization refers to the whole spectrum of economic, political and cultural tendencies in contemporary society. Globalization usually implies social processes that strengthen social relationships and interdependence. But, although it has wide consequences, it is a local phenomenon as it affects all of us in everyday life. "Although understood exclusively as an economic phenomenon, globalization has also spread to other segments of life" [Gidens, 2007].

Globalization today can signify different phenomena: the growing domination of the West, especially the United States, in the economic, political and cultural spheres; the spread of liberal ideology and the creation of a free world market; a process that thanks to the rapid flow of information leads to the creation and unification of the world community.

Depending on the sphere in which the process of globalization takes place, we can talk about economic, political and cultural globalization. We find that they are actually intertwined, not severely separated, and it is impossible to consider them separately. When discussing political globalization, the most important issue is the future of national states and the importance they have for other parts of social life, and in that regard, the issue of democratic deficiency is also important. In this context, there are discussions about the role of civil society and the need to create a political body that would control capital flows on a global scale.

Globalization is one of the most widespread cultural, social, economic, political phenomena characterized by the discourse of humanities and social sciences at the beginning of the new millennium, a new era marked by the end of the old and the emergence of a new, yet undefined world. This is a new, yet unbridled epoch that brings challenges and opens up space for new theoretical paradigms that are trying to define a new emerging world: the theory of the world system, liberal democracy understood as the end of history, the catastrophic paradigm of ecological and population cataclysms, the crash of civilizations, the theory of multiculturalism, bioethics, theory of globalization.

It can therefore rightly be said that globalization is a very complex process of building the world as a whole, through the creation of global institutional structures and global cultural forms. These forms can be produced by means that are now globally available or transformed. The globalization realizes its forms through the following: 1) economic-market unification of the world with uniform forms of production and consumption; 2) the democratic

unification of the world based on the existence of common interests of mankind, such as equality, the protection of human rights, the rule of law, pluralism, peace and security, and 3) the moral unification of the world around some central humanistic values essential for the sustainable development of mankind.

Since globalization affects all segments of the world society, the same applies to politics. What is actually politics had troubled even the old Greeks, and today we still face the same question. For Veber, politics is a term that “covers all types of independent administrative activity”. In this sense, he distinguishes between banks’ foreign exchange policy, trade union policy or school policy, and the policies of the administration of an association. The political organization is a state, but it can not be defined from the content of its activity, he believes. In the lecture *Politics as a vocation*, he refers to politics as a tendency for participation in power or the influence of power distribution, whether between states, or between groups of people within a state. In addition to this, he points out that the question of “political” assumes that this relates to the interests of distribution, maintenance and shifting of power. Veber separates politics from other forms of collective action, since its main means is a physical force, while in other areas this is not the case [Veber, 1988].

Beck [Beck, 2004] thinks that the political aspect of globalization needs to be sought through a cosmopolitan state because it is based on the principle of national indifference of the state and enables the coexistence of identity through the principle of constitutional tolerance. He still considers it wrong to assume that state sovereignty and globalization are necessarily irreconcilably opposed. On the contrary, countries that are in a globalized society open up new possibilities of action, and are directed to cooperation with other countries. Therefore, the decline or even the loss of national autonomy can increase the capacity for action and the ability to direct certain countries.

Beck believes that the conditions of globalization coincide with the political only in the national perspective. Accordingly, he finds that sovereignty is not the same as autonomy and considers that only (methodological) nationalism rests on equating sovereignty with autonomy. It follows that different addictions and cooperation lead to a loss of autonomy, and thus a loss of sovereignty.

The concept of the European Union today corresponds to the notion of a cosmopolitan state; the EU is more than just a conglomerate of national states. Beck points out that it is crucial to overcome ethnic nationalism and national states, but that they should not be condemned, but on the contrary protected in the conditions of a culturally-affirmative peaceful coexistence. The preservation of such sovereignty will pay off in many ways because it increases security and stability, and therefore there is a national interest in linking sovereignty in order to solve national problems. For this reason, globalization implies, on the one hand, an increase in the sovereignty of the actors, and on the other, a loss of autonomy in many countries. Continuing sovereignty and autonomy are counterproductive. As content sovereignty grows, so autonomy is reduced (in political globalization, transformation from autonomy based on national exclusion to sovereignty on the basis of transnational inclusion is developing).

Let us review the chronological order that has led to the fact that globalization today is a common, everyday term:

- In 1989 the demolition of the Iron Curtain that divided the world into two (opposing) blocks

- The disappearance of communism brings new thoughts that the world is completely free of ideology (Francis Fukuyama with his theory of the end of history, and Samuel P. Huntington on the crash of civilizations)
- The beginning of the nineties of the last century was experienced as a waiting period for the end of history.

Although Fukuyama claimed that we had already stepped into the other side of the end, this so-called “the end of history” is still expected. By the end of history he means the end of almost everything: ideology, art, culture, civic classes, the end of big myths, etc. All the main features of modernity have ceased and the postmodern society was created. There is no longer a conflict between the two ideologically opposed blocks. Samuel P. Huntington in his book *The Clash of Civilizations* talks about the conflict of civilization on a religious basis, and the emphasis is placed on the conflict between the Christian and Islamic parts of the world.

Is our present civilization a society without a “society” as we find in the book *Hegemony and Society* (Ernesto Laclau, Shantal Muf)? Today it is not about the conflict of civilizations, at least not as Huntington understands it, but rather it can be said that it is an anthropological spillover of an unidentified universal culture to all territories, segments, people, phenomena, meanings ... In fact, we see that (everything) is in some way prescribed for us: from the food to be consumed (organic, healthy, chrono, vegan, low -calory, etc.) to what energy potential we use (why it must be power plants in the wind, not some other, etc.). “Is this all real or something virtual and imaginative?” [Cuti, 2010].

We are a bit lost; in the panic attack we are searching for our own identity; we are trying to find (right) measure of things between what we have to do (because it is so strongly suggested to us) and what we want, feel, think we should do or not to do. We are confronted with a gigantic ideological apparatus and we seek salvation in various forms of identity offered to us as the fantasmagoria of exactly the same ideological apparatus that puts pressure on us [Krmpot, 2012].

For example, although it is claimed that this is the end of the ideology, what other than the dominant ideology are continuously imposed topics that we often do not feel are our own, necessary, useful: human rights, freedom, ecology, animal protection, multiculturalism, various conspiracy theories. All these are actually manifestations of today’s ideology.

What are the main characteristics of this present-day ideology (which considers that it is not ideology at all):

- is part of a globalizing act that replaces universality
- basic features: trade, information, tourism, media
- Reduction of human rights, culture, democracy, ecology, pornography and virtually everything else on the prismatic relationship between supply and demand
- any culture that strives for universality actually loses its special features.

Global culture that also strives for universality shows exactly these characteristics. When we explain things like that, sometimes it seems to us that globalization is nothing more than a virtuous factory of illusions. Therefore, it can (and it does) describe a particular natural disaster or technical error, such as the oil spill from the tanker into the sea as a terrorist act. Why is it important? Because the forces that govern (conditionally) the processes

of globalization in this way find reasons and justifications for every possible action. It is understood, of course, that these actions are always in their own interest leaving the rest of us to our own destiny.

All these destabilizing factors have their own initiators. In a highly integrated system, anything can serve as a destabilizing factor, while on the other hand the system itself attempts to leave the impression of unbreakability (today we would call it sustainability, or certain *perpetum mobile*).

If we say that globalization is a historical, real, contradictory, uneven, unstoppable and irreversible process, if we know that it uses the transformation of its concrete manifestations as a mighty force, if we know through the mechanisms and methods of manifestation it is essentially changing international economic and other relations in the direction of their greater connectivity, then what would economic globalization be?

## 2. ECONOMIC GLOBALIZATION AS A SUBSPECIES OF GLOBALIZATION

Economic globalization is certainly a narrower term than the concept of globalization. We define it as a change in the behavior of economic agents caused by the following factors:

- decline in the importance of geographical distances
- internationalization and denationalization (over-nationalization) of production
- relativization of the role of national sovereignty, legality and political differences
- the speeding up of the infrastructure linking capital, goods, services, labor and information on a global scale
- Domination of financial flows which is often not accompanied by real flows
- the dominance of capital flows over trading flows
- technical-technological standardization of the production process
- unquestionable homogenization of legal, institutional and economic-system infrastructure
- unification of international flows of goods, services and resources, markets, production, technology, communication, finance
- networking
- virtualization of business.

All of this, of course, most favors large capital as the dominant player in the world without any limitations, where the field of equal opportunities is perceived as equal for everyone, although it is actually created by the greatest and corresponds most (or even exclusively) to them.

Nevertheless, all types of economy, nation, region, money flows, loans and investments are economically globalized, and it is now highly institutionalized through various international economic organizations.

As the basic characteristics, we state that economic globalization is a real historical process of universalization, homogenization and unification of the economy. Economic globalization manifests itself with certain important principles, determinations and norms of

behavior, as well as through the affirmation of the growing interconnection and conditionality between individual economies and corporations.

The above process is developing along with the liberalization and denationalization of commodity and financial flows, the emergence of new forms of merging of various companies and the purchase of other companies (which are ways of survival and strengthening of international competitiveness) and the global innovation boom of information, communication and transport monitoring. According to Draskovic [Draskovic, 2001], the process of economic globalization has the following characteristics:

- the logic of large capital and highly developed economies;
- a large number of forms and modalities: financial globalization, market globalization, denationalization and regionalization of the economy, intensification, high degree of intuitionization of trade on a global level; the high impact of innovation and new technologies followed by a high degree of convergence;
- the cyclicity and gradual development of the process over a longer period;
- the expansion of transnational corporations (TNCs) leading to the reduction of national sovereignty - the so-called 'duality';
- the direction of the functioning of globalization is comprehensive and universal;
- the heterogeneity of the process - the degree and character of the action are harmonized with the various facilities, branches, areas of activity, the countries in which it operates;
- process differentiation - the strongest impact is reflected in the crisis areas, which are the most vulnerable and for which it is most difficult to resist;
- imperfection of the auxiliary mechanisms (military and political hegemony, blackmail, violence and coercion are basic economic levers that help to carry out economic pressures, unequal exchange, dependence and domination),
- a high degree of contradiction in the processes that take place - often with different outcomes;
  - • dictation (imposed) of the process - the "object" often feels that these predetermined, and something that cannot be helped
  - high differentiation - Certain entities involved in the process of globalization are becoming stronger and stronger (more powerful, richer, more influential, etc.) while for the others the processes take place in a completely and diametrically opposite direction; this degree of coincidence threatens to take away every chance that the other part of the equation ever "turns" in the right direction;
  - institutionalization of the process
  - production concentration and centralization of capital - institutionalized world monopoly structures insist on a liberal approach to the global market as it is in their best interests - it is believed that the world is dominated by about four hundred multinational companies that have around 80% of world capital;
  - the dominance of market, transnational and supranational regulation over state administration and regulatory mechanisms.

The most important economic trends that characterize the process of the emergence of the global market are regionalization, liberalization and deregulation. In addition to these processes, foreign direct investment (FDI) flows as well as technology transfers have influ-

enced the functioning of the global market, which cumulatively resulted in a significant increase in international commodity and service transactions until the outbreak of the latest economic crisis. "The process of regionalization involves regional integration primarily in economic, technological, political and cultural terms." [Vidojević, 2005]

In economic terms, the process of regionalization begins with the beginning of the development of a system of international economic integration. International economic integration can be defined as an association of national economies in order to reduce customs, non-tariff and all other limits in international exchange. In this way, the free movement of labor, capital, technology and other factors of production has been stimulated. International economic integration also implies a joint approach to third countries.

As main obstacles to the globalization process, we can state the following:

- the creation of regional blocks, which already include a large part of the world;
- desintegration of a number of countries, which is still on the agenda today. It is a phenomenon, both in the countries of the East of Europe, which are ethnically and religiously diverse, as well as in the countries of Western Europe, which are ethnically and religiously more homogeneous. In West European countries, it is about the "rebellion of the rich," which, unlike the "rebellion of the poor," the states (for now) do not oppose.

In order to keep up with the growth of competition in the world market, countries are condemned to increase their own competitive ability within the regional poles or blocks in which they are located. This is the result of the extinction of protectionism and changing spatial and temporal features of the economy. States are therefore compelled to develop appropriate techniques, tactics, strategy and policies precisely from this stated necessity. States must respond to the challenges arising from such a development of events. The result of this commitment is a new discipline - geoeconomics.

The global economic imbalance is one of the most significant features of the global market and the world economy. The most significant economic result of the regionalization process is reflected in the form of Triad, the leading regional economic integration. In this case, it is clearly noted that the process of regionalization leads to linking and increasing the intra-regional exchange of three gravitational points of global economic power: Japan and the industrial countries of South and Southeast Asia, Western Europe and North America. In the marketing, financial and technological sense of the Triad countries, they are connected so that most of the key international business transactions are realized in this framework.

Economic globalization faces many global economic problems that will sooner or later require global solutions. These solutions must be based on quality new levels and forms of mutual cooperation between countries and regions. This must be accompanied by the creation of unique political, economic, information and other polygons of joint concerted actions. Many authors think that globalization is theoretically based on the perceptions of transnational market neoliberals, globalists and geopolitical economists who rhetorically impose the principle of competition as the dominant and comprehensive key to globalization. The empiric is a largely proclaimed principle because we are witnessing the tendency to switch between the use of neoliberalism as a hegemonic order towards a rich minority and protectionism towards the poor majority.

Competition is stifled at every step by increasingly strong international monopolies and competencies, only their manifestations are changing and apparently humanizing. The

market as “equality of opportunity” is being denied. We see that the principles of an open economy are applied selectively, to whom it suits. Control and exploitation of the economy of peripheral countries is on the increase. Often, other people’s history, foreign cultures, historical traditions and heritage are sniffed at, and the western pattern of life is imposed. This is the real “rich-ideology”, “capitalism without gloves”, “a new version of the old struggle of a few rich against the majority of the poor” and “corporate mercantilism” [Čomski, 1999]

The future of diplomacy is reflected in economic diplomacy. In the context of the globalization of world economy and politics, it is necessary to seek new solutions and a new means of penetration into the world market. The role of economic diplomacy is to protect national interests in international economic relations. On the other hand, we are confronted with the global economic crisis, which, among other things, seriously burdens international relations and significantly influences the profiling of current economic diplomacy.

In relation to the bipolar international order of the second half of the twentieth century, scientific and technological progress and globalization significantly influenced the expansion of economic functions and tasks of classical diplomacy. Therefore, theoreticians and practitioners call it a new direction for the functioning of economic diplomacy. An increased degree of economic in diplomacy has brought the name itself - economic diplomacy. This term was first launched by the French school, and then it was accepted by the Russian School of Economic Diplomacy. “The European school recognizes economic diplomacy as using state diplomatic resources and methods, as well as economic measures and instruments (trade policy, credit and monetary, technological, etc.) on a bilateral and multilateral basis to ensure the development of the national economy and protection of the country’s foreign economic interests” [Đorđević, 2010].

Existence of economic goals is the characteristic of each individual national economy. Everybody is trying to achieve the greatest benefits, each country tries to define the best strategy in an attempt to achieve the economic optimality of doing business within its own boundaries. In this intention of the national economy, they promote and encourage technological innovations in order to get that benefit as close as possible to the maximum. Countries will make this effort irrespective of how this will affect the interests of other states. This inevitably generates the logic of potential conflicts. It should be noted that the most important goal in geoeconomic positioning is not to achieve the highest possible standard of living, but to conquer, deepen and preserve a desirable role in the world economy.

When we talk about geoeconomics and the potential “economic war”, both of these terms are characterized by the potential of conflict between market actors (in whole or one part of it) and the availability of modern technologies that significantly influence economic growth.

On the other hand, there are significant differences between these two terms:

- Geoeconomics: participants are states, not economic entities; initiating of geoeconomic efforts and coordinating implementation is taking place at the highest state level, at the level of Heads of State and Government.
- Geoeconomics can not deal with activities such as the introduction of a one-sided embargo or boycott (today’s practice clearly shows the consequences of such activities).
- The economic war includes: the practice of preventing competition, discrimination in terms of imposing physical limitations on the volume of trade (contingency), imposing

customs tariffs or non-tariff barriers, giving priority to giving large public works to domestic enterprises, as well as certain monopolistic practices and classic industrial espionage.

### 3. ECONOMIC GLOBALIZATION AND RISKS

The risk of every kind has always been part of man's everyday life and component of his consciousness, whether this consciousness is personal or group, rational or imaginary, value or objective. It was the risk consciousness that eventually weakened human confidence and strengthened the belief in the fragility of human thinking [Vatimo, 1991]. Therefore, the problem is not that there are risks, but that the various risks - whether they are natural, economic, social or technological - are increasing more and more and their latent impact becomes more and more dangerous.

To the extreme present entropic consequences of the advancement of human civilization in every aspect assure the man of today that he practically lives on the "volcano of civilization", that is, as some people call it, in a technologically inflammatory civilization, whose top products can serve to destroy the very meaning of this civilization. It best shows the limits of our civilization, whose man is both the culprit and the victim.

In parallel with the globalization of life and production processes, the process of globalization of risk takes place, which is in fact the distribution of risks, that is, distribution of problematic consequences of technological development. The classic industrial society and modern life have faced the risks of progress; on the other hand, the post-industrial society and postmodern life are facing a constant advancement of risk [Kalanj, 2004]. When human society has taken the way which significantly favors quantitative growth and (expected) profit, power and prestige, this civilization has in fact created a problem for the scattering and destruction of human and natural forces and potentials. Thus, at the same time, it systematically increases global risks. And it is precisely from the nature and extent and intensity of these risks that all the key components of the philosophy of life can be read out of modernity. The consequences of the advancement of science, technology and industrial development are in fact the sum of risks whose range can not be foreseen.

From a global point of view, division of risks is usually reduced to natural, technological and social issues. Each of these species combines numerous subspecies in itself. Among them there are some similarities, but there are much more differences. Given that they simply happen, it is easier to classify natural risks. By their intensity, breadth and consequences, these risks often have the character of natural disasters. The most prominent risks of this kind are floods, droughts, earthquakes, storms.

However, it is much more difficult to carry out the classification of technological risks, although they are at the center of attention. There is not yet a sufficiently developed matrix that would allow their systematization. Important characteristics are: - technological risks are the product of human activity; - the public often does not understand these risks (they are generally not transparent to the general public)

Although most technical and technological inventions, plants and processes do not pose a risk (unless they are being abused), however, there are those who inevitably produce consequences that are harmful, and potentially dangerous to the human and natural environment. This applies both to nuclear and conventional technological installations. Here

the key is work of professionals who need to monitor and inform the public about the existence of risks and to give instructions on how to behave in certain situations.

Let us point here to several possible examples, related to technological risks:

- In the last hundred years, the population of Europe has increased three times, and the economic effects increased about twenty times
- During the same period, the consumption of fossil fuels has increased by more than thirty times
- At the beginning of our century, about three billion tons of carbon dioxide is produced annually, and at the end of this century, more than fifty billion tons will be released into the air
- About one million tons of harmful gases destroying the ozone layer arrive in the atmosphere every day
- The above is the cause of global climate change, “ozone holes”, and it has led to massive pollution of water and air, to degradation and soil erosion, to the threat of forests
- About sixty thousand hectares of tropical forests are cleared out every day
- There is the ensuing impoverishment of biodiversity, and the factual disappearance of many plant and animal species (even about two hundred a day on the planet).

The European continent is one of the largest consumers of natural resources (it spends much more than it has at its disposal). Europe disproportionately pollutes the environment more than its size and relative share in the world’s population. Europe consumes much more energy than it produces. The environment is endangered by geometric progression. The situation is not better when it comes to, for example, the United States.

Although social risks are generally considered to take less human lives than technological and natural risks (which can take the form of industrial disasters, nuclear explosions, urban pollution, earthquakes, storms, floods), they are by no means small.

In addition to the aforementioned classification of natural, technological and social risks, the risks may also be divided into the following types:

- By their intensity, we divide the risks into intense and pervasive ones
- with regard to age, old and new
- in relation to the willing component, the willing and the forced risks (ie the selected and imposed)
- known and unknown risks
- in relation to whether there is a so-called probability, highly probable and unlikely (unlikely with high consequences, even catastrophic and highly probable with little consequence)
- in relation to the length of time, to short-term and long-term risks with High Consequence Risks, which can affect many people, and even all people on the planet.

Risk is always present in business life. Risk acquisition and management is part of the normal business of companies in order to create value for their shareholders. Business failure shows a lack of sufficient risk management or the fact that the risk is not understood.

Inferior and insufficient understanding of risk problems is mainly shown by senior managers who traditionally concentrate on traditional parameters, such as income after taxation, earnings per share, or expectation of growth on the stock market. The performance

that they take into account and the risk rarely appear as the subject of the analysis of the manager. Here, the role of management and supervisory boards is very important in order to integrate risk management into day-to-day decision-making. Companies that fail to improve risk management processes have problems with another type of risk - unexpected and sometimes very serious financial losses.

However, the solution is not that businesses simply take a rigid attitude that is much more cautious about risk, which would protect them from value and profit reduction. Such an approach is by no means adequate because it is precisely the tendency to take the risk that is the basis for creating value for shareholders. What, then, is the right solution? Achieving a balance between the situation that protects the company against financial disturbances, and leaving enough space for entrepreneurship. Management should be free to operate in circumstances where the potential rewards of any business decisions are compared with the risk being taken.

In such an environment, companies not only protect the business from unpredictable risks, but also achieve a competitive advantage as they take the risk with caution. In many industries, companies have begun to invest in risk management processes, and the leaders are the financial institutions motivated by regulatory pressures.

One of the most important elements of risk management is understanding what are the risks and how the risks affect the success of the company. Each company faces its own risks, so it is therefore necessary to build an individual approach to the development of risk management. For example, in the printing industry, companies face risks that affect the scope of business if competition introduces a better product, as well as higher operating costs if a product does not produce the expected results.

Further, companies need to consider how to categorize R & D risk (Research and Development). The company must understand what types of risks should be accepted, what is the amount of money in question. It also needs to be understood that the risks of different business sectors affect the overall level of risk, that is, companies need an integrated view.

The reduction in the financial volume of operations is different from the complete discontinuation of operations. This at the same time reflects the difference between the reduction of the financial operations (crisis) and the total stoppage of financial flows. Recognizing this difference is important because a large number of authors felt that the chances of a global crisis were flat at zero.

Practice totally proved them wrong. The reason for this was found in claims that all financial slowdowns have been successfully rehabilitated over the last few decades, with no significant impact (overflow) on the overall, world economy.

“The increase in the number of financial instruments, their more extensive involvement in trade and the interdependence of financial markets, the integration of other factors, such as the exchange rate, market price of shares and other stock exchanges, have led to the emergence of market risks. Investment banking is the most widespread form of banking in the US, and it is logical that most models for measuring market risks come from there “ [Ljumović, 2009].

Models developed and used for risk management are in no case sufficient to completely eliminate business uncertainty. They, however, help in risk assessment and contribute to the design, definition and implementation of a strategy that reduces the risks to a tolerable

(“desired”) level. The first financial institution in the world that has developed models for market risk management is the Bankers Trust.

The last two decades of the last century brought an understanding of the fact that the calculation of business effects must include the risk of loss, that is, it must allow (anticipate) the option of unreliable servicing of liabilities by clients

With credit risk things are different. The portfolio model for measuring credit risk had not been developed for a long time, because the credit risk was analyzed using financial statements.

Operational risks are a very broad concept because we often put new risks, emerging risks, under operational risks because they arise due to changed business conditions. However, financial institutions in most cases into operational risks include legal risks, but not strategic and business risks, although these are two special types for themselves.

In conditions of financial crises, when there is an interruption in financial activities, there are two risks, an assessment risk and a macroeconomic risk. “The assessment risk affects individuals or institutions, investors, in terms of the uncertainty of return on assets they own, especially if their instruments are complex, and the assets from which they are derived are amorphous. In the current global crisis, this risk was reflected in the reassessment of the value of assets held by many banks in the balance sheets, which was derived from sub-prime mortgage loans from the US market. A reassessment of the value of these assets was necessary to determine how potential losses on the mortgage market affect the value of the portfolio that contain derivative securities. The risk assessment is subject to controversial assets that have been repeatedly referred to in this paper, since by September 2007, write-offs of receivables at global level reached \$ 760 billion” [IMF, 2008].

We now know that every financial crisis must be monitored and remedied, otherwise it threatens to transfer its problems to the real sector. This would mean a fall in all macroeconomic indicators. Interconnection between the financial and the real sector creates a dangerous return, known as a “financial accelerator.” Monetary and financial stability monitors pay special attention to risk management due to this feedback, especially due to the fact that risk management models generate stability in periods, and that crisis situations can make significant deviations from the set model.

Systemic risk is the most dangerous risk that occurs during the crisis, and is defined as the uncertainty associated with the collapse of the financial system. It happens due to excessive credit, market or operational risk in one institution or market and spreads to other institutions (markets) to eventually cover the whole financial system, causing the so-called domino effect and interruptions in normal business. Since systemic risk depends on factors affecting the whole market, it can not be diversified, and there are no methods for its management, other than controlling the basic risks.

Corrigan believes that there are certain elements that stronger impact than other risks regarding whether a crisis (slowdown, delay) will spill over into a global crisis [Corrigan, 1991]. He cites the following factors:

- Macroeconomic policy
- Too much concentration on one and the same list of clients
- Excessive concentration on one and the same product list
- Short lifespan of highly profitable innovations (including high-innovation technologies)

- The problem of “fictitious” liquidity

As the example of an inadequate macroeconomic policy is the example of the US that has faced the current crisis in the last decade. The crisis parameters are as follows: too low interest rate (unreal) as a result of increased pressures for continuous placements; oversized internal and external debt both to the commercial sector and to individuals; an insufficiently successful attempt to control the exchange rate and its consequences; a sudden and largely uncontrolled liberalization of the market and international trade which was not accompanied by a sufficient degree of coordination.

Insufficient portfolio diversification and excessive concentration of activities targeting one and the same group of financially potent clients led to the exhaustion of this segment of the credit market, and the same was repeated with an insufficiently refreshed list of credit products (mortgage loans and derivative securities are the main example in the global crisis that began in 2008).

Globalization has conditioned that we define in a new way all aspects related to risks: their nature, but also the possibilities and ways of risk management. Not only has the number of possible risks increased due to the accelerated degree of globalization, but their nature has changed drastically and requires new insights. The problem is deepened by the fact that global activity increases the likelihood of risk.

The so-called market shock is a situation where investors flee from the market where they participated in creating the avalanche effect. This usually happens when the risks of the system become greater than the capacity of the financial or the total system. Since investors are trying to save what can be saved, risks are also present for slowing down and for complete crossings of financial cycles. Here the greatest danger is that structural risk that requires complex system settings for its elimination and overcoming can happen.

New risks are also one of the problems heavily influenced by globalization. It takes time and remarkable effort by regulatory bodies and they have to work intensively to develop adequate instruments and policies.

There is also lack of understanding of risks. Hellvig deals with this problem and as sources of financial crises he states “inability to recognize risk or inability to bring risk into a particular business segment” [Hellvig, 2008]. The essence is that each business segment has specificity regarding the risks being taken, and all details should be included in the risk analysis and taken into account in the models.

#### **4. GEOECONOMICS AS A NEW GEOPOLITICS**

Since the beginning of the third millennium, economic globalization has taken a leading role in international relations. Many authors consider that globalization, in fact, has emerged as a triumph of capitalist relations in the world economy. This process is followed by a global division of labor. When the communist model collapsed in the last decade of the 20th century, it significantly contributed to accelerated globalization, especially in the sphere of economics.

The latest technologies and their convergence (eg convergence of computers and phones in smartphones) to unexpected proportions have increased interdependence. The latest technological revolution - the revolution of information technologies - affects the develop-

ment of the (world) economy much more than the technological revolution in the previous cycles of the development of human civilization. At the same time, its economic impact is significantly higher than before.

However, due to the uneven presence of new and innovative technologies, this development is very uneven and further deepens the gap between the rich and the poor, at all levels: global, regional, social.

It is, at the same time, the fundamental problem of globalization so far: although it is claimed to offer a chance to all, in the present, it has, to a large extent, deepened the disparity, globally and on every other level. The IT revolution has linked us through space and time and reduced (or even completely erased this type of distance), but the inequality among people has become more pronounced. How this inequality manifests itself: e.g. It is believed that 1% of the world population has over 90% of world wealth (some projections say that this percentage goes up to 95%, but there are no exact data).

What are the main indicators that we live in the era of global economy? The global economy no longer works on a national basis and this is enabled by the explosive development of information and communication technologies. Natural resources are no longer the basic source of wealth, but the main source has become an innovation, an innovative activity. All modern highly developed economies have developed precisely on innovation and innovative approach and understanding. However, the fact that the impact of national borders has declined significantly was not exploited by all in the same way.

Let us review what were the key resources in previous periods. The land (ownership of land) was the main and key resource in the economy where agriculture was dominant. Furthermore, natural resources are the dominant factor in the period of the industrial revolution (ores, coal - non-renewable energy sources, etc.). However, the modern era and its economy differ in that the key resource is knowledge. "The knowledge economy is the economy in which knowledge is the key resource, the economy in which the creation and exploitation of knowledge becomes the dominant factor in creating wealth. It is not just about extending the boundaries of knowledge; This is also about the more efficient use and exploitation of all forms of knowledge in order to improve economic activity. The idea that knowledge plays an important role in the economy is not new. All economies, however rudimentary, are based on knowledge; for example, how to better cultivate the land. The use of knowledge has increased since the industrial revolution. But the degree of incorporating knowledge and information into economic activity is so high today that it itself induces incredible structural and qualitative changes in the economy and transforms itself into a leading comparative advantage. Increasing the level of knowledge sharing in the world economy and our increasing ability to distribute knowledge has led to the fact that knowledge has an increasing value for participants in the economic system. Implications are significant, both for businesses and governments that create economic policies. The development of information and telecommunications technologies in the late twentieth century led to an increase in the share of information and knowledge, both in manufacturing technologies and in the products themselves. The increased share of knowledge in the newly created value represents the main characteristic of the transition from the industrial era to the new economy, the knowledge economy" [Krmpot, 2012].

International relations continue to be burdened by many problems that have not been resolved. Crisis points can not be easily remedied, and new ones can easily escalate. Decen-

nial challenges and social problems are still present. Africa is the most drastic example in this respect, but the population of the countries of Europe that goes through the process of economic and social transformation faces serious consequences. In addition, the lack of hope in a better and prosperous future is at the root of many of the problems that burden us.

According to Babić (Babić, 2009), geoeconomics includes a whole range of measures taken by national economies in order to develop their competitive power and their own potential for participation in the world market. Geoeconomics achieves a continuous dynamic process with geopolitics and its practice.

Common to geopolitics and geoeconomics is that both are actually a method for analyzing, interpreting, understanding and implementing the power relations at the international level. Geoeconomics is at the same time the purpose and means of geopolitics as a practice. Political power has been used to achieve economic goals. Geoeconomics is the new edition of the old rivalry among states. "In it, the capital for investment in an industry that provides or directs the state is the equivalent of a firearm; the development of products with state subsidies is the equivalent of training in weapons; and the market penetration with the help of the state replaces military bases and garrison on foreign soil as well as diplomatic influence. Even if the military force completely disappeared on the world stage and only economic business units remained on it, the logic of trade would lead to a sharp rivalry or to creating an alliance between them. In both cases, that is, in the event of a rivalry and in the case of the creation of an alliance between business units, action on all sides would always take place regardless of the boundaries" [Luttwak, 1990].

Still, reality is not that simple. The military force did not disappear. The international stage is primarily occupied by states and unions of states. They influence various ways of doing business in a global context. As territorial units, states are defined more spatially than functionally. Therefore, they can not follow the economic logic that would ignore their own boundaries.

In science, the theory of the connection between foreign policy and international trade was set long ago. In 1936, Swiss economist and politician William Rapard, in a lecture titled "*General Danger of Economic and Military Arms*", argued that the then world order was threatened by economic warfare. For the weapons of this economic "war", he considered all legal and administrative acts of governments that politically influence exports and imports, as well as the allocation of goods and prices within one state and in other parts of the world. D. Boldvin called a combination of foreign policy and international trade as an economic statecraft, meaning "all the economic resources through which foreign policy makers are trying to influence other international actors" [Baldwin, 1985].

Characteristic of all countries is the following:

- Each country has its own economic goals
- Each state seeks to achieve the potential benefits to a potential maximum
- All countries are making efforts to achieve the economic optimum of economic activities within their own borders
- Each state must make efforts to independently develop or otherwise acquire technological innovations available on the world market in order to maximize benefits within its own borders.

The above-mentioned claims make it possible to see that the logic of conflicts or the efforts to obtain the greatest possible benefits for themselves (their national economy) is inevitable. So, the reality is that world politics is still not ready to give way to world economy, that is to free trade that is managed solely by its non-territorial logic. The geoeconomic goal is not to achieve the highest possible standard of living, but rather to conquer or preserve a desirable role in the world economy.

Edward Lutwak became known as the founder of geoeconomics as a separate discipline. His merit is multiple. First, by separating geoeconomics from geopolitics, he drew attention to the growth of the importance of economic issues in international relations, not only for commercial reasons. Secondly, he tried to prove that geoeconomics has a separate object and method and that it is also separated from geopolitics. Third, at the same time, he tried to protect geoeconomics from mercantilism and “economic warfare.” The term geopolitics was first coined by Swedish politologist Rudolf Kjellen at the beginning of the 20th century. German scientist Karl Haushofer founded the *Zeitschrift für Geopolitik* magazine in 1923, which became the organ of propaganda of Nazi Germany, and the concept of geopolitics got a defiant tone. Probably, for this reason, Lutwak later coined the concept of geoeconomics.

The purpose of geoeconomics is not to define measures that would prevent individual entrepreneurship from the strategic schemes created by the state, nor is it synonymous with mercantilism or protectionism or economic warfare. Geoeconomics is expected to create conditions for strengthening the competitiveness and capabilities of each national economy in a new, global international economic competition. The economic rivalry was reinforced by the end of the Cold War and the division and political-strategic rivalry that constrained it. In other words, geoeconomics is reflected in the effort to design economic engineering supplemented by institutional engineering.

Geoeconomics itself can not abolish or lead to a complete overcoming of politics; however, it can mean a new assessment of the relative importance of various actors who actually form geoeconomics.

What characterizes geoeconomics, in the basic sense:

- Reducing the impact of the military-strategic complex and giving priority to the economic aspect;
- Defining economic power as the main strategic goal of developed countries, ie the desire to further deepen the position of the gained advantage.

“Geoeconomics also appears as one method of analyzing the international action of the main powers, primarily the western ones. In a world where forces are seeking new fields of maneuver, a geoeconomic approach is necessary in assessing international relations “ [Lorot, 1999].

We often see the opinions that geoeconomics is not yet science, but a scientific discipline that is emerging. But we are witnessing that there is a reality on depends the fate of the world: a conflict of economic interests of planetary proportions. In this confrontation, either directly or indirectly, the whole planet takes part. We see that all types of methods and means are used, non-violent and violent. Such a complex reality can not be covered only by one particular scientific discipline. That is why geoeconomics is a field of research whose

object and method is comprised of borrowing from various sciences - economics, geography, demography, politics, and others. Therefore, geoeconomic practice undoubtedly exists, and geoeconomic theory has yet to be built.

There is a dynamic relationship between geoeconomics and geopolitics. This relationship was not given once and for all. It changes with changing international opportunities. Geoeconomics is at the same time the purpose and means of geopolitics as a practice. Political power has always been used in order to achieve economic goals. Both world wars were waged in order to redistribute economic power. Even today wars are fought for the same reasons. At the same time, economic resources are used to achieve geopolitical goals - embargo, blockade, restriction of access to the market by customs and non-customs barriers, subsidies of their own companies for the purpose of dominance in the world market, and the like.

Let us define geopolitics and its basic determinants: - Scientific discipline - Studying conflicts as a consequence of the intention to master a certain political space, territory and belonging population - Include the use of force, in every form, - Areas of activity: conflicts arising in the tendency to achieve the dominant influence in a given territory, - Carriers: national economies, economic entities, but also all types of organizations and groups of people, whether they are formed on a political basis or not; historical actors who take part in strategies for conquering territories from the domain of geopolitics.

Geoeconomics, on the other hand, does not seek to establish power over a certain territory, but a trade and technological domination; it uses economic means, not military or any other form of force. The bearers of geoeconomics are states and large enterprises that have world strategies. It is not disputed that geoeconomics deals with specific areas of international relations. It “describes” and “prescribes” the relationship between power and “space” without boundaries, unlike geopolitics, which deals with the relation between power and space made in the state. Geoeconomics ignores state borders.

## **5. TRENDS AND PERSPECTIVES OF THE GEOECONOMIC DISTRIBUTION OF POWER IN THE WORLD**

We are witnessing that the basic economic indicators show that in the first decade of the 21st century the relative economic importance of the Western Sphere weakens, while the new poles strengthen in the global sphere at their expense.

For the first time since the eighteenth century, globally, economic centers are increasingly gravitating towards the Asian continent. The whole process was accelerated by the global economic crisis that began at the end of the first decade of the third millennium (by all parameters in 2008). Perspectives, or projections for the first years and the middle of the second decade of the 21st century, indicate a continuation of this trend that has lasted for a decade and, by some parameters, even longer.

What are the characteristics of the on-going redistribution of economic power:

- It happened when developing countries and the leading oil exporting countries accumulated a critical mass (amount) of value bonds issued by the US government (to a lesser extent other developed countries)

- This trend caused a sudden global imbalance, and in particular due to the enormous growth of US imports and exports of China (as a result, the United States payroll and balance deficit was funded by the sale of securities, primarily to Asian countries)
  - The largest imbalance exists between the United States of America, which has huge fiscal deficits, but also a trade deficit, and China's NR China that achieves symmetric (as in the mirror) surplus
    - For these reasons, a huge level of co-ordination between the two countries is necessary for a dramatic imbalance to not result in cracking and tectonic disorders.
    - The shift of the manufacturing industry from the US and Western Europe to Asia (the rapid de-industrialization of these countries) has led, for the first time in the last hundred years, this generation of young people in the United States does not expect to live better than their parents (and probably will not)
    - The mentioned balance is "filled in" by the increase in the share of the financial sector in GDP and, consequently, by the strong credit growth that stimulated consumption or service activities.
    - The global economic crisis on the surface has clearly outlined the depth and significance of the existing imbalances and accelerated the process of redistribution of global economic and geopolitical power.

In the first decades of the 21st century, the process of transition also took political subjectivity, as the G20 group (19 of the world's largest economies and the EU) took over the role previously occupied by the G7 group. In addition, as mentioned above, a group of five most populous developing countries from the G20 also emerged: Brazil, Russia, India, China, South Africa - BRICS. It should be noted here that the BRICS countries practically cover all continents, thus demonstrating their position as a new global actor (pole) in the multipolar economy they are promising to create and implement [Nikolić, 2011].

The global economic crisis has made obvious the weak points of the United States as a world power, and in particular its geo-economic weaknesses: unrecorded balance of payments deficit, weak dollars. War conflicts in Iraq and Afghanistan (where the United States used the declared position of a world warrior against terrorist threat as the seat), nuclear disputes with North Korea and Iran on the surface brought about problems of the geostrategic power of the United States, going to the head as the world's leading police officer. For the United States, it is vital to achieve, first of all, significant domestic recovery, primarily in areas of neglected infrastructure as a result of the forty years of Cold War division. "The problem is the need for new energy sources, demographic trends and confrontation with wars of the fourth generation" [Brzezinski, 2011].

As it is said that everything in life always has two blades, so globalization and its basic characteristic the global governance structure (read the United States), which until recently was dominated by the United States, undoubtedly turned to liberalism but accompanied by an ever-increasing struggle and support for multilateralism, today is under the pressure for major changes. The same monetary system that granted developing countries exclusively the role of the marginals in the process of creating international economic and financial architecture, the same system now challenges the economic model of the United States, and the Chinese model of strong state influence in the economy is gaining importance.

Chinese redirection to the domestic market has positive effects in rebalancing the global economy. The use of strong fiscal stimulus targeted at domicile firms is also beneficial. This, however, suggests that we are considering new forms of protectionism and creates a risk of further derogation of global economic interdependence.

The first decade of the 21st century has shifted a large part of the financial power to countries with non-convertible currencies (China, India, Russia, Brazil). As a consequence, developing countries have defined and positioned themselves as markets that are desirable for investment.

And, what could be the worst of all, the global economic crisis has severely challenged the reputation of the West, especially the United States, since they are considered as the point from where the crisis was actually generated (from their macro imbalances).

The basic characteristics of this process are:

- For the first time developing countries (read BRICS) have a real chance to shape the evolution of an international monetary system, different from the one that is now under US domination.
- A high degree of cohesion, especially among the members of the Eurozone, is now emerging as a source of pressure on the existing international monetary system.
- The long-term weakening of the dollar as part of the process of rebalancing the global financial system and the reduction of the US trade deficit led to the weakening of the fundamental economic indicators that the United States shows.
- For the first time we are witnessing the absolute willingness of China and Russia (followed by Brazil, India) to pull moves that are totally against US interests.

## 6. CONCLUSION

The study by the American Institute of the National Intelligence Council called *Global Trends until 2025: Transformation of the World*, reports that BRICS growth will not be a challenge to the international system as was the appearance of Germany and Japan in the nineteenth and twentieth centuries. The growing geopolitical and economic strength of these countries gives them a very high level of freedom to create, formulate, shape and adjust economic policy to themselves. It is expected, however, that the United States remains one of the important actors on the global scene. For Europe, however, the study states that it is expected to remain focused mainly on itself and its problems, including EU enlargement and efforts to alleviate and eliminate the effects of the crisis. The same study states that strong Asian regionalism is likely to achieve global implications by 2025, to foster a trend towards three trade and financial blocs (North America, Europe (read European Union) and East Asia. The consequences of this process would significantly reduce the significance many of the world's institutions that today are undisputable (eg World Trade Organization - WTO). The period until 2025 will be a time of discontinuity and "shocks".

It can be concluded that geoeconomics is now a developing science. From the standpoint of economic science, geoeconomics as applied science is a "cross-border with political economy" based on a non-fair game. The separation of geoeconomics from geopolitics was made from ideological initiatives, with far-reaching goals. Geoeconomics is understood as mastering the economic space without the use of violence, and geopolitics as a mastery of the political space with the use of violence, including armed and economic - blockade

and embargo. From such an understanding of geoeconomics, there are differences in terms of determining the area of its application. In the West, initial geoeconomics was seen as a method of overcoming conflicts of economic interests only among the countries of the West, because violence between these countries is not possible. The rest of the world remains in the field of geopolitics - in which the use of violence is possible. Geoeconomists outside the West regard the conflicts of economic interests as a planetary phenomenon, and hence, in their entirety, the area of application of geoeconomics. As an increasing number of countries are involved in their economic and military power in the struggle to overcome the division of the planet into the West and the rest of the world, the area of application of geoeconomics is expanding proportionately. Many geo-economists in the West take it into account today.

Following the disappearance of the division of the world into two opposing poles, the competition of states moves from the military-strategic area to the economic one. With the development of science and technology, in particular information in communications and transport, there is a growing dependence of states around the world. Globalization is reflected in the reduction of the economic importance of the territorial boundaries of states, thanks to deterritorialization and dematerialization of wealth. At the same time, the liberalization of world trade, the reduction of customs barriers and the narrowing of restrictions on capital movements have deprived the national-territorial state of a part of the power to control the economy, that is, part of the sovereignty in the economic field.

The new international division of labor is at work. This process is extremely fast and makes it more difficult for us to achieve adequate structural changes and reforms. That is why the national economies that do not have a developed strategic component encounter serious problems.

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