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## Globalization and the struggle for national production

Ludwig von Mises, defending the principle of liberalism, wrote: " It was the ideas of the classical economists that removed the checks imposed by age-old laws, customs, and prejudices upon technological improvement and freed the genius of reformers and innovators from the straitjackets of the guilds, government tutelage, and social pressure of various kinds"

[[1]](#footnote-1). But under what conditions the genius was freed? The main condition for England and France before the Industrial Revolution - is the absence of threats to economic enslavement by third countries, which led to the effectiveness of the model of liberalism. Quite different is the case now for a country attempting to modernize, surrounded by more powerful partners and at the same time, taking their imposed rules as a guide to the unquestioning execution. Instead of modernization it receives conservation of backwardness with progress of own production. This is not a paradox, since progress in absolute terms is obvious, but a gap only increases.

It can be said about the immutability of the essence of economic relations and diversity of forms of their expression, about independence of their essence from the physical environment of man. And productive forces and relations have content, which contains the public nature of the human being as their generator. As long as he does not change, he behaves the same in all centuries. Fatal passion for the replacement of their own labor by the labor of others has always been a feature of relations between people and between governments.

Globalization falsely interpreted as the path to unity and prosperity. The Kingdom of freedom without responsibility leads to greater permissiveness and egoism of some countries to others. Powerful countries pump out cheap resources from weak ones and force them to change their government on loyal and comprador where possible by bribery, where by use of military force. The dominance of foreign capital in a democracy means that the election of a government in a developing country is financed by the capital in the interests of their own business.

Global society breaks up into groups of strong and weak countries. The accession of the latter to regional alliances with developed nations only simplifies their exploitation, because they themselves remove barriers of protection. Before us is the realm of global cross-country liberty, but with participants who have different economic potential. Not the strong ones will make use from the freedom to exploit the weak, not they will advance the thesis of greater freedom?

Assemblage of independent countries-individuals waging economic war against the weak formed. This war is accompanied by propaganda of advantage such a union for the exploited countries. In fact, this process of globalization is a process of criminalization of the global space, where powerful rob the weak frankly, mesmerizing them by effective co-operation the worm with fisherman going fishing together.

Like in man the internal balance between individual and social basics is violated, in economic policy of the country in the context of globalization the balance between sovereignty and collective obligations breaks down. Its restoration requires an equally vigorous action by governments and the international community, how fast was given the freedom of global permissiveness, namely it requires international laws against using freedom of globalization for suppression of the freedom of the less developed countries and regions.

The policy of colonialism did not disappear after the developed countries gave independence to its colonies. They calculated that more profitable than to keep troops and to pacify the liberation movements, to enslave by another way, namely by investment, followed by debt dependence and non-equivalent trade scissors of prices of raw materials in exchange for industrial goods, i.e. the same way exchange of gold to glass beads at the time of conquest. But then there have been three events that change the picture of the world.

*The first event*- the shortage of energy resources and the emergence of cross-national organization of oil exporters, as it has become increasingly expensive resource. Here the same policy of beads, but instead of them colored paper-paper money. When the country sells oil she is given the paper on which it could buy Western goods. But goods do not need to that part of the population, in which purses these papers concentrate, and they are returned to storage in the developed countries with interest denominated in the same pieces of paper. If the entire population has gotten them, the West would have to sell to oil-producing country more goods in exchange for oil. The same colonial policy, they have successfully used against Russia, but Russian is still can’t understand that they are fooled. The only way is Goods-Many-Goods, following after the first transaction for the sale of oil once the second - buying goods abroad, especially capital goods. With that money new state-owned enterprises should build and then should sale at a good conjuncture to private owners with replenishment of the state budget, i.e. creating a kind of public venture capital fund with an investment and the subsequent release of the capital.

*The second event* - the availability of cheap labor in developing countries has caused the inflow of investment from the West in the assembly plants that do not require qualification. This has been helped by the computerization of industry, replacing people with their hand-skilled labor by automatic lines that simplify the work to primitivism. But in contrast to the policy of primitive labor the assembly plants began to turn into enterprises with a full cycle from R & D to mass production. The second event is the introduction of hi-tech in developing countries, leading to the independence of national producers and even competition with former technology sponsor. Again, high self-rating about their Russian technical knowledge plays a joke with them. They think that their engineers can handle any tasks and they do not spend money on training of youth at State expense in the leading universities of the world. Stew in own juice and save on education – this is the reality.

*The third event* - the emergence of competition between the two blocs of developed countries for resources, cheap labor and growing markets for consumer goods and obsolete manufacturing complexes. Old equipment can be sold at the price of new ones in developing countries, and can be comprehensively re-equip its own production, or old would have just thrown out for nothing. Russia has become a market for used and expired, but still sold at very advantageous prices than scrap, planes, cars, production lines. Two strong bloc - a U.S. with Nafta satellite and the EU, which included several countries of the former Soviet Union and the People's Democracy as favorable conditions colonies within its territory, but with the old colonial policy towards them. Russia faces a choice, to which bloc to join. Choosing a strategic partner developing country can afford to get out of economic colonialism strike, but subject to the effective development of their economies. Western investment will not save us. We will be saved by the world's best engineers and own development. Scientific knowledge and new technologies in advanced forms of production are created by people, namely by human capital. That's what we need now, in exchange for our oil, because the government paid off debts of last years and now have reserve. Second - prudent management of a country without corruption.

With the second is much more complicated. A consequence of the vertical of power is an analogue of the vertical in the status pyramid -the desire to get the status to use their position for personal enrichment and for the replacement of their own activities by activities of their subordinates. The influence of minimization activity law to achieve their personal goals is essential here. Individuals who have achieved power status lose all desire to serve others, as to serve those who have lower status, the people, citizens, it means to lose their own status.

Personal enrichment, on the contrary emphasizes status. Even more it underlines and reinforces the humiliation of the exploited. Commonly humiliation and a desire to take away money are covered by public benefit, because you need to create the appearance of performing the public function. But this function is not performed, because services to citizens, i.e., to lower status people are self-humiliation and loss of status.

Maybe we're going the wrong way, building a general theory on the base of the private experience of individual countries. The foreign advisors pursue the goals of their governments. However, economic relations remain unchanged, because human nature is unchangeable. When their object is changing, changing only their form, not essence. Previously, strong States won by the sword and forced to pay tribute, now gaining generous loans and forced to pay the ruinous debt. The result is a - relative poverty of defeated countries. Relationships are the same, only changed form.

The usual mechanism of protection against globalization, always works when trying to clear abuse of the majority over the minority under the slogan of the general union of equal countries - is the contradiction between the "large groups of people having the internal self-identification" - nations. But the matter is complicated by the fact that this mechanism does not work with proper efficiency and not due to excessive loyalty newly admitted countries, for example in the European Union, but because of the fading of the identity, i.e. the collapse of nations. Process is still in the beginning of its development. We see that when a conflict occurs between the "old" EU members, they do not stand on ceremony with each other and with the collective legislation. 22 thousands of refugees from Tunisia have crept into Italy but France flatly refuses to accept part of them. Finally, they both agreed not to take anyone else.

For Russia, with its policy of Soviet internationalism, a self-identification of the titular nation for many decades was restricted by the authorities. As a result the Russian nation in terms of its function as the most responsible for their own State, in which live peacefully and happily many another nations simply there is no. No, there is not the nation itself but its function. The small nations through their separatism begin to weaken the integrity of the state. Thus, national interests, interpreted as a country's interests, remained unidentified. It is easy to see on rising again and again discussion about the national idea, which would have moved the country and its economy forward. The dream of an idea that will save all us is only a reflection of self-destruction in the disease process, called the internationalism, disease, which makes any state weak inside. With such State even low-power neighbors can behave arrogantly, to impose their own views on democracy and freedom because a country that suffers internationalism, not have their own opinions. She admires the West in every way not knowing her own self-sufficiency. Countries such as Russia, therefore, become easy prey to neo-colonialism, a policy of “strangulation in the embrace” of cash flows. Self-doubt of the people is passed to the political leadership. Since "we can't anything ", they propose go to developed countries, and beg for investment and new technologies. Along with these foreign investments foreign owner of big business comes. When the owners becomes a lot of, the quantity passes in quality. Namely, under present political technologies through democratic elections they are able to impose their puppet comprador government on the people and so it was many times in world history.

An alternative way is different. If a nation is strengthened by the consciousness of power, it perceive gap as a challenge. Its government is not begging for technology, and gets them almost for free by sending a lot of students and teachers in developed countries for training. The Government believes in the power of the people. They bring these technologies into their heads, the acquired skills and abilities. The Government buys the company abroad and gain access to their technology. Instead of creating reserve a fund consisting of attachments of petrodollars in overseas assets the government is investing in new businesses.

The reason for the weakness is in one - lack of the nation's self-confidence and self-sufficient as a great nation. This is the main national idea - to believe in themselves and to break with the internationalist false equality. In order to be respected and imitated us, you must first learn to respect himself as a great nation with an ancient history.

By the beginning of the XX century a single powerful state with its own style of life and governance of the country, which became Russia was created. But it has lost this quality at the beginning of the XXI century after decades of degradation of the titular nation. The government which controls the great nation itself has to be responsible in their decisions, it is afraid of his representatives in elected bodies and weighs every own step.

As an example of the growing consciousness of the nation in resistance neocolonialism present the latest innovations in the policy of the Chinese leadership, imbued with a desire not to imitate or copy the Western advice, and actively protect national production and to pursue a policy of expansion[[2]](#footnote-2):

In 2010, the main Chinese manufacturer of aircraft is given tax relief for $ 360 million and loans of 26 billion. Funding for the local aviation industry is accompanied by the insistent request of the Government to major air carriers refuse to buy more foreign aircraft in the current year. They are going to establish a fund of 10 billion yuan (1.5 billion dollars) to finance over three years the development of new technologies, including renewable energy sources and mass production of electric vehicles. To ensure a stable increase in foreign trade the decision has been made to increase the rate of tax return to firms on export of engineering products and electronics with a high knowledge-based and value-added. Central Fund for foreign trade is supported also. The Government intends to create a two state fund to finance the steel companies that want to buy the assets of foreign mining enterprises. In other words, Chinese companies are going to buy foreign companies to the government money under the guise of their own funds.

In monetary policy, China has reduced the value of the discount rate in November 2010 to 11-year low of 5.58%. At the end of December - up to 5.31%. The government plans to change the structure of foreign exchange reserves by increasing the share of gold. It is estimated that currently 75% of China's currency basket hold U.S. dollars and securities. Currently, reserves are 600 tons of metal, but a plan to increase them up to 3-4 thousand tons is considering.

From this list we can conclude that the policy of the Chinese government based on direct subsidies to domestic producers and their foreign expansion, on cheaper loan and the accumulation of gold reserves to promote in the long term the yuan as an alternative to the dollar.

The economic policy of the state, no matter what goals it pursued, materialize through the impact on people's behavior. It changes the relationship between them, but in those relations, they show their unchanging nature. Therefore, the detection of the laws of relations nature allows us to provide a scientific basis for effective economic policy for any country regardless of its peculiarity.

In real politics, in many cases the opposite is obtained the expected results. This is due to the inverted strategy of governance: from the analysis of particular current problems come to the particular solutions in the hope that the general problem of economic growth will be solved someways. It is clear that the movement from the known nature of the processes of transition to concrete measures of economic policy promises us a more effective policy decisions.

The transition period is a process of transformation of the former economic system in the new one. He goes through a series of stages. The function of the economic system as a whole is to provide a living of people. Each of the elements of the system performs its functions for this, but in the transition period the elements of the system are transformed, some of them disappears and is replaced by new ones.

For each element of the system is not performing its function in it, the result is rejection and abandonment. If the leadership of a country is not fulfilling its functions, defined more by Adam Smith, does not provide a defense, crime reduction, social protection, if it solves the problem of short-term replenishment of the budget, what sets the strangulation of national production firstly there will be a change in leadership with the conflicts, then the rejection of subordination to the center and the collapse of the state into smaller territorial units. From the perspective of developed countries, this centrifugal process in developing countries is beneficial and fits into the overall strategy of neo-colonialism.

If the government does not create the conditions for production, the reduction of the latter will reduce state revenue. Shrinking state budget will in turn make the state bankrupt unable to perform its functions. Such government will be rejected by society as an extra parasitic element of the social organism. Then the foreign countries offer financial assistance in the form of large loans, accompanied by requirements of price deregulation and accelerated privatization. Then the freedom of prices will lead to galloping inflation. As a result of rapid privatization profiteers will sell each other cheap companies and production will stop. Nothing will be to give for the external debt. In fact once we have experienced it. When in early 1992 was in excess of the national budget deficit, the government under the leadership of E.T. Gaidar was to borrow heavily in the West. First, they give easy, then harder and harder, finally, began to intervene directly in economic policy, requiring rapid privatization and unregulated prices. The government itself has sought to it. The result was 10 years of degradation and destruction of the economy, while maintaining substantial foreign debt and the need to pay by sacrificing all the social programs. Economy, as you know, was saved by grew up energy prices. They also rescued from the stranglehold of neo-colonial dictates of creditors against the debtor. Russia freed from the snares of London and Paris clubs of creditors. The government under President Vladimir Putin has extinguished the foreign debt ahead of schedule and substantially reduced them. It would not like to the second time "to step on a rake" now.

For several reasons, successive Russian government created the conditions that are unacceptable for economic development. Industrial production by mid-1998 was only 46.8% relative to 1990 year [[3]](#footnote-3). For comparison, during the Great Depression of 1929-33 U.S. production has declined by 29%. In Russia, as a result of reductions and related conditions the receipts of federal and local budgets have declined to the level of the state's inability to finance the performance of their duties to society.

In the western textbooks role of speculator, who takes the goods out there where a lot of cheap, and takes them to where expensive (i.e. "Arbitration"), is evaluated positively. When the oil companies in 2011 as a result of government pressure on gasoline prices under the threat of antitrust action, they saw an alternative in the form of exports at higher prices, their arbitrage has led to a shortage of gasoline. Exporters, taking goods from balanced domestic markets, leave them with the supply deficit and inflation. Can we call this positive alignment for the territories of Russia? Export increases, the budget revenues, too, but with them is growing deficits, high demand and the devaluation of income. Export of goods from the regions imports inflation.

The theory of speculation does not account Russian territorial disparities in income and levels of inflation. In Moscow everything is expensive, and with rising prices incomes are rising. Therefore, the underdeveloped region remains with low prices and low incomes. It is convenient to export goods from it, leaving him in desert of high prices. Thus the center exploits the regions.

The bottom line is - inflation is a consequence of regional exports in the international as well as in inter-regional trade. The task of the government is monitoring the conditions of territorial markets and timely export quotas instead of applied today clumsy instruments of customs duties. Quotas should be not unexpected discretionary action of Government but administrative control in the cases described, previously known to all market agents. A deficit ”on flat place” is precisely such a case for the application of quota sanctions. In line with this look funny, if not stupid, arguments in favor of free trade and a common economic space within Russia without the proper framework conditions. The governors, having no federally instrument for setting quotas were typing outright ban on the export of food from their regions in the 90s than violated the principle of economic unity of the country. But in what is the reason for such illegal actions? It is in counteracting to deficits in conditions of the absence of legal instruments executed by a rough method of the ban on the principle: "let a region neighbor go hungry".

With the exhaustion of natural resources market shortages will be commonplace. At this condition exports to developed countries of those goods which are in short supply in the domestic market, is an action of neo-colonialism. Private traders craving to sell goods abroad are contrary to the interests of the domestic market. As if we went back to the days of mercantilism. What is beneficial due to the difference in prices is unfavorable throughout the country and to its lagging regions.

Exploiting the developing countries, developed countries get not only advantages but also disadvantages. Becoming rentier countries, they produce less and less on its territory. Their own people are increasingly beginning to live on benefits derived from foreign income. For example, the share working in industry in the United States declined to 23% of the economically active population, while the proportion in the service sector is growing steadily. Therefore, their dependence on fictitious capital increases. In the growing imbalance between declining employment in manufacturing and the growth of remittances from abroad lies the "Achilles heel" of the U.S. economy. Its wealth connected with the fact that the dollar - an international currency.

The development of the social division of labor and the development of markets are not the same thing. The Government supports the production, developing the international division of labor, and violates the principle of supporting the production, when refusing to intervene in the arbitrage of traders. The international division of labor involves the free exchange and in this sense, the economic policy of freedom of trade is reasonable and economically prudent. But it is only in this sense. Freedom for traders is a recognized necessity to operate within their responsibility to the country, its people and their own long term perspective. For those who in the course of privatization bought collective farm with the selective cattle and for the momentary benefit shipped elite cattle for slaughter within 2-3 months, getting up to 1000% profit in Pskov province, Russia probably was a foreign country, as well as its population. They developed trade and demanded freedom of trade, but they destroyed the results of years of cattle selection and destroyed agriculture. Free trade as a principle is reached, and the production destroyed.

You need to create economic and legal conditions for the smooth implementation of labor process of and exchange. This principle follows from the functional purpose of the economic mechanism. But another principle follows from it too. Every exchange should be an exchange of two goods with money G1-M-G2, rather than the first part of G1-M, followed by removal of the money (M) to abroad, or using them exclusively for new speculative operations on the withdrawal G1 from regional markets not returning there other products (M-G2). Any attempt to achieve economic growth without considering the conditions for maintaining the equilibrium of territorial markets certainly worsen the economic situation, even if in a short period of time will bring revenues to the federal and regional budgets.

The reduction of its own production as a result of inflation, triggered by exporting traders in the medium term, of course, will increase production for export, but due to rising prices - and for supply on the regional market. The region's economy will recover by itself but while this slow process will reach a positive result, the population will fall into poverty, and the government will borrow to provide citizens with the most necessary, as it actually happened in Russia in the early 90s. The loan taken to invest in production, but spent on the purchase of consumer goods from abroad, will cause a temporary improvement in welfare, but then the situation will deteriorate even more. Money is spent, the production is not established and the credit should be given. Similarly instrument of neo-colonial policy is long (a year or two) grant aid consisting of stale foreign goods, which, for example, were sold in St. Petersburg at throwaway prices in 1990-92. Their presence in the market has reduced the market price, making an unprofitable production of national goods and destroyed the national producers. As a result, there is no product, no production.

Global economy at the same time leads to a global competition that has a significant impact on the national structure of production. This is competition of unequal participants. Governments in developed countries are strongly pushing for the creation in developing countries, a favorable economic environment in which they claim “will be able to work without fear both domestic and foreign multinational companies ... the proposal should be protected from encroachment of competitors in order to ensure receipt of income during the period necessary to achieve the goal”[[4]](#footnote-4).National business will react to the arrival of strong contenders, if government opens the doors wider to them, by enlargement of the business through the centralization of capital. Globalization leads to enlargement and the justification for this is the desire to achieve no less power than have foreign competitors. So with the approval of the government created the financial and industrial groups, holdings, and the network. But for the domestic market buyer quickly it is time to reap the bitter fruits. First, the associations instead of the expected competition from them prefer to enter into cooperation with strong foreign vendors and with each other and become partners. They resell at a profit to a country what is not enjoyed success abroad, and export goods, breaking regional balance of markets, as discussed above. Second, they become monopolies in local markets, forcing regional authorities to destroy local small and medium businesses. Monopolies are dangerous is not its size in relation to the carrying capacity of the market. They are dangerous for their business practices. For example, in St. Petersburg after "stripping" by local authorities of vast accumulations of small traders their place were taken by civilized trade network X5 and other retail network, gas stations, fast-food network, network of mobile operators. The results of their business practices have become widespread deterioration in the quality of food and medicinal products. The authorities had to actively apply antitrust laws to restrain unjustified price increases. Parliament promptly passed a law containing the restriction of retail trade, which before the arrival of the market network was not necessary. So globalization, which caused competition a strong with a weak and then a monopoly on the national markets, has led to deterioration in the quality of life and the suppression of its activity in the small business not only in St. Petersburg, but throughout the country, except for those regions, where about it not heard

The duality of man as a guiding star is extrapolated to the policies of countries - a compromise of individualism and collectivism. But this is an abstract average thesis. In contrast, it should be said that in such a trade-off benefits are distributed unfairly. Even in the theory of comparative advantage of David Ricardo, justifying the profitability of trade for the underdeveloped countries with a country with high labor productivity, significantly greater gain in the exchange receives a developed country. Therefore, the protection of national production in the spirit of the late mercantilism is a rational strategy for developing country. Removing the barriers leads to the exploitation of its resources; the preservation of barrier preserves the backwardness of the national output, as shown by the example Autovaz, eventually passed into the hands of foreign partners, and even with a prayer asking for help.

Compromise is in predictable policy pre-announced by the government, and in procedure of removing the barriers of protection to a certain time. The Government should not indefinitely support the enterprise to the detriment of domestic consumers but it shouldn't terminate support in favor of export-oriented industries, arguing, for example, the entry into the WTO of their need for favorable trade regime, but in reality desire of authorities to supplement the budget from exports.

Many in the leadership of the country's claim that it must be followed by international obligations, to respond to external debt, to be a good neighbor, recognizing, and obey the country's borders, care for the environment and not pollute the territory of other countries. In the broader context of decision-making, this view is correct, because the country is part of the world community of nations, and has certain responsibilities to that community, through its representatives - special interest groups. Country fail to address these groups is attracting hostile attitude, has additional costs and loses financial attractiveness. But above all, the government must ensure the survival of their own country. As soon as it ceases to exist as an independent economic unit, its government loses the ability to protect the interests of the population and foreign special interest groups. Then do not be funds and tools for fulfillment of international treaties Is not it better to establish initially priority to domestic needs of the economy of the country to international obligations?

When the industry is strong, the government takes from participation inside country and reoriented to help their businesses in foreign markets in their expansion. Initially this support was carried out by colonial conquest. Then the growth of self-consciousness of the exploited nations has led to a struggle for independence. Place of military force has taken the power of money. The enslavement have been accompanied and still accompanied by a requirement to open its borders for foreign capital, to remove barriers to promotion of products and financial services. As a result, domestic production degraded and turned into joint or a foreign.

Separate policies for white and blue collars are used for the free movement of personnel. First are attracted in every way, second aren't let. The best personnel are moving, leaving the cost of their education in their countries, and bringing income in developed country. Unreasonable policy regarding higher education in Russia is pandering to "brain drain". For some reason, the priority becomes to achieve recognition of diplomas of our universities in the West. This just pushes to the emigration of people with higher education. Policy of blind imitation found expression in forcing universities to move to staging bachelor's and master, which in technical colleges directly led to a decrease in the quality of training of engineers. The education system is now focused on the brain drain of specialists, even by a system of incentive publications abroad, instead of promoting its own magazines in English.

True, the former colonies, using the channel movement of workers, flood the world with their proletariat more than with intellectual minority. But this does not apply to those countries that were not colonies. For them, politics severe restrictions on entry of people and import of capital for the purpose of buying companies can clearly be seen. Any attempt to point them on the double standards, such as in respect of the visa regime between Russia and the EU, lead to counterargument of poor business climate in Russia, corruption, or to the fact that there is EU legislation, and they cannot change it.

The policy of protectionism in trade and capital movements can provide invaluable service to national production, if implemented the following measures:

* Further reduction or reset rates of import customs duties on technological equipment, which has no domestic analogues, followed by expenditures of state budget for the training of Russian specialists in producing countries;
* At the same time the "pointed" preservation of high import duties on competitive equipment produced by domestic companies in need of objective reasons in support and protection at the state level;
* The set of protective, antidumping and compensatory measures needed to support domestic agriculture and related sectors of Russian industry. The initiative of the producers themselves should reinforce by schedule of regression of these measures over time;
* Policy support for the expansion of our capital abroad;
* The preference of the national currency in payment for oil and gas;
* Instead of cheap ruble policy to encourage exports which leads to a reduction in imports, the strengthening of the ruble for the effect of cheap industrial modernization.

The policy of catch-up country should be based on the protection not of the international division of labor and not from foreign direct investment, but from outright neo-colonialism, hiding under the veil of friendship and mutual assistance of its instruments used by strong countries to exploit the developing countries. Consequently, it is the economic policy of conducting the watershed between the mutually beneficial cooperation and covert attempts to violence in order to obtain long-term unilateral advantages, the policy support of the national production.

1. Ludwig von Mises. Human Action: A Treatise on Economics. Fourth edition, copyright 1996. - P.7 - http://mises.org/page/1470/Human\_Action\_HTML. [↑](#footnote-ref-1)
2. The global financial crisis. China - Economic Challenges and Opportunities. - China 2010. - http://wenku.baidu.com/view/7798d88583d049649b66588c.html. [↑](#footnote-ref-2)
3. Monthly bulletin of Statistics, 1998, 9. - P.32. [↑](#footnote-ref-3)
4. The Oxford textbook of marketing/ edited by Keith Blois. – Oxford university press, 2000. - Р.71. [↑](#footnote-ref-4)