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Review Paper

Socio-economic Aspect of Territorial Organization of Power

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ABSTRACT

In the article, theoretical aspects of territorial organization of power are considered, as well as examples of practical implementation of appropriate concepts and approaches. Actual and potential pitfalls are considered, based on specific examples, in particular, on the example of gentrification in the United States. The main provisions of the most advanced methodological approaches to strategic planning of social and economic aspects of territorial development, as a function of territorial power, are systematized

HIGHLIGHTS

- The article is devoted to the analysis of approaches to the vision, concept, and practices of social and economic activities of regional/counties/community authorities within the framework of territorial organization of power.
- The obtained results demonstrated the necessity of thorough balancing social and economic tasks facing territorial power, without significant deviations to one or another side, with the aim to avoid negative consequences in the long term.
- Practical recommendations can be applied by state and municipal authorities, heads of sectoral departments and ministries to develop legislative and regulatory legal acts regulating issues of socio-economic development of regions and territories.

Keywords: Territorial power, Territorial Community, Public Administration, Programs, Forecasting, Gentrification, Development of Territorial communities, Development of Territories, Management of Economic Development of The Community, Sustainability

The territorial division of the state, the legal status of its constituent parts and the organization of power in them, the degree and forms of centralization and decentralization of power, the presence of territorial and other types of autonomy in the state, the organization of local power and other issues may not be considered in strict connection with the federal or unitary forms of territorial device, Anglo-Saxon, continental or other models of local government.

Therefore, the proposed theory can successfully operate with such categories as “state”, “public legal entity”, “municipal entity”, “sovereignty”, “territory”, “territorial structure”, “state authority”, “public authority”, “local self-government”,

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“competence”, “federation”, “federalism”, “Unitarianism”, “regionalism”, “polycentrism”, “decentralization”, “deconcentration”, “autonomy”, “territorial autonomy”, “corporate autonomy”, “subsidiarity”, etc.

Territory, one of the main features of the state and the most important element in understanding the essence of the state as a form of political organization of society, is “the foundation for building a system of state authorities and local self-government aimed at successfully solving the problems of the rational organization of the state” (Cole, 2021). The territorial structure of the state is determined by its historical and cultural evolution, the formation and development of the economic system, political and legal institutions. It acts in the socio-economic development of society both as a factor in development and as a result of this development (Davis and Griffiths, 2018; Teles, 2023).

Any territorial entity combines the territory itself - part of the territory of the state, the population living on this territory - part of the population of the state and the public authority (authorities) that manages this territory and this population within the framework of those rights that are granted (left, recognized, etc.). e) the power of the state (Arivazhagan *et al.* 2023). At the same time, the development and practical implementation of effective mechanisms for strategic planning and balanced regulation of the economy of territories and their social development is an urgent scientific problem, the solution of which largely depends on the relationship between business, government and the population in the context of differentiation of economic interests and potential competitiveness of the territory. Under these conditions, a comprehensive study of the array of all the social and economic aspects of the territorial organization of power acquires special relevance and importance.

The quality of the socio-economic development strategy is achieved through advanced forecasting technologies, analysis of the internal and external environment, formation of development scenarios, development of effective tools for public-private partnership, monitoring and implementation of plans (Byrkovych *et al.* 2023). The need for effective interference of various instruments of state regulatory influence within the framework of a systematic approach to planning the socio-economic

development of the territory as a factor in ensuring sustainable economic growth of national economies and the social sphere in any country determined the relevance of this article’ subject.

MATERIALS AND METHODS

When implementing the objectives of the study, dialectical methodology, comparative, systemic, retrospective-historical approaches were used. These methods and approaches are focused on an objective reflection of reality, although from different epistemological points of view.

Also, the theoretical and methodological basis of the study was formed by theories and concepts of managing regional development (global capitalism, innovative development, finding a balance, regulation, institutional, resource, environmental), conceptual provisions for state regulation of market processes at the regional level.

LITERATURE REVIEW

The humanization and socialization of the modern economy, the active use of a systematic approach through the inclusion of political, social, cultural and other components has expanded the understanding of regional economic systems. There was a concept and a general idea of socio-economic regions as territorial socio-economic systems. In the very concept of territorial socio-economic systems, a general idea of a public territorial complex has already been laid down, as a set of interrelated forms of human life, developing on the basis of organized production (Swianiewicz *et al.* 2017).

Subsequently, territorial socio-economic systems were understood as a spatio-temporal combination of socio-economic elements of human life, involved in the process of social reproduction based on the geographical division of labor. In the course of further studies of the territorial spatio-temporal organization of human life, not only did the idea of a market economy, the territorial organization of production, and the infrastructural development of the territory expand significantly, but the influence of moral, cultural, historical, social and other “worldviews” factors on the development of individual territories was also taken into account. The “framework” of territorial socio-economic systems has become “narrow” to fully reflect all aspects of human life” (Moldovan and Cristina,

2017). A complex process-time approach to the study of a separate territory has come to the fore, issues of social development and social organization of the territory are topical.

The territorial organization of society has undergone significant changes not only at the global and national levels, but also at the regional. In the process of civilizational development of countries, their productive forces and economic relations, in the territorial organization of society, huge changes took place: the forms of territorial organization of the economy became much more complicated, its processes diversified in structure, the urbanization of population settlement systems in developed countries sharply increased and, accordingly, macroeconomic imbalances. Between their centers and periphery; the contradictions between the few cores of the geopolitical space as the main poles of world development and their semi-periphery have become aggravated (Deyneha *et al.* 2016; Gaman *et al.* 2022). Today, the scientific community is clearly aware of the need, on the one hand, for a broad generalization of the experience of applying the category of “territorial organization” in accordance with the types of economic activity, and, on the other hand, for understanding the modern vision of the integral forms and processes of the territorial organization of society (Avki, 2014).

Experts do not question the assertion that the development of an effective strategy for the socio-economic development of the territory can be ensured through the proposed organizational and economic mechanism, which includes interconnected functional blocks of elements of strategy development (analytical, goal-setting, scenario, forecasting, controlling), as well as methodological tools (matrix “reachability/attractiveness”, a field of dilemmas, a pyramid of regional development goals, a system for monitoring and controlling the results of the implementation of the strategy), which is focused on achieving a balance of interests of the state, business, and the population, creating prerequisites for sustainable economic growth of the region and improving the quality of life of the population in the context of differentiation of interests and potentials of competitiveness of regions (MacCallum and Haddock, 2016).

Creating conditions conducive to improving the quality of life of the population of the territories is a

key task of the state regulatory policy, the effective formation of which must be carried out taking into account the factors determining it, which is what the territorial organization of power is aimed at. It is proposed to expand existing ideas about the factors that determine state regulatory policy in the literature according to the following criteria: the degree of state influence, the economic interests of regions, and the potential for competitiveness of regions and territories (Amin, 1999; Schwerdtner *et al.* 2015). However, speaking about the socio-economic aspects of the territorial organization of power, it is necessary to take into account both the historical background and the trends of the present, especially in recent decades.

RESULTS

Currently, one of the most difficult tasks of the modern national economy of many countries is the dynamic development of various types of regions and territories within the framework of a single economy. Regions differ from each other in different competitiveness potential and regional development interests, which should be effectively interfered into the national economic development model (Gavkalova *et al.* 2022; Humenchuk *et al.* 2023). To solve the problem of qualitative growth of the region’s competitiveness, it is necessary to form a socio-economic regional strategy that would determine the way to achieve sustainable economic growth and unlock the potential of the region with the most efficient use of its resources (Kalyayev *et al.* 2019; Gupta *et al.* 2021). A necessary condition for a high-quality state regulatory policy of regional development is to achieve a balance of interests of the state, business and the population of the region in the development and implementation of the socio-economic strategy of the region.

The vital activity of society and the system of power have a multi-level hierarchical orderliness, objectively form the levels of organization and management of societies - from national (national) to local (local). The diversity of natural-geographical, socio-economic, historical, ethno-cultural and other conditions determines the objective regionalization of the country (Klymenko *et al.* 2016; Gupta *et al.* 2021). There is a division of its territory into qualitatively different territorial parts with various spatial combinations of natural and social

conditions, with different economic specialization, with special socio-economic functions that require appropriate differences in their management. The processes of regionalization occur at different levels of territorial organization - national, regional, local (Khomiuk *et al.* 2020; Karpa *et al.* 2021). They have their own dynamics, their own development trends and therefore require the study of the directions of such changes and development trajectories. Regionalization is interconnected with the peculiarities of the system of power and the administrative-territorial structure.

Thus, the rationale for a new scheme for a rational administrative-territorial structure of the country should take into account both the objective processes of multi-level regionalization and the need to form an effective system of power. At the same time, the system of power is organized taking into account the existing regionalization and the current administrative-territorial structure of the country. Finally, regionalization processes have an objective basis and at the same time are subjectively influenced by the current system of power and the existing administrative-territorial structure (Cole, 2023).

States still remain diverse and, most importantly, unevenly developed. Modern society, with its formal equality, cannot put up with prolonged disregard for the interests of one or another of its social strata (Kryshtanovych *et al.* 2022; Kussainov *et al.* 2023). Their ratio, as well as the movement for the adoption of certain obligatory regulations, constitute the content of the state. It always has a concrete historical character.

The specific historical character, in our opinion, is made up of subjective factors and objective conditions for the development of any state. Subjective factors represent the activities of the subjects of history, which are classes, social groups, parties and individuals (Litvinova *et al.* 2020; Kulikov *et al.* 2022). The most important components of subjective factors are public consciousness, the level of culture, the volitional qualities of people. Subjective qualities are very dynamic and subject to various fluctuations. They can have both a positive impact on the form of the state, and a negative one, since it is in them that powerful creative and no less powerful destructive capabilities are embedded. Subjective factors can be both an acceleration of

social progress and its brake, they can both give stability to social and state development, and lead it to death, destruction (Novak-Kalyayeva *et al.* 2018; Kyrychenko *et al.* 2022).

Objective conditions include geographic, natural-climatic, geopolitical, ethnographic and other factors that provide states and people inhabiting them with everything necessary for existence. The nature of the action of the laws of development of society, social and state stability largely depend on them. Note that historical reality appears as an interweaving and interaction of the subjective and the objective. The process of their interaction is characterized by a certain trend and direction (Kapsalis and Kapsalis, 2020). In practical activity, the objective and subjective aspects of historical development act as interpenetrating aspects of one and the same phenomenon.

DISCUSSION

In the current conditions of global economic instability, one of the most acute problems is the deformation of the socio-economic development of territories, which, if manifested strongly, hinders the stable development of the country's economy and society as a whole (Portnov and Felsenstein, 2005). A set of basic measures aimed at reducing differentiation in the levels of development of territories is designed to facilitate the transition to an effective model for the implementation of state policy, the purpose of which is to build an effective and flexible mechanism for managing socio-economic development in order to achieve territorial balance (Panasiuk *et al.* 2020; Levytska *et al.* 2022). To build an effective mechanism for managing the balanced development of territories, it is necessary to clearly understand the essence of balanced development and the conditions under which it is achieved.

Balanced development of territories means reducing distortions in the level of socio-economic development and ensuring a balance between economic growth and ensuring equal opportunities for all municipalities and regions, regardless of the types of territorial entities, geographical location, availability of natural resources, and the scale of the economy (Schwerdtner *et al.* 2015).

Ensuring effective management of the development of the territory and achieving economic growth

requires a comprehensive analysis and use of opportunities that determine the dynamics and potential of the socio-economic development of the territory (Maksymenko *et al.* 2020; Novak *et al.* 2022). The solution of problems of such complexity is based on serious methodological support, the development of methods for optimizing strategic and planned territorial development and the creation on this basis of a system for evaluating the effectiveness of program implementation.

At the same time, the role of the influence of the state and other power structures on the socio-economic development of the territories is significant. Planned and market mechanisms do not contradict, but complement each other (Troschinsky *et al.* 2020; Panasiuk *et al.* 2021). The need for state regulation is due to the complexity of the ongoing socio-economic and political processes, as well as the impossibility of solving emerging problems only by market mechanisms. As John Kenneth Galbraith wrote, the goal of government intervention in economic processes is to mitigate and stabilize their effects (Galbraith as cited in Teles, 2023). The balanced development of territories is not a task of market regulation, but it is a prerequisite for the effective integrated development of the state. For example, “Detroit gentrification means ‘forced relocation’ of Black seniors” (Moskowitz, 2018) – the case when economic and social goals contradict each other, or, better to say, short-term goals dominate. Fig. 1 clearly shows how ill-conceived gentrification in Upper Manhattan (New York), without systematic consideration of long-term socio-economic effects, leads to tangibly negative social outcomes.

Americans who grow up in economically struggling places report lower school performance, greater crime rates, a variety of health and environmental risks, and less opportunity for upward mobility, according to data from a wide range of sources (Vahonova *et al.* 2014; Yermachenko *et al.* 2023). The coronavirus pandemic has put the effects of these disadvantages starkly on display because the virus has disproportionately affected low-income areas and communities of color.

Governments at all levels have spent hundreds of billions of dollars over the past 40 years on a variety of geographically targeted, or “place-based,” economic development programs designed to increase job creation and business investment,

encourage real estate development, or raise property values in particular places. This has been done to address local disparities and help struggling areas thrive.

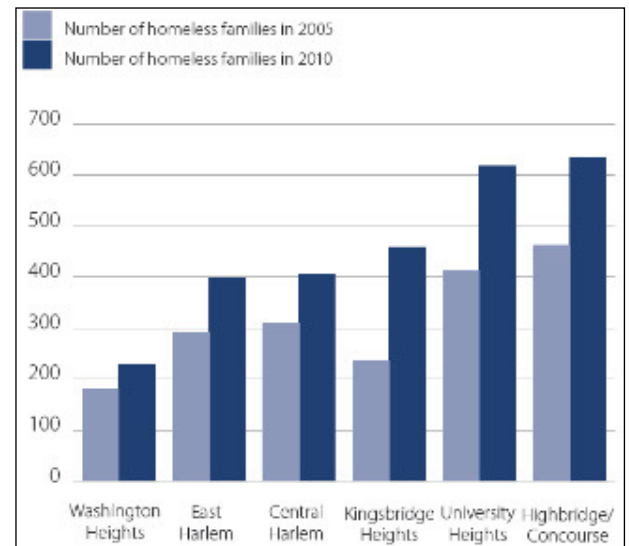


Fig. 1: Homeless families in Upper Manhattan and surrounding neighborhoods (*The Process of Poverty Destabilization: How Gentrification is Reshaping Upper Manhattan and the Bronx and Increasing Homelessness in New York City*, 2014)

However, prior studies have demonstrated that place-based interventions frequently fail to help the communities and individuals they are meant to support. The Pew Charitable Trusts conducted a literature assessment of more than 100 studies from research organizations, academia, and governments, including more than 40 studies generated by states, to better understand the causes of this lack of success. Additionally, Pew staff conducted more than 30 interviews with researchers, government officials, and national experts (Vahonova *et al.* 2014; Zilinska *et al.* 2022). The analysis concentrated on state governments because they are essential to place-based development initiatives, aid in the administration of significant federal programs for economic and community development, design their own initiatives, and create laws that set the parameters under which local government programs must be implemented.

Pew’s analysis found that the criteria that states use to geographically target their programs are often ill-conceived or out-of-date, with the result that initiatives end up serving wealthy locations instead of disadvantaged ones. And even when programs do reach the intended communities, they often

are not well-suited to help residents (Chapman & Goodman, 2021).

North Carolina uses a ranking system to determine localities' eligibility for place-based initiatives, grouping counties into three tiers based on their level of distress. As of 2015, the state used those classifications to target 15 programs, ranging from CDBG and LIHTC to a state spay-and-neuter program.⁴⁷ However, an evaluation by legislative staff found that the system did not effectively direct resources to the counties most in need: Only 24% of the \$71.4 million the state committed using the system went to the most distressed counties (see Fig. 2).

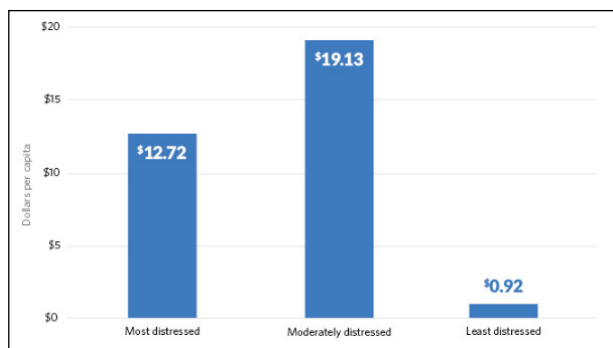


Fig. 2: North Carolina's system directed less money to the neediest counties than to more prosperous ones (Chapman & Goodman, 2021)

One of the main reasons for the existing territorial disproportions is inefficient public administration and the imperfection of the regulatory and legal framework in the field of ensuring balanced development. Public administration should be aimed at creating optimal conditions to ensure a balanced sustainable development of territories.

For example, gentrification as urban gentrification is one of the most common recent definitions downtown neighborhoods are being rehabilitated and upgraded by an influx of private capital and middle-class homebuyers and renters. At the same time, in scientific research there is a general trend of its further sociologization, while the economic trend is on the periphery of the research field. Therefore, if sociological "gentrification" has already formed a fairly extensive glossary, then economic "gentrification" is represented to a much lesser extent. We are not talking about opposing the sociological and economic methodology of the study of gentrification, but distancing from the economic

component of this process limits the possibilities of its theoretical and functional-applied analysis.

It is expedient to place at the basis of differentiation and possibilities of sociological and economic symbiosis not a stratification hierarchy, which is typical for the sociological approach, but the transformation of the territorial system of real estate objects according to their qualifications, i.e., changing placement patterns. This approach can be considered an "umbrella" one, since it unifies particular manifestations of gentrification in historical, national and socio-cultural terms, while preserving its conceptual features the movement and replacement of non-identical population groups associated with investing in real estate or territory.

Genetically, the theme of gentrification in the West comes from the processes of urbanization, the problems of poverty and housing affordability, which declared themselves at the turn of the 19th and 20th centuries. The increasing concentration of the population in cities led to an increase in the value of land plots, which stimulated their owners, on the one hand, to attract a large number of tenants of real estate, on the other hand, to increase rents, which many of those living even in disadvantaged (criminal) areas and unsanitary conditions were not able to pay for it. This has been the subject of analysis of scientific research since the beginning of the 20th century and has not lost its relevance to this day. The most significant are the works of Jacob Riis "How the other half lives" (1997), Du Bois "The Philadelphia Negro" (1996), which examine in sufficient detail the situation and living conditions of the poor urban population, social tensions in the rental market housing, growing problems of class discrimination and racial segregation. It should also be noted studies of the empirical nature of the dynamics of the social situation and the housing problem, carried out by the authorities with the involvement of political analysts, the results of which had a practical orientation for administrative management (Alkon et al. 2020).

In the post-industrial era, when the nature of production began to change, the problem arose of using the territories previously occupied by industrial facilities and residential settlements of workers. Against the backdrop of obvious stagnation and degradation of such zones, it became necessary to "breathe a second life into them",

rethink their functional and planning significance in the structure of the city and agglomeration, which could contribute to the inflow of investments and economic growth of the area, thereby making it favorable for living and working. The territories under consideration, as a rule, are characterized by a large area, the presence of a developed transport infrastructure (mainly a railway), an advantageous location in the central districts of the city, the presence of industrial buildings and structures suitable for adaptation to modern use, and an industrial past valuable from a historical and cultural point of view. As a rule, the functional and planning model of the redevelopment of former industrial territories includes a symbiosis of a large public complex with objects and residential development that are unique in terms of architectural, planning or functional parameters.

Gentrification is a widely discussed issue in the US that leads to residential segregation. A 2015 study found that gentrification as a national problem is actually less common than it seems. But in urban areas, gentrification is a major problem, where rising housing costs are forcing low-income segments of the population to move to cheaper and less attractive areas (Moskowitz, 2018). Recent studies discuss that gentrification trends are only part of the dynamic. Rejuvenation, the growing presence of young people in the area, can also be seen as a trend in North American cities.

Today, gentrification is being studied as much as possible in order to learn how to use its opportunities for good. But the claim of its all-round positive influence is doubtful. Saving individual objects is a definite plus. However, the destruction of local communities and the displacement of the population within the city is undoubtedly a negative phenomenon. In the US, gentrification often affects “depressed” areas where African Americans, Hispanics, and people of other races and ethnicities live. When the face of a neighborhood changes and wealthy whites move in to take their place, authenticity is lost and local culture suffers.

While gentrification increases the value of properties in areas that suffered from preliminary disinvestment, it also results in rising rents, home and property values. As these rising costs reduce the supply of affordable housing, existing residents, who are often black or Hispanic, are displaced. This

prevents them from benefiting from the economic growth and greater availability of services that come with increased investment. Gentrification presents a challenge to communities that are trying to achieve economic revitalization without the disruption that comes with displacement.

A classic example of gentrification in Europe is the Notting Hill area of London. At the beginning of the 20th century, it was a sleeping area where the middle class lived. But after the bombings during the Second World War, Notting Hill was built up with slums, where emigrants from the Caribbean and the Mediterranean began to settle. As a result, ethnic hostility arose, and the area became unsafe. In the 1960s and 70s, the London authorities carried out a large-scale reconstruction of residential buildings here, built the Westway flyover and the Trellick Tower apartment building. The new space began to attract the middle class and small and large business owners, and Notting Hill is now considered one of the most prestigious areas in London (Alkon *et al.* 2020).

Today, much attention is paid to the sustainable development of territories. The main instrument designed to ensure the achievement of sustainable development goals is precisely state programs, so the role of territorial authorities is crucial. The main activities of local authorities in the strategy for the sustainable development of potential resources of the territory should also be the expansion of the sector of specialization of the economy, the creation of technically equipped processors, environmentally friendly production, the development of infrastructure and transport for the local market, the promotion of entrepreneurship, the implementation of innovation policy, effective infrastructure and territory management (Garcia *et al.* 2019). A good example of such activity is the efforts of the authorities of individual emirates in the UAE they managed to achieve very impressive results of advanced innovative development, which would hardly have been possible only through the efforts of business. In particular, in shaping the strengths of the modernization of the economic system of the UAE, the creation of infrastructure through the efforts of the territorial authorities of each emirate played an essentially decisive role. Such an increase in the contribution of infrastructure to modernization in the UAE was achieved by

clearly linking infrastructure development priorities with the most important areas of development and increasing the competitiveness of the UAE economy. At the same time, infrastructure acted as almost the primary link (after, of course, financial resources for investment) in the chain of acquiring and increasing the factors of competitiveness of a given country in the global world economic system.

However, for a holistic, comprehensive and objective knowledge of the problems and characteristics of territorial self-government and power, it is necessary to take into account, first of all, the historical factor. This allows, firstly, to consider the functioning of local authorities as a single process in its origin, formation, formation and development, far from monotony and straightforwardness. Secondly, the analysis of historical evolution makes it possible to identify a number of qualitatively different stages in the general historical movement of territorial self-government with very different political, legal and socio-economic parameters (Cross, 2014; Felix and Vaesken, 2021).

The main provisions of the most advanced methodological approaches to strategic planning can be summarized as follows:

1. The goals of regional development are formed on the basis of the identification and measurement of economic interests and the potential of the competitiveness of the territory, while, regardless of their importance, the primary goal is to improve the quality of life of the population of the region, and the competitiveness of the regional economy is considered as a tool for achieving it.
2. The choice of a priority scenario and a strategy for regional development is carried out using a field of dilemmas, an attractiveness achievability matrix, methods of scenario modeling of system behavior.
3. The development of program-targeted activities should be carried out taking into account the interests of the state, business and the population, which is facilitated by the inclusion of their representatives as experts in the process of developing a strategy, as well as planning for the expanded use of public-private partnership tools.

4. The system of monitoring and controlling the results of regional development includes not only the procedure for the timely management of the strategy for socio-economic factors, but also determine the responsibility of authorities at all levels (federal, regional, municipal) for the effective implementation of the regional strategy. The basis of the methodological approach is the proposed organizational and economic mechanism for the formation and implementation of the strategy for the socio-economic development of the region, which determines the organizational forms, procedures and procedures for the interaction of public authorities, business and the population in the contour of the formation and implementation of the regional development strategy, as well as economic methods and tools determining the goals of the socio-economic development of the region, choosing a priority scenario and development strategy, monitoring and controlling the results from the standpoint of the effective use of regional potential and resources.

At the same time, four functional blocks act as the central link in the organizational and economic mechanism of strategy formation: the block of goal setting, the block of choosing a strategy and priority development scenario, the program and methodological block and the block of monitoring results. This approach to the formation of a strategy for the socio-economic development of the region makes it possible to improve the quality of regional strategic planning as a function of territorial authority.

An equally important task today is the creation of a legal framework that regulates the legal relations between the subjects of management of the balanced development of the territory. The subjects of management are not only state and municipal authorities, but also representatives of local communities the population, business structures, public organizations that directly influence the formation of the institutional environment. In this regard, it is expedient to widely use the possibilities of public-private partnership.

CONCLUSION

The socialization of the modern economy is acquiring new features and nuances, strengthening its focus not so much on the purely economic effect of production activities, but on the general comfortable living conditions of the individual. A special role in this, of course, is played by the territory, the territory as an economic asset and as an important factor in shaping the quality of the environment. Taking into account the socio-economic orientation of modern territorial development, it is necessary to define the territory as a spatial basis of activity, a location for natural, human and other resources, a special socio-economic reality, in the maintenance and development of which the territorial authorities play a critical role.

One of the most discussed organizational and economic models of the socio-economic development of territories is the ecosystem model (Kapsalis *et al.* 2019). In fact, it is about a new approach to the development of space, since the unit of analysis is not an industry, company or region, but a territorial ecosystem (for example, on the basis of a regional city), which makes it possible to maximize the use of existing opportunities (natural, human, scientific, technical, etc.) in this area. Ecosystem flows connect cities, industrial centers with remote areas (local communities), which are an integral part of the modern national economy. Thus, it can be said that sustainable territorial ecosystems contribute to the development of local communities and ultimately ensure balanced territorial development throughout the region. The task of creating an ecosystem as a self-sustaining system is the responsibility of the territorial authorities. Determining the key factors for the sustainability of regional development can help public authorities understand how to track the current capabilities of territorial ecosystems to balance ecosystems in conditions of unstable economic dynamics under the influence of external and internal adverse factors.

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