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Review Paper

State Policy in the Sphere of Ensuring Economic Security: Management Aspect

Svitlana Rozumenko^{1*}, Ulyana Novak², Anatoliy Kalyayev³, Alina Yezhuninova⁴ and Halyna Hovda²

¹Department of Management and Public Administration, Dmytro Motornyi Tavria State Agrotechnological University, Zaporizhzhia, Ukraine

²Department of Accounting and Audit of the Ukrainian National Forestry University, Lviv Ukraine

³Department of Humanitarian Sciences, Hetman Petro Sahaidachny National Army Academy, Lviv, Ukraine

⁴Department of Education and Research Institute of Public Administration, Dnipro University of Technology

*Corresponding author: scientistua@ukr.net (ORCID ID: 0000-0002-2807-1957)

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ABSTRACT

It is shown that the problem of forming the policy of economic security requires study in connection with the need to improve the theory and practice of the formation of state economic policy, as well as the study of certain problems related to the peculiarities of the functioning of the mechanism for ensuring economic security. Modern economic policy, guided in most cases by the provisions of neoclassical economic theory, in particular the monetarist theory of state influence on the economy, is not always effective enough, and state failures are becoming increasingly more frequent when various deviations of the actual conditions of economic development from classical models occur, which is especially obvious at present, with the increasing influence of the factor of geopolitics and geoeconomics on the economic security of states.

HIGHLIGHTS

- The article is devoted to the analysis of today landscape and vectors of evolution of countries' economic security and state policy in this sphere
- The obtained results demonstrated that ensuring economic security represents an important strategic task, which is due not only to the importance of this category, but also to the strengthening of threats to it, both of external and internal impact.
- The practical significance of the research lies in highlighting multifaceted nature of economic security, as well as presenting arguments confirming that geopolitics and economic security create a complex and dynamic environment that calls for keen analysis and long-term planning – thus enabling better approaches to developing appropriate state policy and its management.

Keywords: Economic security, Economic system, Economic model, National interests, Management, State policy, Geopolitics, Transnational capital, Geoeconomics, World economy

Achieving economic security is one of the vital problems of the development of any state. All spheres of human life contain risks and dangers that must be taken into account when determining and implementing the goals put forward by society. The economic security of the country is of paramount importance for its development, as it provides guidelines for making the right socio-economic decisions.

Any mechanism for ensuring economic security is basically the desire of the authorities of the state and the region (the leadership of individual economic entities) to achieve a state of sustainability

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and stability of the economy, economic growth and development based on a developed system of indicators and thresholds, as well as to gain additional benefits and advantages in all areas social, demographic, economic, political and legal, etc.

In a rapidly changing economy, in the context of the transformation of the socio-economic system, the problems of economic security are significantly exacerbated. Today's security threats far outweigh those of the Cold War and the late 20th century. The world is dynamically changing and threats are changing at a kaleidoscopic speed. As a result, security priorities identified at a particular stage of economic development are not constant and undergo significant changes in the context of specific situations (Siew Mun Tang, 2015). The system of potential and real threats also cannot be constant: they appear and disappear, grow and decrease, while their place and significance of the impact on economic security change. In the conditions of the modern economy, there is a need to rethink approaches to building a system of economic security, including taking into account the expansion of the information sphere (Arivazhagan *et al.* 2023).

This trend is reinforced by the fact that the process of globalization of the economy is an irreversible natural evolutionary process of society's development. And the economic system of a single state in modern conditions is increasingly dependent on the economies of foreign states, because in the modern world economy, most processes represent a chain reaction.

The economic security of the state is an integral part of the country's security system, along with its components such as environmental, defense, technological, social, political, and others (Byrkovych *et al.* 2023). Here everything is interconnected, and one direction complements the other. The role of the basis and foundation largely belongs to economic security. Economic security is one of the foundations for ensuring national security and its other structural elements (Ronis, 2012). Without a normally functioning economy, a worthy existence of the social, political, military, environmental, and information spheres is impossible.

Economic security is largely characterized by the level of development of production and the

economy, the presence of a developed infrastructure and minerals, a skilled workforce, as well as the nature of integration into the system of global economic relations (Raczkowski, 2012).

Considering different approaches to the definition of the category "economic security", the following can be noted (Richardi and He, 2020):

- ♦ It must identify and neutralize internal and external threats in the economy;
- ♦ It should ensure social and political stability, sustainable and dynamic development of the economy;
- ♦ It should form an effective and competitive structure of the economic system of the state, which would allow painless entry into the world economy and ensure cooperation with international economic organizations.

Thus, ensuring economic security is an important strategic task, which is due not only to the importance of this category, but also to the strengthening of threats, both external and internal ones (Byrkovych *et al.* 2023). The amplification of integration and globalization processes, the formation of strategies for the development of various industries, the need to ensure the competitiveness of the domestic economy impose the need to ensure economic security, as well as improving the tools and management of the process of ensuring it, as one of the priorities in the field of state policy.

MATERIALS AND METHODS

The theoretical and methodological basis of the study consisted of the works of representatives of classical and neoclassical economic theory, Keynesianism, some concepts and generalizations of modern schools of economic theory, as well as the works of economists studying the process of protecting economic interests and developing ways to ensure economic security, as well as improving state economic policy in the conditions of geopolitical challenges.

The work is based on the application of general scientific research methods based on a systematic approach (Deyneha *et al.* 2016). To study individual issues, in particular, the methods of historical and logical unity, idealization, formalization, systemic and comparative analysis, generalization, classification and groupings were used.

LITERATURE REVIEW

Initially, economic security was considered as a component of the national security system, focused on ensuring the stability of a sovereign state, which was interpreted as the basis of a new international order (Peace of Westphalia of 1648). The beginning of the scientific analysis of the content of economic security was laid in the works of representatives of the cameralist concept (I. Wallerstein, F. List, R. Prebisch, A. Emmanuel, etc.), within which the need to develop and implement a protectionist policy in order to ensure the independence of the state in the system of world economic relations was substantiated. Further development of this sector of scientific research was associated with the formation of the Keynesian concept of protection from internal macroeconomic threats and the institutional concept of protection from administrative barriers (de Soto and others).

The term “economic security” became widely used during the Great Depression. In 1934, by decree of US President F. D. Roosevelt, the Federal Committee on Economic Security was created. However, this did not mean the allocation of “economic security” in a separate economic category. The created committee dealt with the “economic security” of individuals, namely, primarily the fight against unemployment (Barr, 1992).

There are different approaches to the interpretation of the term ‘economic security’. But all scientists in their opinions agree that this concept is closely interconnected with such a category as national security (Gaman *et al.* 2022; Kryshchanovych *et al.* 2022). These concepts are related to each other as a whole and a particular, that is, economic security is part of the national security system of the state. Both categories directly influence each other.

The current stage is characterized by the presence of three global approaches to determining the essence of economic security, namely (DeSouza, 2000; Gavkalova *et al.* 2022):

1. Anglo-Saxon, formed earlier than the rest, in the 1970s, mainly by representatives of the British and American scientific schools.

It is known that during the Cold War, American scientists proposed two diametrically opposed approaches to determining the object of economic security:

- ♦ Homocentric paradigm of economic security, according to which the stability of the national economy is achieved only if the security of an individual is initially ensured;
- ♦ Civic-centric paradigm, stating that the security of the individual is a consequence of the primary task ensuring the economic security of the state.

Today, the countries of the Global North recognize the dominance of the homocentric paradigm, although this question still remains open. Turning to the analysis of the economic situation of a subject of any level, Western researchers usually determine the characteristics of individual components of economic security: personnel, information, financial, and, in addition, consider them as separate and unrelated parameters (Vahonova *et al.* 2014; Gavkalova *et al.* 2022). Moreover, when considering the issues of ensuring the economic security of the state, adherents of the Anglo-Saxon approach often ignore the consideration of internal threats, focusing on the dominance of the economies of developed Western countries in the international space.

2. The Asian approach, which considers economic security as a set of conditions that ensure the continuity of supplies of raw materials and energy resources necessary for the state from outside (Gavkalova *et al.* 2022). The approach also pays great attention to minimizing external threats to the national economy, thereby leaning towards the civic-centric paradigm.

Japanese authors support this point of view: the economic security of Japan, which is largely dependent on foreign resources, is ensured by the stability of imports of food, fuel, and mineral materials into the country (Fukushima, 2023). Consequently, while ensuring such security, the main task for the Japanese is to maintain optimal ties with exporting states: China, the USA, Australia, etc. This position is shared by Taiwanese, South Korean, and Israeli experts, however, adjusted for the specifics of the functioning of the national economy of these states.

At the same time, Chinese experts focus on ensuring the competitiveness of the national economy and its independence; most of them talk about the need to introduce protectionist barriers in certain industries to minimize the risks of turbulence in the global

economy (Nathan and Scobell, 2012; Gupta *et al.* 2021). Chinese scientific work in this area contains a shade of isolationism, which is the difference between the Asian and American approaches to ensuring economic security.

3. The Eastern European approach was developed during the collapse of the USSR, since until that moment the features of the functioning of the command-administrative economy actually protected the economic system from various types of threats and risks. The authors of this direction can distinguish three key components of the concept of economic security, namely (Hacker *et al.* 2014; Simanavicius *et al.* 2019):

- ♦ The very essence of economic security, expressed through certain parameters, for example, through the analysis of productive forces, through the stability of the economy, as well as through the state of government institutions in the country, etc.;
- ♦ Interests of various subjects: national, public, individual interests, both in the economic sphere and in others, contributing to ensuring not only economic security, but also national security in general;
- ♦ Protection of the state from various types of threats, risks, losses, to the study, classification and evaluation of which a large number of scientific works is devoted.

There is no single universal definition of the term “economic security”. Each group of authors focuses on certain processes. The following conceptual interpretations of economic security are most widely used (Richardi and He, 2020):

1. Economic security is a state in which the people can independently, without outside interference, determine the ways and forms of their economic development.

2. The economic security of the country can be defined as the state of the ability and readiness of the economy to ensure the stability of the economic situation of the individual, the socio-economic and military-political stability of society and the nation-state in the face of internal and external threats and influences.

3. Economic security is a set of internal and external conditions conducive to the effective, dynamic

growth of the national economy, its ability to meet the needs of society, the state, the individual, to ensure competitiveness in foreign markets, which guarantees protection from various kinds of threats and losses.

4. The essence of the economic security of the state can be determined by the state of the economy and institutions of power, which ensures the guaranteed protection of national interests, the social orientation of policy, sufficient defense potential even under adverse conditions for the development of internal and external processes.

Christensen *et al.* (2018) formulate the category of economic security as a set of conditions that protect the country’s economy from all kinds of threats and ensure sustainable crisis-free development of the economy.

Ronis (2012) believes that economic security should be ensured by the efficiency of the state, i.e., the process of economic development itself should ensure its security. This approach focuses on changing the state of the national economy by increasing the level of its competitiveness and participation in the international competition for an appropriate place in the world economy.

At the same time, historically, economic science has developed two opposite approaches to the issue of implementing state economic policy and state regulation of economic relations (Klymenko *et al.* 2016; Gupta *et al.* 2021).

The first approach, based on the provisions of classical economic theory put forward by A. Smith, boils down to the fact that the state should limit its intervention in economic activity by establishing norms and rules governing relations between economic entities, as well as monitoring compliance by all entities with established norms and rules (Kalyayev *et al.* 2019). The group of supporters of this direction includes such scientists as D. Ricardo, J.B. Sey, T. Malthus, J.S. Mill, representatives of the Freiburg school V. Eucken, V. Ropke, A. Rostov, the Chicago school L. Mises, M. Friedman, A. Schwartz, and the London school F. Hayek, L. Robbins.

The essence of the second approach, which received the most complete justification in the works of John Keynes, is the need for active state intervention in the economy to protect the most vulnerable economic entities and prevent or mitigate crises.

Among the followers of this approach, one can note such scientists as T. Veblen, J. Commune, W. Mitchell, E. Hansen, S. Harris, J.M. Clarke, F. Perroux, E. Domar, R. Harrod.

To date, there is a tendency to combine these approaches in various variations, the beginning of which was laid in the works of P. Samuelson. For this period, many economists have devoted their studies to this issue, among which there are W. Samuels, G. Herman, M. Minniti, N. Bloom, S. Davis, S.R. Baker, F. Zeitoun.

However, economic security is not only a characteristic of the state of the macroeconomic system, but also a target policy function that reflects the security of national economic interests (Khomiuk *et al.* 2020; Karpa *et al.* 2021). In this context, the priority external conditions for the realization of interests are: the establishment and development of an effective system of international relations based on partnership and cooperation, ensuring the ability to deter and repel any external aggression, active and full participation in such a system of international relations, the place in which to the greatest extent corresponds to the historical, political, economic and intellectual significance of the country, military-political and foreign economic opportunities and needs (Retter *et al.* 2020).

Thus, the concept of economic security acquires a complex, systemic, multifactorial character. One of the dimensions is also increasingly being geopolitics. Geopolitics and economic security are linked factors that influence international affairs and determine the landscape of nations (Kulikov *et al.* 2022; Kussainov *et al.* 2023). Experts rightly note that at the present stage, the dependence of the economic security of any country on the development of political circumstances on the world stage has increased, which increases the importance of designing and implementing a proper set of measures to neutralize existing and potential challenges and threats to the development of the state (Khan *et al.* 2023a). This will not only stabilize the position of the state in the international arena, but also strengthen the resource potential for its further rational use and maintaining an optimal level of economic security.

RESULTS

Today, theoretical economists are faced with a

new task to find ways and directions to protect the economy and the economic interests of all economic entities within the economic system (Litvinova *et al.* 2020; Levvytska *et al.* 2022). The solution of this problem at the current stage of development of economic science is complicated by the fact that the theoretical basis for the scientifically based development and implementation of economic security policy is still not fully formed, despite the fact that the very issue of ensuring economic security both at the micro and macro levels remains in the focus of attention of economists (Stavytskyy, 2018).

As an object of legal regulation, the system of ensuring economic security is a subsystem of ensuring national security, including a set of subjects of economic security, legal relations in the field of ensuring economic security, as well as political, legal and socio-economic mechanisms that can effectively ensure economic independence, sustainability, self-development, purposefulness and manageability of the national economy (Novak-Kalyayeva *et al.* 2018; Maksymenko *et al.* 2020). The concept of economic security as an object to which legal regulation is directed is directly related to the identification of a system of conflicting relations and interests regarding the maintenance and achievement of economic security at various levels: the national economy as a whole, the regional economy, an individual enterprise, and the interests of an individual. The subjects of economic security in general are the state and society, as well as its institutions (Simanavicius *et al.* 2019). Each of these entities has unique interests, and, along with the economic security of other economic entities, primarily cares about their own economic security (Panasiuk *et al.* 2020; Novak *et al.* 2022). Thus, there is a need to ensure a complex balance of relations between these subjects, as well as many stakeholders.

Practical economics today requires theoretical researchers to address a number of issues related to the need to form a unified system of measures and determine the parameters of actions aimed at ensuring the economic security of the state in certain conditions.

The process of forming an economic security policy also requires the creation of a theoretical base for the reason that it is characterized by an extremely

high degree of subjectivity, which reduces both the quality of such a policy and the effectiveness of its implementation (Raczkowski, 2012). The development of general theoretical principles for determining the key elements of the policy, the identification of the essence of the most frequently used categories, the theoretical development of models and mechanisms for implementing the economic security policy will solve this problem and form the most reliable system in the current conditions for protecting the interests of the state, society and the individual.

However, the economic model of each country is formed in a tense struggle between representatives of transnational and national capital, the world oligarchy and the national elite for control over the institutions of state power (Troschinsky *et al.* 2020; Panasiuk *et al.* 2021). They have different (often opposing) interests and values, different instruments of influencing the economy.

The wide range of issues mentioned above only partially reflects aspects of the life of a person, society, and the state. These aspects determine the motives of behavior to ensure vital interests and are integral elements of the security of economic development. Having an economic basis, they manifest themselves at all levels: interstate, national, regional, local, at the level of a household and the level of an individual.

At the level of the world community, the most important task of the interests of the security of economic systems is to ensure such a development that would solve in a balanced way all the problems of our time the elimination of hunger and poverty, non-destruction of the environment, stable effective development, elimination of terrorism, improvement of relations between peoples, races, religious directions, etc.

At the level of the national economy, such tasks include, first of all, the creation and maintenance of an efficient economy capable of providing a high standard of living: finding own “niche” in the international division of labor, rational use of “national advantages” in international trade, etc (Yermachenko *et al.* 2023). Economic interests determine such a state of the national economy, which takes its place in the international division of labor, when the population has a sufficiently

high standard of living to meet their material and spiritual needs, to ensure the health of the population and the sustainability of the habitat. At the regional level, the problems of life interests are expressed in finding and using local advantages in domestic and foreign trade exchange, in using the characteristics of the region to improve the standard of living of the population.

In the general range of problems of national interests, the economic component acquires a leading role due to the fundamental importance of economic potential in economic activity and world relations.

Modern economic development in the world is characterized by a combination of two conflicting trends: (1) the subordination of the economy of all countries to the interests of the international financial oligarchy and transnational capital; (2) competition between national economies of independent states (Aitken, 2007). These trends create complex combinations of interests in each country, the actions of external and internal factors. The results and consequences vary from complete colonial dependence with the undivided dominance of transnational capital (countries of the African continent) to the economic power of the United States, Germany, Japan, where economic policy is based mainly on the interests of national capital and domestic producers (Siew Mun Tang, 2015). Between these poles, there are countries that are trying to form certain niches for the development of their own capital under constant pressure from transnational corporations and countries that to some extent combine the policy of attracting foreign capital while refusing or defending national sovereignty and interests in the development strategy.

The economic model of each country is formed in a tense struggle, with the use of tools to influence the economy, for control over the institutions of state power. Among these tools, there are methods and means based on the study and use of the economic, cultural, and political features of the historically determined development of countries, the subordination of the competitive advantages of each of them to own interests, the formation of information, legal and law enforcement infrastructures that are preferable for these purposes (Khan *et al.* 2023a). Controlling more than half of

the turnover of world trade and finance, the most profitable manufacturing industries (oil, electrical, and other industries), the international financial oligarchy and large transnational capital represent an impressive economic force.

Therefore, the economic interests and managing policy of the state should reflect the internal needs of the states and take into account the real threats posed by world economic relations. The evident link between geopolitical and economic security has come to the fore in an era of growing global interdependencies. The fluctuating power dynamics and international ties that drive geopolitics have a big impact on countries' economic stability and national security (Stavytskyy, 2018).

In an era of increasing global interdependencies, the intricate relationship between geopolitics and economic security has taken center stage. The dynamics of geopolitics, driven by shifting power balances and international relations, have significant implications for a nation's economic stability and national security. In the report "Geopolitics and economic security", prepared by Business & Technology University, it is rightly stated that "the interplay between geopolitics and economic security is complex and multifaceted, as political events and power dynamics can significantly influence economic landscapes at both the national and global levels" (*Geopolitics and economic security*, 2019, p. 3).

In addition, it should be emphasized that the rapid, extremely dynamic changes in international relations that occur in the shortest possible time become a catalyst for profound changes in the national economies, financial and economic policies of countries, which significantly increases the risks and responsibility of the country's leadership when making further management decisions and subsequent actions.

Even with the pluralism of opinions that exists in modern geopolitics, it can be noted that the role of economic processes not only takes place everywhere, but is also considered 'with a plus sign', as an important factor in the implementation of one or another theoretical construction (Mansour-Ichraquie and Zeatier, 2019). Moreover, the emergence of modern geopolitics on a practical level, the level of implementation is closely linked not only with the implementation of foreign policy claims, but

also with the appropriate use of the levers of commodity-money relations, a special attitude to the economy of individual countries and the world as whole.

In particular, the key feature of the influence of geopolitical factors on the situation in the oil market is mediation: expectations about future events that can theoretically lead to a change in market conditions, primarily oil supply, have a greater impact on prices than these events themselves. In addition, OPEC (+) and the political processes taking place in the member countries of this organization are still the most significant of all geopolitical factors affecting the price of oil, which, accordingly, affects the exchange rates of national currencies and national stock markets factors which are among the main determinants of national economic security (Khan *et al.* 2023b).

Geoeconomics is becoming increasingly important for the development of state policy management in the field of economic security. Geopolitical economics, or geoeconomics for short, is a relatively new structural element of both geopolitics and the global economy. It is logical to explore possible interpretations and content of the concept of geoeconomics. Firstly, geoeconomics can be understood as an economy that is focused on achieving certain long-term geopolitical goals of the state. Secondly, geo-economics can also be understood as such an economy that minimizes geopolitical risk, the risk of losing the competitiveness of the state, the risk of the collapse of the state for any of the reasons (demography, social structure, technological level of the economy, etc.). Thirdly, the concept of geoeconomics can imply that the national economy can be represented as a combination of national geoeconomics and the national domestic (local) economy (Aitken, 2007).

The author of the concept of geoeconomics is Edward Luttwak, a consultant to the National Security Council and the US State Department. In his opinion, the rivalry of states did not stop with the end of the strategic confrontation between the superpowers. Now it is increasingly moving from the military-strategic sphere to the economic sphere. Geopolitics is being replaced by geoeconomics, a policy focused on winning the economic competition. Such a geo-economy will require, he wrote, the development of economic defense and offensive

techniques aimed at the main goal of “providing the best possible employment for the largest part of one’s population,” and, if necessary, to the detriment of the population of foreign countries. In the original formulation of Luttwak, the mission of geoeconomics was defined as follows: “If the internal cohesion [of the nation] must be supported by a consolidating threat, then today the economic threat must become such”. Luttwak later developed the “consolidating economic threat” thesis (Giblin, 2013).

European researchers of geoeconomics, such as Philippe Moreau Defarges, believe that geoeconomics, as its name indicates, studies the interaction between homo economicus and space: the influence of spatial factors on the production and distribution of goods, the use of space for the deployment of economic activity. Geoeconomics, according to the researcher, seeks to equate power with control over international networks. Power stems from the ability to create international networks (trade routes, information transfer channels), use them, and profit from them. The powerful, however, are those who occupy a strategic position in an international network or set of international networks and have the talent to maximize their advantages (Moreau Defarges as cited in Khan *et al.* 2023b). Moreau-Defarge believes that a new geography has actually emerged; highly mobile, it is dictated by economic flows, the localization and movement of areas of activity in which wealth is created and consumed.

Geo-economics refers to the use of economic means of power to achieve the strategic goals of the state, i.e., the geo-strategic use of economic power, but it also has a direct impact on the internal economic policy of the state.

DISCUSSION

To assess the country’s economic security, a system of indicators is used that reflects its place in the world economic system. They reflect the gap between indicators characterizing, on the one hand, territorial space and natural resource potential, and, on the other hand, financial potential, the volume of gross domestic product and international trade, and, above all, the level and quality of life of the population.

The economic literature provides a methodological approach, which is based on determining the values of private indicators of the economic security of the state normalized relative to the corresponding threshold levels. At the same time, it is assumed that the smallest possible value of the *i*-th normalized private indicator $\beta_{i,\min} = 0.01$ corresponds to the lowest level of economic security of the state with fixed values of the other partial indicators-indicators. And, vice versa, the largest possible value of the *i*-th normalized private indicator $\beta_{i,\max} = 100$ corresponds to the highest level of economic security of the state with fixed values of other private indicators-indicators. A single value $\beta_i = 1$ corresponds to the threshold level of the state’s economic security (Hacker *et al.* 2014).

The methodological approach to assessing the level of economic security makes it possible, on the one hand, to assess the dynamics of changes in the economic security of the state as a whole, and on the other hand, to compare the levels of economic security of national economies of different countries. Calculations of general normalized economic security indicators for a number of countries for 2012-2022 have shown that they quite adequately reflect the phenomena and processes that take place in the economies of these countries and in the world economy as a whole (Fukushima, 2023). In particular, the change in the level of economic security in these countries indicates a decrease in the pace of their economic development during the years of the economic crisis and an increase in periods of a favorable situation for the development of the national economy. Often, however, even countries with a well-thought-out economic policy and flexible tools for managing it face the emergence of obvious gaps in the field of certain criteria of economic security, even in years of favorable economic conditions. Fig. 1 shows that in 2016, U.S. poverty rate was high after taxes and transfers compared to similarly wealthy countries.

Matthew Desmond, in his book “Poverty, by America”, presents shocking facts: “This is who we are: the richest country on earth, with more poverty than any other advanced democracy ... There are more than 38 million people living in the United States who cannot afford basic necessities” (Desmond, 2023, p. 6). These facts make to doubt the

effectiveness of the concepts of national economic security and rethink them.

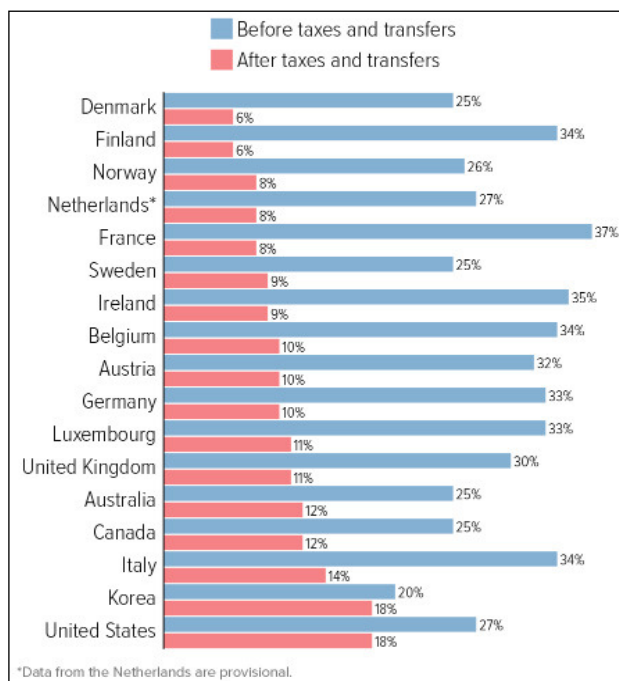


Fig. 1: Poverty rate according to common international standard, 2016 (Desmond, 2023)

One of the important indicators of economic security, and hence the effectiveness of managerial state policy, is the level of the shadow economy. The shadow economy can be characterized by its scale and destructiveness. The growth of the shadow economy will lead to a reduction in government revenues by reducing the tax base (Schneider and Buehn, 2016).

Fig. 2 shows the size of shadow economy of 31 European countries in 2021.

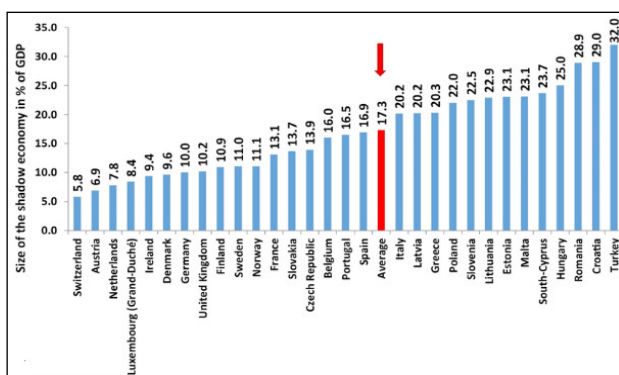


Fig. 2: Size of the shadow economy of 31 European countries in 2021 (Schneider, 2022)

According to a study by Austrian University professor F. Schneider, the size of shadow activity

in European countries averages 18% of GDP (Schneider, 2022). Such a continuing volume of the shadow economy seems to be very dangerous from the point of view of economic policy in the context of globalization. This will lead to the degradation of national tax systems. Also, an economic policy based on incorrect indicators of economic statistics negatively affects the stability of economic development. And the results of the development of international institutions for the coordination of economic policy, which is a contributing factor in the functioning of the modern world economy, may also be ineffective.

Also, the use of digital economy technologies, being a factor in the development of the economy and improving the functioning of public and state institutions, simultaneously generates new information threats (Vahonova *et al.* 2014; Gavkalova *et al.* 2022). The openness of economic entities leads to the fact that the segment of the national economy becomes more vulnerable to the negative impact of individuals from the side of “shadow business owners” and can lead to a greater development of the shadow economy as a whole (Schneider and Buehn, 2016). The scale of computer crime is increasing, primarily in the financial sector, the number of crimes related to the violation of the constitutional rights and freedoms of a person and a citizen is increasing, including in terms of privacy, personal and family secrets, when processing personal data with using digital technologies. At the same time, the methods and means of committing such crimes are becoming increasingly more perfect. The high level of the non-observed economy, corruption and the low level of economic security of business entities pose a threat to the implementation of attracting investments, introducing innovations into the economy, and the economic security of the state as a whole (Schneider and Buehn, 2016).

However, at the same time, the globalization processes taking place in geo-economic relations help to minimize transaction costs by connecting remote areas around the world, increase the scale of spatial production and economic systems, which ultimately leads to an increase in production efficiency.

Thanks to the development of geo-economics, individual countries and unions of states are also making significant efforts to integrate the

geographical factor, which is becoming increasingly evident in the development of the economic life of regions and the world as a whole. As globalization expands, states can no longer determine their strategies only in accordance with domestic interests. They must extend them to a global geo-economic strategy in order to be able to integrate more effectively into the world economy, while improving their ability to serve national interests.

An equally important factor of economic security, in our opinion, is the factor of taking into account synergistic effects from making economic decisions based on the strategic concept of economic development with echeloned implementation periods (the theory of long-term economic development). Taken together, balanced in place, time, and resources, taking into account the interests of both the state, and society, and the individual citizen, such economic decisions objectively bring production efficiency to a new, higher level, remove the alienation of the employee from the results of labor and, as a result, give rise to the expected economic growth.

CONCLUSION

The problem of economic security is vital both in terms of the existence and development of any country, and in terms of interdisciplinary areas of scientific research. It can be absolutely legitimate to assert that all spheres of human activity to a certain extent contain certain indicators that signal possible risks and threats, which must be taken into account when determining and implementing the goals put forward by the state, firms, and individuals. In addition, the importance of the security problem is currently increasing due to the strengthening of alternative and multivariate economic development. It is impossible to choose one or another option for the development of the economy, investment, drawing up the country's budget plan, without assessing their socio-economic consequences by deriving criteria for economic security. This conclusion is especially relevant in the period of transformation of the economic system, which is always fraught with the emergence of a crisis. Without a correct assessment of the safety of economic reforms for society, the state, regions, corporations, and citizens, they can lead to the destruction of the state and its life-supporting

systems. Therefore, in modern conditions, the economic security of the country is of paramount importance, as it provides guidance for making the right socio-economic decisions.

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