

## ECONOMIC INTERDEPENDENCE: NATIONAL AND INTERNATIONAL ECONOMIC SECURITY

### ЕКОНОМІЧНА ВЗАЄМОЗАЛЕЖНІСТЬ: НАЦІОНАЛЬНА ТА МІЖНАРОДНА ЕКОНОМІЧНА БЕЗПЕКА

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*The article investigates the economic interdependence and its connection with operation of the global financial market in terms of its globalization. A set of instruments and mechanisms aimed at ensuring the economic security of the states from external threats applicable in the global economy is studied.*

*The importance of creating the protective instruments of financial policy of Ukraine is considered. The key threats to the national security of Ukraine are analysed. The focus is placed on importance of forming an international financial security system.*

**Key words:** economic interdependence, economic security, national security, financial security, mechanisms.

*Статтю присвячено дослідженню економічній взаємозалежності та її зв'язку з функціонуванням світового фінансового ринку в умовах його глобалізації. Досліджено комплекс діючих у світовому господарстві механізмів, спрямованих на забезпечення економічної безпеки держав від загроз зовнішнього характеру. Розглянуто важливість формування захисних інструментів фінансової політики Укра-*

*їни. Проаналізовано основні загрози національній безпеці України. Акцентовано увагу на важливості формування системи міжнародної фінансової безпеки.*

**Ключові слова:** економічна взаємозалежність, економічна безпека, національна безпека, фінансова безпека, механізми.

*Статья посвящена исследованию экономической взаимозависимости и ее связи с функционированием мирового рынка в условиях его глобализации. Исследован комплекс действующих в мировом хозяйстве инструментов и механизмов, направленных на обеспечение экономической безопасности государств от угроз внешнего характера. Рассмотрена важность формирования защитных инструментов финансовой политики Украины. Проанализированы основные угрозы национальной безопасности Украины. Акцентировано внимание на важности формирования системы международной финансовой безопасности.*

**Ключевые слова:** экономическая взаимозависимость, экономическая безопасность, национальная безопасность, финансовая безопасность, механизмы.

**Problem formulation.** At the current stage, in terms of Russia's aggression against Ukraine, potential threats to national interests and national security of Ukraine have become a real fact. The key real threats to national security of Ukraine are found in the area of national security and economic sphere.

**Analysis of key studies and publications.** The problem of scientific substantiation of economic interdependence processes is reflected in numerical foreign literature.

The scientific papers examining the issues of national security include the works of Jean Monnet, C. Meyer, R. Cooper et al.

However, certain characteristics making up the methodological fundamentals of developing the mechanisms to counteract the financial risks are still poorly understood.

Scientific innovation is determined by performance of a comprehensive analysis of relationship between the state and foreign economic operators, as well as research of new approaches to development of financial mechanisms to ensure the sustainable development objectives.

**Article objective.** The key objective of this work is to develop practical recommendations to identify external financial threats at the state level, to form the instruments to protect the financial policy of Ukraine and to implement the mechanisms of ensuring the further national development objectives.

**Core material presentation.** At the current stage of Ukraine's development, the key real threats to the national security of Ukraine are:

In the area of national security:

- encroachment on state sovereignty, territorial integrity, economic, scientific-technical and defense potential of Ukraine, rights and freedoms of its citizens by the Russian Federation;
- prevalence of corruption and bribery in government agencies, blending of business and politics, organized crime;
- terrorism spread;
- establishment and operation of illegal paramilitary militias and attempts to use force in the interests of certain activities of military forces and law enforcement agencies;
- annexation of Crimea, separatism, attempts to create an autonomy of certain regions of Ukraine;

In the economic sphere:

- a significant reduction of the gross domestic product, reduced investment and innovation activity, as well as scientific, technical and technological capacity, reduction of research in strategic areas of innovation development;
- weakening of state regulation and control in economy;
- instability of legal regulation of relations in economy, including the state financial (fiscal) policy; lack of effective programs to prevent financial crises;
- increase of credit risks;

- critical state of fixed assets in leading industries, agriculture, and life-support systems; growing of the problem of proper maintenance of nuclear facilities in Ukraine;
- slow pace of reproduction processes and overcoming of structural deformation in economy;
- critical dependence of the national economy on external markets, low rate of domestic market expansion;
- irrational structure of export with mainly raw material trend and a low share of products with high added value;
- a large state debt burden, critical amounts of external and internal state debt;
- ineffectiveness of antitrust policy and mechanisms of state regulation, making it difficult to create a competitive environment in the economy;
- inefficient use of fuel and energy resources, a slow pace of diversification of energy sources and the lack of an active energy saving policy threatening the energy security of the state;

Under these conditions, it is important to study an international experience of neutralizing the negative processes for national economies occurring in terms of the world economy globalization, deepening of interdependence among national economies. The growth of the relevant risks to national economies involves the formation of protective instruments of financial and economic policy of the state.

In this regard, the urgency of this problem is due to a number of circumstances, both internal and external, which are common to many countries.

First, the complexity of domestic economic and socio-political problems in some countries, such as budget deficit, unemployment, rampant "shadow economy" and other negative phenomena of production recession, political instability and deterioration of the social tension. This results in destruction of economic foundations of national security.

Secondly, in terms of weakening of some countries, the desire of the other countries to the military and technological superiority over them, and the use of "economic instruments" of pressure to achieve their political interests is increased.

Thirdly, the issues of maintaining a certain balance between positive and negative aspects of the impact of foreign economic relations on the course and the pace of socio-economic reforms and ensuring the defense of the state become vitally important.

Thus, one of the major priorities of any country in the world now is to achieve such a level of economic security that would ensure internal stability, country's active participation in international division of labor, while guaranteeing its national security.

National security is a state of protection of society, state and individual from internal and external threats.

Along with economic security, national security includes foreign political and internal political security

of the state, its military security, information security, personal, social, spiritual, environmental and other types of security.

The economic security of the state (ES) shall mean the state of the national economy security against external and internal threats, where it is able to ensure the progressive development of society and its economic, social and political stability in the presence of adverse external and internal factors.

The study of the set objective involves addressing of the following tasks:

- determine the essence and structure of economic security;
- investigate the international financial (investment) flows in the context of globalization;
- investigate the vulnerability of exchange and credit markets in the context of financial globalization;
- analyze international financial security as an essential component of the foreign policy of Ukraine;
- analyze practical experience of FATF and other similar organizations;
- offer the methods of detecting the long-term, medium-term and operational foreign economic threats;
- analyze the mechanisms to counteract financial risks;
- study the nature of risks in international trade and their prevention mechanisms.

The current conditions for economic development of any country take into account all hazards, risks and benefits of globalization. Today, globalization offers great opportunities providing all conditions requisite for economic development.

In the context of globalization, there is another great way of financial sector development characterized by huge growth rates far exceeding the dynamic of the capital growth in real economy.

In such circumstances, problems at the level of national systems accumulated over the past years and ensuring an appropriate level of economic security (including its financial component) have become truly important for many countries, especially Ukraine.

Financial security illustrates the state of the financial and credit sector, which should feature the attributes such as balance, resistance to internal and external negative impacts and sector ability to ensure an effective functioning of the national economic system and economic growth.

The status of the state financial security as a whole is determined by financial security of individual regions, their close interdependence and sustainable development of all regions.

Financial security in the region is a financial independence (autonomy) primarily manifested in control over the region resources and determined by the fullest possible use of the competitive advantages of the region; this is stability of the regional economy, which ensures reliability of all elements of the economic system, protection of all forms of ownership, creation of

guarantees for effective entrepreneurial activity, curbing the influence of destabilizing factors; the ability to develop and progress, that is to implement and protect the regional economic interests, to upgrade the production, efficient investment and innovation policy and to develop the intellectual and labor potential of the region.

An integrated conceptual approach to study of financial security concept requires the component such as international financial security.

International financial security is a set international conditions for coexistence of arrangements and institutional structures, in which each member state of the international community is free to choose and implement its strategy for social, economic and financial development without experiencing external pressure and relying on non-interference, understanding, mutually acceptable and mutually beneficial cooperation with other countries. An important role in solving this problem is played by partnership agreements on the free movement of capital, goods and services, accounting for mutual economic interests, refusal from military pressure, and equal relations with economically less developed countries.

This means that international financial security is a state of the global economy upon which the mutually beneficial cooperation of states in addressing the national and international (global) economic problems, free choice and implementation of their strategy for socio-economic development and participation in international division of labor. Therefore, the main issue of international economic security today is to create the conditions for cooperation among states in addressing not only their national, but also global issues.

**Conclusions and suggestions.** In order to improve the financial security, more attention should

be paid to enforcement of Ukraine's financial security strategy, development and implementation of an effective financial control system, creation of conditions to increase real incomes, presentation of a clear procedure of granting loans to economic entities of all forms of ownership and their compensation.

Addressing of these issues will improve the financial security of Ukraine and lead to stabilization and growth of Ukraine's economics.

The further promising area of research on this issue provides for analysis and development of protective instruments of financial policy of Ukraine in terms of the global integration, effective mechanisms to ensure the national economic security, as well as analysis of the processes of international financial security formation.

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Institute of International Relations  
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The modern world is characterized by the rapid growth of transnationalization processes in production and international exchange, in terms of scale and geographical movement of capital. Economic activity is becoming more interdependent, interconnected, and is taking over a predominantly global character.

Globalization is a process of transforming the world economy into a single market for goods, services, capital, labour, and knowledge. To date, the process "Globalization" is becoming a major trend in the development of the modern world economy, as it affects all countries regardless of their level of economic development. The foundation of globalization is the processes in the sphere of economy and finance, which are also the basis of global processes in other areas. Economic globalization is the main source, the main propeller of globalization processes. It is the result of the conduct of the modern international economy and development of scientific and technological progress.

Consequently, the content of economic globalization is reduced to those processes that occur in modern times in the world economy and lead to the rapid integration of the world into a single one economic space, as a result of the expansion of international trade, internationalization, production and financial markets, as well as the internationalization of commodity culture, the expansion of which is facilitated by a united network of global telecommunication system.

In order to strengthen ones standing among other countries, governments are to focus on financial security. Countries' financial states dictate the wellbeing of a country as a whole. Therefore, to improve the financial security, more attention should be paid to enforcement of a countries financial security strategy, development and implementation of an effective financial control system, the creation of conditions to increase real incomes, presentation of a clear procedure of granting loans to economic entities of all forms of ownership and their compensation. Addressing these issues will improve the financial security and lead to stabilization and economic growth.