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Impact of Global Threats on Economic Security

Impacto de las amenazas globales en la seguridad económica

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Resumen

El artículo examina las principales amenazas que surgen de los procesos de globalización. La validez y confiabilidad de los resultados del estudio la proporciona el estudio teórico del conocimiento acumulado en la ciencia, un estudio en profundidad de la literatura científica. Los autores concluyen que, a pesar de las medidas tomadas en las condiciones modernas, existen muchos desafíos y amenazas globales que pueden tener el impacto más negativo en la seguridad económica nacional a corto plazo. En este sentido, el desarrollo de la economía está directamente relacionado con la seguridad del país y debe actuar como el factor más importante que la proporciona.

Palabras clave: Globalización; Procesos Económicos Internacionales; Seguridad Económica; Amenazas Económicas; Garantía De La Seguridad Económica.

Abstract

The article examines the key threats arising from the processes of globalization. Validity and reliability of the results of the study is provided by the theoretical study of accumulated knowledge in science, an in-depth study of the scientific literature. The authors conclude that, despite the measures taken in modern conditions there are many global challenges and threats, which can have the most negative impact on national economic security in the short term. In this connection, the development of the economy is directly connected with the security of the country and should act as the most important factor providing it.

Keywords: Globalization; International Economic Processes; Economic Security; Economic Threats; Ensuring Economic Security.

Introduction

The problem of economic security becomes particularly acute in the context of increasing globalization and Russia's active involvement in international political and economic processes.

The creation of an efficient economy is in itself the task of a new security system. It cannot be solved without a radical structural restructuring of the economy, which inevitably leads to internal economic imbalances and degradation of the country's economic potential. In this case a set of specific threats is formed, initially not considered by managers as significant. However, the emerging in practice system of economic security of modern Russian society is more a “protective” rather than “reserve” system. It is oriented mainly outward and is formed at the expense of the formation of organizations and institutions designed to respond to economic threats.

This problem is particularly acute in the context of increasing globalization and due to Russia's active inclusion in international political and economic processes. At present, we can confidently assert that globalization has affected almost all aspects of modern life and continues to be a growing force in the world economy, determining the relationship between states. This influence, of course, leads to significant benefits, as well as the emergence of real threats, in turn, affecting the national economic security of participating countries.

It is worth noting that scientific and technological progress solves the problem of the remoteness of regions and countries of the world between themselves by establishing transport and information communications. This naturally develops global economic relations, but in parallel there is a negative consequence - the integration of the shadow economic market.

We can agree with the positions of the authors (Tien et al., 2021; Dung et al., 2022; Ivanov et al., 2021) about the relevance of this problem in modern conditions of economic development with the transition to “digitalization”.

The global renewal of the economic interface, prioritized by exogenous factors associated with accelerated digitalization, poses a number of challenges for Russia.

The first priority, in our view, is the development of the economic system and the provision of economic security, allowing to maintain a competitive position in the world market.

Exactly, economic security serves as an indicator with the help of which today it is possible to develop a set of measures aimed at adjusting the principles of economic development and security concept in the main economic segments.

Generally speaking, economic security contains two components:

- interests and purposes within the borders of the state, i.e., the maintenance of the country's sovereignty;
- Russia's participation in international relations, world trade, world finance and banking segments.

Materials and Methods

The work used general scientific methods, methods of generalization and synthesis, as well as the methods of economic, structural and statistical analysis based on a systematic approach.

Validity and reliability of the results of the study is provided by the theoretical study of accumulated knowledge in science, an in-depth study of the scientific literature.

Result and discussion

Based on the analysis, conclusions are made that the national interests of each country are not equal to the interests of the "world community", and sometimes they are diametrically opposed. The national state, defending the interests of its country, should not oppose globalization, because it is an objective process. Russia's interests in the conditions of globalization, reform and transformation of its own economy is to be organically integrated into international economic processes on the basis of preserving its status as one of the leading powers of the world.

In this regard, the economic security of our country can be ensured only when Russia will not be heavily dependent on the economies of other countries and when state agencies can more fully control all areas of society, contributing to the prevention of conflict situations both within and outside the country.

It is also worth noting that economic security is a multilevel category, the essence of which is revealed based on the analysis of economic factors, criteria and indicators.

In order to strengthen the economy, improve its sustainability and the quality of life of the population, to maintain its development, the Presidential Decree № 208 approved the "Economic Security Strategy of the Russian Federation for the period up to 2030" (May 13, 2017), which addresses such priority areas as:

- 1) the use of information technology tools by developed countries;
- 2) strengthening of structural imbalances in the global economy and financial system, the growth of private and sovereign debt, the growing gap between the value of real assets and derivative securities;
- 3) restrictions on access to established sectors of the economy of foreign countries, their financial resources and the use of modern information technology;
- 4) increased conflict potential in zones of economic interest of the Russian Federation, as well as near its borders;

5) increased fluctuations in world commodity and financial markets;

6) changes in the structure of global demand for energy resources and the structure of their consumption, the development of energy-saving technologies and the reduction of material intensity, and the development of “green technologies”;

7) activities of interstate economic associations created without the participation of the Russian Federation in the sphere of regulation of trade and economic and financial-investment relations, which may cause damage to the national interests of the Russian Federation;

8) exposure of the financial system of the Russian Federation to global risks (including as a result of the influence of speculative foreign capital), as well as the vulnerability of the information infrastructure of the financial and banking system (Pushkarev et al., 2021, p. 395-406);

9) exhaustion of the raw materials export model of economic development, a sharp decline in the role of traditional factors of economic growth associated with scientific and technological changes;

10) the absence of Russian non-resource companies among the global leaders of the world economy;

11) insufficient investment in the real sector of the economy due to an unfavorable investment climate, high business costs, excessive administrative barriers, and ineffective protection of property rights;

12) weak innovative activity, lagging behind in the development and implementation of new and promising technologies (including digital economy technologies), insufficient qualifications and key competencies of domestic professionals (Pushkarev et al., 2022, p. 111-125);

13) depletion of the resource base of the fuel and raw materials industries as existing fields are depleted;

14) the limited scale of Russia’s non-resource exports due to its low competitiveness, underdeveloped market infrastructure and weak involvement in global value-added chains;

15) low rates of economic growth due to internal reasons, including limited access to long-term financial resources and insufficient development of transport and energy infrastructure;

16) imbalance of the national budget system;

17) inadequate public administration;

18) high level of criminalization and corruption in the economic sphere;

19) the persistence of a significant share of the shadow economy;

20) increasing differentiation of the population in terms of income;

21) the quality and accessibility of education, medical care and, as a consequence, the quality of human potential declined;

22) increased international competition for highly qualified personnel;

23) lack of human resources;

24) uneven spatial development of the Russian Federation, increasing differentiation of regions and municipalities by the level and pace of socio-economic development;

25) the establishment of excessive requirements in the field of environmental safety, the growth of costs to ensure environmental standards of production and consumption.

The peculiarity of Russia's position in the system of international economic relations and foreign economic threats is related to the following points.

First, with the complexity of the current situation - the transformation of the Russian economy and its modernization go in parallel with the inclusion in the international division of labor, rather than sequentially. Despite the positive performance of the Russian economy in the last few years, the factors of economic growth remain unstable (undervalued ruble, high prices for raw materials, low wages, subsidies for energy and transport services).

Second, the Russian economy is divided into two unequal sectors (enclaves):

– export-oriented industries (oil, gas, ferrous and non-ferrous metallurgy, chemistry and petrochemistry), which account for more than 70% of gross profits and investment in fixed capital. This is a currency (dollar) enclave.

– domestically-oriented industries (machine-building and metalworking, light and food industry), which account for less than 30% of gross profits and investment in fixed capital. This is a ruble enclave.

There is also a significant difference in the incomes of workers in these industries.

Third, the Russian economy is already open, both in terms of a fairly free exchange rate for current transactions and a very high share of exports and imports in GDP.

Fourth, Russia has a non-equivalent foreign economic relations with developed countries:

- on the one hand, the export of capital, irreproducible natural resources, and skilled labor;

- on the other hand, imports of high-tech products, cheap consumer goods and food.

Russia is allowed into world markets only in the areas of fuel and raw materials, military-industrial development and in very limited amounts and forms.

Fifth, Russia's growing participation in international economic processes is accompanied by its increasing involvement in the sphere of interests of transnational crime.

Consequently, Russia participates in international economic relations under conditions of globalization with a weak economy with an inefficient structure, a sharp mismatch between the domestic and foreign markets with aggressive policies of strong international actors.

In fact, there is not only competition between national and foreign (transnational) capital. Transnational capital controls a considerable part of the world, regional and national markets. There is competition between the states represented by this capital. International competition is not only a struggle between companies, but also, in many respects, between states.

Thus, from the number of global challenges and threats of our time, it is necessary to highlight the key ones that can have the most negative impact on national economic security in the short term, such as:

- emergence of new COVID-19 mutations that could call into question the effectiveness of mass vaccination;

- increased production and logistical disruptions due to the persistence of the pandemic problem;

- acceleration of inflation caused by disrupted supply chains and limited supply;

- weakening of consumer activity against the backdrop of an inflationary surge;

- decrease in corporate profits due to rising costs and lower demand for products due to higher prices;

- winding down of monetary stimulus and interest rate hikes by the largest banks, which will put additional pressure on economic growth;

- large amount of upcoming borrowing by the U.S. government to finance the budget deficit, including infrastructure projects, against the background of a tightening of monetary policy, this could significantly worsen the situation with global liquidity.

- worsening of trade differences between the U.S. and China;

- increasing regulatory pressure by the Chinese authorities on large corporations, which prevents them from functioning properly, as well as exacerbating the problem of supply chain disruptions;

- overheated financial markets, caused by years of pumping liquidity from banks, its gradual withdrawal can cause at least a deep correction in the prices of listed assets;

- huge public and corporate debt, which will become increasingly difficult to service as interest rates rise, threatening not only the bankruptcy of individual companies, but also the default on sovereign obligations, especially of some developing countries that already have large financial, economic and budgetary imbalances;

- record involvement of the general public in trading on exchanges, as well as the significantly increased mobility and automation of this process in recent years, which can be a factor in unprecedented volatility, amplified by the historically high level of leverage of private traders;

- aggravation of old and emergence of new geopolitical contradictions and conflicts, including those related to foreign trade;

- persistence of high inflation, which will push the Bank of Russia to further increase the key rate. This will complicate debt servicing for many companies, negatively affecting their financial performance. In addition, investments in equities will become less attractive compared to less risky investments in bonds, whose yields will increase following interest rates in the economy;

- worsening geopolitical situation, threatening more serious sanctions;

– possible slowdown in the global economy will have a negative impact on commodity demand, which could cause a serious decline in commodity prices and keep them at lower levels for a long time.

In connection with the above-mentioned key challenges and threats in modern conditions, the priority areas of the country's development should be:

- preventing the crisis phenomena in the resource and raw material, industrial, scientific and technological, and financial spheres;
- improving the quality of life of citizens;
- improving the mechanism for responding to sanctions.

An important link in the future recovery of the economy is the efficiency of management, reducing the share of social spending, increasing investment in the processing industry and modernizing infrastructure. It is also necessary to implement measures to improve the financial sector, reduce borrowing, limit monopolies and develop competition.

The formation of the above-mentioned areas of economic development of the country will create conditions for the implementation of strategic national priorities.

It is important to understand that the economy is directly related to the security of the country and must act as the most important factor ensuring it. The national interests of each country are not equal to the interests of the "world community" and are sometimes diametrically opposed. The national state, defending the interests of its country, should not oppose globalization, because it is an objective process. The interests of Russia in the conditions of globalization, reform and transformation of its own economy - in order to organically integrate into international economic processes on the basis of preserving the status of one of the leading powers in the world.

One of the most important problems of modern social development of Russia is the problem of identification, prevention and localization of external threats to national security.

Today, the presence of serious external threats: an avalanche-like increase in import dependence, the excessive openness of the economy, the transformation of Russia, often on its own initiative, into a net exporter of natural resources, the weakening of its position in the markets of the CIS countries, the danger of which the Russian leadership underestimates, and numerous cases of terrorist acts, which are becoming increasingly

serious, the grave consequences of socioeconomic and political transformations in the post-Soviet space, the devastating consequences of the economic and political crisis in the region and the world.

Conclusion

Thus, we can conclude that the Russian Federation is in a quandary in which many countries and organizations seek to suppress its interests and reduce the role of the country on the world stage, but Russia in turn pursues a democratic policy of conflict resolution, despite the numerous sanctions imposed by foreign countries. At the same time, the national security of Russia in these conditions can be ensured only by a timely awareness of the numerous external threats threatening Russia and, as a consequence, by uniting its peoples around the national idea on the basis of a comprehensive improvement of their general educational level and security culture, supported by the dynamic growth of the innovation-type economy.

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