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The new demand of the economic policy in the field of economic security Nowe potrzeby taktyczne w zakresie bezpieczeństwa ekonomicznego

Abstract: *The paper deals with problems of economic security. It provides a clear definition of internal and external factors of economic security which are based on the given economic environment and have a direct impact on national security. Based on a clear identification of these factors, the aim of this paper is to determine the requirements for a modern safety-oriented economic policy, since it is obvious that due to current events in the world, new demands which are necessary to be considered in order to maintain economic security are placed on the economic policy.*

Keywords: security, economic policy, economic resources

Streszczenie: *W artykule poruszono problemy bezpieczeństwa gospodarczego, przedstawiając jasną definicję oraz zewnętrzne czynniki omawianego podmiotu, które bazują na danym środowisku gospodarczym i mają bezpośredni wpływ na bezpieczeństwo narodowe. Głównym celem artykułu jest określenie wymogów dla nowoczesnej oraz bezpiecznej taktyki, wcześniej rozpoznawszy iż bieżące sprawy na świecie, nowe zapotrzebowania wymagają rozpatrzenia ich w celu utrzymania bezpieczeństwa w gospodarce opartego na polityce gospodarczej.*

Słowa klucze: bezpieczeństwo, polityka gospodarcza, zasoby gospodarcze

Introduction

Generally, national security reflects a state which ensures the nation's perspective survival, its independence and sustainable development. Buzan, Wæve³ and other scientists from the so-called Copenhagen School at the COPRI Institute have significantly expanded the research on security and enriched it with other dimensions. The current evolution of humanity in connection with global problems creates a real threat to the current and subsequent generations of human society. Mass unemployment, poverty and hunger in various parts of the world, technological and natural disasters, increasing international tension, the existence and proliferation of weapons of mass destruction, numerous ecological threats, the problem of sufficient raw materials or energy as well as many other issues related to the concepts of economic growth mean

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³ B. Buzan, O. Wæver, J. Wilde, *Security: A New Framework for Analysis*. Lynne Rienner Publishers, 1998, Překlad Centrum strategických studií, o.s. 2005.

necessary decision-making for society about how to organize production, use technology, protect the environment, deal with complications in the relations among states and so on.

After the collapse of the bipolar world, the safety issues gained complexity and still remain highly topical. The very concept of security *has changed; it is not defined globally and territorially, as in the recent past, but rather selectively and in a troubleshooting manner. If security was primarily seen as a military conception in the past, nowadays particularly the issues of economic security, ecological security, or security of resources are gaining prominence.* These days, security is not defined as the absence of a specific threat but rather as the absence of any action which might endanger without showing malice in advance⁴.

Conception and factors of economic security

Economic stability is apparently the most important aspect of national security, although political or military-strategic security is traditionally considered the most serious.

Securing such conditions for the functioning of the economy that it allows ensuring both common and perspective satisfaction of the material needs of society and the realization of the economic interests of the population can be understood as economic security⁵. Economic security creates conditions to materially ensure other spheres of the life of the society.

Political and economic consolidation is a basic prerequisite for the success of a national security policy and vice versa, the primary objective of a security policy must be economic and political stability. [3] A relatively stable environment will ensure the creation of conditions for sustainable development. Economic security of every state is influenced by many factors.

Internal factors of economic security

- a) The equipment of a country with production factors and natural-climatic conditions** creates a basic prerequisite for economic security. The more perfect the equipment of the state with these sources is, the higher are the prerequisites for economic prosperity and economic growth. Bottlenecks in having production factors available do not mean an immediate threat to economic security, but bring up the question how to ensure it and create traditional barriers to economic growth. Environmental risks such as drought, earthquakes and volcanic activity are to be considered in an economic policy.

⁴ Viz např.: L. Stejskal, *Bezpečnost jako dimenze kvality a udržitelnosti života*. In *Česká republika v Evropské unii: proměny a inspirace*. Sborník příspěvků z konference CESES Fakulty SV UK v Praze. 2. -3. listopadu 2006. p. 24-33; *Proměny konceptu vnitřní bezpečnosti*. Sborník z Konference Praha 26. Května 2005. Edit. Balabán, M., Nachtmannová, M. A Stejskal, L. Univerzita Karlova v Praze., Nakladatelství Karolinum, Praha 2006.

⁵ J. Nedbal, *Vnější ekonomické vztahy a bezpečnost státu*. In KRČ, Kurinia, S. a kol. *Ekonomická bezpečnost země střední velikosti*. Brno: VA 2000, p. 97-113.

- b) **Productive farming** is one of the new-old economic security agents. The nutrition of the population depends on its functioning. The problem of hunger belongs to serious global problems of humanity.
- c) **A developed industrial structure** of the economy allows increasing the labour productivity in individual sectors of the economy, and hence the economic growth. It is an agent of much higher resistance to the effects of the global economic recession. An economy with an underdeveloped or deformed sectoral structure is highly vulnerable to fluctuations in the global economic cycle. On the other hand, it is necessary to take into account the risks arising from the operation of industrial and energy capacities, dams, nuclear power stations, oil and gas pipelines, chemical and other plants. The leakage of dioxin in Italian Seveso, the Bhopal catastrophe in India, or the catastrophe of Chernobyl power station oblige us to accept the necessity for a strict control of such industrial capacities.
- d) **A developed economic infrastructure** also significantly contributes to the economic stability of the state. The diversity of the transport system, connecting, energy and other underground utilities, warehouses and information networks are an indispensable part of the functioning of an advanced economy in normal and emergency conditions.
- e) At the present stage of the scientific and technological revolution, a **scientific-technological base** is crucial to the position of individual countries in the world economy, as it conditions their ability to adapt to the current conditions of global markets and integrate into the international division of labour. The economies of states with an insufficiently developed scientific-technological base are not able to guarantee an equal position in the international exchange of goods and services. Consequently, these countries are relegated to the periphery of the world economy, as reflected in the case of many developing countries.
- f) **External economic relations** of the state have the ever-increasing importance for the functioning of its economy. They allow countries to overcome bottlenecks in equipment with production factors, and enrich the consumption of goods that the national economy does not produce. External economic relations can be one of the most effective tools of a national security policy. However, this possibility is subject to certain pre-conditions:
- if there are no political barriers (customs, quotas, embargoes, and other restrictive measures) from other states, which would prevent the use of all the benefits of these economic relations
 - the need to ensure safe and appropriate transport routes must be assumed,
 - it is necessary to have a sufficient export ability, or the ability to pay, in order to ensure the import needs of the state.
- g) **The political and social stability of the state** is a general prerequisite for economic security. This was proven, for example, by the blockade of highways by truck drivers in France during the operation "Rambo", which destabilized the country and brought it to the verge of a political crisis. Similar examples can be found in other countries as well.

External factors of economic security

The external environment as a whole affects the security of every state by:

- a) shaping the political and security situation in the vicinity of the state through the foreign policy, external trade policy, etc.,
- b) its economic potential, as it creates the possibilities of its use for the needs of other countries,
- c) influencing the security situation of the state by the ecological consequences of its economic complexes (ecological accidents of water-courses, air pollution spreading through the air, etc.).

For economic security, therefore, there are numerous **risks** resulting from economic vulnerability. The dramatic deterioration of the economic situation in the country, which could be described as a threat to the economic security of the state, could occur, for example, owing to:

- 1) the social and political destabilization of the state,
- 2) an interruption of supplies of strategic raw materials from abroad (a disruption of transport routes, embargo or other reasons),
- 3) an uncontrolled population migration from abroad,
- 4) the destructive activity of terrorist groups, or organized crime,
- 5) industrial accidents and natural disasters.

Economic vulnerability also reflects the degree of international dependence. A security policy must take care about national security. Its aim is no longer only a mere defence against acute threats, but also a preventive reduction of vulnerability.

Economic security and new demands on an economic policy

The prosperity of an economy and the ability to overcome resulting threats ensure meeting *the basic needs* of its population at the level of current world standards, create the conditions for the overall *development of the society* and the saturation of current social needs. At the same time, the economy has the necessary resources, powers and means of *an effective elimination of risks and threats* for the safe functioning of the economic system. Economic security greatly depends on the abilities and performance of the foreign trade of a country, because basically no state has all the necessary means to ensure the functioning of its economy. An essential instrument for achieving these objectives, and thereby strengthening the economic and subsequently overall security, including defence, is *the economic growth* (measured e.g. by the GDP growth or the ratio of GDP per capita).

It is obvious that, in these conditions, *the economic policy* of the state *government* has crucial importance to shaping economic security (and the state security as such).

There is no doubt that the economy of each state (national economies) is an inseparable part of the global economy, representing its external economic environment, upon which it is more or less dependent. Global and regional conditions of economic development in the near or far environs of the particular state thus represent a large set of very disparate factors significantly influenc-

ing the economic development and economic security of the state. These *external factors* can also act favourably or unfavourably. The economic status of each country in the global economy, its ability to succeed in global markets, realize its economic interests and defend its sovereignty in external economic relations - these are only a few manifestations of the economic security level of the country from an international perspective.

One of the tasks of security (economic) policy is to provide state (national) interests (economic). These form attitudes, efforts, expectations, and especially the needs of the nation and state in relation to the international environment. The Czech economy is of a highly open nature, since, among other things, it does not have sufficient raw material resources, and therefore economic interests and needs are in this regard concentrated primarily on:

- * *Ensuring scarce resources of raw materials and energy for the Czech manufacturing industry.*
- * *Securing markets for sales of finished products of Czech producers.*
- * *Achieving the competitiveness of local economic entities on world markets⁶.*

The stated objectives should also be considered in the field of security policies. The interconnectedness of the national economy with the external environment via the branched structure of economic relations is not only a source of the positive potential for economic development, but also a source of considerable complications in terms of national sovereignty. From the perspective of economic security, respecting national sovereignty means that the economy of a country will not be unilaterally dependent and underprivileged in its relations with other states, will not be deprived of the rights of independent decision-making about its interests and objectives, or about issues that would lead to political or economic losses. These issues of security policies are very complicated and make the government face a challenge - to find the optimal ratio between taking advantage of the international division of labour on one side and a certain degree of dependence on foreign countries on the other, which is a risk to economic security. It is quite clear that the economic policy that would seek full independence from the external environment (economic autarky) is unacceptable.

This situation is illustrated in Figure 1. The need of finding the optimum level of involvement in international economic relations and, consequently, eliminating possible negative impacts are the main reasons for searching the model of dynamic equilibrium in these relationships. Although a membership in an international group and involvement in international economic relations bring many benefits to the state, integration pressures act in the direction of the loss of sovereignty and thus upset the balance in a dynamic process. At the same time, the sheer isolation of the country and the absence of international relations also mean tilting the balance. The balance constitutes energetically the most perfect form of each system. International integration has continuously been a changing and developing system where the balance is always disturbed and established. An accurate identification of impacts and meaningful reform measures can contribute to restoring the balance in the international (not only economic) integration.

⁶ L. Štancl, J. Nedbal, *Ekonomická bezpečnost České republiky a faktory jejího vývoje po zániku světové bipolarity*. Ekonomika a management. Brno: Univerzita obrany, 2007. part 2, p. 1-12.

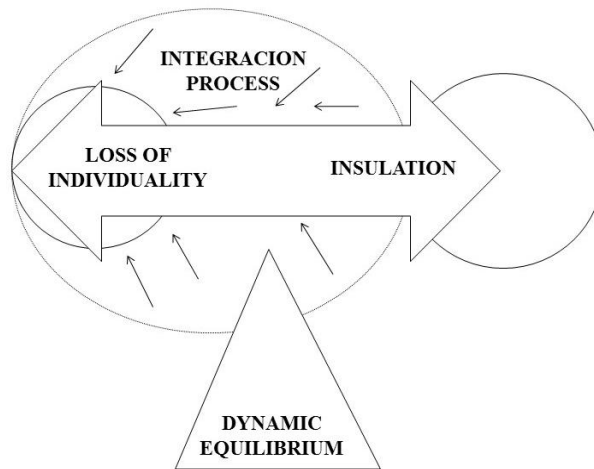


Fig. 1. Dynamic equilibrium in the integration process
Source: authors

Evaluating the status of economic security assumes the comparison of certain selected criteria derived from the needs structure of economic security of a state at the time. These criteria will evaluate:

- * Levels of meeting the needs (one of the main criteria is the GDP per capita);
- * Development (the achieved GDP growth rate as a quantitative indicator, but also significant qualitative criteria corresponding to the characteristics of developed economies, i.e. the ratio of expenses on education and science research on GDP, the number of registered patents, the ratio of workers with university education in the total workforce, and others);
- * The evaluation ability to eliminate the potential risks and threats to economic security (such as the diversification level of imports of strategic raw materials, inventories and reserves of important commodities, the amount of foreign exchange reserves to cover imports of vital inputs in case of emergencies).

From the above, it is clear that the economic policy in the scope of security, or as a part of a security policy, cannot monitor only so-called partial or traditional goals (expressed, for example, by a magical rectangle or n-angle). To be efficient, this policy must have much higher ambitions and impose much broader and more demanding targets applying to the very essence and content of economic security in the current conditions of globalization in the world economy.

The priority task of an economic policy while strengthening national economic security

The economic policy of a country faces primarily the task of ensuring *national economic interests and sovereignty*. Economic security of the state can be created by such an economic policy that is mainly aimed at:

- * *The growth of its economic strength* (the ability of the government to ensure economic growth linked to employment).
- * *The effective use of the advantages of international economic cooperation.*
- * *Optimum directing of economic relations with foreign countries.*

A country's economic system which meets the demands for economic security characteristics allows realizing current economic, political, environmental, and defense tasks in compliance with national interests and is able to effectively eliminate external or internal risks and threats.

With regard to security goals, an economic policy of the state faces particularly the following tasks:

- * To *ensure economic growth* which is an essential instrument for achieving them.
- * To establish a functional *legal and regulatory framework for economic development* that will correspond with the interests of its citizens and the entire nation.
- * To create a system of *civil emergency planning* for overcoming non-military crises (natural or industrial and other accidents).
- * To carry out a number of measures to *reduce economic dependency on imports of major commodities* for economic security (such as the support of adopting modern technologies enabling to reduce energy and raw material demands in production, eliminate dependence on a single supplier or region in case of key imports through the diversification of both the importers and transport modes of the imports, etc.).
- * To build a *system of inventory and reserves* of necessary raw materials, finished products, and basic food for non-military and military crisis situations.
- * To provide *protective means and build protective objects* for the population, allowing the population survival in crisis situations.
- * Since entering military alliances is a solution for defense security, then entering economic integration units is a solution for economic security.

The *priority defense of national interests and sovereignty* should be considered an important principle of meeting the requirements of economic security. In practice, this means that the realization of national economic goals (meaning also security objectives) will be implemented regardless of the ideological combination of economic-political concepts, i.e. the defense of national interests and sovereignty as well as strengthening economic security must always come first. If it will be the contrary, an economic policy can lead to the disruption of economic security as well as economic and political losses if its priority rests upon an ideological cliché and the national interests are underestimated.

Discussion on future developments in the field of economic security

As already mentioned, *entering the integrated units, such as the European Union*, is one of the solutions to problems of economic security. Countries that have decided to enter these groups seek protection against external influences and are protected by the umbrella of a common external economic policy. Apart

from this, except for the indisputable benefits for economic security of these countries, entering such communities is also accompanied by certain costs that may have numerous negative impacts on some sectors or companies.

We can assume that the integration processes and globalization trends, liberalization of international relations, and the like will continue in the future. Certainly, the importance of increasing electronization of international transactions, capital linkage and interconnectivity of information markets has grown. On the other hand, efforts of states to break free from the influence of supranational organizations are increasingly emerging, and a potential turn to protectionism also needs mentioning. Under all circumstances, a state should preserve its identity and not let others drag it into a bondage to anyone else. Every nation and its state should be aware of their identity in order not to jeopardize their citizens or themselves and their own existence.

The rule of law and political organization of the state, its economic maturity and engagement in international relations are the main security pillars of a state or region, or good preconditions for the elimination of violent armed conflicts.

The named areas are referred to as the peace triangle which comprises, as already stated, three points of view, and these are democracy, economic advancement and international cooperation. A symbiosis of all these means a lower incidence of violence. The democratic structure of the state as one of the pillars of world peace is in fact much less prone to the emergence of conflicts and means a lower likelihood of armed conflicts. This fact is confirmed, not only by the research in this field, but also through experience and history. This stems from the very essence of a democratic regime, because it *"treats human life as the highest and most tremendous value and opts for non-confrontational and non-military means to achieve its goals"*⁷ [5] From an economic point of view, it can be stated that democratic states also reach better economic prosperity, have a higher level of education and health, and a high proportion of international trade and therefore they are closely linked to the second and third vertex of the peace triangle. It is obvious that the modern economy is much more knowledge-based and dependent on information and know-how, and a human being and his or her intelligence has gained ground since only a human is able to mediate, negotiate and harmonize mutual economic and other relations in the interest of greater cooperation and security.

In accordance with the above-mentioned, the objectives of major world organizations are defined, e.g. the United Nations aim at maintaining international peace, the EU - mutual prosperity, cooperation, and security. Yet no global institution has been able to completely eliminate the risk factors in the poorest regions of the world. In the developing world, pressures on land and the use of natural resources will keep appearing as a result of the anticipated climate changes or escalation of disputes and the emergence of violent conflicts among various communities, mainly due to the rapid population increase in these areas.

Unfavourable development, however, could also arise in more developed countries, e.g. in the Czech Republic, there is the danger that the inflow of for-

⁷ J. Eichler, *Mezinárodní bezpečnost na počátku 21. století*. MO ČR AVIS, 2006.

eign direct investments, so important for economic prosperity, stops and capable entrepreneurs will leave for other countries where they can find a qualified labour force. *This adverse development could bring real risks to economic security* in terms of the withdrawal of promising scientific talents, top experts and technicians to advanced countries. This development – if not effectively halted by impactful interventions of government economic policy – would raise *the threat of a structurally underdeveloped and uncompetitive economy* with a considerable amount of ill-employed or job seekers⁸

Conclusion

The high topicality of the economic security issue requires paying continual attention to its exploration and encouraging a broad discussion in the scientific community. The existing direction of the discussion development on issues of economic security has primarily been determined by the dominant liberal ideas and aspirations of their implementation in the spheres of trade, production and financial flows. Specific conditions for the rise of liberal values have predetermined that the current economic-security discussions have focused mainly on the issues of stability and inequality. At the national level, these liberal ideas have led to developing the discussion on the role of the state in the economy and the focus of economic policies on strengthening the stability of economic development.

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⁸ L. Štancl, J. Nedbal, Ekonomická bezpečnost České republiky po vstupu do Evropské unie, „Ekonomika a management“, 2008, part 1, p. 9 -19.

