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## CONCEPT AND TYPES OF RISKS TO ECONOMIC SECURITY OF UKRAINE

**Abstract. Purpose.** The purpose of the article is to define the concept and identify the types of risks to Ukraine's economic security. **Results.** In the article, relying on the analysis of scientific views of scholars, the author forms an original approach to defining the concept of economic security risks. On the basis of summarising the provisions of current legislation and theoretical approaches of domestic scholars, the following risks to economic security of Ukraine are identified and characterised: legal; corruption; administrative and managerial risks; military and political; social; environmental; financial. It is emphasised that economic security is a component of national security and characterises the adequacy of protection of the economic interests of the State and ensuring its sustainable economic development. Such definition is quite rational and logical given its regulatory basis; however, it practically does not dominate in the theoretical and legal domain. As a rule, scholars consider this category much broader. It is established that economic security of Ukraine is a component of national security, which is a state-provided and state-supported status of positive, efficient and high-quality functioning of the national economy, which contributes to the economic development of the State, internal stability and social welfare, implementation of international economic standards and emergence of new financial and legal institutions. It is determined that the essence of legal risks is due to the impact of the quality of the regulatory framework for certain social and legal relations on the full implementation of the rights and legitimate interests of the State in general, and of each individual in particular. Therefore, regulatory sources are of utmost importance in the context of governing national processes, especially those related to national security and all its components. Clarity, logic, consistency and harmony of legal regulations ensure the orderliness of economic and legal processes, their security and targeted focus. The lack of proper regulatory frameworks causes collisions, conflicts of legal provisions, a legal vacuum in which the national economy does not work properly, provides ample resources for illegal activities of individuals and groups, and has other negative impacts. **Conclusions.** It is concluded that the risks to Ukraine's economic security are a combination of factors (legal, administrative and managerial risks, military and political, social, environmental and financial ones) that negatively affect the efficient and high-quality functioning of the national economy.

**Key words:** national security, economic security, risks, national economy, legislation.

### 1. Introduction

The 21st century is marked by the increased intensification of globalisation processes aimed at overcoming strict borders between states and creating a global space in which people can freely exchange knowledge, culture, technological progress, etc. In the context of these developments, the focus is not on the military component of countries' development, but on their economic progress. More and more nations are willing to evolve together, sharing resources, replacing competitive relations with close cooperation. The most famous example in this context is the European Union (EU), which is a vivid testament to the results of the international community, which allows achieving previously unknown economic development indicators. However, in order to be an active

and effective player in the international arena, a state must have a stable, organised, internally supported national economy. One of the most important factors that helps to achieve these indicators is the economic security of the state. This is a systemic and complex category in legal and organisational terms, which is confronted by a number of risks, the concept and types of which will be analysed in this study.

The issue of risks to the economic security of the State has been considered in the scientific works of many representatives of the legal and economic fields, including: O.M. Bandurka, V.I. Babenko, V.V. Halunko, O.P. Hetmanets, O.V. Dzhafarova, V.E. Dukhova, V.I. Kurylo, V.B. Pchelin and others. However, despite the numerous scientific achievements, the problem of defining the concept and out-

lining the types of risks to Ukraine's economic security remains insufficiently developed in the scientific literature.

Therefore, the purpose of the article is to define the concept and identify the types of risks to Ukraine's economic security.

2. The concept of risks to Ukraine's economic security

In order to correctly identify and define the content of risks to Ukraine's economic security, it is necessary to understand what the latter is. If we analyse the provisions of legal regulations and bylaws, we can see a clear link between this category and national security. The Law of Ukraine "On National Security of Ukraine" contains the following definition: "National security of Ukraine is the protection of state sovereignty, territorial integrity, democratic constitutional order and other national interests of Ukraine from real and potential threats" (Law of Ukraine On National Security of Ukraine, 2018). According to other provisions of the Law, the fundamental national interests of Ukraine are: "1) state sovereignty and territorial integrity, democratic constitutional order, prevention of interference in the internal affairs of Ukraine; 2) sustainable development of the national economy, civil society and the state to ensure the growth of the standard of living and quality of life of the population; 3) Ukraine's integration into the European political, economic, security and legal space, membership in the European Union and the North Atlantic Treaty Organisation, development of equal and mutually beneficial relations with other states. Public policy on national security and defence is aimed at ensuring military, foreign policy, state, economic, information, environmental security, critical infrastructure security, cyber security of Ukraine and its other areas" (Law of Ukraine On National Security of Ukraine, 2018).

Therefore, from legislative perspective, economic security is a component of national security and characterises the adequacy of protection of the economic interests of the State and ensuring its sustainable economic development. Such definition is quite rational and logical given its regulatory basis; however, it practically does not dominate in the theoretical and legal domain. As a rule, scholars consider this category much broader.

For example, K.X. Ippolitov argues that the economic security of the state covers the security of the entire system of economic relations that determine the progressive development of the country's economic potential and ensure the improvement of the welfare of all members of society and its individual social groups, as well as form the basis of the country's

defence capability, protection from dangers and threats arising from internal and external contradictions (Heiets, Kyzym, Klebanova, Cherniak, 2006). According to H. Pasternak-Taranushchenko, economic security is a status of the state, which ensures the possibility of creating and developing conditions for a fruitful life and growth of the population's wealth, as well as promising development in the future (Pasternak-Taranushchenko, 1994).

Therefore, economic security of Ukraine is a component of national security, which is a state-provided and state-supported status of positive, efficient and high-quality functioning of the national economy, which contributes to the economic development of the State, internal stability and social welfare, implementation of international economic standards and emergence of new financial and legal institutions.

On the other hand, risks to Ukraine's economic security are the opposite category, which carries a negative meaning and consequences. According to the explanatory dictionaries of the Ukrainian language, the word 'risk' is defined as follows: 1) a conscious possibility of danger; 2) a possibility of loss or failure in a business; 3) a threat, a factor that carries a certain danger (Bilodid, 1977). At the level of theoretical research, risks were studied by L.S. Shevchenko, O.A. Hrytsenko, and S.M. Makukha. They defined the latter as potential and real threats to the status of the national economy and sustainable economic development, including: 1) increasing technological lagging behind other countries implies the following risks: loss of competitiveness and the ability to participate in technology transfer on an equivalent basis, loss of markets; 2) the absence of motivational mechanisms for all participants in the innovation process – degradation of technological potential, consolidation of the economy's raw material orientation; 3) the global financial crisis – significantly reduced probability of attracting foreign and domestic investments to the risky innovation sector; reduction of public funding for research, which, in the absence of alternative sources, will lead to curtailment of research and development activities; 4) the absence of domestic demand for innovative products – consolidation of the economy's raw material orientation, degradation of scientific and technological potential; 5) increased dependence on other countries for imports of technologies and high-tech products – technological innovations will lead to higher product prices, but if labour resources remain cheap, domestic consumption and demand will not grow, but, on the contrary, may decrease, which can provoke crisis phenomena; dependence on foreign

transnational corporations, whose efforts may be aimed at destroying Ukrainian competitors, which will lead to the curtailment of innovation activities in the country; 6) migration of scientific personnel and specialists, lowering the priority of scientific work – degradation of the country's scientific potential, systemic obstacles to the implementation of the guidelines for increasing wages and investing in human development, etc. (Shevchenko, Hrytsenko, Makukha, 2009).

In their scientific work, O.A. Maslii and O.P. Kivshyk emphasise the following: “Military destruction, Russian attacks on infrastructure facilities, occupation of a part of Ukraine's territory, budget crisis and other global challenges increase the negative impact of systemic internal threats to Ukraine's economic security, including the raw material orientation of the national economy, its low competitiveness, problems with updating the material and technical base of production, large-scale corruption, high level of the shadow economy and other structural deformations. During global transformations, characterised by the growing influence of exogenous challenges and threats, in order to maintain a sufficient level of economic security of Ukraine in the conditions of war and to restore economic growth in the post-war period, it is important to implement a proactive approach to ensuring the economic security of the state aimed at implementing preventive measures to prevent the destructive impact of potential threats” (Maslii, Kivshyk, Kotelevets, 2023).

### 3. Types of risks to Ukraine's economic security

N.E. Avanesova considers globalisation to be a key risk to the economic security of the state, which poses a number of additional challenges: instability of the global financial system, accompanied by imbalance of world trade and investment flows between the world's largest economic centres; expansion of world markets for certain types of products, goods and services; spread of crisis phenomena; expansion of advanced countries; shortage of resources for expanded development. The scientist further emphasises that a special place in the system of national economic security is the dual nature of economic security of individual sectors of the national economy. The scientist writes, “On the one hand, industries operate in a non-stationary external environment, which is characterised by a decline in investment, high interest rates on long-term bank loans, instability of tax legislation, etc, which significantly reduces the level of vital activity of individual enterprises in the industry and increases the potential for a crisis. On the other hand,

crisis trends at the micro level create prerequisites for negative trends in the development of regional systems and a decrease in the level of national economic security” (Avanesova, 2016).

Therefore, considering the provisions of the legislation and scientific approaches, economic security risks can be most appropriately grouped into:

- Legal risks. The essence of these risks is due to the impact of the quality of the regulatory framework for certain social and legal relations on the full implementation of the rights and legitimate interests of the State in general, and of each individual in particular. Therefore, regulatory sources are of utmost importance in the context of governing national processes, especially those related to national security and all its components. Clarity, logic, consistency and harmony of legal regulations ensure the orderliness of economic and legal processes, their security and targeted focus. The lack of proper regulatory frameworks causes collisions, conflicts of legal provisions, a legal vacuum in which the national economy does not work properly, provides ample resources for illegal activities of individuals and groups, and has other negative impacts. Legal risks to Ukraine's economic security also include economic offences. They include two types: administrative and criminal. The degree of public danger and the amount of damage depends on the level of risk that the relevant illegal activity poses;

- Corruption risks. Corruption is a significant risk to the economic security of the state, as it leads to such critically dangerous results as embezzlement of budget funds, misallocation of subsidies and benefits, violation of the independence and equality of the state's economic sector, creation of additional pressure on the national business sector, etc;

- Administrative and managerial risks. This group of negative factors is related to the imperfection of the state apparatus and the accuracy of the distribution of power. In other words, the structure of public authorities is not sufficiently optimised. Economic security should be ensured through targeted public administration tools, measures and means implemented by centralised public authorities with special powers. Failure to comply with this requirement leads to the emergence of several power centres, whose activities can negatively affect economic processes, slow them down, and burden the economic sector with inappropriate and unnecessary inspection, licensing, and other administrative procedures;

- Military and political risks. In addition to the fact that any armed aggression carries with it a host of external negative phenomena

in the form of destruction of civilian infrastructure, deaths, and displacement of people from their places of residence, there is a need to activate extreme legal phenomena such as mobilisation and martial law. Both of them significantly change the internal foundations of the country's functioning, especially in the economic sector;

– Social risks. The impact of social fluctuations on Ukraine's economic security should not be underestimated in terms of consequences and damage. The population of the country is the main driver of the economy, as it is people who are engaged in entrepreneurship, pay taxes, elect public authorities that administer economic processes, ensure commodity and currency circulation, and perform other financial activities. The outflow of people from the territory of the state into labour emigration, a decline in purchasing power, rising poverty levels, and other social problems have a very negative impact on the economy and threaten its security. For example, the shadowing of business activities due to an inefficiently designed taxation system can cause significant losses for the state budget and an inability to cover planned expenditures;

– Environmental risks. The environment of our country is an equally important factor affecting economic security. In particular, environmental disasters and emergencies can make certain areas uninhabitable, destroy property, pose a threat to the lives of the population, and lead to internal displacement, etc. In each of the above cases, various economic threats arise, ranging from the liquidation of business facilities to additional burdens on local and state budgets, in particular, in case of the need to overcome the consequences of environmental emergencies, etc;

– Financial risks. In general, O.S. Udalov argues that financial risks are a set of interrelated risks associated with the failure to fulfil financial obligations by the opposite party and risks of changes in financial market conditions. Financial risks include, in particular, credit, currency, insurance and other risks (Udalov, 2010). Therefore, in the context of the issues raised in this study, financial risks are associated with internal processes that directly constitute the content of the national economy and are expressed in the activities of, first of all, banking and credit and financial institutions, as well as enterprises and organisations that have a high degree of financial and economic influence, such as budget-forming enterprises. Disruption of the normal operation of these entities may

change the volume of state budget revenues, capital flows, lead to inflation, etc.

#### 4. Conclusions

To sum up, the results of our research suggest that the risks to Ukraine's economic security are a combination of factors (legal, administrative and managerial risks, military and political, social, environmental and financial ones) that negatively affect the efficient and high-quality functioning of the national economy.

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## ПОНЯТТЯ ТА ВИДИ РИЗИКІВ ЕКОНОМІЧНІЙ БЕЗПЕЦІ УКРАЇНИ

**Анотація. Мета.** Мета статті полягає у тому, щоб визначити поняття та виділити види ризиків економічної безпеці України. **Результати.** У статті, спираючись на аналіз наукових поглядів вчених, сформовано авторський підхід щодо визначення поняття ризиків економічної безпеки. На основі узагальнення норм чинного законодавства та теоретичних підходів вітчизняних вчених, виділено та охарактеризовано наступні ризики економічної безпеці України: правові; корупційні; адміністративно-управлінські; військово-політичні; соціальні; екологічні; фінансові. Наголошено, що економічна безпека є складовою безпеки національної та характеризує стан захищеності економічних інтересів держави, забезпечення її сталого економічного розвитку. Таке визначення має цілком раціональне зерно та логіку з огляду на його нормативне підґрунтя, однак, практично не домінує в теоретико-правовій царині. Як правило вчені розглядають дану категорію значно ширше. З'ясовано, що економічна безпека України – це складова національної безпеки, яка представляє собою забезпечений та підтримуваний державою стан позитивного, ефективного та якісного функціонування національної економіки, що сприяє економічному розвитку держави, внутрішній стабільності та соціальному добробуту, впровадженню міжнародних економічних стандартів та появі нових фінансово-правових інститутів. Визначено, що сутність правових ризиків обумовлюється тим, що від якості нормативно-правового регулювання тих чи інших суспільно-правових відносин залежить повнота реалізації прав і законних інтересів держави в цілому, а також кожної окремої людини. Так, виключно важливість нормативні джерела відіграють у контексті регулювання загальнонаціональних процесів, особливо тих, що пов'язані з національною безпекою та всіма її складовими. Зрозумілість, логічність, послідовність та гармонійність нормативно-правових актів забезпечує упорядкування економіко-правових процесів, їх безпеку, цільову спрямованість. Відсутність належного правового регулювання викликає колізії, конфлікти правових норм, юридичний вакуум, за якого національна економіка працює неправильно, дає широкі ресурси для протиправної діяльності окремих осіб та груп, а також несе інші негативні впливи. **Висновки.** Зроблено висновок, що ризики економічній безпеці України представляють сукупність чинників (правового, адміністративно-управлінського, військово-політичного, соціального, екологічного та фінансового характеру), які негативно впливають на стан ефективного та якісного функціонування національної економіки.

**Ключові слова:** національна безпека, економічна безпека, ризики, національна економіка, законодавство.