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ECONOMIC INTERDEPENDENCE: NATIONAL AND INTERNATIONAL ECONOMIC SECURITY

Summary. *The modern world is characterized by the rapid growth of transnationalization processes in production, international exchange 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, labor 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 located in the sphere of economy and finance, which are also the basis of global processes in other areas. Economic globalization is the main source, main propeller of globalization processes. It is the product 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 geoeconomic security. A countries economic state dictates the wellbeing of a nation as a whole. Therefore to improve the economic security, more attention should be paid to the enforcement of a countries geoeconomic strategy and the development and implementation of an effective financial control system among others. Addressing these issues will improve the geoeconomic security and lead to economic stabilization and growth.

The article investigates economic interdependence and its impact on international relations. A set of instruments and mechanisms aimed at ensuring the economic security of the states from external threats applicable in the global economy are studied. The article aims to analyze the key threats to the current world order. The focus is placed on the importance of forming geoeconomic strategies and their implementation.

Key words: *geoeconomics, geopolitics, economic security, geoeconomic rivalry, globalization, centers of economic power and geoeconomic poles.*

Statement of the problem. Today we bear witness to dramatic events in the world and in the world economy. The traditional system of international relations is increasingly failing. Ukraine, which is part of this system, is also undergoing these transformations and is at the epicenter of the crisis of the European world order and the exacerbation of geoeconomic and geopolitical rivalries, in which the Russian Federation and the West use geoeconomic methods to achieve their goals. In fact, Ukraine has become a so-called testing ground for

improving technologies of geoeconomic conflicts. The country must form a relevant geoeconomic strategy and implement a system of national interests.

Potential and existing threats to the national interests and national security of Ukraine, such as Russia's aggression at the eastern borders, have become a real issue. The key threats to national security of Ukraine are found in the economic sphere hence making geoeconomics more relevant than ever before.

Analysis of recent researches and publications. Domestic and foreign scientists formed the informational and methodological basis of the article.

The first important articulation of the contemporary geopolitical implications of post-war economic trends was in the work of Paul Kennedy, which outlined the thesis of imperial overstretch and paid attention to financial and other economic constraints on national power [1].

The second major publication on the idea of "geoeconomics" was made by Edward Lüttwak, where he also defines geoeconomics as a science of methods of economic warfare and argued that states are the main actors in the global economic space [2].

Samuel Huntington spoke more straightforwardly and believed that geoeconomics was a continuation of war by other methods. He believed that the economic activity of a state is its main source of power [3].

Other well-known representatives of the American School of geoeconomics include Andrew Leishon and William Nester, who considered geoeconomics in the context of national / scientific interests [4; 5].

In the course of the study such general scientific methods as analysis and synthesis, grouping, historical and logical analysis, comparative analysis, systematic and scenario approach, as well as methods of economic and statistical analysis were applied.

Formulation purposes of article. The key objective of this paper is to develop practical recommendations to identify external geoeconomic threats at the state level, to form the instruments to protect the national interests of Ukraine

and to implement the mechanisms of ensuring the further national development objectives by emphasizing the importance of geoeconomic strategies.

The purpose of the paper was a comprehensive study of the methodological foundations of the research of the phenomenon of geoeconomics, to analyze the current trends in geoeconomic strategy development of the leading countries of the world, to analyze the global risks and geoeconomic conflicts, the development and application of the appropriate methods and instruments of economic coercion by leading states.

The main material. The growth of interdependence has made countries more vulnerable to external influence. The weakening of some countries has spurred the desire of other states to gain military-technological superiority over them and the use of "economic leverage" to achieve their political interests intensifies. As a result, the economic foundations of national security are being destroyed. The issue of maintaining a certain balance between the positive and negative sides of the influence of foreign economic factors on the development and stability of national economies, as well as ensuring the defense capabilities of the state, are vital. Therefore, one of the most important tasks of any country in the world at present is to achieve a level of economic security that would ensure internal stability, active participation of the country in the international division of labor and at the same time guarantee its national security.

All these processes and changes make such tasks as the conceptual analysis of current trends and principles of economic development in a globalized world more relevant than ever.

A significant shift towards the priority of global economic regularities creates new theoretical problems, leads to the emergence of new research alleys, and makes it extremely relevant to analyze the current economic globalization trends, the growth of interdependence and, in particular, the role of asymmetric interdependence in creating prerequisites for the exacerbation of international economic conflicts. Military methods of warfare are being replaced by, no less

dangerous, economic wars, which are often called geo-economic conflicts. This, in turn, determines the importance of geoeconomic mechanisms for ensuring national security over geopolitical and geostrategic ones, as geo-economics becomes a priority of world development [6].

Geoeconomics, unlike geopolitics, views the world through the prism of the economic power of the state. The geoeconomic space is formed from resource-based, financial, production-technological, information and other components. Geoeconomics was initially a policy of redistributing world resources and profits [7].

Despite the lack of a unified definition, geoeconomics is nowadays becoming an increasingly important instrument of public policy. In the context of globalization, it is geoeconomic approaches that make the implementation of the economic role of the state possible, while taking into account strategic interests and ensuring economic security in the new international environment. In this environment, the importance of economic security, which is impacted by globalization, is being modified. In this regard, each country needs to develop its own development strategy while prioritizing geoeconomic aspects.

In the course of the study a number of conclusions have been drawn, both theoretical and practical in nature:

Economic globalization has led to the extreme interdependence of national economies. However, the events of recent decades have given rise to the understanding that economic interdependence is asymmetric; a stronger and more aggressive participant dictates the terms of economic and political relations. This phenomenon leads to an increased potential for the exacerbation of conflict. In our case, conflicts in the international economic sphere. This aspect is the subject of particular attention in our study.

There are many approaches to defining the phenomenon of "geoeconomics". However, in this paper, geoeconomics is seen as a policy of using economic instruments to achieve geopolitical goals and protect national

interests. The analysis of geo-economic multipolarity has revealed that the world is now in a transitional state, from total globalization to multipolarity, and geopolitical risks, from regional conflicts to global ones, are associated with this area of development [8].

The assessment of modern global economic threats in an instable world economic environment and the aggravation of geoeconomic rivalry is given. Risk analysis suggests that geopolitical risks, and especially the risks of recent years, are dominant and have transformed into geoeconomic ones, characterized by the fact that stronger partners, or in our case, more powerful states, impose their own rules that have their own features and forms.

In the course of the study, we have come to the conclusion that in the context of globalization, the ability to wage a geoeconomic war or to resist foreign geoeconomic aggression in the context of competitive struggle becomes an important prerequisite for a country's economic capacity, determining its place in the world economic and political hierarchy.

Prospects for the formation of a new international economic order, characterized by great rivalry between the USA and China and a clear use of economic instruments to achieve strategic goals, are analyzed. The international economic order and strategic environment are on the verge of transformation, which will require states to increasingly focus on the so-called securitization of the economic policy and the economization of the strategic policy.

In the course of the study, we analyzed the experience of developed countries in implementing geoeconomic strategies in terms of national interests and the economic security of the state. Each country needs to develop its own strategy where geoeconomic goals will help adapt to the changing global market. A geoeconomic strategy means achieving economic goals in the global market through geoeconomic approaches [9].

An analysis of the regulatory framework for the application of international economic sanctions by Western countries shows that in this new reality,

international economic sanctions are increasingly popular as an integral part of modern foreign policy. While assessing the role of international economic sanctions, it is important to note that sanctions are measures that are meant to counteract international order violations. The analysis of the peculiarities of international economic sanctions against Russia in connection with its aggression against Ukraine shows that the effectiveness of the application of international sanctions is rather low. However, despite its poor effectiveness, sanctions against the Russian Federation are a necessary deterrent [10].

The so-called global value chains are an important attribute of the geoeconomic space in which foreign economic relations are constructed in accordance with the investment-reproducible model (which is the geoeconomic model). Countries integrated into the operation of such GVCs have a competitive advantage. However, the enormous importance of GVCs in modern trade and in the reproduction cycles leads to the increase of interdependence of national economies and, consequently, any interference with their work or destruction of the chain leads to a cascading effect for all parties. An analysis of the US-China trade war shows that countries that are deeply integrated into the US-China cooperation network are also affected in the process.

The realization of geoeconomic interests of Ukraine is possible only on the basis of development of the national economy. The main tasks of the country in order to ensure economic security are, first of all, to assess external economic threats and opportunities, reform the legislation and formulate an adequate geoeconomic strategy. The basis for Ukraine's geopolitical strategy may be economic cooperation with the US and the European Union.

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:

- 1) encroachment on state sovereignty, territorial integrity, economic, scientific-technical and defense potential of Ukraine, rights and freedoms of its citizens by the Russian Federation;
- 2) prevalence of corruption and bribery in government agencies, blending of business and politics, organized crime;
- 3) terrorism spread;
- 4) 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;
- 5) annexation of Crimea, separatism, attempts to create an autonomy of certain regions of Ukraine;

In the economic sphere:

- 1) 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;
- 2) weakening of state regulation and control in economy;
- 3) instability of legal regulation of relations in economy, including the state financial (fiscal) policy; lack of effective programs to prevent financial crises;
- 4) increase of credit risks;
- 5) 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;
- 6) slow pace of reproduction processes and overcoming of structural deformation in economy;
- 7) critical dependence of the national economy on external markets, low rate of domestic market expansion;

- 8) irrational structure of export with mainly raw material trend and a low share of products with high added value;
- 9) a large state debt burden, critical amounts of external and internal state debt;
- 10) ineffectiveness of antitrust policy and mechanisms of state regulation, making it difficult to create a competitive environment in the economy;
- 11) 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 the international experience of neutralizing negative state processes occurring due to globalization and the deepening of interdependence among national economies. In order to achieve success, nations must develop relevant financial and economic policies, as well as geoeconomic strategies.

In this regard, the urgency of this problem is due to a number of circumstances, both internal and external, which are common for 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 social tensions. This results in the destruction of economic foundations of national security.

Secondly, the weakening of some countries and the desire of other countries to further the military and technological superiority over them through 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, a country's active participation in international division of labor, while guaranteeing its national security. Along with economic security, national security includes the external 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 is the state of the national economy security in regards to external and internal threats, where it is able to ensure the progressive development of society and guarantee 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:

1. To determine the essence and structure of economic security;
2. To investigate the international financial (investment) flows in the context of globalization;
3. To investigate the vulnerability of exchange and credit markets in the context of financial globalization;
4. To analyze international financial security as an essential component of the foreign policy of Ukraine;
5. To analyze practical experience of FATF and other similar organizations;
6. To offer the methods of detecting the long-term, medium-term and operational foreign economic threats;
7. To analyze the mechanisms to counteract financial risks;
8. To 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 the prerequisites for economic development. It is another great way of developing the financial sector

characterized by huge growth rates far exceeding the dynamic of the capital growth in real economy.

Solving the problems that have accumulated at the national level 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.

Economic security should encompass such attributes as balance, resistance to internal and external threats and the sector's ability to ensure an effective functioning national economic system and guarantee economic growth. The economic security of a state, as a whole, is determined by the economic security of its individual regions, their close interdependence and the sustainable development of all regions.

An integrated conceptual approach to economic security requires the understanding of international economic security. International economic security is a plethora of international conditions 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 of military pressure, and equal relations with economically less developed countries.

This means that international geoeconomic security is a state of the global economy upon which the mutually beneficial cooperation among states is in addressing the national and international (global) economic problems, free choice and the implementation of their geoeconomic strategies for the sake of socio-economic development and the participation in the international division of labor. Therefore, the main issue of international geoeconomic security today is to create

the conditions for cooperation among states in addressing not only their national, but also global issues.

The conflict of power has profound implications for the stability of nations. Often, stability is characterized by persistence, lack of turbulence, and resistance to change. Political systems differ in how stable they are. Totalitarian governments are perhaps the most stable, followed by established democracies, dictatorships, new regimes, and failed states. In the economy, stability enables social and economic development by attracting a critical mass of foreign direct investment needed to pay for national development. From the point of view of war, stability is important because stable countries are more resilient to influence, leading to war, and stability makes military progress more resilient.

If countries do not stabilize, they typically need the assistance of a wide range of military, civilian, public, bilateral, multilateral, non-governmental and private sectors. In practice, this assistance focuses on three main elements: security, governance and the economy. All three are deeply dependent.

Security is a must. Without strong national security, good governance and economic foundations are not able to develop sustainably. Stable governance requires countries to manage their political, military, economic, social, legal, regulatory and judicial affairs. Economic elements of stability include economic infrastructure, as well as the legal, regulatory and political environment necessary for economic growth.

Insights from this study and perspectives for further research in this direction. In an era of fierce competition, the number of countries in the gray zone, between war and peace, will grow, drawing more and more of them into this confrontation. This will require greater attention to stability operations in these areas, both before and during conflicts. In the future, more and more countries will join this great competition. Conflicts will arise in countries where they did not previously exist, and instability will increase. The use of a proxy will reduce the likelihood of direct conflicts of force, but disputes will escalate at a time when

the world is getting smaller and conflicts - larger. Thus, determining the right geo-economic strategy is the key to successful foreign economic activity.

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 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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