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The role of political institutions in national economic security building

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ABSTRACT

In the article the essence of economic security is specified, the role of political institutions in the process of state economic security development and implementation is determined. The role of a state in the process of economic security building is of a great significance under the terms of market economy. The market relationship building, the ownership pattern change, the methods of public administration, the openness of national and regional economies define the necessity of economy sustainable development ensuring and permanent monitoring over social-economic processes. Economic security characterizes the state of national economy which provides protection of national interests as well as interests of both certain citizens of a country and the society in whole. A state plays the most important role in building and changing of institutional economy structure of any country. The comprehension of constitutional state democracy is possible via relatively (and absolute) conflict agreement "principal-agent" among electorate and their managers (representatives). Transferring from the conventional vertical public administration scheme it is necessary to ensure vertical inter-functional relations at Ukraine's economic security building.

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1. Introduction

It is impossible to form economic processes without an active participation of such political institution as a state. Involving a great number of participants and different kinds of activity at all the levels of a

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national economy, a state policy affect directly the level of business activity and the national activity scale. Finally, it defines an opportunity of its dynamic and balanced development ensuring economic security of a national economy. The need in protection against not desired external influences and overall internal changes, in other words, the need in security is a basic need for a certain person and different unions of people including a society and a state. The role of a state in the process of economic security building is of a great significance under the terms of market economy (Golovinov O., 2007). The characteristics of market economy are a distributive type of the property transformation, the change of socio-economic process management forms and subjects, the rise of interest conflict of socio-political groups etc. The problem availability in the sphere of the national economic security ensuring causes the necessity of scientific studies, first of all, on the role of a state in this process.

2. Analysis of recent research

The problems of economic security as a priority of the national policy were investigated in numerous theoretical researches and summaries of the native scholars, in particular Baranovskiy A., Boyko V., Heyets V., Hoychuk O., Hubskiy B., Varnaliy Z., Zhalilo Ya., Korets'kiy M., Muntiyany V., Paskhaver V., Pakhomov Yu., Sabluk P., Skydan O., Shlemko V., Yaremko L. and others. However, some aspects of the national strategy of economic security ensuring need to be further investigated.

Statement of research objectives

- to specify the essence of economic security;
- define the role of political institutions in the national security development and implementation process.

3. Results

The market relationship building, the ownership pattern change, the methods of public administration, the openness of national and regional economies define the necessity of economy sustainable development ensuring and permanent monitoring over social-economic processes. Many scholars consider that the basis of national security ensuring is a purposeful activity of a state on making the necessary conditions for encouraging the competitive advantage of national economy leading branches in external markets during strategically long period at the expense of the permanent forward development of economic activity preferred directions.

The notion "economic security" is part of the national security with ecological, defense, intellectual, information, demographic, psychological security and other. The complex of national

interests is implemented by all components of national security; at the same time each component has its specifics depending on solved tasks and used means and methods for this purpose (Kovalchuk T., Varnaliy Z., Feschenko V., 2001).

Economic security characterizes the state of national economy which provides protection of national interests as well as interests of both certain citizens of a country and the society in whole. Economic security is directed to ensure proportional and continuous economic growth, inflation and unemployment decrease, formation of an efficient economy structure and a developed stock market, reduction of a budget deficit and national debt, social protection ensuring and life quality rise of population and national currency stability keeping etc (Burdina O., 2006).

The start of economic security development in Ukraine is closely connected with an active work of National Security and Defense Council of Ukraine; within its frameworks the national strategy of economic security was formed and represented by Ukraine's Law "On Ukraine's National Security basics" №964-IV dated June 19, 2003. This council defined the most important measures for implementation of governmental documents' expertise from the point of economic security. It also determines threshold values of economic security. Overstepping them a country is under a threat of political independence loss and it becomes economically and socially vulnerable (The Law of Ukraine "On Ukraine's National Security basics", 2003). Unfortunately, it turns out that the majority of measures are not carried out; many governmental documents do not undergo the necessary expertise from the point of economic security. Despite the formed contours of economic security strategy the works in this sphere are insufficient.

A state plays the most important role in building and changing of institutional economy structure of any country. It can contribute to the efficient market institutions creating and, on the contrary, it can create an institutional structure which does not allow competition advantages to be developed due to monopoly authority and other factors that lead to transaction costs. Everything depends on certain historical conditions and comparative efficiency under these conditions in some or other system of economic coordination. Although namely a state is a necessary attribute of the progressive economic activity, the generated institutions might not encourage efficiency increase but prevent it.

The comprehension of constitutional state democracy is possible via relatively (and absolutely) conflict agreement "principal-agent" among electorate and their managers (representatives). The principals are voters (citizens) who are true owners of supreme authority (sovereignty). They authorize some compatriots to govern sovereignty through a voting procedure. As a result they are agents who implement self-governing and the same time they are those who return a state the right to limit personal liberty and also dictate principals what to do. This is absolutely different from private relations "principal-agent".

Theoretically, the same problem can be observed in transaction cost economics: there is asymmetry of information before and after making an agreement. This situation is a result of opportunistic behavior a priori and a posteriori as specific investment of a voter assists some or other candidate. But information is divided not only asymmetrically, it is also most unlikely to define what will happen in

future. Thus, decisions made by law-makers, government, and state administration bodies and judges can not be perfectly limited with rules. It leaves some freedom for non-obligatory actions of agents who principals (electorate) have to trust. Therefore, the problem of government power to inspire confidence is its duty in front of voters.

The other compulsory problem sphere is that political exchange is carried out among representatives of different groups of society interests. This exchange of voters or deputies is project general support of each other; the voting is by the principle “you vote for my project, I vote for yours”. Like at economic exchange it is necessary to build electorate confidence for the purpose of creating convenient institutional arrangement.

In both cases the relations “principal-agent” among electorate and politicians, from one part, and political exchange among interests of different groups, from the other part, are approaching to transaction cost application. But nowadays there is a limited rationality of legislators, imperfection of legal pressure and opportunism (rule-breaker).

Institutional arrangement affects greatly the capacity of agents to make political obligations confidential that allows a state to build economic security more efficiently. For example, clause 41 of Ukraine’s Constitution states: “Everyone has the right to own, use and dispose of his or her property, and the results of his or her intellectual and creative activity. The right of private property is acquired by the procedure determined by law. In order to satisfy their needs, citizens may use the objects of the right of state and communal property in accordance with the law. No one shall be unlawfully deprived of the right of property. The right of private property is inviolable. The expropriation of objects of the right of private property may be applied only as an exception for reasons of social necessity, on the grounds of and by the procedure established by law, and on the condition of advance and complete compensation of their value. The expropriation of such objects with subsequent complete compensation of their value is permitted only under conditions of martial law or a state of emergency. Confiscation of property may be applied only pursuant to a court decision, in the cases, in the extent and by the procedure established by law. The use of property shall not cause harm to the rights, freedoms and dignity of citizens, the interests of society, aggravate the ecological situation and the natural qualities of land” (*Constitution of Ukraine*, 2006). This acts to ensure security for private property owners against the government stealing.

4. Conclusions

Therefore, for economic security building the political institutions have to build, in the first place, the electorate confidence. Voters appoint responsible ones for their security building and transfer the parts of their liberty to a state. Due to this the role of a state in economic security ensuring is essentially increasing. The participation of a state is carried out through the above-mentioned functions of a state in the economic security sphere. It is possible to improve the quality and efficiency of their implementation

by updating the corresponding normative legal documents and raising the level of specialist qualification in these kinds of activity.

The solution of the national development problems requires not only the state authority consolidation but building more confidence in its institutions as well as rationalization tools of decision making and economic policy building. At the same time, transferring from the conventional vertical public administration scheme it is necessary to ensure vertical inter-functional relations at Ukraine's economic security building. Thereby, there is a further need in scientific investigations.

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