

ECONOMIC SECURITY AND REGIONAL POLICY

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Abstract: Economic security is very complex category. There is no common, acknowledged, scientific definition. In new global context and conditions of regional globalization and integration process countries' economic security is very actual. Economic security can be measured at individual, local, regional, national, and international level. From the other side regional policy is the key for regional development of regions. In this respect regional policy is an instrument for economic security increase of regions.

Key words: regional development, economic security, regional policy, national security, state governance.

1. INTRODUCTION

Economic security is a relatively new concept. It is associated with intensely changing conditions in and outside countries, as well as with the potential and capacity of the national economy. Economic security is directly related to national security, which outlines the challenges facing each country and the priority areas of protection in terms of population, economy and territory of the country. Nowadays, in view of the globalization processes and deep integration among the countries, not only the economic security, but the economic security of the state and its regions is emerging in the foreground. Analyzing economic security at lower level for instance regions and districts, we can link this term to the process of regional development and the implementation of regional policy. Detailed analysis of the two concepts leads us to the conclusion that the economy, resource security, social inequalities and welfare of the population are part of the common intersection areas, which give us a basis for scientific research of the relations and interaction between the two terms. The purpose of this study is to analyze the impact of regional policy in the context of targeted regional development and as a result increasing economic security level of separated regions in Bulgaria. In this regard, methodologically the author will outline the strong objective connection between regional policy implementation and

economic security of the regions. To prove the outlined interaction, the author will use a set of approaches and research methods such as a system, philosophical, and territorial approach, descriptive, comparative, analytical, statistical, inductive, and deductive methods, as well as reference to expert opinion.

2. DEFINING ECONOMIC SECURITY

As a result of the dynamic socio-economic processes on the world agenda, new problems appear in the society, related to the strengthening of the national economy in globalized world. Achieving a high level of economic security is fundamental for the sustainable development of the nation state. The economic security of the state in globalization is a multifaceted concept that does not have an unambiguous meaning. Some experts in this field believe that in the period of rapid development of production and foreign economic relations, there is a profound transformation on a large scale, which has a long-term nature. In the era of accelerated internationalization of the national economy, ensuring economic security poses important tasks, requiring constant efforts to maintain it at national, regional and international level. Globalization creates new opportunities for national actors involved in international relations, but at the same time entails risks and external threats to the functioning of national economies. At the same time, these risks are increasing. It is difficult to predict and consume many resources for risk and crisis management. Some of them are manifested in a modified form, which implies continuous monitoring and control of the security environment. New threats of a global nature that are emerging, affect all of humanity, but also countries individually. For instance, global threats are uncontrolled socio, cultural and economic international processes, terrorist attacks, multinational capital movement, deep economic interrelations across countries, economic crisis spreading, very dynamic and intense global processes, decrease between economic cycles and world order transformation in polycentric structure. Global threats bring external challenges that are complex in nature and characteristic. They influence the entire system of international relations. Because of these reasons in the modern world, it is impossible to ensure the economic security of the country without broad international cooperation at all levels. In this term significant and important part of the problem relates to the spread of threats beyond national borders and the inability to find a solution through national instruments and mechanisms. To overcome the emerging challenges and threats, we must have knowledge of the economic system, its functioning and development in a national and international environment.

In this regard, there is a need for knowledge enhancement on this topic in the Bulgarian and foreign specialized literature, which will serve as a theoretical basis for research and analysis of problems related to the implementation of economic security of the Bulgarian state, including by defining new non-traditional threats to the internal and external security environment.

In order to maintain a stable state of the system we have to manage economic system and its sustainable functioning. Connecting the state with its foundation - the economy, the form, characteristics and condition of this system must be taken into account, because it determines the shape of the other state structures. There is a close connection between national security and economic security as its main component. That is why the economic security of the state in the new conditions is significant for the research.

The economic security of the country in the context of globalization (ESCG) is a relatively new concept, for which there is no generally accepted definition, as part of the problem of ensuring the national security of the country [1]. The state has a combination of resources - material, human, monetary and financial. Depending on the international situation and the situation in the national economic system, each country feels the need to meet challenges in different ways. Global order influence on small countries strongly and decrease level of economic security. Possible decision is such states to become a member of bigger integrated entity. In similar situation is Bosna and Herzegovina [2]. Each country needs to attract additional resources from other countries. In fact, this shortage and accordingly, difference in resource dependence form other countries determines the level of national economic security [3].

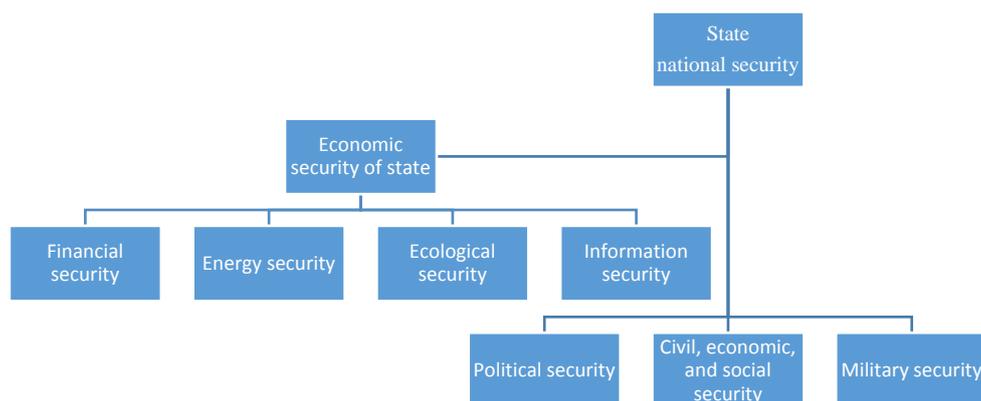


Figure 1. Architecture of security.

For completeness in this analysis, the relationship between challenges and security must be characterized. The two terms are closely connected and advocate because security is a complex of conditions of stability, guaranteeing human rights, the normal functioning of the state and its institutions. At the same time, security is

a function of emerging challenges, which are expressed in various threats, dangers and crises. That is why the challenges directly affect all systems - national and international, and determine the dynamics and current situation of security in all its aspects. In this term, security is a changing quantity, the level of which is directly proportional to the emerging risks and challenges.

Important for the Bulgarian state and the planning regions are mostly the following aspects of security - political and civil, energy, food, information, environmental, monetary and financial.

The assessment of the economic security of the Bulgarian regions in the conditions of global economy determines the use of different approaches to the concept. Economic security can be viewed from three perspectives:

- the first, as a set of scientific-technical, natural-economic conditions and capacity for professional training (qualification) of the population, which ensures efficient production and competitiveness of the production.
- the second, presupposes the possibility for real actions of the society to maintain and improve the conditions for progressive economic development, expressed by reaching the potential of the gross domestic product (GDP), in terms of its optimal quantitative and qualitative structure.
- the third, considers economic security as a multifactorial and complex category, the essence of which can be revealed on the basis of analysis of economic factors, criteria and indicators.

For the purposes of this analysis, it should be clarified that economic security has three attributes. In order to clarify the essence of the economic security of the state in the conditions of globalization, it is necessary to study its connection with the characteristics of the economy "dynamics", "independence" and "sustainability" [4].

Because the economic system is the foundation for the development of the state and its subsystems - political, social, administrative, it is the main factor determining the overall state welfare and prosperity. And they, in turn, a priori lead to a high level of economic security in Bulgaria. Therefore, the following basic characteristics of the system can be derived, guaranteeing, or leading to a high degree of economic security of the Bulgarian side. And they are: A. Competitiveness of the state - this long-known indicator compares the country with others, positioning it in the world economy according to the presence of competitive advantages. They are associated with the highest efficiency of certain economic sectors of the economy, expressed through the export of large volumes of goods or a significant share of the international market. This indicator characterizes the effect of the cumulative combination of the respective elements of the social, economic, demographic, and institutional sphere of the state. B. Stability and resilience of the state system (including the ability to reproduce and renew the system). This main characteristic expresses the level of protection of the national systems from the external influences and the maintenance of strong internal inter-branch economic relations in the country. Of course, all this refers to the effective functioning of the state

administrative apparatus and the trust in the business environment of the state to attract foreign investment. C. Degree of independence from other countries and international situation. This characteristic shows the influence of external phenomena and trends and the consequences for the country. It also expresses the possibility of defending national interests by pursuing an independent state policy. Finally, the country's influence in the international political and economic system is included here. D. Socio-economic status and public welfare. According to Lester Thurow, the pyramid of public welfare includes - characteristics of social organization, accumulation of knowledge, qualification of human resources, entrepreneurial skills, means of production and resources of nature and the environment [5].

Therefore, it can be argued that the economic security of the country in the context of globalization is a set of capacities and capabilities of the state to withstand the competitive pressure of other countries, to achieve symmetry in foreign economic relations, to control economic dependence in international interest. of citizens, taking into account and protecting national and private interests, and to maintain system stability combined with a good business climate. External challenges and risks, which emerge from the openness, the external orientation of the economy, and its dependence on other countries, are primary factor influencing the economy and formation of favorable conditions for its functioning.

3. ECONOMIC SECURITY OF REGIONS

As a result of articulation and defining economic security of the state we can conclude that economic security of regions is a combination of present state, factors and conditions which build stability and sustainability in territorial economic development, independence, and integration to country economy [6]. As we speak about economic security of regions, we must consider the typology of regions and current political, social, and economic characteristics of countries. Consider this we can improve suggested definition as follows: economic security of regions is a combination of political, social, ecological, and economic state, conditions, factors, and potential for maintaining strong harmonic and sustainable socio-economic development of regions that overcome regional disparities and build solid rural relations among them.

In accordance with the outlined priorities, indicators can be formulated expressing the economic security of the Bulgarian state and the planning regions, which express not only the economic system, but also the demographic and administrative condition of the regions. These indicators characterize, both qualitatively and quantitatively, the state of economic security of the six regions in Bulgaria.

Economic security measures link the state of the economy with the analysis of economic processes that express the essence of economic security. The most important measures and indicators are expressed in the following table [7, 8].

Table 1. Economic security indicators.

Regional Policy Economic security	Economy	Society	Ecology	Territory
Investments	Direct Foreign investments Regional Gross Domestic Product	Quality of Life improvement	Resources Potential	Infrastructure Building
Regulation intervention /	Legislation	Labor market	Pollution Decrease	
Administrative bodies	Administrative and Judicial system Financial and credit system Budget indicators increase			
Infrastructure and Information Society	Net Sales Revenue Increase	Innovation Knowledge system Improvement	Life standard Increase	Regional and Interregional Connectivity
Demography				Social cohesion

The challenges facing Bulgarian planning regions can be divided into three main groups according to their origin. The first group are those that generate uncertainty and instability in the international system. The international system operates on the basis of free competition, freedom of movement and a lower level of security and trust. Therefore, this type of system poses different types of threats and risks that are naturally generated by the firm. The second group are those that are caused by "compromised" management, the cyclical nature of the system, speculative financial transactions. These threats express the emergence and development of various types of crises. In this respect, the greatest danger in recent decades has been the unprecedented increase in the scope, strength and frequency of all kinds of crisis situations. Of course, they are greatly facilitated by the processes of integration, the formation of a common market and cyberspace. The creation of a single world economy creates conditions of interdependence and interpenetration between countries. The deepening of economic relations essentially limits the possibilities and scope of actions of the governments, respectively of the Bulgarian one.

4. ECONOMIC SECURITY AND REGIONAL POLICY

Regional policy is part of the national and European policy for regional development, which is aimed at individual territories and regions. Regional policy is a targeted investment policy that combines all sectoral policies in a specific territory, and must involve all available local and regional resources. Last but not least,

regional policy is a combination of macroeconomic, institutional and national-territorial regulatory instruments in order to overcome disparities between regions and solve social, economic, environmental, national and interethnic problems and tasks. The results of the implementation of the regional policy logically lead to the increase of the economic security of the regions. In practice, economic security includes social, informational, environmental, food, financial and other aspects. On the other hand, the listed components of economic security are the main directions of regional policy. Therefore, social, economic, financial, territorial, environmental indicators measure the outcome of targeted regional policy, which determine the level of economic security of the regions [9].

In recent years, the territorial disproportion in the Bulgarian state continues to increase. This leads to low levels of economic security. As we have indicated in the research so far, the reasons for this are numerous, but most of them are related to the lack of targeted impact in certain areas of the country despite the existence of a Regional Development Management System. The economy of almost all of Bulgarian country is in decline, and this is most strongly and sensitively felt in the border areas of the country.

Observations and practice show that the state does not work to create conditions for balanced and sustainable regional development of individual regions of the country and to support territorial bodies through its financial, credit and investment policy, as defined in the Constitution of the Republic of Bulgaria. Therefore, the economic security of the Bulgarian regions is highly compromised. Disparities among Bulgarian regions are going bigger. In the following table we can see the strong relation between economic development of Sofia region that is a result of effective regional policy and economic security increase expressed by economic measurements.

Table. 2. Economic development indicators.

Economic development indicators	2011	2012	2013	2014	2015	2016
Gross Domestic Product per capita	24 726	24 608	24 642	24 890	26 690	n.a.
Annual income for person of household	5438	6403	7441	6890	7061	7349
Population with higher education	42,7	42,9	45,8	48,6	49,6	51,4
Expenses for acquisition of tangible fixed assets	6554	6143	5468	6234	6052	n.a.
Foreign Direct Investments	8953	9009	9245	8891	9164	n.a.

4. CONCLUSION

Economic security and regional policy are strong connected terms theoretically and practically. Regional policy implication result in regions' economic security increase. Using regional policy every country overcome disparities among regions, social inequity, and can guarantee socio-economic development and economic security increase of regions. Therefore, the author comes to conclusion that economic security of regions is a complex category. It is a combination of current state of regions, terms, territorial potential, and factors which maintain stability and sustainable economic development and integration of regions.

Regional policy implementation is due to Bulgarian state at all levels, business actors and NGOs. Regional policy integrates instruments and actions in every state sphere. Therefore, regional policy gives integrated response of different problems by nature and origin in regions. This complexity in actors, actions, factors, and levels incorporated in regional policy implementation creates opportunities for social and economic development regions which increase a level of economic security.

We live in information society and states in EU develops knowledge-based economy. 5G technology starts spreading across countries. And probably this is a new revolution that will influence the states and societies. In this context economic security is very important due to its element information security which must be maintain in Bulgarian regions. From the other side the base of economic security is a real economy. Life standard and the development of cities and territories is associated with increasing incomes, attracting investment, and retaining the population through better living and working conditions, information society and knowledge-based economy improvement. And these characteristics are significant for economic security measurement. This is a matter of state policy as well as local self-government and municipal development plans. In order to achieve higher productivity and economic security increase, it is necessary to develop the industrial sector, which has a pulling effect on the regional economy of the Bulgarian state. In this sense, jobs must be created in the industrial sector, ie. to stimulate the real economy, which will improve the living conditions in the separate territories of Bulgaria. That is why attracting investment is directly related to the socio-economic condition of cities and municipalities. Less developed cities and regions find it more difficult to attract investment because the population is limited and low-skilled and aging. The second reason is the lack of good infrastructure and economic activity in some areas, which creates difficulties in investing and developing production there.

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