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revistacienciaseconomicas@gmail.com

The Economic Security Of The State: Its Genesis And The Transformation Approaches
Of The Modernity

La Seguridad Económica Del Estado: Su Genesis Y Los Enfoques De Transformación
De La Modernidad

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Valeriia Myrhorod-Karpova
Sumy State University, Ukrain
Correo: vmk25@tanu.pro
ID ORCID: <https://orcid.org/0000-0001-7165-6777>

Volodymyr Hrytsenko
Volodymyr Vynnychenko Central Ukrainian State Pedagogical University, Ukraine
Correo: hrytsenko@uohk.com.cn
ID ORCID: <https://orcid.org/0000-0001-7263-7041>

Anna Dragonenko
Volodymyr Vynnychenko Central Ukrainian State Pedagogical University, Ukraine
E-mail: anna.dragonenko@uohk.com.cn
ID ORCID: <https://orcid.org/0000-0003-4964-2699>

Alexander Chernenko
Kirovograd Institute for Human Development of the Open International University of Human Development
"Ukraine", Ukraine
E-mail: chernenko.ol@nuos.pro
ID ORCID: <https://orcid.org/0000-0001-7012-1797>

Sergii Penkov
State Fiscal Service in Dnipropetrovsk Region, Ukraine
E-mail: prof.s.penkov@nuos.pro
ID ORCID: <https://orcid.org/0000-0002-7529-7270>

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Abstract.

The relevance of this article is due to the fact that the economic security of the state is a key component of the national security system and a major factor in ensuring national interests. The purpose of the article is to conduct a scientific study on the definition of the administrative and legal mechanism of ensuring economic security in Ukraine by borrowing the positive experience of foreign countries. The leading research methods are general scientific and special research methods, including methods of logic, analysis, comparison etc. The results of this study are a comparative legal analysis of the functioning of the economic security system in Ukraine and EU countries, analysis of the transformation of economic security in European countries, search for promising ways of transformation and reform in Ukraine. The significance of the obtained results is reflected in the fact that this study may serve as a basis for outlining future changes to the current legislation of Ukraine on the functioning of economic security in Ukraine.

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Keywords: internal threats, external threats, economic relations, fulfilling of needs, national interests.

Resumen

La relevancia de este artículo se debe al hecho de que la seguridad económica del estado es un componente clave del sistema de seguridad nacional y un factor importante para garantizar los intereses nacionales. El propósito del artículo es realizar un estudio científico sobre la definición del mecanismo administrativo y legal para garantizar la seguridad económica en Ucrania tomando prestada la experiencia positiva de países extranjeros. Los principales métodos de investigación son los métodos generales de investigación científica y especial, incluidos los métodos de lógica, análisis, comparación, etc. Los resultados de este estudio son un análisis jurídico comparativo del funcionamiento del sistema de seguridad económica en Ucrania y países de la UE, análisis de la transformación de seguridad económica en los países europeos, busque formas prometedoras de transformación y reforma en Ucrania. La importancia de los resultados obtenidos se refleja en el hecho de que este estudio puede servir como base para delinear futuros cambios a la legislación actual de Ucrania sobre el funcionamiento de la seguridad económica en Ucrania.

Palabras Claves: Amenazas internas, amenazas externas, relaciones económicas, cumplimiento de necesidades, intereses nacionales.

Introduction

The economic security of the country is not only an important component of the national security system, but also an important factor in securing national interests. There is no unity in the scientific literature to define the concept of “economic security”, which in turn requires the development of a unified approach to its understanding. V. Shlemko and I. Binko (1997) consider economic security as a state of the national economy that allows to maintain resistance to internal and external threats and is able to meet the needs of the individual, family, society, and state. In turn, M. Yermoshenko (2001) notes that “economic security is characterized by a balanced and resilient nature to the negative impact of internal and external threats, the ability to ensure sustainable and effective development of the domestic economy and social sphere on the basis of realization of national economic interests”. In both definitions, the focus is on maintaining resilience to threats from within and from outside, which reiterates the importance of ensuring economic security as a component of national security.

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In the economic scientific literature, the concept under consideration is revealed through the interplay of economic security, socio-political and national-ethnic sustainability. Thus, I. Mishyna interprets economic security from the side of economic relations, horizontal and vertical, between different entities in order to achieve such a level of economic development, which provides effective satisfaction of needs and guaranteed protection of interests, even in adverse conditions of development of internal and external processes (Mishyna, 2007). Some scholars view economic security as a complex poly-structural science on the security of socio-economic systems of different levels of the hierarchy (individual, household, industry, region, sector of economy, national economy, world economy) (Bieliaiev, 2004). The concept of economic security, given by H. Pasternak-Taranushenko (1994), is quite meaningful, which states that “economic security is a state of the country, which provides an opportunity to create and develop conditions for the fruitful life of its population, future development of its economy and increase the well-being of its inhabitants”.

It is worth agreeing with the majority of scholars that economic security is the basis for the functioning of a state where the latter is aimed at ensuring the protection of national

interests, both internally and externally, directly in the economic sphere. And the ability to maintain resistance to external and internal threats is the so-called economic security criterion, which will ensure economic stability and independence, as well as economic growth. On this basis, we can define the main functional purpose of economic security as maintaining economic independence and increasing competitiveness in the sphere of economy, which, as a consequence, gives impetus for the future development of the country as a whole.

In this regard, economic security should be considered not only as a state of protection of national interests, but also as the availability and ability to use tools to influence economic processes to ensure prosperity in the long term. This strategic approach is a must, since only government action on long-term security can guarantee it (Varnalii, 2009; Zadykhailo, 2014). There is no need to prove that economic security is a component of the national security of the state, but nevertheless it has its structure with its own constituent elements. The question of such constituent elements is somewhat controversial, since some elements of the national security structure belong to the structural elements of economic security, thus creating a basis for scientific understanding of this issue. The following methods were used during the research: general theoretical (analysis, synthesis, concretization, generalization, analogy method, modeling); empirical methods (research of experience of economic security functioning in Ukraine and the world, research of normative-legal and scientific-methodical literature on the given question, scientific researches and conclusions).

Results and Analysis

Economic security is directly linked to the political, information and military-political security of the state through appropriate instruments and levers of influence. As V. Heiets points out, “ensuring economic security is a guarantee of the country’s independence, conditions for stability and effective life of society”. Ensuring the economic security of the state is revealed through its basic functions, which require their clarification by virtue of ensuring the basic essence of the state – guaranteeing the security of each individual in different spheres of activity (Heiets, 2003).

Thus, the understanding of the powers of state authorities in the general system of ensuring the economic security of the state through the performance of the state's basic functions is of particular relevance. The research is devoted to the analysis of the results of the latest scientific researches and publications in which the solution of this problem is initiated, including the isolation of previously unresolved parts of the general problem and the formulation of possible mechanisms for their solution. Studies of the main functions of the state in the field of economic security of the state have been the subject of scientific research by many scientists. However, there is still no consensus on a single mechanism for ensuring the economic security of the state, both among scientists and among Governments from around the world.

The problem of effective security of economic security of the country arose in the early XVIII century, during the birth of capitalist relations and related to the security of economic entities. J.J. Rousseau wrote in the treatise "On the social contract" that the concern for self-preservation and security is the most important of all the state's concerns. At that time, security was understood as the state, the situation of rest arising from the absence of real danger, and the presence of a material organizational structure that contributes to the creation and maintenance of this situation (Rousseau, 1998).

Further reflection on the above mentioned problem is related to the notion of society as the only organism whose activity must be regulated in order for its well-being to grow. From 1930 to 1940, a more active development of the study of this problem began, which was characterized by the "administrative revolution", that means, that the realization came that market self-regulation should exist alongside centralized regulation. In foreign and national literature there are many approaches to interpreting the concept of economic security of the state with the following characteristics:

– firmness and stability, counteracting internal and external threats, by which we mean the strength and reliability of links between all elements of the economic system, stability of economic development of the state, resistance to containment and elimination of destabilizing threats of factors;

– economic independence, which characterizes first of all the ability for any economic security entity to independently make and implement strategic economic and political decisions for development, the opportunity to use national competitive advantages to ensure stability and development;

– self-reproduction and self-development. This characteristic implies the creation of the necessary conditions for effective economic policy and extended self-improvement, ensuring the competitiveness of the national economy on the world stage;

– national interests. This characteristic determines the ability of the national economy to protect national economic interests (Akimova, 2018).

Subsequently, scientists have identified such basic functions of the state that ensure the economic security of the state: social orientation – the main task of the state is to ensure the welfare of its people; ensuring economic, informational, innovative, energy security of the state.

However, these functions have a general aspect and do not directly relate to ensuring the economic security of the state. Thus, O.G. Symonova (2005) states, that “The applied value of the mechanism of guaranteeing the economic security of the state is revealed through the functions it performs. Of course, a function is nothing but an action, activity, implementation or execution of certain operations that takes place in accordance with the specified plan, algorithm, instruction, etc., that means, that it has a clearly defined trajectory and field of application. The main functions of this mechanism include: information, precautionary (preventive), practical, prognostic, adjusting, protective, controlling.

Another scientist – L.A. Pal – attributes law-making, law enforcement, law protection and state-external functions to the main functions of the state. Herewith the first three scholars consider internal functions related to the exercise of the internal sovereignty of the state, and the fourth one – an external function that characterizes the exercise of external sovereignty of the state. The scientist notes that the internal and external functions of the state are closely interconnected, complementary and reinforcing each other (Pal, 1999).

Whereas S.F. Povazhnyi (2010) notes a more holistic and thorough definition of the functions of ensuring economic security in different directions of activity of the state. In simplifying the division of functions of the state into external and internal, the scientist defines the function of security as a political function of the state, along with economic, social, ideological and environmental characterizing it as “ensuring state or public security, social and national well-being, protecting the sovereignty of the state from external encroachments”. Its economic security functions are identical to those of a national nature. They include: ensuring national economic security; maintaining a stable legal economic order; ensuring sustainable development of the national economy on the basis of qualitative improvement of its competitiveness, innovation and greening; ensuring recovery of economic development (Pal, 1999).

It should be noted that the state and its institutions (higher state authorities and officials, functional and sectoral ministries, departments, local state administrations, tax, border, customs and other law enforcement agencies); local self-government bodies are the main subjects of ensuring economic security (Lekar, 2012). It is they who carry out the main functions in this sphere through such bodies of state power as the legislative, executive and law enforcement bodies, represented by the subjects of the state system (Syroid, 2019). The subjects of the non-state system, represented by private economic organizations and civil society institutions in the form of political parties, trade unions and directly citizens of Ukraine, are also involved in ensuring the economic security of the state. The main role in fulfilling the basic functions of the state and ensuring economic security is given by the subjects of the state system of governing the country, which, in accordance with the given powers, develop, approve and implement the main directions of the state policy of national security of the country in the economic sphere. The main ones are (Heiets, 2003):

- providing conditions for sustainable economic growth and enhancing the competitiveness of the national economy;
- accelerating progressive structural and institutional changes in the economy, improving the investment climate, improving the efficiency of investment processes;
- stimulation of advance development of high-tech industries;

- improvement of antitrust policy;
- creation of an effective mechanism for state regulation of natural monopolies;
- ensuring balanced development of the budget sector, internal and external protection of the national currency, its stability, protection of the financial market;
- ensuring the food security;
- safeguarding the internal market from poor quality imports – the supply of products that can harm national producers, human health and the environment, etc.

As in any study, it is advisable to draw on the experience of other countries, including in the area of economic security. Particularly useful will be the experience of countries where the economy is stable, that is, the experience is positive. One of the leading trends in ensuring economic security in countries with sustainable and stable economic development is the abolition of many administrative and legislative constraints, but it has introduced a tax incentive function and created comfortable economic conditions for investment.

Thus, the above mentioned measures have allowed the countries of Western Europe and Japan to be leaders in business development and to take first place in the world rankings in terms of adaptation of enterprises in the legal and economic sphere (Prokhozheva, 2010). Currently, the economic security system of different countries is developing primarily through an effective regulatory system. It is advisable to build on the American experience, since the concept of “economic security” was first introduced by the President of the United States of America Theodore Roosevelt in 1904. The security of the economy of the United States of America is the most important and permanent component of the national security, which is fixed at the legislative level. Among the most significant US economic security laws are the following (Pendiura, 2005):

- The Economic Security Act of 1996, which identifies key economic security issues of a general nature;
- The Economic Security & Recovery Act, which came into force in 2001, settled the issues of tax legislation, identified the main priority areas for the development of the national economy, the creation of a favorable customs climate;

- The Education for Economic Security Act of 1999, which made it possible to increase the effectiveness of American education and science;
- Job Creation and Economic Security Act of 2002, which regulated the issue of overcoming unemployment, the labor market, economic and social protection etc.

Among European countries we also can refer to the experience of France, where the issues of socio-economic security of business began to be raised in the 1950s. In the late 1990s, the French Government adopted a series of regulations to improve the socio-economic security of business entities. This was necessary in connection with the integration of France into the countries of the European Union. Socio-economic security in France in the late XX century was regulated in three directions.

First, the law defines the protection of enterprises' property, their intellectual property, as well as the protection of information and management systems belonging to enterprises, that means the protection of all assets of enterprises. The next direction was the introduction of continuous monitoring of competitors in the domestic and foreign markets and the definition of criteria by which companies are inferior to competitors. The last direction was the regulation of crisis phenomena in the economy by the state on the one hand and specialists of enterprises on the other. Particular attention was paid to the identification and timely avoidance of threats arising from inefficient management decisions due to the lack of the necessary information needed to manage the enterprise. Support for the economic security of French enterprises was adequately provided by a two-tier system. Ministries have set up departments to support the socio-economic security of national enterprises. Their responsibilities included protecting businesses and providing management with the necessary information on potential economic threats in a timely manner (Pendiura, 2005).

Regarding Spain, Italy and Germany, there is an effective regulatory framework in place as the basis of a stable economic security system, especially in Spain, where a key act is the law concerning the improvement and protection of national industry. In Italy the foreign-owned enterprises, which are dependent on the goods and services of the Italian enterprises, are supported by the state. The German government supports the socio-

economic security of companies through the social insurance system. The main functions of the state in this direction are based on the effective laws. The national policy of the state is based on guarantees of citizens' rights, economic and social justice, promoting the well-being of the population and holding back the stratification of society between the rich and the poor. To achieve an adequate level of economic security for German enterprises, together with their own security units and independent security firms, state security agencies have been set up, working closely with federal intelligence services on enterprise economic security. Nowadays, the countries of the European Union are the most influential competitors of America and Japan in the field of scientific and research implementation and research and development work for increasing the level of security of national enterprises (State of Energy Security of Ukraine, 2018).

The Chinese governmental legislative work is aimed at supporting national investment in priority sectors of the economy. This practice is widespread in countries with stable economies, as it also contributes to the development of scientific and technical support. In addition, the specifics of the country's economy (the socialist market) and the location of China also help to maintain economic ties. It also adds a special "coloring" to the worldwide economic issues in Chinese perception. This applies, in particular, to the problem of economic security, which is highly relevant to the People's Republic of China. The basis of China's interpretation of economic security is "economic sovereignty", especially independence in decision-making.

However, in today's People's Republic of China, according to Chinese scholars, "there are no reasons for optimism". Economic sovereignty is under pressure from "powerful interest groups, especially foreign ones". China's per capita resources are also much lower than in the world. The industry is dependent on foreign financial capital, which "squeezes its profits". Many Chinese enterprises have to "obey" the transnational corporations and become only "an element in their production chain". Thus, the most important threats to China are in the area of economic sovereignty. For developing countries such as China, economic security is best defined as the ability to ensure a gradual rise in the living standards of the entire population through national economic development while maintaining economic independence. In other words, economic

security has two sides to the “coin”: competitiveness and independent economic sovereignty. In recent years, this country has a significant place not only regionally but also globally. However, in the international arena, China is still positioning itself as “a developing country” (Sukhorukov, 2018).

Economic security occupies a special place in Japan’s national security system. We consider it possible to note that the Japanese manage to preserve the foundations of their culture, traditional institutions and relations, modifying them only to the extent required by the task of improving the efficiency and competitiveness of the country and its enterprises in the post-industrial era and the period of global development (Sukhorukov, 2018). In this country much attention is paid to the culture of governance and macroeconomic regulation. Thus, control was maintained here, but many production facilities was moved abroad, where there are huge markets, but where labor is inexpensive and the exchange rate is favorable. As a consequence, this country is considered to be perhaps the largest creditor in the whole world, because the gold value reserve is huge, namely – the second place in the world. It also contributes to high competitiveness and socio-economic growth in the country.

Japan is the first Far East country to demonstrate its ability to adapt world management and technological experience to the conditions of Asian society and its national interests. The Japanese government has realized that in today’s economic environment with the globalization of the economy, competition is intensifying, state support and assistance are needed, above all, by small and medium-sized enterprises. Firstly, it is the implementation of the Japanese economy in the world, and secondly, its partial autonomy within the alliance with the United States. It should be noted that the more Japan considers itself a powerful state, the less conservative it remains in its economic security system. Every fourth car or TV set created in the world and every second merchant ship are Japanese. The Japanese work not only qualitatively but also a lot. The country has one of the highest duration of the working hours in the world, and holidays usually last no more than a week. The Japanese have a duality of worldview: a quiet adaptation to the Western way of life and, at the same time, the protection of national values and customs. As a result, there is often a situation where the model of behavior,

appearance, clothing is borrowed, and the motivation of the basic principles of life is traditional (Sukhorukov, 2018).

Japan has certain national characteristics, a small amount of foreign investment, and the relative closeness of Japanese society, which affects the internal economic security policy of enterprises. The general doctrine of Japan's national interests was formed as early as the 1970s. It covered several areas: public security, country's military security and foreign economic stability. And the main task of economic security policy was to increase the foreign policy influence of Japan, which is based on high economic potential. This goal was achieved through the accomplishment of such tasks (Sukhorukov, 2018):

- comprehensive promotion of market relations in the world economy;
- ensuring a stable balance between capitalist and socialist ways of development;
- promoting the stability of economic and political relations between the North and the South.

PROVISION OF ECONOMIC SECURITY AT THE STATE LEVEL

Researching the state of economic security in Ukraine, it should be noted that in our country the system of legal security of economic security is formed by such legal sources as (Harust, 2019):

- Constitution of Ukraine (1996);
- Codes of Ukraine (Civil, Economic, Tax, Criminal, Budget);
- Laws of Ukraine (“On the Basics of National Security of Ukraine” (Law of Ukraine..., 2003), “On the National Security and Defense Council of Ukraine” (Law of Ukraine..., 2019), etc.);
- Concept of national security of Ukraine;
- National Security Strategy of Ukraine;
- government decrees and orders;
- international treaties;
- regulations of ministries and other central executive bodies;

- other normative-legal acts regulating relations concerning ensuring economic security of Ukraine.

Thus, according to Art. 17 of the Constitution of Ukraine, the duty to protect the economic security of the state rests with all state bodies, local self-government bodies, enterprises, institutions and organizations, all citizens of Ukraine and their associations. Economic security functions are assigned to the duties of the President of Ukraine, Art. 106 of the Constitution, and its Art. 107 also provides for the creation of a special body – the National Security and Defense Council of Ukraine, one of the important activities of which is the coordination and control of the activities of executive authorities in the field of national security, including economic security of the state. The Law of Ukraine "On the basics of national security of Ukraine" (Law of Ukraine..., 2003) establishes the legal bases of national security and principles of its provision, defines the basic principles of state policy aimed at protecting national interests and guaranteeing the security of the individual in Ukraine, society and state from external and internal threats in all spheres of life, in particular in economic, as well as state entities providing economic security, including President; parliament; government; National Security and Defense Council of Ukraine; ministries and other central executive bodies; Security Service of Ukraine; National Bank of Ukraine; General Prosecutor of Ukraine; courts of general jurisdiction; local state administrations; The Foreign Intelligence Service of Ukraine; The State Border Guard Service of Ukraine and other military formations established in accordance with current legislation (Harust, 2019).

It should also be noted that ensuring the economic security of the state cannot be effective without the active participation of economic entities (enterprises, institutions, organizations, etc.), related civil society institutions (including political parties, trade unions, business organizations, etc.), as well as the citizens themselves. Citizens of any country, through participation in elections, referendums and other forms of direct democracy, as well as through the bodies of state power and local self-government, which they elect, realize national interests in the process of fulfilling their constitutional duties, carry out the measures determined by the legislation of Ukraine to ensure its national (including economic) security. Citizens and associations of citizens:

- receive, in accordance with the current legislation, information on the activities of state bodies for economic security and are directly involved in ensuring economic security;
- attract the attention of public and state institutions to dangerous phenomena and processes in the field of economic security;
- protect their own rights to the exercise of their personal economic interests by the means provided for by applicable law.

An important point is to establish and ensure that these entities are permanently, promptly and effectively connected to the functional mechanism of public authority. Economic scientific research indicates that the dependence of economic security on a functioning economic theory usually has a superficial development. As a consequence, the nature of the interpretation of the concept “economic security” is formed and changed for unknown reasons, and it is not always clear what is a factor of change and understanding of the specified category. Thus, the fight against threats to the domestic economy is a direct response to them. However, the practice is that the methods of counteracting threats are not sufficiently clear.

Our research suggests that it is necessary to develop the Strategy of economic security of the country at the state level, which is related to such problems of economic entities as the imperfection of the tax system of the state, great competition between such entities and low efficiency of their activity, and there is also a lack of highly qualified specialists. Investigating the mechanisms of ensuring the economic security of different countries, we came to the conclusion that the effective assurance of the economic security of the state is impossible without the legislative assignment of responsibility in this field, not to all subjects of both public and non-state sectors, but to a special state body or institute of public authority. The activities of such a special body will allow, on the one hand, to detect and prevent crimes and other offenses in the economic sphere, and on the other, to rationally allocate the competence of its activities to the developed system of measures to ensure the economic security inherent to internal and external threats to our country.

The National Security Strategy of Ukraine No. 287/2015 identifies among the topical threats to the national security of Ukraine a decrease in the standard of living of the population, a depletion of the state's financial resources and an economic crisis. We believe that the key prerequisite for such threats is the extremely high level of "shadowing" and criminalization of the national economy. Effective counteraction to the threats to the economic security of the country is possible only with the effective functioning of the system of detection and elimination of internal and external threats in the field of public finances, preventing their occurrence in the future.

The legislator refers to the current system of bodies of counteracting the economic security of Ukraine by the National Police of Ukraine, the Security Service of Ukraine, the tax police of the State Fiscal Service of Ukraine, the Prosecutor General's Office, the National Anti-Corruption Bureau of Ukraine, the State Financial Monitoring Service of Ukraine, the State Audit Office of Ukraine, the Accounting Office (Explanatory Note to the Draft Law..., 2019). In our opinion, such branching is extremely inefficient, as there are outdated methods of counteraction to threats, low level of functional interaction between control and law enforcement agencies, lack of unified foreign experience of law enforcement agencies in detecting and investigating financial crimes (Kvasov, 2018).

Thus, we consider it possible to raise the issue of creating a single law enforcement agency that, on the basis of criminal and risk analysis, will be able to counteract and eliminate the threats to the economic security of Ukraine, including by preventing, detecting, suspending, investigating and opening criminal offenses in the field of economic activities related to its subsidiarity that directly or indirectly harm public finances, and prevent them from being committed in the future. We believe that in order to ensure the economic security of Ukraine it is necessary to:

- to create a single law enforcement agency whose task will be to identify and eliminate systemic internal and external threats in the area of public finances, and to prevent their manifestations in the future;

- introduce an innovative model of law enforcement in Ukraine based on foreign experience, such as the ILP model (Intelligence Led Policing), which is applied by similar law enforcement units of the European Union and the OSCE;
- to create a single analytical center for concentration and analysis of information on the state of the financial system of Ukraine, which is collected by state and local self-government bodies;
- create a basis for the transition of state control bodies from supervisory-punitive to preventive-service model of work;
- providing conditions for creating a transparent and predictable competitive business environment in Ukraine by ensuring that the state respects the principle of the presumption of innocence and the principle of inevitability of punishing criminals in the Ukrainian legal field (Explanatory Note to the Draft Law..., 2019).

Conclusions

The idea of creating a single law enforcement agency in the field of economic security is not new to the Verkhovna Rada of Ukraine. Over the past few years, several bills on the creation of such an institution have been under consideration by the Parliament under different names: Financial Investigation Service, Financial Police, National Financial Security Bureau. Priority among the bills as of today is the bill on the creation of the National Financial Security Bureau, which should be created instead of the tax police, a number of units in the National Police and the Security Service of Ukraine.

The task of the National Financial Security Bureau of Ukraine should be to ensure the economic security of the state by protecting public finances at the entrance to the State budget, allocating budgetary resources, counteracting the laundering of proceeds from crime, identification of assets obtained from economic crimes. The National Financial Security Bureau of Ukraine should be set up as a new body with exclusive competence to combat economic crimes. Its creation should occur regardless of the course of tax police liquidation procedures, but should be accompanied by a partial limitation of the competencies of the National Police of the Ministry of Internal Affairs of Ukraine and the Security Service of Ukraine in the fight against crimes in the sphere of economy.

In the future, the focus is on the fact that four basic law enforcement agencies will operate in Ukraine:

- 1) Security Service of Ukraine – a body that should ensure the protection of state, national security and state secrets, counter terrorism and external threats;
- 2) National Police of Ukraine – a body that provides the protection of public order, public security, crime prevention;
- 3) National Anti-Corruption Bureau of Ukraine, which should be united with the State Bureau of Investigation – a body that provides investigation of crimes against top officials, crimes against the state;
- 4) The National Bureau of Financial Security is the body that investigates all crimes on economic matters.

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