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*When Money Talks:
Barriers of Securitization
in Economic Security*



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What security is about?



What securitization is about?

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- **The aim of the paper is to show how discourse on economic security can be put in a broader framework of contemporary economic theory and of systemic aspects of security developed in the books of Hexagon series**
- **More attention is given to showing barriers in defining securitization in discourses on economic security.**
- **Economic causes and consequences of wars and conflicts, defense economics, economic security and sustainable development, economic security and ethics, links between economic security and other security sectors are left for further considerations**

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In the first, general sense “economic” refers to the human activities related to the production, distribution, exchange, and consumption of goods and services

Subsequently, economic may mean almost any aspect of those activities. Linking security with unusual threatening circumstance, it may be thus concluded that economic security should embody all cases in which extraordinary situations emerge in the above human activities and in their context

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The second meaning of the adjective “economic” is deriving from the sciences of economy and economics. In a historic perspective it was initially Political Economy and later International Political Economy, which linked security issues with economic activities at the state and international levels

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Buzan (1991: 230): “The idea of economic security is located in the unresolved and highly political debatesconcerning the nature of the relationship between the political structure of anarchy and the economic structure of the market”

In a more advanced language this relationship can be reduced to the issues of governance – politics vs. market forces, and furthermore, to the relationship between pure economic rationality and security-oriented rationality of state leaders

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Economic security and market imperfections

Information asymmetry and its consequences

a/adverse selection

b/ moral hazard

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Consequence - strive for more control of market,
e.g. J. Stiglitz

**Opposition - liberal economic approach versus
economic nationalism does not seem
appropriate in such case. The contradiction is
determined by the patterns of governance, i.e.
the opposition - free market vs. intervention by
influential actors, not always the states.**

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**Potential threats to economic security at
the international and national level:**

- **vulnerabilities and threats resulting from dependence on supplies of natural resources**
- **threats of overall instability of the world trade, and the financial markets (system) in particular (unpredicted and/or unpredictable economic crises of various scale and scope)**

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**Potential threats to economic security at
the international and national level:**

- **revival of protectionism and economic nationalism**
- **military security and economics (political economy of defense, defense economics)**
- **economic security and security in other sectors**
- **market and well being of groups and individuals (human security)**

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The core concept of economic security

Reference object:

- **social entity (subsystem) and individual as an element of a system: global economic system, country, international economic/financial institutions, companies, public institutions, individuals**
- **dimensions of security: survival of country, company, individual, development and growth, conditions of living of collectivities and individuals.**

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Disturbance (threat, risk):

- unexpected and unusual disturbance undermining either normal functioning of a system, an organization or an individual, in the latter case the disturbance not necessarily means total collapse but threat to already achieved level of development or standards of living
- securitization of social phenomena interpreted as risks: main obstacle – identification of difference between acceptable (non-securitized) and unacceptable risks in reference to all market-

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The core concept of economic security

Vulnerabilities:

- **vulnerability as a systemic property which can be involved in securitization with economic criteria: vulnerability in extraction, manufacturing, trade (allocation) and possibilities of consumption**
- **vulnerability as a result of inefficient governance and/or management, risks and dangers**

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The core concept of economic security

Prediction (identification) of threat (risk, danger):

- **classical economic approach to risk and uncertainty,**
- **subjective approaches to risk**
- **threat, risk and uncertainty, and methods and limits of their prediction and anticipation**
- **known threat (risk, danger): known consequences and unknown consequences**
- **social and political barriers of prediction and anticipation**

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Actions:

- prevention, pre-emption, securitization, desecuritization: dilemma uncontrolled market versus various scopes of intervention
- negligence – either conscious liberalism (*laissez faire*)
and/or negligence resulting from incompetence or from unlimited greed leading to crises

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The core concept of economic security

Structural aspects of security of social systems:

- **links between economic and military, political, environmental, societal and informational sectors of security (relations between sectors (domains))**
- **links between security of elements and economic security of collectivities (security of individuals and of collectivities).**

The core concept of economic security

Attributes of a 'secure' reference object (system of reference objects):

- minimization of uncertainty, continuity, survival, increased capabilities of prediction
- fulfilment of needs of individuals and collectivities at a specifically determined level (free from (what level of?) fear and free from (what level of?) want
- stability at systemic level as synonymous to a desired status with predictable future states that should allow for anticipatory (pre-emptive)

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Conclusions

- **Contemporary economic theory and systems thinking provide a sufficient conceptual apparatus allowing for better understanding of various approaches and definitions of economic security**

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Conclusions, cont'd

Securitization associated with various levels and areas of study is the key issue in defining and understanding economic security. Due to the role of risk in all economic activities, it is always necessary to expose what is extraordinary in any circumstances depicted with the utterance “economic security”. Any considerations on economic security in which the issue of extraordinary character of situation (context, action) is omitted can be treated solely as a specific void and perhaps abusive linguistic exercise.

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Conclusions, cont'd

- Economic security plays a special role in the period of globalization when new phenomena in economy and finance affect all areas of social life
- New circumstances on the financial markets in 2007-2008 show that economic, and especially financial sector, after a period of stability, may again become a source of threats in the domain of economic security and in other domains as well

Thank you for your attention!