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## ECONOMIC SECURITY AS A NECESSARY CONDITION FOR THE SUSTAINABLE DEVELOPMENT OF THE ECONOMIC SYSTEM

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### Abstract

the article examines economic security as the basis of national security and theoretical and practical aspects of the formation of the institutional framework and the system of sustainable development of the state, exogenous and endogenous factors affecting the transformation of the institutional structure.

**Keywords:** economic security, institutional structure, transformation, exogenous and endogenous factors, technological development, digital economy, innovation system, modernization, synergetic impact, strategy.

### Introduction.

In the development strategy of New Uzbekistan for 2022-2026 in our country, special attention is paid to the issues of economic security, sustainable development of the economic system, modernization of the institutional and creative structure of the economy in accordance with the requirements of the new technological system, rational distribution of investments in the development of artificial intelligence and reduction of operational risk. As the second stage of the administrative reform, next year the management system in the regions will be reformed. New initiatives within the framework of all administrative reforms must be enshrined in our Constitution. Economic security is the sustainable development of the economic system, the formation of an institutional research structure for the development of a new technological order, the development of high-tech production, the promotion of the rapid development of knowledge into innovative products, the creation of an authorized financing mechanism that allows reallocating existing resources. This indicates the relevance of the main topic of the study, dedicated to the improvement of its organizational and research structure in ensuring economic security in the national economy.

In today's complex and interconnected global landscape, achieving sustainable development is a critical objective for nations around the world. Sustainable development encompasses the idea of meeting the needs of the present without compromising the ability of future generations to meet their own needs. While numerous factors contribute to the attainment of sustainable development, one fundamental

element stands out as a necessary condition: economic security.

Economic security plays a pivotal role in establishing a solid foundation for the sustainable development of an economic system. It encompasses the stability, resilience, and overall well-being of an economy, shielding it from internal and external shocks. Without economic security, the pursuit of sustainable development becomes a daunting task, as the foundation upon which progress is built remains vulnerable to risks and uncertainties.

This research work aims to delve into the relationship between economic security and the sustainable development of an economic system. It seeks to explore the various dimensions of economic security and their impact on achieving long-term economic prosperity while safeguarding social equity and environmental sustainability.

### **Literature review.**

Economic security is a necessary condition for the sustainable development of the economic system, and among foreign scientists who have studied the consequences of the mechanisms of its transformation, one can single out T. Kuhn, K. Perez, M. S. Roko, V. S. Bainbridge, T. Jotsana, E. Sebastian ., D. Bell, J. Schumpeter, S. Clark, P. Arnold, G. Dozi.

Russian scientists Abalkin L.A., Bukhvald E.M., Senchagov V.K., Kolosov A.V., Plesovskikh Yu.G., Vasiliev V.L., Romanova O.A., Sukharev O.S. and others have done research on the topic.

Among the Uzbek economists Gulyamov S.S., Vakhobov A.V., Ulmasov A., Shukurov Zh.S., Abulkosimov Kh.P., Khurramov A.F., Zhuraev T.T., Mamatov A.A., Mamurov B.H. and others explored the sustainable development of the economic system.

### **Methodology.**

The article uses the methods of dialectical, systemic, integral and synergetic approaches, methods of economic, logical, scientific abstraction, monographic analysis and synthesis, induction and deduction, comparison, generalization and grouping.

### **Results.**

Economic security refers to the state of an individual, household, or nation's economic well-being, stability, and protection against risks and vulnerabilities. It encompasses various dimensions and aspects that contribute to the overall economic stability and resilience of a system.

At the individual or household level, economic security involves having access to stable and sufficient income, adequate employment opportunities, and the ability to meet basic needs such as food, shelter, healthcare, and education. It also includes protection against financial risks and shocks, such as unemployment, illness, or unexpected expenses, through mechanisms like social safety nets, insurance, and savings.

On a broader scale, economic security at the national or macroeconomic level encompasses factors such as low inflation, stable exchange rates, fiscal discipline, and robust financial systems. It involves policies and measures aimed at maintaining stable economic growth, reducing income inequalities, ensuring financial stability, and mitigating risks from economic shocks, including recessions, financial crises, or global market volatility.

Economic security is closely intertwined with other dimensions of security, such as social, political, and environmental security. It recognizes that economic stability and well-being are crucial for maintaining social cohesion, reducing poverty and inequality, and promoting sustainable development. It also acknowledges the importance of environmental sustainability, as ecological imbalances and resource scarcity can pose significant threats to economic security in the long run.

Decree of the President of the Republic of Uzbekistan of November 29, 2021 No. PD-27 “On the Strategy for the Development of the Public Security System in the Republic of Uzbekistan for 2022-2025” was adopted. The strategy developed on the basis of the decree provided for the development and effective implementation of legal, methodological, scientific, and organizational measures to introduce a qualitatively new system of public security in the country. The strategy provides for 96 sectoral activities in 6 promising areas, and the roadmap for its implementation in 2022 provides for 30 specific activities. The measures are aimed at maintaining public order, preventing crime, ensuring road transport and fire safety, digitalizing the industry, healthcare and improving the system of work at the place of residence<sup>1</sup>.

According to the legislation of the Republic of Uzbekistan, the main entity that ensures economic security is the state administration (legislative, executive and judicial bodies). The state must ensure the realization of the interests of all economic agents, based on the current legal norms, and ensure stable, balanced economic relations in the country that correspond to modern economic, social and political reality:

- households (individuals);
- firms;
- the state (territorial associations within the state, regions).

For the state, it is important not only to form legal norms aimed at ensuring national economic security, but also to create mechanisms for the implementation of the formed norms and tools for monitoring their implementation.

The definition of institutional structure can be based on exogenous, endogenous factors and combined factors. An exogenous factor is understood as a factor that occurs from the outside: crisis and other economic phenomena, natural and climatic phenomena. Endogenous factors are the internal causes of institutional changes: the cyclical nature of the economy, the emergence of new inventions and technologies. The factor in the combined description is a complex of internal and external factors that affect the synergistic structure of the institutional structure.

In the context of the transition to a digital economy, one can note the tendency of real institutions to acquire a virtual form. The expected positive effect from the new form of implementation of institutions can be expressed in the simplification of bureaucratic procedures, reduction of time and material costs. Within the framework of the theory of institutional economics, the direction of electronic institutionalism is being formed in connection with the widespread use of information technologies. “Analysis of global trends in the implementation of information and communication technologies shows that today one of the promising areas is the introduction of integrated software and hardware systems aimed at managing production, saving resources and strict control of product quality parameters”<sup>2</sup>.

According to the Decree of the President of the Republic of Uzbekistan No. PD-4699 dated April 28, 2020 “On measures for the widespread introduction of the digital economy and e-government”, the Ministry of Development of Information Technologies and Communications is the only one in the field of digital economy and e-government that has been identified as the competent authority, and under the Ministry, the “Electronic Government Project Management Center” and the “Digital Economy Research

<sup>1</sup> Decree of the President of the Republic of Uzbekistan dated November 29, 2021 No. PD-27 “On the strategy for the development of the public security system in the Republic of Uzbekistan for 2022-2025”.

<sup>2</sup> Shukurov Yu.S. Prospects for the development of the digital economy and the e-government system in the Republic of Uzbekistan. Modern trends in the formation of the digital economy: experience, problems and prospects: a network of abstracts of lectures of the online scientific and practical conference "Republic". -T.: TDIU, 2020. -S.53.

Center” were established. In 2020-2022, it is planned to implement 268 projects<sup>3</sup>.

In our opinion, the following can be proposed as the main direction for improving the institutional structure in the context of the transition to a mixed economy:

- as a more flexible, adaptive and innovative organization;
- the predominance of the layer of horizontal links in the subject layer of the structure;
- increasing the degree of involvement of the new institution in the existing structure;
- reduction of transaction risk (for example, blockchain technology can be implemented, an encrypted letter allows you to confirm the type of transaction, which in turn leads to a significant reduction in transaction risk);
- modification of the institutional structure based on the creation of a new institutional structure or the replacement of existing traditional institutions in a new area.

### Conclusions and suggestions

In conclusion, the formation and development of the national economic security system is a complex task for any country, as it includes not only the creation of relevant institutions, but also the improvement of mechanisms to ensure their effective operation. For the Republic of Uzbekistan, the problem of creating a preventive mechanism aimed at preventing threats to the interests of economic agents and the country as a whole remains urgent. The transformation of the institutional structure takes place under the influence of exogenous, endogenous factors and combined factors. In the conditions of the transition to the digital economy, one can note the tendency of real institutions to acquire a virtual form.

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<sup>3</sup> Decree of the President of the Republic of Uzbekistan RD -4699 dated April 28, 2020 “On measures for the widespread introduction of the digital economy and e-government”.

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