Security and Crisis Management, Components of Economic Crises

Abstract

Security is one of the key social needs. Everyone has right to a secure life. Nevertheless, in spite of technological achievements and results of the 21st century, worldwide problems could not be alleviated. It is the age of crises nowadays, with severe economic consequences. The author – due to the increasing role of economic security and using a modern interpretation of security – intends to present the basic characteristics of crises and crisis situations and the economic components of crises, in addition, too.

Keywords: security, economic security, crisis, crisis management, National Security Strategy

Introduction

As the first years of the 21st century passed so far, it can be stated that mankind has been experiencing a series of crises (Resperger, 2014, 52.). In spite of technological achievements given by the benefits of civilization and international efforts, political, economic, environmental, global problems of social background could not be ceased, nor even alleviated. After disbanding the Warsaw Pact, the security situation of Europe radically changed, the chance for a global conflict decreased, nevertheless, it cannot be stated that the world itself became instantly safer (Siposné, 2014, 24.). According to Éva Remek (2017) European security is an actual question of our days, partly due to mass migration, terror risk, the crisis in Ukraine, instability in the Middle East, nuclear threat of North Korea, and new outbreak of diseases. The base of new challenges is the forming multipolar world order, the striving to transform the rules that influence the relations of international actors, the changing characteristics of security challenges, and other global tasks such as the acceleration of climate and
demographic changes and, closely related to that, the illegal and mass migration, the depletion of natural resources, finally the effects of technological revolution on the formation of society (URL1). The crisis has a strong economic background. The economic crisis in general has negative impact on everything and everybody, like on national economy, economic branches, investors, entrepreneurs, employers and employees. Everybody is looking for opportunities, solutions through which negative impacts could be more or less softened, alleviated. In a complex definition ‘Economic security means the normal function and development of national economy. We can talk about economic security once there are no risks and processes threatening the function and growing of economy or there is no significant chance for their activation. As there are lots of risk components, the dimension of economic security – as well as other securities – consists of various subsystems.’ (Taksás, 2013, 16-17.)

Interpreting Security in the 21st Century

According to Barry Buzan (1991) security is nothing else than the chance and the ability of surviving and perseverance (living on) amidst threatening risks. It can be interpreted as the possibility and skill for survival, at the same time. Security is a state free of threats and risks, in which the activation of risk components is not expected (Juhász, 2019, 1.). In its psychological aspect it is a sense that can be real, false or even manipulated, too. With the completion of globalization and with the cease of bipolar world order the previously common effects of mainly political and military character, and the global security environment itself, too, have been changing radically, they partly ceased (what can be considered as an obvious result), partly they generated new risks and threats, a number of security challenges of new character and the chance of their occurrence increased. (Taksás, 2013, 11-12.; Hornyacsek, 2017, 87.; Teknős, 2020, 62.) (URL1). The transformation of security at the beginning of the 21st century went on following the tendencies of the previous, post-Cold War decade (Babos & Beregi, 2018, 340.). Euro-Atlantic and European security is facing exceptional challenges and threats coming from the East and South, too, that have not been experienced since the end of the Cold War. In the regions that influence the security of Hungary, in the majority of cases the crises of the last decades could not be solved. In our continent and in the European geopolitical environment more recent crisis centres have been formed that can be handled only with difficulties (URL1). In the 21st century the challenges, problems threatening mankind have not ceased in spite of the results of development, the
existing ones have generated even more recent and more complex effects (Ku-thi, 2001; Teknős, 2019a, 280.). According to Teknős (2019) the most threatening sources of the 21st century can be originated from environmental problems that can intensify the chance of conflicts of civilizational origin. According to Teknős, military conflicts could form because of the need of possession of waters, forests, fishing areas, farmlands and more secure habitat (Teknős, 2019b, 146.). Due to the development and processes of international economy, for the 21st century the concept of security can be used in a wider sense. The new concept of security includes not only the military and political aspects, but the economic, social and environmental ones, too, and considering the variables, the dimensions and aspects of a more stable, more calculable and more sustainable security are composed of the following (Isaszegi, 2015, 21.).

• Political
• Military
• Economic
• Social
• Social (humanitarian), of human rights
• Ecological, environmental
• Information technological
• Monetary
• Integrational, religious
• Educational and cultural
• Others, having effect on human existence and values: basically science/technics/technology

Due to the competition of actors, economy is unpredictable and risky, having a significant impact on security. As a result, in the 21st century the safety of economy is one of the components of security. ‘In the functioning of international economic system disorders can occur that can lead to serious consequences in all the sectors of security.’ (Matus, 2005, 212.) Economic security during threats, risks, dangers on economic values, interests’ manifests in a general demand, or while averting, in an economic demand that (Medveczky, 2015, 47.) consists of individuals (consumers), human communities (e.g. service groups), states, international systems, economic actors. It entails a stable environment in which economic, commercial, financial transactions can be securely done, the roads of communication and transportation are secured, and there are possibilities of free access to markets and raw materials. Its state is defined by its relationship to the sphere of defence, (the state of defence economy, the preparation of na-
The 21st Century – The Age of Crises?

Nowadays, not only the concept of security, but the concept of crisis have transformed, have become more complex too. ‘Today in a figurative sense crisis means the ensemble of negative processes, during which occurrences other than normal are decisive. These negative processes can be generated due to natural and industrial disasters (as a sad example to that was the red mud accident in October 2010 in the region of Kolontár and Devecser), external and internal social, political and economic differences, as a result of negative economic processes. They mean severe disorder; dangerous situations that are hard to handle and can culminate in conflicts. A conflict can be defined as a confrontation arising from clashes of interest, one of their most severe forms is called war’. (Isaszegi, 2015, 20.) The author of the quotation, János Isaszegi, based on his own practical experiences raises that question too, whether in a given crisis region to solve a conflict helps the interests of the given region or is it in the national interest of great powers. A crisis is a harmful state, the result of extraordinary occurrences that requires the activating of the local or national system of defence administration, or the application of extraordinary steps (Király & Medveczky, 2009). A crisis is a severe disorder, difficult situation, occurring in the life of an individual, a group or a society, the result of which can be either
good or bad. From the point of view of the functioning of economy, crisis situations are extraordinary cases of the functioning of the state, society, or economy, in which the mobilization of resources is needed based on special legal order or government steps (Medveczky, 2015, 47.). Crises have become the centre of attention after the break-up of bipolar world order. After disbanding the Warsaw Pact, the security situation of Europe radically changed, the chance for a global confrontation decreased, nevertheless, it cannot be stated that the world instantly has become a more secure place (Siposné, 2014, 24.; Teknős, 2013, 403-404.). After the Cold War the international environment radically changed. Transition occurred in many countries, one of the two large military pacts ceased to exist, the NATO was significantly transformed, the European Union was enlarged too, there were and still are accession negotiations. International relations have become tighter, which means strong connections, mutual effects, situations of adaptation and dependence, duties to the partners. Besides counting on oneself, the need for collective security has come to prominence. Besides fighting the common danger in order to survive, securing the welfare as much as possible has become an objective. In the new way of cooperation, the need and the fact of economic cooperation was a novelty, leading to a global international system based on mutual interdependence. At the beginning of the 21st century this became a decisive factor, mutual interdependence being characteristic to the economic system and to the international security, too. The concept of security gained a wider sense too, besides military aspects political, economic, environmental, and social ones became its significant components (Tircsi, 2015). Above mentioned characteristics brought radical changes to the Cold War period and to the preceding period as well. It can be seen that the previous realistic view was more and more replaced by a liberal one in the research, analysis, formation of the international system. Politics, security, economy, the periodically forming crises always have been present in the international system, they always have been linked to each other directly and indirectly, sometimes leading to armed conflicts (Resperger, 2016). Nevertheless, the picture of their importance, their effect on the occurrences has been rather different over time. The same way, their scientific research has changed, the analyses, conclusions based on this research have constantly changed, developed. Different scientific views, interpretations, workshops were born. Even within views, interpretations differences, possibilities for future development could be found (realism, neorealism), based on the same basis. At the same time, between views and interpretations (e.g. realism, liberalism) there have been intense debates, differences in concepts, having mutual influence on each other, encouraging new scientific results. The predominance of a given view or interpretation is very
characteristic to each age, historical time. The Cold War and pre-Cold War period are characterized by the research, statements, results of a realistic, those of the later period by an idealistic concept. ‘Mutual interdependence has become more intense due to the stronger international relations and mutual effects. There is a close relation between economic, political, military and social structures. The system basically is of anarchic character, because every state insists on the principles of territoriality and sovereignty, and there is no international authority which would be able to make these common rules happen. There is a contradiction between intentions to make the global market function in order to effectiveness and welfare, on one side, and to maximize it for a state based on the principle of territoriality, on the other side. In practice, power politics clashes with economic politics within the same decision making mechanism, the latter demanding more rationality.’ (Resperger, 2016, 27-28.) As economy is an important environmental part of security, one of the decisive essential components of crises is economic crisis. After the millennium, regrettably, we became targets of waves of economic crises from time to time. A global crisis has been generated, as a result of an irrational secession between the real sector and the financial sector, the latter becoming speculative. ‘...during the present financial and economic crisis the world has recognised that the current regulations on the functioning of banks are not sufficient, there is a high demand to rethink regulations, to elaborate a crisis resistant conception in order to avoid what no one expected to happen. As a result of the crisis, various new regulation tools have been elaborated (BÁZEL III), the major moral of the insolvency of only one bank is a real threat at system level that can rock the whole financial sector’. (Mérő, 2012, 129.) ‘In order to establish a healthy bank regulation, the risks at bank and at system level should be handled too’. (Lentner, 2013)

Relationship Between Security and Crisis Management

Nowadays, the world, as well as our macro and microenvironment, is changing fast. Answers should be given to the challenges where the urge for crisis management is present. Not in the more comfortable mid-term or long-term solutions, but in a short term, in our present conditions. The question of national security has become much more complicated. The character of activities of the armed forces has changed fundamentally. The role of non-armed defence is becoming much more dynamic. As it was stated in the National Security Strategy in 2012, there is a need for a nationwide approach. Partly, this is the end of sectorial independence, which could be called separation too. Effectiveness
and results can be reached only through a common, coordinated effort. The new challenges and crises of the post-Cold War era required new types of solutions from the international actors. Altogether, the number of conflicts decreased in the ’90s, but at the same time the number of intrastate conflicts increased compared to the number of interstate conflicts (Friedmann, 2007, 78.). Due to the character of new challenges, the actors looking for a solution for the conflicts are facing new tasks (Remek, 2019, 101.). The most important actor to solve international conflicts is UN. The Charter of UN details the measures to follow in order to prevent crises, or to handle them after being generated. These measures can be read in Chapter VIII of the Charter. Amongst the tasks of OSCE related to crisis management can be found: early alarm, prevention of conflicts, crisis management and post-crisis pacification, called conflict cycle by relevant authors. This comes to effect through local operations network (missions) and through the already mentioned cooperation of Conflict Preventing Centre (Remek, 2019, 107.; Remek, 2017).

**Economic Components of the Crises**

In Chapter IV of NSS of 2012, the role of a well-functioning economy is highlighted amongst the tools of realization of NSS, as it states that the security of our homeland must rely on firm economic basis. This stability increases the advocacy skills of the country that is why it is highly important to secure proper resources to defend the country and the citizens, besides the duties as an ally (URL2). According to the National Security Strategy of 2020 (furthermore the Strategy) the political system of Hungary is stable, the public security is balanced, firm, increased by the NATO and EU membership. The Strategy describes that international cooperation is handled by our country in the frame of international cooperation, as a member of allied organization, at the same time, respecting our national interests. In the national self-effort, there is need for home defence, law enforcement, emergency management and counter-terrorism. This can be found in the NSS of 2012 as well, as it states that nationwide answers are needed to face above mentioned threats, and at the same time the effective cooperation and coordination of home defence, national security, law enforcement, justice, emergency management and civil crisis management institutions must be emphasized (URL2).

According to the main parts of the present paper, it can be clearly seen that the concept of security has significantly transformed, following the changes and requirements of our age. Establishing security not only depends on military tools,
moreover, regarding its importance, it is ranked lower regarding its importance (although it is to expect a kind of growth regarding the importance of it among the objectives of National Security Strategy). The economic component, the secure maintenance of economy, on the other hand, has more and more attention; at strategic level it has priority. The same way, the concept of defence, and the focus within it have changed. Nowadays, from the point of view of security not only home office, national security or law enforcement have decisive character, but defence of economy, preparation for defence of economy, savings for defence, defence of critical infrastructure and defence against disasters, the reinforcement of the tasks of the authorities, the defence of population and material goods are more current topics (Endrödi & Jósvai, 2016, 111.; Lakatos, 2015, 436., Muhoray, 2012, 2.). The fulfilment of tasks of the Hungarian Army, based on laws and originating from the obligation to contribute to the tasks of emergency management is secured by Defence Emergency Management System (abbreviated in Hungarian as HKR) through which the defence forces are used in order to handle emergency situations (Endrödi, 2013, 65.). The use of defence forces in order to prevent emergency situations is basically fulfilled by the second pillar, i. e. on the basis of casual orders. Up to 200 people participating in preventing emergency situations decisions are made by the Chief of the General Staff, over that by the Defence Minister (Padányi & Földi, 2015, 32.) (URL3). Nowadays, in the actual market economy circumstances not only the importance of the new type of real focus of defence has increased a lot, but the economic environment itself is highly essential to be able to guarantee that kind of functionality. By now, in the middle of a series of economic crises it can be clearly seen that the market itself is not omnipotent. On one side, problems generated in market economy have to be handled, on the other side, during crisis periods and even in normal times it can happen that the country or the society chooses several important goods to secure provision and its defence, and market economy simply cannot guarantee that properly. Thus, the security, defence, preparation of economy, as well as the formation of necessary reserve is highly important, which nowadays can and must be secured by taking advantage of market economy, and still, avoiding the disadvantages of the same in times of crises. All these tasks should be planned by using a modern system, securing economy and effectiveness, securing the previously mentioned basic principle, the nationwide approach, the effective cooperation and coordination, the coordinated and concentrated use of resources. Economy security, defence preparations and formation of reserves, even nowadays are evidentially public tasks of the state, in addition to that, it has more importance than ever, becoming a factor of national security. During legal regulation the changed circumstances
should be taken into account, and similarly to foreign examples, we should take advantage of the possibilities of market economy and at the same time avoid the risks of the same. Amongst these risks we can count e. g. the weakness of public service contracts that do not take into account properly the interests of defence preparation, the lack of defence interests of the service providers and the uncertainty of provision that originates from fast market changes, strong fluctuation of entrepreneurs, economic crises. Related to that, the ideal case is when a state can have access to its resources, to the markets and this way can guarantee the wellbeing and welfare of the society (Remek, 2017, 219.).

**Summary**

It can be stated: we live in the age of crises. Unfortunately, since 2008 we have been experiencing a changing but still permanent wave of crises and symptoms of crises at a global and domestic level too. Because of that, there is a constant need for crisis management. There are very different approaches to judge the essence of crisis management, mostly at domestic level. As I stated, previously the role of politics, power, armed forces were predominant and decisive in the international security system, but nowadays, although these have maintained their importance, other factors, such as economy, commerce and welfare are closing up. The international system became more complex; to understand it there is a need for a more complex examination of all the components. This became decisive by the beginning of the 21st century, mutual interdependence becoming characteristic to economic system and international security as well. It can be stated that the focus of national security is now on international security. One can claim that unlike in bipolar world order, the military component of home security nowadays has significantly decreased, on the other hand, the importance of tasks related to economic security, national defence preparations, defence savings and the planning of above mentioned items has increased (Gazdag, 2012, 1-2.; Jászay & Király, 2014; Szalai, 2012).

**References**


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