

## **SECTION 1**

### **MODERN TRENDS IN THE DEVELOPMENT OF THE WORLD ECONOMY**

**Liudmyla Bohdanova**

Science tutor *A. Chepelenko*

ESPPI UEPA (Donetsk region, Bakhmut, Ukraine)

#### **THE GLOBAL THREATS TO EUROPEAN SECURITY**

The state of security is an essential criterion for the democratic and civilized modern society.

In conditions of globalization, most of the threats to security in international relations are territorial in nature, and their degree depends directly on the geographical distance so most states are concerned mainly with the potential and intentions of their neighbours.

There are many sources of data on economic costs, but their actual volumes are extremely difficult to assess. In addition, there is a linear relationship between the level of economic development and aggregate military expenditures, because they are in fact the economic costs of society.

In the global political and security environment, since 2008, two-thirds of Western and Central European countries have reduced their military spending and the size of these reductions has a strong link with the general tendency of reducing national GDP, increasing the public debt and the deficit of the public sector as a share of GDP.

Attempts to estimate the scale of these costs using various methods have expanded the scope of conflict-related publications and studies on the economic value of conflicts where attempts are made to assess either the cost of individual conflicts or the total cost of conflicts in the world. Research methods cover accounting methods for identifying all potential causes of lost income and benefits, as well as econometric approaches in which statistical methods are used to estimate GDP expenditure.

The process of globalization is changing the economic, social, cultural and informational environment of the human habitat and increasing an interdependence among countries in the implementation of their national interests in almost all dimensions and contributes to aggravation traditional security threats and the emergence of new ones, such as international crime, poverty, famine, pandemics, economic and financial crises, armed conflicts and their consequences.

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**Marta Budrevich, Polina Shinkevich**

Science tutor *L. Bedritskaya*  
BSEU (Minsk)

## **IS THERE A LINK BETWEEN A BLACK SWAN AND GLOBAL ECONOMY?**

Six months ago no one would have even thought that today's world will be immersed in epidemic. More than 70 countries have been affected, more than 3000 people have died and that can only be the beginning. Coronavirus has a large impact not only on humans' health, but it also casts its shadow over the global economy. Many big companies have already stated they're undergoing some struggles due to the virus. For example, many auto plants have shut down in China because of the virus, including factories run by Tesla, Ford Motor and Nissan. Several hundred of the approximately 3,300 McDonald's restaurants in China have closed, while Starbucks has shut down more than half its 4,300 stores in China, with both restaurants expecting negative impact on their profits. Pandemic's outbreak was out of nowhere and has been already called a black swan of economy that scrambles all existing expectations for months or even years.

A black swan is an unpredictable event that is beyond what is normally expected of a situation and has potentially significant consequences. Black swan events are characterized by their extreme rarity, their severe impact on global economy and further attempts to explain them as if they could be predicted. The concept of black swan was popularized by the writer Nassim Nicholas Taleb in his book, *The Black Swan: The Impact Of The Highly Improbable*. It's quite difficult to classify «black swans». Even though these events have some common criteria, they may appear in different forms and, consequently, have different effects. Financial crises, epidemics, wars, scientific discoveries, terrorist attacks and political events are the main examples of «black swans». So, as far as you can tell, they can be both positive and negative.

Today we want to explain the phenomenon of «black swans» through the examples of 14th century plague, 9/11 terrorist attack and the invention of the Internet.