CZU 338.1

A CRITICAL ANALYSIS OF THE MOST RELEVANT THEORIES ON NATIONAL ECONOMIC SECURITY

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Economic security is presented like an economic category, characteristic for economy, in which there are ensured economic growth, optimal satisfaction of human needs, rational management and protection of the economic interests at national and international level.

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Keywords: security, economic security, theories.

Security has been a preoccupation since the beginning of mankind, as is evident from Maslow's pyramid, where the need for security is placed as a matter of importance immediately after physiological needs. Despite the fact that this concept is old, a simple reading of texts in the field of international relations, and in particular from the theory of international relations, reveals that there is no widely accepted definition of "security", an ambiguous and disputed term. The ambiguity of the term derives from the multitude of areas it covers, and is exacerbated by the fact that in the domestic political life of states under national security are invoked - depending on circumstances - a wide range of political actions and activities. "Economic security", as a recent economic category, began to be used in the domestic economic literature. This is due to the lack of similar use of this concept in the abroad economic theory, where the term has been spread under the more common term of "national security".

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The theories regarding the economic growth are based on Adam Smith's "invisible hand" principle. The main idea of classical and neoclassical theories is that markets, freely and independently, can allocate and coordinate economic resources. It is also promoted the principle that economic agents participating in competitive relationships use the resources they have in a rational and efficient way. The endogenous theory recognizes the existence of "market failures", rejects the claim that resources are inevitably allocated efficiently and rationally to the market, gives the state a greater potential to mitigate market failures and ensure sustainable economic growth.

All three theories of economic growth (classical, neoclassical, and endogenous) are based on the various formulations of the universal production function. In general, this function includes the following factors of growth of production: capital, labor, natural resources, technologies, as well as neofactors of production, among which the socio-cultural environment of the national economy is increasingly highlighted.

The concept that markets operate freely and efficiently has led most classical and neoclassical economists to focus in their research on the impact of resource accumulation on the economic growth of national economies. Neoclassicals analyze the economic success of a national system by assessing the contribution to economic growth of each factor. The more recent researches of neoclassicals on economic growth give up the hypothesis of perfect market efficiency and develop models of economic growth in imbalance situations.

The endogenous theories regarding the economic growth are more flexible on the assumption that markets operate under perfect competition and recognize the existence of "market failures", that is to say they reject the claim that resources are inevitably allocated on the market efficiently and rationally. Therefore, we can see that these theories give the state a potentially greater role to mitigate the results of these failures. The theories regarding the economic growth largely allow for identifying the determinants of the competitiveness of national economies.

However, given the intensification of globalization processes in the global economic circuit, the correlation between international competitiveness of firms and economic growth registered in a country is less manifested. The international mobility of production factors has considerably reduced the interdependence between firms' competitiveness on international markets and the competitiveness of home or host countries.

The next series of theories relevant to the competitiveness of national economies refers to researches that argue for existence and importance, and would determine the role of foreign direct investment and multinational enterprises in national competitiveness. In an economy with perfect competition, where information is free, there are no trade barriers, the state is not involved in economic activity, the risks and uncertainties are minimal, there can be no direct foreign investments, there is only international trade. In this regard, we mention the research by Stephan Hymer, who has extensively analyzed multinationals. In Hymer's view, a multinational enterprise is more an international production unit than an international trade. Hymer's main studied problem was how foreign firms can compete successfully on a foreign market where they have to face the disadvantage of competing with local

firms and often more adapted to local market requirements. Hymer starts from the hypothesis that businesses can achieve considerable economic results on foreign markets if they have certain specific advantages that the author has called property advantages (*ownership advantage).* This type of advantage allows foreign firms to overcome the disadvantages that come from competition with local firms. Benefits of this kind include: innovation capacity, efficient funding, access to raw materials, economies of scale, intangible assets (trademarks, patents, advanced management, modern marketing strategies, etc.) and, not last but not least, low transaction costs due to the replacement of remote transactions with domestic transactions.

Another approach to the problem stems from Raymond Vernon's research, which devised the life cycle model of the product. Vernon assumes that the location of the production activity of a multinational enterprise evolves throughout the life cycle of the product. On which market the product first enters depends on the average income in the country. According to this theory, each product develops in three phases. The initial location of the product is determined by the potential for innovation and the need to communicate with suppliers, customers and even strong competitors. As the product matures, its location is determined by labor costs.

The next step in the development of theories on foreign direct investment is the theory of internationalization. This theory aims to explain why international transactions are more successful in a multinational company than between independent firms via the market. According to the vision of internationalization, companies are trying to use themselves the specific advantage they have. This is due to the imperfection of the market, which motivates firms to use themselves the monopoly advantage, that is, they themselves organize a multinational monopoly structure. P. J.Buckley and M. Casson, influenced by R. Couss, have advanced the idea that a company exploits the imperfections of the market by creating its own market, that is, by internationalization.

While classical theory considers that resource use is only coordinated by market mechanisms through price, these scientists have noticed that a significant part of decisions regarding the resource usage are adopted outside the market, depending on the particular interests of a firm or a group of companies.

For a long time the theory of internationalization has been considered the most comprehensive and sufficient to expand foreign direct investment. However, some economists consider that the specific advantages of the firm and the advantages of internationalization for the existence and expansion of foreign direct investments are not enough. Moreover, it was not explained under these theories under what conditions the firm would likely accept the replacement of the free market with an internal transaction. In this context, John Dunning attempted to synthesize different theories and proposed the eclectic paradigm, partly based on macroeconomic theories and international trade theories, but also on microeconomic theory and the behavior of firms. Dunning added the advantages of localization to the specific advantages of the firm or the advantages of ownership and the advantages of internationalization, formulating the so-called *OLI paradigm*, where "O" are the advantages of *ownership*, "L" are the advantages of *localization* and "I" are the advantages of *internationalization*.

Trade theories states that economic well-being depends on the production of goods and services in which a country has a comparative advantage. The competitiveness of the national economy is achieved when a country offers goods and services for which they have comparative advantages.

The traditional theories of international trade originated in D. Ricardo's works. Ricardo develops the concept of comparative advantages, which has remained the essence of the theories of international trade to date. The theory of comparative advantages is based on the notion of opportunity cost (the cost of a good or service expressed in units of another asset). In the literature, the theory of comparative advantages is presented under the law of relative advantages. Under this law, the national economy is competitive if it specializes in producing goods that either maximize the absolute benefits (benefits) or minimize absolute expense (losses).

The theory that correlates the competitiveness of the national economy with the level of assurance with factors of production is the theory of production factor correlation or *Heckscher-Ohlin theory* (the names of the Swedish scholars who at the beginning of the 20th century proposed this vision for the first time). The development of the vision was also contributed by P. Samuelson, W. Stolper, T. Rybczynski and others. In essence, this approach explains the competitiveness of the national economy through two categories: the intensity of production factors - refers to the endowment and securing of the national economy with factors of production; the saturation degree with factors of production - refers to the degree of use in the production process of labor and capital factors.

The national economy is competitive if it produces goods and services that involve a high degree of utilization of the production factor with which it is provided and assured in abundance.

On the basis of the researches carried out it can be formulated the definition of "economic security" as a certain state of the economy, in which the conditions of economic sovereignty (internal and external) and the presence of the competitive environment among the actors of the economic relations (inclusively governmental bodies and economic entities) ensure economic growth, stable and sustainable development of the economy as a whole, and as a result - optimal satisfaction of consumers, society and the state, rational management of the economy, ensuring the protection of economic interests (national and international), protection against internal and external threats, the impact of negative factors, ensuring the integrity of the economic space.

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