

## **CONSIDERATIONS REGARDING THE ECONOMIC DIMENSION OF NATIONAL SECURITY POLICIES**

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### **Abstract**

The paper suggests that the economic security may require more than maintaining the economy at a growth level and addresses the use of economic instruments to achieve the national security and foreign policy goals. In this paper, we determine how we could define, recognize, and exercise the "economic power". So far, we have focused on one aspect of the economic security - the far-reaching consequences of economic policies on national security. Yet "the economic security" has another dimension - the economic consequences of national security policies. Defense policies are more directly involved here. The economic consequences of national security policies have two components: first, the ways in which military instruments can be used to generate economic effects, and second, the ways in which economic instruments can be used to replace or supplement instruments in order to achieve the security objectives.

**Keywords:** security, welfare, innovation, investment, economic power

**JEL Classification:** H5, F6.

### **1. Introduction**

The first component focuses on how economic considerations may affect the management, use and allocation of resources for defense purposes. For instance, can military research and development programs be configured in ways that make them more likely to generate commercially valuable "spin-offs"? Can military resources, such as troops, air transportation, logistics, engineering, and medical services, be used more effectively to support non-traditional goals, emergency assistance, economic development, or nation-building, perhaps without significantly diminishing their fighting efficiency? Can a country's weapon production and export policies be structured to discourage the production or purchase of particularly dangerous weapons by other nations? Can extensive US intelligence services be used efficiently and appropriately for economic purposes?

As regards the Romanian economy, given the status of member country of the European Union and NATO, the weapon trade is done only based on the regulations that exist at the level of the two organizations, in compliance with the specific norms in force.

The second component involves the potential use of economic tools as replacements or complements to military tools. As elements of security policy, economic tools can influence the behavior of other countries by providing economic benefits or imposing economic costs or by displaying a credible capacity to do so. Economic as well as military assistance, technical assistance, can be used to provide such benefits, and economic sanctions -

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embargoes, freezing of financial assets, restricting access to international markets or massive taxation of such access - can be used to impose economic costs. When economic tools are used as subsidiaries of security policy, they can be compared to military tools. Military tools also provide a means of influencing behavior in the international arena by discouraging or coercing: that is, by using force or credibly threatening to use it, to discourage other countries from using force, or by using force to coerce or reject their attempts to use it. There are opportunities, which are sometimes overlooked, for the use of economic tools to increase the effectiveness of military tools in pursuing security objectives. However, government entities that control the levers of economic power are not always the ones that are used to think in military or foreign policy terms. Careful coordination of economic and military factors for the effective employment of both will require mechanisms for policy planning and inter-agency cooperation that are rarely exercised today.

Often, the first answers to the problems of national security and foreign policy were economic: trade restrictions, embargoes, freezing of financial assets and so on. Military action may follow, but economic policies often remain an important part of overall strategies. In some cases, economic action can support or complement military action. Restrictions on the transport of supplies and equipment relevant to the military, for example, can weaken an adversary and increase the likelihood that further military action will be successful. (Undoubtedly, economic sanctions against Iraq have had this effect).

The growing importance of economic measures as instruments of foreign policy is facing the traditional institution of national security, especially the military, with a new set of policy issues. The traditional levers of economic policy are not always quickly adjusted to the requirements of foreign policy and national security. Government structures for planning and coordinating military and economic activities are often inadequate.

Increasingly, the military is being called upon to carry out missions for which it may not be properly equipped or trained (monitoring the traffic of merchant ships or aircraft, recognizing smuggling, providing humanitarian aid, etc.). Over time, the relative effectiveness or reduced utility of economic tools, as opposed to political or military ones, has been noted in special situations, such as calamities, poverty, disease, the COVID 19 pandemic, which have been alleviated by coordinated aid to power institutions. Questions about how best to combine economic with military and political measures have rarely been explicitly addressed. The result can be a confusing debate over whether or not economic measures can, or should, replace direct military action, how long to wait for economic measures to take effect, and so on. More thought is needed on the respective roles of economic, political and military tools in achieving national security objectives and how to transform these elements into a broader national security policy.

In the case of all discussions on "economic security", economic affairs are brought to the fore as a central focus of public attention and public policy. Economic benefits are among our most basic national interests. In essence, economic security seems to have two common elements that seem to connect most institutions. The first is concern for challenge, opposition or uncertainty. Economic security is the ability to protect or promote the economic interests of a country in the face of events, developments or actions that may threaten or block those interests. These challenges or obstacles may be of foreign or domestic origin, intentional or accidental, as well as the consequences of human or natural forces. One of the objectives of economic security is to reduce uncertainty about a country's

continued economic well-being, to reduce the chances that its future economic well-being will fall below a minimum acceptable level.

The second common thread is the concern to be able to shape the world or to face global challenges or to be able to face economic challenges. This will require, among other things, a major role in establishing the rules governing international economic relations; ensuring that a country's population becomes compatible with the global economic challenges in terms of skills, abilities, rapid adaptation to the demands of the labor market, the demands of a global economy under the scarcity of non-renewable resources, but with replacing them with creative and technical-scientific effort; influencing the policies - economic and otherwise - of other countries; and, last but not least, the maintenance of economic means to support the military.

The pursuit of economic security also includes efforts to protect economic prosperity (or part of that prosperity) from loss and to shape the international economic and politico-military environment for the benefit of a country's population when addressing security. Of course, economic prosperity is usually defined as the preconditions for growth, full employment, low inflation, high levels of investment, productivity improvements, and so on - will contribute to the economic security of a country.

The best way to protect ourselves from the consequences of economic losses is to ensure the existence of factors conducive to economic growth: the existence of economic resources, the training of the workforce in the spirit of a rational approach to these resources, increasing the responsibility of the workforce, entrepreneurs, institutions, of the economy in general for pursuing measures to stimulate the competitiveness of the national economy. Also, the greater a country's presence in international markets, the more it will be able to influence the rules under which those markets operate.

The higher revenues of an economy through international trade can influence that country's economic policies. And, of course, national wealth and technological prowess make it possible to maintain large and capable military forces. But in some circumstances, the desire to increase economic security will conflict with the current desire for prosperity. Sometimes it would be wise to sacrifice a present prosperity to make the future more stable, more secure, or less prone to loss. We could, for example, give up opportunities to buy certain goods or services from low-cost foreign suppliers, because we consider it important to develop domestic economic production (the essential goods for maintaining military capabilities are the most obvious examples here). Similarly, we may miss the chances of selling certain products, for example, or sophisticated computing equipment, as we prefer to keep these products out of our hands. The government can raise taxes to fund public investment in infrastructure, or especially industries, which it hopes will make a country's revenue bigger or more secure in the future.

In order to increase social cohesion, the government can tax the most productive and successful members of society to help the least productive or successful. As with any set of potentially or partially conflicting policy objectives, concerns about current economic security and prosperity will need to be continually balanced.

For the most part, market forces will be effective tools for promoting prosperity. To the extent that economic security requires anything other than maximizing the market value of the goods and services produced, market forces may not be the most effective tool for promoting economic security. Therefore, drawing up a list of factors or conditions other

than simple prosperity that can contribute to economic security is, at the same time, drawing up a list of objectives that cannot be achieved by market forces alone. It has long been understood that pursuing military and political security requires direct government action. So, in many cases, it will pursue economic security.

## **2. The economic power of security**

Much of the popular discussion of economic security focuses on the relative position of a country's economy and the firms operating in that country on the ability of firms to be profitable, reliable, competitive, and efficient: are they larger, more productive, more innovative, etc. than foreign economies and companies operating abroad? Also in the popular debate on economic security are questions that show how military forces are involved in dealing with foreign challenges. These companies are concerned with the implementation of activities that control important economic assets in order to create added value. It seems that economic security is naturally discussed today in terms of domestic competition and comparisons with economically advanced countries.

Security is inherently a competitive issue: the higher, faster, or technologically superior force often wins. Some aspects of economic security are indeed advanced by the fact that they involve smarter or more productive actions/services. In this section, we consider pursuing economic security through relative economic performance.

## **3. The importance of relative dimension**

In the standard economic way of thinking, the choice is made in absolute terms, not relative. Thus, in order to present well-being, an individual wants a tangible increase in economic goods or money that will allow them to supplement their consumption, not being satisfied or satisfied with the fact that on average, a country's standard of living has increased compared to a previous period. This statistically represents a relative increase in well-being, but not every individual in a country enjoys this growth fairly. So, the goal of the military security-economic security tandem is to equitably increase economic well-being. If the main concern is prosperity, what matters at the end of the day is what goods and services are available to consume or to invest in future production. The aim should be to maximize individual income, a measure of the total volume of goods and services that can be ordered. The fact that many say they would be willing to sacrifice considerable income just to stay in front of the citizens of more developed countries is probably nothing more than a reflection of a form of national pride. This way of reporting appeals to the competitiveness of one country's products in relation to another, to the way in which work is valued, to the sustained productivity of capital, technology, and innovation.

### ***Who makes the rules?***

The relative dimension is important, for example, when it comes to setting international standards. In general, the rules are made by a powerful country (for example the USA or Germany or the United Kingdom), or by a group of countries, for example the G7 or G8 or an institution, such as: WTO, IMF, European Commission. The European Union (EU) countries, which currently act as a unit for trade negotiations, are an economic entity similar to the United States in terms of size and importance in world trade. As a unit, the EU also

has the power to reject trade agreements, a power which none of its constituent countries has enjoyed individually. The EU has recently exercised this power to defend the interests of its own farmers. The result was a prolonged stalemate in the recent round of negotiations on the General Agreement on Tariffs and Trade (GATT) on agricultural subsidies.

The European Union promotes and imposes a set of specific rules for each branch of the economy in order to increase competitiveness, maximize EU wealth and redistribute benefits on the one hand, through the Community budget, through specific programs (cohesion funds, regional development funds / fund for raising the level of equity among nationals of Member States) and through direct payments or grants, or other forms of support for various categories of economic activities, on the other hand.

It is easy to think of other cases where the simple dimension has allowed countries to make and apply rules of international economic behavior. Another example is the Organization of the Petroleum Exporting Countries (OPEC), which advocates for the benefit of these countries, which are generally conferred by the high price of a barrel of oil, by developing the concept of petrodollars to link a country's economic power to oil production and its capitalization on the market of oil still importing countries. The extent to which this dependence, as well as methane gas, is closely linked to the possibility of converting innovation into research products to ensure the replacement of non-renewable resources by renewable energy sources.

The relative dimension also offers obvious advantages in the forces of power. The more a country has an armed power, its own or conferred by membership in an organization such as NATO, the higher the country's ability to sustain economic well-being.

The growth of emerging economies, the economic recovery of Eastern European countries has contributed to political and military stability, which in turn has allowed their political and economic power to grow in the balance of world power. The United States, Japan, and Western Europe have served as clear examples that capitalist and democratic systems could produce both robust economic growth and social equity.

The United States currently has an interest in promoting economic growth in developing and former socialist countries. The US efforts to stimulate economic growth in these countries have served and will continue to serve US interests through markets, the supremacy of multinational companies, the role of a benevolent and efficient producer of international economic norms.

The international economic institutions and the arrangements that have been created as a result of the US economic leadership - for example, the World Bank, the International Monetary Fund, GATT, the Bretton Woods exchange rate system - have served the world well. In some cases, the United States has unilaterally maintained these institutions and arrangements - often simply by absorbing the consequences of other nations' deviations from the agreed rules. For some observers, it is no coincidence that international economic cooperation has become more problematic in recent years as the US economic dominance has become less pronounced.

The Uruguay Round trade negotiations, for example, have been quite fierce in order to reach a consensus on countries' interest rates, budget deficits or current account imbalances; when setting global environmental standards; to share responsibility for supporting the reform of former socialist economies. Many of the recent discussions have called into question the

global supremacy of the United States, perhaps also due to the slippage of the US domestic and foreign policy worldwide, in terms of providing military security policies.

From an economic perspective, the rise of China, often suspected of an economic implosion, which did not happen, shows the world that the market for economic goods is governed almost entirely by China. However, the pandemic has led to introspection at the country level, in terms of ensuring domestic supply that stabilizes employment and ensures the conditions for economic well-being for citizens, by capitalizing on existing resources, increasing exploitation potential by implementing economic measures and to reduce waste. In this way, the economy becomes behavioral, and citizens must adopt exclusively rational behavior.

Large firms, firms with large market shares, firms that can produce at lower costs, or firms with superior technology or know-how can also enjoy some advantages in negotiating with other firms - with suppliers, customers, or competitors. To the extent that advantaged firms are in solid economies and firms with which they trade operate abroad, the bargaining leverage can produce net benefits for nations with an international openness in the form of higher wages, increased tax payments driven by profit taxation. But if current patterns of consumption, savings and investment are maintained, economic growth will almost certainly be slower than the growth of emerging countries, and the relative dimension of the developed countries' economies will decline further.

If the relative dimension does not contribute to economic security, the pursuit of economic security provides a rationale for encouraging the processes of saving and investing in areas that will contribute to the long-term growth of the economy of developed countries. The actions proposed to achieve these objectives are numerous:

- reducing government spending on current consumption; increasing public spending on infrastructure investments; raising taxes to reduce government deficits and reduce private consumption.
- amending tax legislation to encourage savings and private investment, discouraging investment in non-performing assets, such as housing.
- encouraging investment in research and development, facilities, and equipment, as well as in education and training; and so on.

Consensus in favor of growth and investment policies seems to be capital formation. There are debates about the opportunity to sacrifice current consumption in favor of future consumption, respectively the postponement of current consumption, by forming investments that lead to the production of goods that generate economic well-being. In part, this growing national interest in saving and investing reflects an assessment of the relative change in current consumption relative to the future, a growing suspicion that if more is not invested today, living standards in developed economies may be unacceptable in the future. This reflection comes against the background of the outsourcing of services and production in emerging economies that leads to the loss of jobs in developed countries, an increase in the level of instability in the population, an increase in population fears. However, in the developed economies there are phenomena such as the decrease of the active labor force, the aging of the population, the accentuation of the negative increase of the population.

Therefore, private incentives to engage in the types of activities - saving and investing, for example - that will make the economy grow will not lead to the optimum level of such activities. In fulfilling its responsibility to promote the public interest, then governments should, no doubt, take steps - in allocating public spending, developing fiscal policies, etc., to encourage higher levels of savings, investment, education, research and development, and other activities that will contribute to national economic growth.

In addition to trying to stimulate economic growth in developed countries, should we also try to slow down the growth of other nations? In rare cases, maybe. From time to time, some countries, such as the US government, have adopted policies specifically aimed at delaying the growth of other nations. For example, maintaining restrictions on economic relations with several countries (e.g. Iraq, Cuba, Libya, North Korea and Serbia). In part, these restrictions are intended to provide leverage to influence the behavior of these countries. However, the restrictions are mainly aimed at weakening the target economies and accelerating the fall of undesirable regimes.

#### **4. Support for certain industries**

No one doubts the importance of the government's efforts to make the overall economic climate more conducive to investment, innovation, improved productivity, and growth. Policies to reduce government deficits, stimulate domestic savings, create a better-skilled workforce, encourage entrepreneurial risk-taking, etc., are on the lists of almost all countries on what governments should do. However, the government's efforts to provide special support or promote the development of certain industries are much more controversial. There has been a lot of talk in recent years about the potential benefits and dangers of "industrial policies" and "strategic trade policies". Government support for the European Airbus consortium and Japanese support for supercomputers and the semiconductor industry are cited differently as models of effective government pursuit of national economic interests, serious threats to international trade, and inefficient use of taxpayers' money. Similarly, the alleged failure of the US government to provide support or protection for "key" US industries is alternatively seen as a bleak evasion of government accountability, a wise refusal by the government to engage in matters left to private decision makers or a complete misunderstanding of what the US government should do. Thus, the combination of (alleged) foreign activism and (alleged) US government inaction threatens the international competitiveness of US affiliates.

Increased government support for some government industries, the "choice of winners and losers" is how such efforts are often characterized by adversaries and will result in slowing economic growth, triggering the risk of an international dispute over what constitutes "fairness" in the sense of supporting certain industries, and therefore posing a threat to economic security. There is, however, broad agreement that the policies adopted by one nation to support certain industries or economic activities will often have consequences for other nations. Consequently, a working strategy to promote economic security must include support for certain industries and oppose similar actions by other governments.

Specifically, policymakers need to come up with four basic questions: When does pursuing a country's economic interests require government support for certain industries? Can such support be provided effectively? Under what circumstances will foreign support for certain

industries threaten the country's interests? Can a government best counteract the unwanted policies of foreign governments?

### **5. When is special support justified?**

A possible justification for government support for a particular industry is the presence of significant economies of scale. A firm or an industry is said to have economies of scale if, once the level of operations is reached, successive increases in production come at lower costs. Economies of scale are found in industries where large investments are needed in production facilities, research and development, distribution network development, etc., before large-scale production is possible. The longer the production period over which these initial costs can be amortized, the lower the average cost of all units produced.

The importance of economies of scale lies in the fact that an enterprise that captures an early market share may be the first to achieve an efficient scale and may therefore enjoy a significant advantage in favor of competitors stuck at higher production rates. This advantage can allow the top company to underestimate its competition and gain an even greater share of the market, which in turn can create an even higher cost advantage and so on. None of the steps in this chain happen automatically, of course, and there is no guarantee that capturing much of the early market for a product will allow a company to dominate its industry. Nor are the competitive advantages resulting from large-scale production necessarily permanent; it is easy to think of companies that once enjoyed significant cost advantages and came to dominate their industries, only to be overtaken by a new competitor or one that was particularly difficult to tax. However, in industries where economies of scale are important, gaining a large market share can lead to significant competitive advantages.

What makes economies of scale relevant for economic security reasons is that economic benefits can go to the nation whose firms can capture market share and the related competition.

**Advantages.** Companies can enjoy higher profits. Workers' wages could rise. Tax revenue may increase.

The support may take the form of direct research and development grants or allow companies to reduce prices and gain market share. (Airbus, for example, is gaining international market share as a result of government subsidies.) Alternatively, such support could come in the form of large public sector procurement, which will help establish efficient operations on a large scale. Finally, the support may take the form of import restrictions so that the home country can rely on a secure internal market as a basis on which to build its total market share. This sometimes leads to the restriction of competition from foreign companies, but with a favorable effect on the domestic market.

However, special support for certain businesses or industries necessarily has a cost for consumers or other industries. These costs can be direct (subsidy taxes) or indirect (higher prices for imported goods or higher interest rates if the subsidies are financed by government loans), but they will certainly be real. The mere fact that the special assistance industries are, in fact, gaining a competitive advantage over foreign firms is not enough to prove that the government programs that have promoted this result have been effective or worthwhile. A full account of the value of government intervention should include consideration of what happened to non-special support industries and interests and what could reasonably have been in the absence of the intervention.



Special support for industries or enterprises may also be justified if the actions or activities of one industry or firm provide significant benefits to other industries and enterprises. These benefits in the form of the transfer of special skills or technical know-how can increase the added value of companies by creating competitive economic goods. Technical know-how that is embedded in the knowledge and skills of individual workers, for example, can be transferred from one company to another, either through employees (contribution to experience and skills gained) or through technical capital. This change of jobs and associated technology will undoubtedly be more frequent if a number of firms that hire capital are in a relationship of cooperation, competition for the development and growth of the local economy, with the effect of driving the national economy. Such mechanisms can create a "hive effect" through which a number of similar companies located nearby support each other. A common example of such an agglomeration of similar companies is California's Silicon Valley.

On a larger scale, it could be assumed that the accumulation of technical know-how is expanding as an entire country makes investment efforts in human resources and equipment to develop the global supply. Despite the rapid improvement of communication, some types of *know-how* (robotics) can be transmitted efficiently only through the use of specialized labor. Direct consultation and movement of workers are, of course, much easier when there is no need to go beyond national, cultural and linguistic boundaries. Thus, governments may have an interest in promoting the types of industries that create or rely on specialized know-how. Technological innovations relevant to such projects that are made abroad may not be as readily available, for example, for national firms in some countries, so these countries may prefer that these innovations be made locally and encourage the types of activity that would generate innovation.

Silicon Valley is a classic example of a solid, self-consolidating industrial complex that has emerged without any government assistance. Although it is a valid theoretical proposition that government support could create other Silicon Valley, it is difficult to see targeted government support to create such innovative development centers. One concern in this regard is access to new and emerging technologies and products. Almost by definition, information about new technologies and products will be imperfect. It takes time to spread the word; information about new products will not be as widely disseminated as information about older and established products. There is an advantage in getting information about new products and technologies; other products may be designed, for example, to take advantage of the capabilities that will be offered by a component to be marketed. To the extent that information about new capabilities and projects is first disseminated to other firms that are geographically, culturally or linguistically "local", there may be a justification for the government's efforts to encourage the establishment of "local" firms and companies to produce new components and to incorporate know-how.

The fact that the production of one industry serves as a contribution to other industries is not, in itself, a justification for special support. In order to advocate for special support, it is also necessary to argue that the benefits generated by an industry are not fully captured by the companies in that industry and are therefore not fully taken into account when making decisions on production levels. Only when a market failure of this kind can be demonstrated by a failure of the total costs and benefits of some activities to be felt by those involved can there be a chance of providing special government support. Similarly, the arguments that an industry could show rapid growth in the future do not justify special

support for some industries. Again, it must be demonstrated that the prices charged and paid in market transactions will not systematically reflect the real value of production.

The logic of the above arguments for government support for certain industries is well established and widely accepted. However, applying this logic in some cases has proven extremely difficult. Arguments in favor of special support for certain industries should usually be forward-looking: if the scale is enlarged, some costs are expected to fall; if costs fall, a firm is expected to have a higher market share; if the company gains a larger market share, it expects benefits in the form of higher profits, higher wages or higher tax revenues; it is expected that the technical know-how will be transmitted between companies. The government must also project the consequences of the intervention: it must believe that subsidies or protection against foreign competition will, in fact, generate positive economies of scale or externalities that are theoretically possible. It is also necessary to believe that the actions of one government to promote the growth of certain industries will not be thwarted by the actions of another government trying to support its own industries. All this is necessarily speculative. The fact that the net social benefits deriving from the special support for the selected industries will exceed the costs of such support is by no means easy to determine in specific cases.

Even with the identification of benefits, it is difficult to determine whether government support for certain industries has been worth the cost (it is always difficult to know what would have happened in the absence of special government support). The result is that we simply do not know how often the circumstances that will allow for beneficial government intervention occur or how long we can expect the benefits of government intervention to last before other governments take steps to capture similar benefits for their own businesses. In the absence of clear evidence, either clear or substantiated, it cannot be concluded that government support for certain industries may be beneficial, some skepticism about such support is probably justified.

Because it is so difficult to base decisions on government support for certain industries on verifiable facts, such decisions inevitably have to rely largely on opinion. And when the opinion serves as a basis for government decision-making, the arguments for special support could be applied at discretion.

In the face of such difficulties and in order to maintain a certain appearance of objectivity and freedom from special situations, in recent years "critical technologies" have been identified which deserve special support in specifying the criteria by which technologies are considered critical. For the most part, governments have focused their efforts on technologies that will be developed in the coming years or that will most importantly help reduce production costs in a variety of industries. These considerations are not entirely irrelevant to the search for market failures, but the last step in actually trying to identify specific cases in which markets will incorrectly appreciate products will contribute to the development of industries.

The lists of critical technologies that resulted from these exercises were usually very extensive, seemingly excluding few technologies. If the recommendations of these groups were to be implemented, the resulting policies would amount to widespread support for all research and development activities, rather than special support for a few selected industries. General assistance could have ultimately served a useful function, at a minimal level, without the magnitude of multiplier investments in the national economy. Providing investment support without a needs analysis, without following the results and how to

multiply them in the local economy, is in fact a waste, given the lack of multiplication vectors.

## **6. Promoting technological innovation**

At the microeconomic level, maintaining an efficient form of economy can be easier or safer if certain specific industrial capacities are maintained. Perhaps this will develop the ability to design and produce successive generations of technologically sophisticated products. In some cases, technological sophistication has been needed to compensate for the higher number of foreign products that hinder domestic products through competitiveness.

Due to the fact that our paper deals with economic security, so a security dimension, we will also refer to the impact of military security, ensured by technology, military goods with effect on the security of people and the country. Thus, a strong state, with a strong economy, also has investments in the armed forces and military goods that can determine the degree of trust of the population and the existence of the state as a vector generating wealth.

Technical superiority in the military sphere should probably extend to all economic goods as well as to potential adversaries. Given that politics is changing faster than technology, and today's technologically sophisticated ally can become a sophisticated adversary - before a new generation of military hardware can be designed, built and deployed. And it will always be easier to spread advanced weapons systems if they are produced in developed economies that incorporate software and innovation.

Even when technology in one country appears to be superior to that found elsewhere, it will be prudent for manufacturers of military products to continue to innovate and improve. Technological progress, especially from a military point of view, is not always obvious. As more and more countries make technological progress to build highly capable weapon systems, the need to protect against technological adversaries becomes more intense. Also, if the forces of the national market enjoy a clear technological advantage over the forces of other nations and if the industrial base of national defense is recognized as being able to maintain this track, other nations may be discouraged by growth efforts to exceed technological capabilities of national forces.

One approach is to try to identify those technologies that are essential for the ability to develop superior military equipment and then to provide, through government channels, any support needed to keep the nation ahead of other countries. Behind this approach is the possibility of the country being an international leader in the field of technology. Instead, the country should direct its resources to those technological areas where foreign superiority could prove militarily problematic.

But is this done? It is far from clear that drawing up technology lists *ex ante* and then trying to promote their development is indeed the most fruitful way to pursue militarily relevant technical superiority. First, there are severe analytical difficulties in trying to define which technologies are truly critical for the production of sophisticated military goods. It is not unjustified to characterize the lists of critical technologies as representing little more than a consensus among those with experience in designing modern security systems. Providing government support for certain types of research or for specific industrial processes consists in identifying a critical technology. An essential technology for maintaining a country's military power will become the last (and in some cases the first) refuge of special interest.

Government agencies have not distinguished themselves in the past by the ability to withstand such technologies. Simply providing financial support is not always appropriate or even useful, and once support is provided for identifying and exploiting a form of critical technology, innovation will, in fact, be encouraged.

## 7. Conclusions

Economic security is the ability to protect or promote the economic interests of a country in the face of events, developments or actions that may threaten or block those interests. These challenges or obstacles may be of foreign or domestic origin, intentional or accidental, as well as the consequences of human or natural forces. In addition, economic security depends on a country's ability to shape the international economic environment to its liking, for example, by playing a major role in setting the rules governing economic relations and using economic means to influence policies (economic and otherwise) of other countries.

Economic security also requires to have the material resources to meet economic challenges. Among other things, there must be the necessary economic means to support a proper army.

Of course, economic prosperity, as it is usually defined - economic growth, full employment, low inflation, high levels of investment, improved productivity, etc. - will contribute to economic security. But economic security requires more than maximizing current economic prosperity. The goal of economic security is to reduce uncertainty about maintaining economic well-being. Sometimes it will be wise to sacrifice a present prosperity to make the future more stable, more secure, or less prone to loss.

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